POWER WIND
HEALTH INDUSTRY INC.

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2022 ANNUAL REPORT

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Name	Address	Telephone
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Caoya Branch	No. 1-1, Zhong'an Rd., Qianzhen Dist., Kaohsiung City	886-7-7918333
Let's Roll Caoya Branch	No. 1-1, Zhong'an Rd., Qianzhen Dist., Kaohsiung City	886-7-7916333
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Taichung Taroko Mall Branch	9F., No. 186, Sec. 4, Fuxing Rd., East Dist., Taichung City	886-4-22256555
Tucheng Branch	B1F., No. 113, Sec. 1, Xuefu Rd., Tucheng Dist., New Taipei City	886-2-22635777
Xizhi Branch	Rm. 2, B1F., No. 58, Jiancheng Rd., Xizhi Dist., New Taipei City	886-2-26471888
Taichung Zhongqing Branch	B1F., No. 652, Sec. 1, Zhongqing Rd., North Dist., Taichung City	886-4-22988333
Tainan Kaiyuan Branch	No. 457, Kaiyuan Rd., North Dist., Tainan City	886-6-2356555
Kaohsiung Haipao Branch	3F., No. 171, Ziqiang 2nd Rd., Qianjin Dist., Kaohsiung City	886-7-2162666
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Name	Address	Telephone
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Hsinchu Nanya Branch	3F., No. 91-2, Nanya St., North Dist., Hsinchu City	886-3-5351333
Taoyuan Fuxing Branch	B1F., No. 207, Fuxing Rd., Taoyuan Dist., Taoyuan City	886-3-3393399
Kaohsiung Universal Branch	No. 106, Dashun 3rd Rd., Lingya Dist., Kaohsiung City	886-7-7159898
Nanzi Branch	No. 290, Daxue E. Rd., Nanzi Dist., Kaohsiung City	886-7-3611333
Douliu Branch	No. 258, Douliu 6th Rd., Douliu City, Yunlin County	886-5-5511151
Taoyuan Jingguo Branch	No. 116, Jingguo Rd., Taoyuan Dist., Taoyuan City	886-3-3555333
Taichung Wenxin South Branch	3F., No. 359, Sec. 1, Fuxing Rd., South Dist., Taichung City	886-4-22628333
Taipei Jiankang Branch	B1F., No. 156, Jiankang Rd., Songshan Dist., Taipei City	886-2-27627666
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Tainan Yonghua Branch	No. 68, Junping Rd., Anping Dist., Tainan City	886-6-2998888
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Taoyuan Nankan Branch	No. 11, Nanping St., Luzhu Dist., Taoyuan City	886-3-3227333
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Kaohsiung Xiaogang Branch	No. 102, Songyuan 1st Rd., Xiaogang Dist., Kaohsiung City	886-7-8071777
KILL ZONE Yonghua Branch	No. 68, Junping Rd., Anping Dist., Tainan City	886-6-2998899
S klub Qinghai Branch	No. 209, Qinghai Rd., Gushan Dist., Kaohsiung City	886-7-5557755
Football Development Center Nanzi Branch	No. 8, Gaoxiongdaxue Rd., Nanzi Dist., Kaohsiung City	886-7-3618666

Name	Address	Telephone
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iii. Contact Information for Stock Transfer Agent

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v. Name of Any Exchanges Where the Company's Securities Are Traded Offshore, and the Method by Which to Access Information on Said Offshore Securities: NA

vi. Corporate Website: http://www.powerwindhealth.com.tw

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I. Report to the Shareholders

Dear Shareholders and Directors,

Thank you for the favor, support, and encouragement to Power Wind over the past year. In 2022, although vaccines were widely available and most people can get protection, the number of confirmed COVID-19 cases surged due to the emergence of Omicron subvariants. On April 15, 2022, Central Epidemic Command Center (CECC) announced that to protect the health of Taiwanese and maintain pandemic prevention, starting from April 22, 2022, individuals going to the gym who are old enough and eligible for COVID-19 vaccination are required to receive a COVID-19 booster shot (third dose). In the first half of 2022, due to the increase in the number of confirmed cases and the impact of the implementation of the booster requirement, the revenues and profit for 2022 of Power Wind were not satisfactory. However, compared to 2021, the operating revenues for 2022 were NT$3,606,403 thousand, an increase of 38.39%, and the gross profit reached NT$829,515 thousand, an increase of 152.37%. Getting rid of the loss situation in 2021, the operating income reached NT$143,901 thousand; income from continuing operations before income tax was NT$91,610 thousand; and the net income was NT$72,456 thousand. In addition, in 2022, Power Wind successfully opened eight new "Fitness Factory" operating sites, including Taichung City Fuke, Fengjia, New Taipei City Longan, Luzhou, Linkou, Xike, Tainan City Chongming, and Changhua City Jinma. As of December 31, 2022, the number of members was approximately 223,000, an increase of 4.21% compared to the end of 2021.

Ministry of Education (M.O.E.) laid down "Mandatory and Prohibitory Provisions of Standard Form Contracts for Fitness Instructors" and amended "Mandatory and Prohibitory Provisions of Standard Contracts for Gyms (Fitness Centers)," which were put into effect and enforced on January 1, 2022. One of the regulatory emphases put upon these two "Standard Form Contracts" is to demand that fitness center operators offer 50% of advance receipts placed in escrow. In response to the regulations of escrow of standard form contracts for fitness instructors laid down by the competent authority, Power Wind pioneered it and has put 50% of prepaid fitness instructor service in trust in E.SUN Bank of its own accord since September 1, 2019, which provides the complete protection to all members of Fitness Factory.

The Company provides a premium exercise environment, imports top-notch fitness equipment, and offers diverse training courses to members. In addition, the charge is standardized, transparent, and in compliance with the regulations in Standard Form Contracts for "gyms (fitness centers)" and "fitness instructors" completely, making customers feel reliable and reassured to engage in fitness activities.

In 2022, Power Wind implemented various ESG plans, including completing the renewal of water-saving equipment in operating sites in Taiwan; continuing to respond to Earth Hour to turn off signboard lights an hour in advance every night to save energy, reduce carbon, and protect the earth; proactively participating in beach cleaning, mountain cleaning, and other earth restoration activities; organizing national blood donation campaigns; helping social welfare organizations such as House of The Little Angels Kaohsiung; caring about the health and exercises of seniors; promoting exercising at every age throughout Taiwan; strengthening industry-academia collaborations and talent cultivation; and continuing to promote a friendly working environment.

In addition, in 2022 TOP 5000 – The Largest Corporations in Taiwan by China Credit Information Service, Ltd. (CRIF), Power Wind was in the TOP 5000 and ranked No. 2 in the leisure service industry for two consecutive years.

2022 Business Performance, 2023 Business Plan, and Future Prospect are reported as follows:

i. 2022 Business Performance

1. Financial results

Unit: NT$ thousand

Year / Item	2022	2021	Increase (Decrease)	
			Amount	Ratio
Operating revenues	3,606,403	2,605,977	1,000,426	38.39%
Operating costs	(2,776,888)	(2,277,284)	(499,604)	21.94%
Gross profit	829,515	328,693	500,822	152.37%
Operating expenses	(685,614)	(521,721)	(163,893)	31.41%
Operating income (loss)	143,901	(193,028)	336,929	(174.55)%

Item \ Year	2022	2021	Increase (Decrease)	
			Amount	Ratio
Non-operating income and expenses	(52,291)	1,537	(53,828)	(3,502.15)%
Income (loss) from continuing operations before income tax	91,610	(191,491)	283,101	(147.84)%
Income tax (expense) income	(19,154)	48,166	(67,320)	(139.77)%
Net income (loss)	72,456	(143,325)	215,781	(150.55)%
Earnings (loss) per share (NT$)	0.95	(1.91)	2.86	(149.74)%

2. Number of operating sites and members of Fitness Factory

Item \ Year	December 31				
	2018	2019	2020	2021	2022
Number of operating sites	39	45	50	57	64
Number of members	178,000	200,000	208,000	214,000	223,000

3. Financial structure and profitability

Item \ Year		2022	2021
Financial structure	Debt to asset ratio	81.69%	79.63%
	Long-term capital to property, plant, and equipment	89.58%	104.16%
Profitability	Return on Assets	1.68%	(1.06)%
	Return On Equity	4.29%	(7.53)%
	Net Profit Margin	2.01%	(5.50)%
	Earnings (loss) Per Share (NT$)	0.95	(1.91)

ii. 2023 Business Plan

1. Market penetration strategy

After the pandemic, the public takes "live healthy & feel reassured" more seriously, and there is a rising demand for pursuing health and stress relievers. People hope to boost their immune system and defend themselves against the invasion of COVID-19 by exercising. In addition, exercising outdoors is more and more harmful to the public with air pollution and extreme weather issues, which certainly increase the customers' demand for indoor exercise.

As of year-end 2022, there are 64 operating sites of Power Wind's strategic brand "Fitness Factory" in Taiwan. Looking into 2023, Power Wind plans to open at least eight new "Fitness Factory" sites. In the first half of 2023, "Fitness Factory Kaohsiung City Xiaogang" and "Fitness Factory New Taipei City Qizhang" opened on March 24. In the second quarter of 2023, "Fitness Factory Taipei City Zhongshan North" and "Fitness Factory Keelung City Keelung" or more sites are planned to open. In the second half of 2023, there will be new "Fitness Factory" operating sites located in Taichung City, Tainan City, Kaohsiung City, and Yilan County. These new openings are expected to drive stronger revenue growth momentum on record to Power Wind after operating under the shadow of the pandemic.

2. Product development strategy

In 2023, in addition to strengthening "new-store momentum" and "same-store growth" of Fitness Factory as the two key engines of growth, Power Wind proactively invests its energy in selling merchandise from offline physical fitness centers to e-commerce. This year, there will be private-label and co-branding high-quality products of all kinds launched to fulfill members' demand for fitness. In the future, the "digital channel" will become another highlight of Power Wind to increase revenue.

Power Wind's integrity management and high-quality service are recognized by industry leaders and industry experts, which proactively seek cooperation. This year, Power Wind still has cross-industry cooperation with the innovative business model, which will create a new win-win situation for members, Power

Wind, and partners!

In addition, Power Wind continues to optimize functions of the application of "Fitness Factory." With this application, members of Fitness Factory can note down data on body, nutrition, and exercise, keep a training diary, and acquire nutrition consulting and diet plans provided by experts. With the brand-new Fitness Factory application, members can properly and immediately track personal body conditions and training outcomes and acquire proper nutrition concepts and diet plans with nutritionists to achieve better training outcomes. Moreover, Power Wind's e-commerce will be built on this application to provide members with more convenient and diverse services, so that we have more opportunities to help members form a habit of regular exercise and thereby increase the membership renewal rate.

3. Marketing strategy

In addition to making continuous efforts to improve member satisfaction and loyalty, thereby increasing the renewal rate, in terms of new member recruitment, female consumers and seniors are still the focus of this year's marketing. In 2023, Power Wind will continue to develop "female fitness" of the female economy and "seniors exercise" of the silver economy.

In the era of information explosion, to touch the hearts of consumers and make the services provided by Power Wind widely accepted, not only good service and pricing, but also good "marketing communications" are needed. Therefore, this year, we will continue to carry out marketing communications and strengthen the brand image to the target customers, including cost-effective physical fitness services "Fitness Factory" provides; a high-quality fitness venue with good fitness culture and gym etiquette for gym goers "Fitness Factory" provides; and in addition to improving self-protection, fitness can also lay the foundation of physical fitness for engaging in various sports.

4. Diversification strategy

Taiwan Physical Fitness Development Association is dedicated to the training and certification of professional personal trainers and aerobics instructors. It not only improves professional skills and the training quality of personal trainers and aerobics instructors from "Fitness Factory," but also strengthens the professional brand image of "Fitness Factory." Also, the association provides a new option for domestic physical fitness practitioners to advance their professional training and obtain certificates. In 2023, Taiwan Physical Fitness Development Association will proactively promote all kinds of self-developed professional physical fitness programs and plan to import lectures of foreign professional lecturers under the circumstances of excluding the impact of the pandemic, making professional skills of the fitness industry in Taiwan keep pace with the world.

Currently, "football" has the highest population in the world. FIFA World Cup, held every four years, ended gloriously in Qatar on December 19, 2022. Both the Japanese and South Korean teams from Asia advanced to the Round of 16, which obviously shows that football is a suitable sport for Asians. Since the establishment of the sixth brand "S klub Children Physical Fitness Club," Power Wind has actively promoted children's football and started a team. In September 2022, the Company was entrusted with the operation and management rights of Kaohsiung Nanzih Football Stadium, and it positioned the stadium as a football development center in Taiwan. At the same time, the Company exclusively introduced the world-class Spanish football training system, hoping to improve the professional skills of Taiwanese football players and coaches. In addition, Power Wind officially took over the Kaohsiung Sunny Bank Women's Football Team in March 2023. Power Wind has its professional football team, and the team enters for 2023 Taiwan Mulan Football League. From the very beginning, Power Wind had children's football training fields only, and now it operates Nanzih Football Stadium with international standards. From the youth football team to the women's professional football team, the dream is getting bigger and bigger, and the investment is also increasing. We hope that by operating the stadium and the team with heart, football in Taiwan will take root downwards and blossom upwards.

To continue to promote bodybuilding, the sport combining strength and beauty, Power Wind expects to host NPC Worldwide Regional, NPC Worldwide National Pro Qualifier, NPC Worldwide Pro Qualifier, and IFBB Pro Show this

March, July, and December 2023. It is hoped to increase Taiwanese people's love for bodybuilding and drive a fitness craze.

5. ESG promotion plans

ESG is growing in significance for enterprises around the world. More and more investors recognize that ESG factors can be strongly correlated with the long-term growth potential of an enterprise. ESG stands for environmental, social, and governance, which are environmental protection, social responsibility, and corporate governance. Enterprises in the future must master these three operating benchmarks to obtain recognition from shareholders, clients, customers, and other stakeholders.

For a long time, Power Wind has been dedicated to protecting the environment, supporting underprivileged groups, and sponsoring athletes and sports groups. In addition, Power Wind takes on the responsibilities of a business operator, secures the legal rights and interests of members and shareholders, and takes the benefits of other stakeholders into account. The Company makes an inventory of corporate resources, integrates them, and draws an ESG blueprint for the future. In 2022, the planned ESG projects were successfully completed. In 2023, the Company continues to implement and promote various ESG plans. Plans regarding "environmental protection" include adopting energy-saving and water-saving equipment and energy-saving renovation designs in operating sites; continuing to respond to Earth Hour to turn off lights to save energy, reduce carbon, and protect the earth; inviting partners to engage in beach cleaning, mountain cleaning, tree planting, and other earth restoration activities; implementing paper-usage reduction policy, etc. Plans regarding "social responsibility" include timely promotion of national blood donation campaigns; helping disadvantaged social welfare organizations; promoting exercising at every age; sponsoring charitable events and sports activities; launching "Angel Project" of football; promoting a friendly working environment; increasing opportunities of industry-academia collaborations, etc. Plans regarding "corporate governance" include expanding the governance of professional managerial officers; strengthening the functions of directors; and appointing Corporate Governance Officer, Information Security Officer, and information security personnel, etc. Power Wind continues to promote ESG to promote the sustainable development and longevity of the enterprise.

iii. Future Prospect

In Taiwan, the population of people engaging in physical activities grows every year. The percentage of physically active Taiwanese increased from 76.9% in 2006 to 81.8% in 2022. In addition, according to Surveys of Sports City and Surveys of Exercise Conditions over the years, the percentage of people doing exercise regularly (at least 3 times a week, 30 minutes each time, heart rate reaching 130 bpm or rapid breathing and sweating due to exercise intensity) showed a notable growth as well, increasing from 18.8% in 2006 to 34% in 2022.

According to the statistics released by Ministry of Finance, the nationwide sales of fitness centers and health clubs amounted to NT$15.337 billion in 2022, a 24.10% increase from 2021, and it has returned to the sales level of 2020. In addition, according to "2014-2015 Surveys of Sports City and 2016-2022 Surveys of Exercise Condition" released by Sports Administration, M.O.E., in Taiwan, the exercise physically active people do most frequently is "Use the equipment at the gym." The percentages in 2014, 2015, 2016, 2018, 2019, 2020, 2021, and 2022 were respectively 2.4%, 3.1%, 3.3%, 3.9%, 6.1%, 5.3%, 4.8%, and 6.1%. The penetration rate of Taiwanese engaging in paid fitness activities shows an overall growth trend, showing that "exercise at the gym" has become a popular sports culture among Taiwanese.

As the population of people exercising regularly grows continuously and the widespread concept of fitness among Taiwanese, the fitness and exercise trend has formed in Taiwan. After the pandemic, it turns out to be an activator to make the public conscious of health and a boost to the immune system. In addition, extreme weather and air pollution have become increasingly serious. The health effects of fine particulate matter (PM2.5) are an issue everyone in the world should pay attention to. When the weather and air quality deteriorate, people who usually exercise outdoors must consider doing exercise in indoor sports venues.

According to a survey conducted by the French market research company Odoxa, 43% of the respondents are determined to do more exercise in 2022. The indoor sports they chose include gymnastics, weight training, and exercise. There are currently more than 16 million French people engaging in sports in sports clubs. Due to the impact of COVID-19 pandemic, sports activities have become part of the daily life of more and more French people. In the post-pandemic era, we believe that Taiwanese are also aware of the need for a healthy body to continue to fight against coronavirus, and more and more people will actively participate in sports activities.

Taiwanese over the age of 65 years old will account for more than 20% of the total population in 2025, and Taiwan will officially enter a super-aged society. In addition, according to the statistics of the Ministry of Health and Welfare, the average time Taiwanese need for long-term care is 7.3 years (an average of 6.4 years for men, and an average of 8.2 years for women). This is an astonishing number. How seniors maintain their physical fitness to enjoy life is bound to be an issue that every citizen and family in the Taiwanese society, which is gradually aging and super-aging, must face up to. Taiwan is in the post-pandemic era and is gradually entering an aging society and a super-aged society. "Exercise" certainly becomes mainstream. Whether it is young people pursuing ideal body figures, the middle-aged building strong bodies, or seniors maintaining healthy physical fitness, "exercise" is the best option for indoor exercise!

According to the estimates in "Surveys of Exercise Conditions" by Sports Administration, M.O.E., there is less than 4.5% of 23 million Taiwanese paying for fitness and exercise so far. In 2023, Power Wind will proactively and specifically communicate and market to these customers who have not committed themselves to fitness and exercise yet and make more Taiwanese willing to get a taste of fitness and start to exercise. Moreover, these people will join "Fitness Factory" confidently based on their trust in Power Wind and engage in fitness and exercise happily.

In 2023, in addition to the completion of the new opening plan, "Fitness Factory" continues to work hard to increase the "membership renewal rate" and "course purchase penetration rate" after the pandemic. "Fitness Factory" is the first fitness brand that obtained “SGS QUALICERT International Service Quality Certificate” in Asia and Taiwan. With our excellent rock-solid reputation and no-best-only-better service quality, Power Wind designs the most beneficial package discounts for members to enhance new member recruitment and the membership renewal rate of existing members. In 2023, Power Wind will use diverse marketing campaigns to increase the number of members of “Fitness Factory,” making a substantial increase in “Revenue of Fitness and Recreation Sports Services.” “Fitness Factory” will provide special offers with more incentives on personal training courses to effectively increase the penetration rate of members purchasing personal training courses. The increase in the sales of training courses will certainly bring “Revenue of Sports Health Services” to a growth. In addition, increasing the revenue from goods is an important operational goal of this year, which is expected to increase the “average revenue per member.”

The development trend of the fitness market in Taiwan after the pandemic has been gradually confirmed: “The market is not saturated, and it will only be reorganized.” Power Wind will continue to expand new operating sites and new markets proactively and strengthen the Company’s competitive advantages. The management team insists on the corporate philosophy of “Integrity and Sustainability” and the corporate culture of “Professionalism, Passion, and Positive attitude” and carries out the corporate philosophy of “Build a strong body before building a strong country; where there is a will, there is a way.” The Company will keep working hard to meet the members’ need for health and beauty, create higher shareholders’ equity, become the solid backing of employees, and fulfill its corporate social responsibility. Best wishes to all shareholders and directors.

Chairperson:	Managerial Officer:	Chief Accounting Officer:
George Chen	Allen Lin	Alex Miao

II. Company Profile

i. Date of Establishment: October 4, 2005

ii. History of the Company

Year	Major Milestones
2005	(1) Power Wind Health Industry Incorporated was founded in Kaohsiung City, and it had paid-in capital of NT$38,000 thousand. (2) Planned to build the first privately invested, self-constructed, and detached recreational sports and fitness center containing various sports venues in Taiwan.
2006	(1) Architects and designers were brought along to visit large-scale recreational sports and fitness centers in the top five largest U.S. cities. (2) Established the first brand "Fitness Factory." (3) Officially recruited founding members in August. (4) Carried out a capital increase of NT$42,000 thousand by cash and the amount of capital increased to NT$80,000 thousand.
2007	(1) The first Fitness Factory site, "Fitness Factory Kaohsiung Boai," was officially opened on February 10. The total floor area of the building is 2,500 ping (equivalent to 8,264 square meters), and the total investment was over NT$250,000 thousand. It took 15 months and was the largest-scale recreational sports and fitness center on a single site in Taiwan. (2) Established the second brand "Body Workshop" on the second floor of "Fitness Factory Kaohsiung Boai," providing members with professional aromatherapy service to relax body and mind. (3) Carried out a capital increase of NT$20,000 thousand by cash, and the amount of capital increased to NT$100,000 thousand.
2008	"Fitness Factory Kaohsiung Jiuru" was officially opened on July 8. Officially developed Fitness Factory into a fitness brand chain.
2009	(1) Officially opened "Fitness Factory Kaohsiung Sanduo" on March 15 and became the fitness brand with the most operating sites in Kaohsiung. (2) Founded the subsidiary "Boyi Culture Industry Incorporated" and established the third brand "ilove Yoga." The first ilove Yoga site was officially opened on October 25 in Kaohsiung City. It was the first detached yoga studio with eight floors overground in southern Taiwan, containing five yoga classrooms in total.
2010	(1) Officially expanded beyond Kaohsiung and opened "Fitness Factory Tainan Anping" on March 22. (2) The second site in Tainan City, "Fitness Factory Tainan Derbands," was officially opened on October 17. (3) "Fitness Factory Kaohsiung Wufu" was officially opened on October 25.

Year	Major Milestones
2011	Founded the joint venture, subsidiary "Bo Xin Health Industry Incorporated" with Taroko and Giant Development and planned to open "Fitness Factory Taipei Xinyi." Officially expanded beyond southern Taiwan and opened the first site in northern Taiwan, "Fitness Factory Taipei Xinyi," on August 8.
2013	(1) "Fitness Factory Kaohsiung Fengshan" was officially opened on February 10. (2) Awarded 2013 Most Innovative Fitness Club in Asia-Pacific region by IHRSA. Fitness Factory was the only sports and fitness center brand that was awarded in Taiwan. (3) "Fitness Factory Taichung Jingming" was officially opened on August 8. Fitness Factory officially expanded to central Taiwan. (4) "Fitness Factory New Taipei Sanchong" was officially opened on December 10. (5) Carried out a capital increase of NT$40,000 thousand by earnings and NT$50,000 thousand by cash, and the amount of capital increased to NT$190,000 thousand.
2014	(1) "Fitness Factory Taoyuan Dayou" was officially opened on March 31, being the first most professional and international standard sports and fitness center in the Taoyuan area. (2) "Fitness Factory New Taipei Xinzhuang" was officially opened on June 1. (3) The Company conducted a registered public offering and was approved as an effective registration by Financial Supervisory Commission (FSC) on July 16. (4) "Fitness Factory Pingtung" and "Fitness Factory Taoyuan Zhongli" were officially opened on July 31. "Fitness Factory Pingtung" was the first most professional and international standard sports and fitness center in Pingtung. (5) "Fitness Factory Chiayi" was officially opened on August 24, being the first most professional and complete international standard sports and fitness center in the Chiayi area. (6) The Company's stocks were registered for emerging stocks trading on the Taipei Exchange (TPEx) on August 29. (7) Carried out a capital increase of NT$38,000 thousand by earnings and NT$22,000 thousand by cash, and the amount of capital increased to NT$250,000 thousand.
2015	(1) "Fitness Factory Zhonghe" was officially opened on April 18, 2015, being the first representative sports and fitness center in Zhonghe District. (2) "Fitness Factory Miaoli" was officially opened on May 29 on the fifth floor of Shang Shun Mall in Toufen City, Miaoli County, being the first international-level sports and fitness center in Miaoli.

Year	Major Milestones
	(3) Established the Company's fourth brand, "Crazy Jump," and introduced the popular recreational sport of trampoline overseas. The Company exclusively imported a full set of U.S.-made bouncing equipment and built the safest recreational and sports center combining sport and amusement, driving recreational sports on trend domestically. (4) The third site in Tainan City, "Fitness Factory Tainan Zhonghua," was officially opened on October 21. (5) The fourth site in New Taipei City, "Fitness Factory Tamsui," was officially opened on December 4. (6) "Fitness Factory Zhubei" was officially opened on December 22 in Zhubei City, Hsinchu County, being the first representative sports and fitness center in Hsinchu. (7) Participated in the 2014 capital increase by cash of Taroko Development Corporation and subscribed 1,000 thousand shares at the price of NT$20 per share. The total investment was NT$20,000 thousand. (8) Carried out a capital increase of NT$50,000 thousand by earnings, and the amount of capital increased to NT$300,000 thousand.
2016	(1) "Fitness Factory Taichung Fengyuan" was opened on February 27, being the first professional sports and fitness center in Fengyuan District, Taichung City. (2) Before being listed on the Taipei Exchange (TPEx), the Company carried out a capital increase of NT$31,000 thousand by cash, and the amount of capital increased to NT$331,000 thousand. The Company's shares were officially listed on the Taipei Exchange (TPEx) on March 10, 2016. (3) Expanded the Company's business into bowling sport in 2016 and established the fifth brand "Let's Roll." Built a fashionable bowling alley combining elements of sports, amusement, and food & beverage. The first site is at Taroko Park and was opened on May 9. In addition, the Company also operates "Fitness Factory Caoya" and the trampoline park, "Crazy Jump," at Taroko Park. (4) The fifth site in New Taipei City, "Fitness Factory Banqiao," was opened on June 30. (5) The seventh site in Kaohsiung City, "Fitness Factory Gangshan," was opened on July 14. (6) "Fitness Factory Taichung Tech" was opened on September 28, being the first professional sports and fitness center in Xitun District, Taichung City. (7) The sixth site in New Taipei City, "Fitness Factory Xindian," was opened on October 29. (8) "Fitness Factory Taroko Mall" was opened on November 23 at

Year	Major Milestones
	Taroko Mall in Taichung City. (9) Carried out a capital increase of NT$54,000 thousand by cash and issued new shares for employee restricted stocks at NT$15,670 thousand.
2017	(1) The Company established the sixth brand "S klub" in 2017, the professional physical fitness facility specifically for children aged between 3 and 12. The first site, "S klub Kaohsiung Qinghai," was officially opened on February 4, 2017. (2) Issued new shares for employee restricted stocks at NT$880 thousand. (3) Carried out a capital increase of NT$41,008 thousand by earnings and NT$20,504 thousand by capital surplus, and the amount of capital increased to NT$476,034 thousand. (4) The seventh and eighth sites in New Taipei City, "Fitness Factory Tucheng" and "Fitness Factory Xizhi," were respectively opened on June 20 and July 2. (5) The fifth site in Taichung City, "Fitness Factory Zhongqing," was opened on November 27. (6) The fourth site in Tainan City, "Fitness Factory Kaiyuan," was opened on December 16.
2018	(1) Issued new shares for employee restricted stocks at NT$3,800 thousand. (2) The eighth and ninth sites in Kaohsiung City, "Fitness Factory Haipao" and "Fitness Factory Tongmeng," were respectively opened on February 10 and April 26. (3) The ninth site in New Taipei City, "Fitness Factory Xinpu," was opened on February 10. (4) The first sports and fitness center the Company set up in Hsinchu City, "Fitness Factory Gongdao Five," was officially opened on April 26. (5) "Fitness Factory Nanya" at Taroko Square in Hsinchu City was opened on May 11. (6) The third site in Taoyuan City, "Fitness Factory Fuxing," was opened on July 26. (7) On September 3, 2018, built the brand-new corporate identity system (CIS) of "Fitness Factory" and officially started using it. (8) Carried out a capital increase of NT$119,973 thousand by earnings, and the amount of capital increased to NT$603,547 thousand. (9) The tenth and eleventh sites in Kaohsiung City, "Fitness Factory Universal" and "Fitness Factory Nanzi," were respectively opened on November 13 and 30. (10) In 2018, "Fitness Factory" obtained SGS QualiCert, the international service quality certificate, and Fitness Factory was the first fitness

Year	Major Milestones
	brand in Taiwan and Asia region which obtained the service quality certificate from SGS.
2019	(1) "Fitness Factory Douliu" was opened on March 3 in Douliu City, Yunlin County, being the first international-level sports and fitness center in Yunlin County. (2) Established "Taiwan Physical Fitness Development Association" on March 9, 2019, which makes an effort to develop professional training programs and certification systems. (3) The Company's shares are officially listed on the Taiwan Stock Exchange (TWSE) from March 15, 2019. (4) The fourth site in Taoyuan City, "Fitness Factory Jingguo," was officially opened on March 27. (5) Issued new shares for employee restricted stocks at NT$3,900 thousand. (6) "Fitness Factory Chaozhou" at Pingtung Chaozhou Train Station was opened on May 28. (7) Officially launched the brand-new application, "My Fitness Factory," on August 6, 2019, providing members with the most convenient and comprehensive application to track everyday training details, diet, and changes in body data completely. (8) The sixth site in Taichung City, "Fitness Factory Taichung Wenxin South," was opened on August 25. (9) Carried out a capital increase of NT$61,338 thousand by earnings, and the amount of capital increased to NT$680,359 thousand. (10) In the survey 2019 TAIWAN TOP 2000 published by CommonWealth Magazine, Power Wind was ranked No.357 among the 650 major companies in the service industry, ranked No.24 in the Top 50 Operating Performance, and ranked No.38 in the Top 50 Fast-growing Companies in Service Industry. (11) On September 1, 2019, the Company pioneered 50% of the advance receipts placed in escrow, proactively providing further protection to all members of Fitness Factory who purchase personal training courses. The Company also hopes to set an example and prompt other fitness center operators to follow up and protect members' interests through customer power. (12) On November 26, 2019, Power Wind (8462) was included in MSCI Taiwan Small Cap Index. (13) The second site in Taipei City, "Fitness Factory Taipei Jiankang," was officially opened on November 30. (14) The tenth site in New Taipei City, "Fitness Factory Yonghe," was opened on December 26. (15) Market Observation Post System (MOPS) disclosed the median and the average salary of full-time employees who did not take

Year	Major Milestones
	managerial positions in 2020, Power Wind was ranked No.1 in the public listed tourism business category.
2020	(1) The fifth site in Tainan City, "Fitness Factory Yonghua," was opened on February 9. (2) Power Wind established the seventh brand "KILL ZONE," the only simulated shooting battle game in Taiwan. The first site "KILL ZONE Yonghua" is in Anping District, Tainan City, and it was opened on March 9, 2020. (3) The seventh site in Taichung City, "Fitness Factory Taichung Shuinan," was officially opened on February 26. (4) The fifth site in Taoyuan City, "Fitness Factory Taoyuan Nankan," was opened on April 29. (5) The Company pioneered the facial recognition system in all sites, which prevents members from being close to receptionists and reduces the time of identification when entering Fitness Factory. It makes members experience a more convenient service. (6) In response to the COVID-19 pandemic, infrared thermometers, the same fever screening device used in international airports in Taiwan, were installed in all operating sites. (7) The third site in Taipei City, "Fitness Factory Taipei Shipai," was officially opened on June 24. (8) The first site in Changhua County, "Fitness Factory Changhua Yuanlin," was opened on September 5. (9) The third site in Hsinchu City, "Fitness Factory Hsinchu Xida," was opened on October 30. (10) Market Observation Post System (MOPS) disclosed that, in Power Wind, the median and average full-time salaries of non-managerial employees in 2019, were ranked No.1 in the "public-listed - tourism industry" category.
2021	(1) Officially started to use Power Wind operational group headquarters on February 22, 2021. (2) In early 2021, the brand-new corporate identity system (CIS) of "Power Wind Health Industry" was built. (3) The sixth site in Tainan City, "Fitness Factory Annan," was officially opened on April 28. (4) The fourth site in Hsinchu City, "Fitness Factory Guangpu," was officially opened on July 17. (5) The new-build, detached, and fashionable site "Fitness Factory Minxiong" was opened on August 27, being the second Fitness Factory operating site in the Chiayi area. (6) The twelfth and thirteenth sites in Kaohsiung City, "Fitness Factory Gangshan South" and "Fitness Factory Fuhua," were respectively opened on September 29 and November 26.

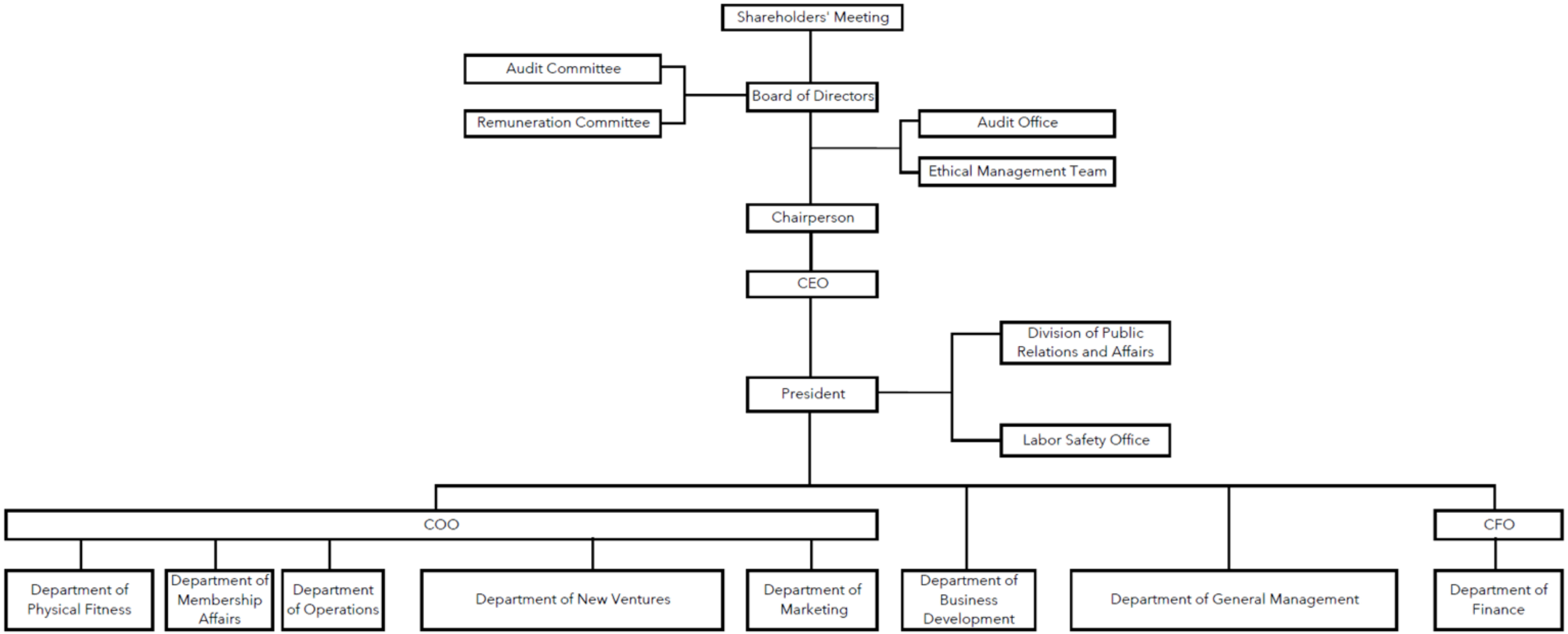
Year	Major Milestones
	(7) Officially entered Caotun Township, Nantou County, and opened the first site in Nantou County, "Fitness Factory Caotun," on September 29. (8) The fourth site in Taipei City, "Fitness Factory Changchun," was officially opened on October 6. (9) Officially started providing online service on the "Online Member Service Center" on November 1. (10) In *2021 TOP 5000 – The Largest Corporations in Taiwan* published by China Credit Information Service Ltd. (CRIF), Power Wind was in the TOP 5000 and ranked No. 2 in the leisure service industry. (11) Market Observation Post System (MOPS) disclosed that, in Power Wind, the median and average full-time salaries of non-managerial employees in 2020, were ranked No.1 in the "public-listed, tourism industry" category. (12) All 56 sites in Taiwan obtained "Accredited Health Workplace" from the Health Promotion Administration, Ministry of Health and Welfare (MOHW) on December 30, 2021.
2022	(1) Officially took part in Earth Hour to switch off the lights for one hour. All sites in Taiwan took part in it together at 8:30 p.m. on the last Saturday of March. From March 26, signboard lights are switched off one hour earlier at 11 p.m. every night. (2) "Fitness Factory Taichung Fuke" officially entered the community of Central Taiwan Science Park in Xitun Dist., Taichung City on March 23. (3) The eleventh and twelfth sites in New Taipei City, "Fitness Factory Longan" and "Fitness Factory Luzhou," were respectively opened on May 1 and June 24. (4) The seventh site in Tainan City, "Fitness Factory Chongming," was officially opened on July 15. (5) The thirteenth and fourteenth sites in New Taipei City, "Fitness Factory Linkou" and "Fitness Factory Xike," were respectively opened on August 6 and November 25. (6) In September 2022, the Company was entrusted with the operation and management rights of Kaohsiung Nanzih Football Stadium. (7) The second site of Changhua County was opened in Changhua City. "Fitness Factory Jinma" was officially opened on November 14. (8) On December 27, "Fitness Factory Taichung Fengjia" was officially opened in Fengjia shopping district in Xitun District, Taichung City. (9) In 2022 TOP 5000 – The Largest Corporations in Taiwan by CRIF, Power Wind was in TOP 5000 and ranked No. 2 in leisure service industry for two consecutive years. (10) Officially announced to join TALENT, in Taiwan. (11) Six new sites in Taiwan obtained "Accredited Health Workplace"

Year	Major Milestones
	from the Health Promotion Administration, MOHW.
2023	(1) The fifteenth site in New Taipei City "Fitness Factory Qizhang" and the fourteenth site in Kaohsiung City "Fitness Factory Xiaogang," were opened on March 24. (2) In March 2023, the Company officially took over the Kaohsiung Sunny Bank Women's Football Team, becoming the first TWSE-listed company to run a professional football team in Taiwan. (3) Announced to join 2023 TALENT, in Taiwan again.

III. Corporate Governance Report

i. Organizational System

1. Organizational structure



2. Major corporate functions

Department	Major Functions
Audit Office	(1) Formulate annual internal audit plans under risk assessment. (2) Execute annual internal audit affairs of the Company and each subsidiary. (3) Examine and assess the implementation of the Company and each subsidiary's internal control system. (4) Supervise and review the Company and each subsidiary's internal control self-assessment report.
Division of Public Relations and Affairs	(1) Develop and build relationships with media. (2) Plan and execute public relations campaigns. (3) Public affairs and issue management. (4) Write press releases, promotional documents, and marketing proposals and track the effectiveness of media. (5) Make and execute strategies for brand, courses, and public relations campaigns.
Department of Physical Fitness	(1) Set, implement, and achieve annual business budget goals for personal training courses and aromatherapy service. (2) Monthly sales forecasting and sales review. (3) R&D, introduce, and promote new types of aerobics and personal training courses and aromatherapy service. (4) R&D, introduce, and promote new types of training courses and training equipment. Train and certify personal trainers. (5) R&D and promote courses of physical fitness activities for children. (6) Pay attention to members' condition and the effects of exercise.
Department of Membership Affairs	(1) Set, implement, and achieve annual business budget goals of membership recruitment. (2) Monthly sales forecasting and sales review. (3) Pay attention to members' condition and effects of exercise. (4) Contact members for membership renewal. (5) Execute marketing campaigns for membership recruitment.
Department of Operations	(1) Handle membership rights and benefits and handle customer complaints. (2) Counter member services, answering questions, and answering and transferring calls. (3) Sell sporting goods and rent private shoe locker units. (4) Daily operation, safety, and cleanliness management of each operating site. (5) Storage management of spares for customers. (6) Formulate and execute annual equipment maintenance plans.

Department	Major Functions
	(7) Routine maintenance of electrical equipment and fitness equipment.
Department of New Venture	The operations management and strategy planning of brands "Crazy Jump," "Let's Roll," "S klub," "KILL ZONE," and "Football Development Center."
Department of Marketing	(1) Formulate marketing strategies. (2) Advertise and maintain public relations. (3) Design the company's advertisements and promotional materials. (4) Plan and execute the company's various marketing campaigns. (5) Market research and analysis for products. Make strategies for product development. Control marketing plans for products and sales performance. Product management.
Department of Business Development	(1) Execute development projects for new operating sites. Supervise and execute new construction. (2) Develop, evaluate, plan, and establish new brands.
Department of General Management	(1) Handle the administrative process of sales contracts. Review the efficiency and effect on the process. (2) Develop and plan human resources policies and systems. Plan and analyse salary and bonus system. Plan the performance management system. Plan and develop various recruitment channels. (3) Plan the Company's overall information development goals and strategies. Make information security management policies and promote information security. Manage information security development and maintenance. Purchase and maintain information system hardware. (4) Implement regulation compliance policy. Instantly understand latest policies and react to probable legal risks. (5) Purchase and manage operating equipment and office supplies. (6) Supplier development and management. (7) Trend analysis of supply market and procurement risk management. (8) Promote, formulate, and amend standard customer service procedures. Plan and implement service auditing. Make and amend service auditing regulations and enforcement rules. Implement internal service management auditing of each site. Conduct the member service quality and satisfaction survey. (9) Environment and equipment maintenance of headquarters. Mail and government document filing management. Contract management. Company car management and

Department	Major Functions
	employee uniform management. Energy-saving and carbon reduction management.
Department of Finance	(1) The Company's annual budget compilation. (2) Handle accounting and cost analysis. (3) Handle and file taxes. (4) Financial planning, fund transfer, and financing. (5) Cashier affairs. (6) Stock affairs and planning and implementation of corporate governance related affairs. (7) Plan, assess, and execute long- and short-term investments. (8) Develop, build, and maintain investor relations. (9) Assess, formulate, and promote blueprint for corporate sustainability and related plans.

ii. Information on Directors, President, Vice Presidents, and the Chiefs of All the Company's Divisions and Branch Units

1. Information Regarding Board Members

April 2, 2023; Unit: Shares, %

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held in the Name of Others		Principal Work Experience (Education)	Positions in the Company and Other Companies Concurrently	Executives or Directors Who Are Spouses or Within the 2nd Degree of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairperson	R.O.C.	George Chen	Male 51-60	06/03/2020	3 years	09/23/2005	3,824,663	5.44	4,220,895	5.31	82,746	0.10	-	-	Chemical Engineering, University of California, Berkeley, U.S. CEO, Power Wind Health Industry Incorporated Sales Manager, Shanghai branch, Varian Semiconductor Equipment Associates, Inc.	CEO & CSO of the Company Chairperson, Bo Xin Health Industry Incorporated Director, Jiayong Investment and Development Co., Ltd.	Director & CBO	John Chen	Brother	Note1
Director	R.O.C.	John Chen	Male 51-60	06/03/2020	3 years	09/23/2005	2,425,432	3.45	1,351,097	1.70	2,899,626	3.66	-	-	International Business, Holy Names College, U.S. President & COO, Power Wind Health Industry Incorporated President, Extreme Fitness Center Vice President, California Fitness Centre Sales Manager, Tao Chi Health Club	CBO of the Company Director, Bo Xin Health Industry Incorporated Director, Jiayong Investment and Development Co., Ltd.	Chairperson	George Chen	Brother	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held in the Name of Others		Principal Work Experience (Education)	Positions in the Company and Other Companies Concurrently	Executives or Directors Who Are Spouses or Within the 2nd Degree of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Jiayong Investment Development Co., Ltd.	-	06/03/2020	3 years	10/31/2014	19,728,830	28.08	21,751,989	27.38	-	-	-	-	-	-	-	-	-	-
		Representative: Yu-Tung Chen	Female 21-30	-	-	-	-	-	-	-	-	-	-	-	Dept. of Healthcare Administration, I-Shou University Special Assistant of Chairperson, Jiayong Investment Development Co., Ltd.	Special Assistant of Chairperson, Jiayong Investment Development Co., Ltd.	-	-	-	-
Director	R.O.C.	Su-Chi Chang	Female 41-50	06/03/2020	3 years	06/02/2017	873,578	1.24	959,854	1.21	3,811,680	4.80	-	-	Pasadena City College, U.S. Teacher, Genius English Assistant of City Council member, Kaohsiung City	-	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held in the Name of Others		Principal Work Experience (Education)	Positions in the Company and Other Companies Concurrently	Executives or Directors Who Are Spouses or Within the 2nd Degree of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Shang-Pao Yeh	Male 51-60	06/03/2020	3 years	11/15/2018	-	-	-	-	-	-	-	-	Doctor of Management, Webster University, U.S. Master of Public Administration, University of Southern California, U.S. MBA in Accounting and Finance, Northrop University, U.S. Professor, Dept. of Hospitality and M.I.C.E. Marketing Management, National Kaohsiung University of Hospitality and Tourism Professor, Dept. of Tourism, I-Shou University (Former Dean of College of Tourism and Hospitality, Former Dean of Student Affairs, Former Associate Dean of International College) Associate Professor and Chair, Dept. of Leisure Management, I-Shou University Associate Professor, Chair and Director, Dept. of International Business Administration, Leader University Associate Professor, Dept. of International Business Administration, Wufeng University Lecturer, Department of Business Administration, Shih Chien University (Kaohsiung Campus)	Professor, Dept. of Hospitality and M.I.C.E. Marketing Management, National Kaohsiung University of Hospitality and Tourism	-	-	-	-

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Currently Held by Spouse & Minors		Shares Held in the Name of Others		Principal Work Experience (Education)	Positions in the Company and Other Companies Concurrently	Executives or Directors Who Are Spouses or Within the 2nd Degree of Kinship			Remark
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Hsu-Der Liu	Male 51-60	06/03/2020	3 years	10/31/2014	-	-	-	-	-	-	-	-	Dept. of Law, Chinese Culture University General Counsel, Ren Hui Land Office Legal Specialist, Far Eastern International Bank Co., Ltd.	General Counsel, Daw Ming Law Firm	-	-	-	-
Independent Director	R.O.C.	Chi-Shan Hung	Male 61-70	06/03/2020	3 years	06/03/2020	-	-	-	-	-	-	-	-	Master of Law, National Cheng Kung University Dept. of Public Finance and Taxation, National Chung Hsing University Director-general, National Taxation Bureau of Kaohsiung, M.O.F. Director-general, National Taxation Bureau of the Southern Area, M.O.F. Deputy Minister, Taxation Administration, M.O.F. Adjunct Lecturer, Dept. of Accountancy, National Cheng Kung University	Independent Director, Hua Yu Lien Co., Ltd. Independent Director, Ping Ho Environmental Technology Co., Ltd. Independent Director, Chung Tai Resource Technology Corp. Representative of Juristic Person Director, Flexium Interconnect, Inc.	-	-	-	Note1

Note 1: Where the chairperson of the Board of Directors and the president or person of an equivalent post (the highest level manager) of the Company are the same people, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: Please refer to the explanation in "III. ii. 3." of this Annual Report.

Note 2: On July 21, 2022, he resigned as an independent director of Hi Scene World Enterprise Co., Ltd., and on December 2, 2022, he was elected as an independent director of Chung Tai Resource Technology Corp.

(1) Major shareholders of the institutional shareholder

April 2, 2023

Name of the Institutional Shareholder	Major Shareholders of the Institutional Shareholder
Jiayong Investment Development Co., Ltd.	Shang-Jen Chen (60%), George Chen (20%), John Chen (20%)

(2) When major shareholders of institutional shareholders are institutional shareholders

April 2, 2023

Name of the Institutional Shareholder	Major Shareholders of the Institutional Shareholder
None	None

(3) Directors' professional knowledge and Board of Directors' diversity policy and independence status

① Directors' professional qualifications and independent directors' independence status

Qualification / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
George Chen	• More than five years of work experience for the company's business. • Serves as the Company's and the subsidiary's director and chairperson. With nearly 20 years of industry experience. Has professional and extensive experience in operation in the fitness industry. • The incumbent Chairperson, CEO, and CSO of the Company	Note 1	0

Qualification / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	and the subsidiary. • Does not meet any conditions defined in Article 30 of Company Act.		
John Chen	• More than five years of work experience for the company's business. • Served as the Company's and the subsidiary's chairperson, director, and president & COO. Has focused on the field of fitness for over 20 years and has extremely professional and extensive experience in the fitness industry. • The incumbent director and CBO of the Company and the subsidiary. • Does not meet any conditions defined in Article 30 of Company Act.	Note 1	0
Jiayong Investment Development Co., Ltd.	-	Note 1	0
Representative: Yu-Tung Chen	• More than five years of work experience for the company's business. • The incumbent Special Assistant of Chairperson of Jiayong Investment Development Co., Ltd. • Does not meet any conditions defined in Article 30 of Company Act.	Note 1	0

Qualification / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Su-Chi Chang	• More than five years of work experience for the company's business. • Does not meet any conditions defined in Article 30 of Company Act.	Note 1	0
Shang-Pao Yeh	• More than five years of work experience for the company's business. • The incumbent Independent Director of the Company and the Chairperson of Audit Committee and Remuneration Committee of the Company. • Has a professional academic background required for company management and business development. In addition to the professional background in financial accounting, he has extensive and diverse professional academic experience, including professional fields of tourism and hospitality, leisure industry, human resources, and corporate management. • Current position: Professor of Dept. of Hospitality and M.I.C.E. Marketing Management, National Kaohsiung University of Hospitality and Tourism. • Does not meet any conditions defined in Article 30 of Company Act.	Note 2	0

Qualification / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Hsu-Der Liu	• More than five years of work experience for the company's business. • The incumbent Independent Director of the Company and the member of Audit Committee and Remuneration Committee of the Company. • Has a professional legal background. • Current position: General Counsel of Daw Ming Law Firm • Does not meet any conditions defined in Article 30 of Company Act.	Note 2	0
Chi-Shan Hung	• More than five years of work experience for the company's business. • The incumbent Independent Director of the Company and the member of Audit Committee and Remuneration Committee of the Company. • He not only has a professional education background in finance, taxation, and law, but also has extensive experience in taxation. (Director-general, National Taxation Bureau of Kaohsiung, MOF, Director-general, National Taxation Bureau of the Southern Area, MOF, Deputy Minister, Taxation Administration, MOF) • Current position: Independent Director of the Company, Hua	Note 2	3

Qualification / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	Yu Lien Co., Ltd., Ping Ho Environmental Technology Co., Ltd., and Chung Tai Resource Technology Corp. Representative of Juristic Person Director of Flexium Interconnect, Inc. • Does not meet any conditions defined in Article 30 of Company Act.		

Note 1: Not an independent director. Not applicable to the disclosure of independent directors' independence status.

Note 2: (1) The person, his/her spouse, or his/her relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates.
(2) The person, his/her spouse, or his/her relative within the second degree of kinship (or the person under others' names) does not hold shares of the Company.
(3) Not a director, supervisor, or employee of a specified relation company of the Company (meets the regulations under Article 3, paragraph 1, subparagraph 5 – 8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies).
(4) Does not provide commercial, legal, financial, or accounting services or consultation to the Company or any of its affiliates within the recent two years and receive compensation.

② Board of Directors' diversity policy and independence status

A. Board of Directors' diversity policy and implementation status

To strengthen corporate governance and accelerate the complete development of the make-up and the structure of the Board of Directors, the Company has established "Corporate Governance Practice Principles" and "Rules for Election of Directors." Under Article 20, paragraphs 3 and 4 of the Company's "Corporate Governance Best Practice Principles" and Article 4, paragraph 1 and 2 of the Company's "Rules for Election of Directors," it is stipulated that the composition of the Board of Directors shall be determined by considering diversity. Directors concurrently serving as the Company's officers shall not exceed one-third of the total number of the Board members, and an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs are formulated, including but not limited to the following two general standards, "Basic requirements and values: gender, age, nationality, and culture" and "Professional knowledge and skills: a professional background (e.g., law, accounting, finance, marketing, or technology), professional skills, and industry experience."

For the diversity policy's practical management goals and achievement status of the Company's 6th Board members are explained as follows:

a. The Company respects for the independence and diversity of Board members. For the independence of Board members, the goal is to appoint independent directors, not less than three in number and not less than (including) one-fifth of the total number of directors. Currently, there are three independent directors, which constitute three-sevenths of the Board. In addition, not having more than (including) one-third of directors who are concurrently the Company's employees is the goal. Currently, there are only two directors who are also an employee. In conclusion, the goals of independence are achieved.
b. For basic requirements and values, the Company's goal is to have more than one-third (including) of the total number of directors of each gender. Currently, two of the seven directors (including independent directors) are female, constituting two-sevenths of the Board members.
c. For professional knowledge and skills, the Company's goal is to have Board members from multiple fields, including accounting, tax, law, administration, and industry knowledge. Currently, the constitution of Board of Directors has equipped with the various professional qualifications it needs.

In addition, the implementation status of the Company's Board of Directors' diversity policy in 2022 is as follows:

a. Independence:

There are currently seven directors in the Company's Board of Directors, including four directors and three independent directors. Independent directors constitute 43% of the Board. Please refer to the explanation in "III. ii. 1. (3) ② B." of this Annual Report.

b. Professional knowledge and skills:

Among the Company's four general directors, except for one who is a juristic person director, the rest are natural persons and all have industry experience related to corporate management. Among them, director George Chen has many years of experience in the operation of fitness centers and fully grasps industry trends and corporate management; director John Chen has focused on the operations management and strategy planning of the fitness industry for many years and has extremely professional and extensive experience in operation in the fitness industry; and director Su-Chi Chang has experience in business operation.

Among the other three independent directors, independent director Shang-Pao Yeh has a professional academic background in financial accounting, and has extensive and diverse professional academic experience, including professional fields of tourism and hospitality, leisure industry, human resources, and corporate management, which are all highly relevant to corporate management and business development; independent director Chi-Shan Hung not only has a professional education background in finance, taxation, and law, but also has extensive experience in taxation; and independent director Hsu-Der Liu specializes in the legal field and has legal experience and background.

c.Employed by the Company:

Currently, there are two directors who are employed by the Company, constituting 29% of the Board.

d. Gender:

Currently, there are two female directors (including the representative of the juristic person director), constituting 29% of the Board.

e. Years of Service:

As of year-end 2022, there is one director (independent director) with less than three years of service, four directors (including independent directors) with four to nine years of service, and two directors with more than ten years of service.

f. Age:

As of year-end 2022, there is one director (juristic person director) who is under forty years old, two directors who are between forty-one to fifty years old, and four directors (including independent directors) who are over fifty-one years old.

In conclusion, the Company has implemented the diversity policy of Board members.

B. Board of Directors' independence status

There are a total of seven directors in the Company, and the three independent directors constitute 43% of the Board. The explanations of the independence status of the Company's Board of Directors are as follows:

a. Among the Board members, only two directors are in a familial relationship within the second degree of kinship, which does not violate the regulations under Article 26-3, paragraphs 3 and 4 of Securities and Exchange Act.

b. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director has stated the important aspects of the interested party relationship in the respective meetings. When the relationship is likely to prejudice the interests of the company, the director does not participate in discussion or voting on that agenda item, and further, enter recusal during discussion and voting on that item and does not act as another director's proxy to exercise voting rights on that matter. Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relationship with a director, is an interested party with respect to an agenda item as described in the preceding lines, such director is deemed to be an interested party with respect to that agenda item.
c. Among the Board members, only two directors are employees of the Company, which does not exceed one-third of the total number of Board members, which meets the regulations under Article 20 of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Article 4, paragraph 2 of Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.
d. All the independent directors meet the independence qualifications for independent directors.
e. All the independent directors have not served for three consecutive terms or more.

In conclusion, the Company's Board of Directors' independence status complies with related regulations. However, due to the Company's chairperson concurrently serving as CEO, it is expected to complete the adjustment of the company's organizational structure by December 31, 2023. It will clearly divide the responsibilities of chairperson, president, or other person of equivalent rank to meet the regulations, complete the Board's structure, and strengthen the Board's functions.

2. Information on Directors, President, Vice Presidents, and the Chiefs of All the Company's Divisions and Branch Units

April 2, 2023; Unit: Shares, %

Title	Nationality	Name	Gender	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Principal Work Experience (Education)	Positions in Other Companies Concurrently	Managers Who Are Spouses or Within the 2nd Degree of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairperson & CEO & CSO	R.O.C.	George Chen	Male	07/22/2013	4,220,895	5.31	82,746	0.10	-	-	Chemical Engineering, University of California, Berkeley, U.S. CEO, Power Wind Health Industry Incorporated Sales Manager, Shanghai branch, Varian Semiconductor Equipment Associates, Inc.	Chairperson, Bo Xin Health Industry Incorporated Director, Jiayong Investment and Development Co., Ltd.	CBO	John Chen	Brother	Note 1, Note 2
President & Head of Department of Business Development	R.O.C.	Allen Lin	Male	01/01/2023	134,446	0.17	-	-	-	-	Master, Graduate Institute of Leisure and Recreation Management, National Chiayi University Dept. of Land Management, Feng Chia University Administration Manager, Power Wind Health Industry Incorporated Operations Manager, Power Wind Health Industry Incorporated Marketing Specialist, Nan Yuan Garden Resort Farm Marketing Specialist, Fleur de Chine Hotel	President, Bo Xin Health Industry Incorporated	-	-	-	Note 3
CBO	R.O.C.	John Chen	Male	09/08/2022	1,351,097	1.70	2,899,626	3.66	-	-	International Business, Holy Names College, U.S. President & COO, Power Wind Health Industry Incorporated President, Extreme Fitness Center Vice President, California Fitness Centre Sales Manager, Tao Chi Health Club	Director, Bo Xin Health Industry Incorporated Director, Jiayong Investment and Development Co., Ltd.	CEO & CSO	George Chen	Brother	Note 2, Note 3

Title	Nationality	Name	Gender	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Principal Work Experience (Education)	Positions in Other Companies Concurrently	Managers Who Are Spouses or Within the 2nd Degree of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
COO & Head of Department of New Ventures	R.O.C.	Eli Ho	Male	01/01/2023	161,069	0.20	-	-	-	-	EMBA of College of Management, National Sun Yat-Sen University Executive Vice President, Fitness Factory Business Center, Power Wind Health Industry Incorporated Director, Division of Trainer, Power Wind Health Industry Incorporated Manager, Trainer Division, Extreme Fitness Center Senior Personal Trainer, California Fitness Centre	-	-	-	-	Note 3
CFO & Chief Governance Officer (CGO)	R.O.C.	Alex Miao	Male	03/31/2014	42,972	0.05	-	-	165,381	0.21	Master of Business Administration, National Sun Yat-Sen University Dept. of Business Administration, National Cheng Kung University Senior Manager, Dept. of Capital Markets, SinoPac Securities Specialist, Marketing Division, Total Nutrition Technologies Co., Ltd.	Supervisor, Shang-Yi Intelligent Investment Co., Ltd.	-	-	-	-
Vice President, Department of Membership Affairs	R.O.C.	Randy Chen	Male	01/01/2014	349	0.00	-	-	-	-	Graduated from Taipei Municipal Jianguo High School Director, Division of Membership Affairs, Power Wind Health Industry Incorporated Consultant, Pure Yoga Manager, Park Hotel Fitness Consultant, California Fitness Centre	-	-	-	-	-
Vice President, Department of Physical Fitness	R.O.C.	Nick Chu	Male	04/01/2016	51,083	0.06	-	-	-	-	Dept. of Banking and Insurance, Tatung Institute of Technology Regional Manager, Division of Physical Fitness, Power Wind Health Industry Incorporated Manager, Trainer Division, World Gym	-	-	-	-	-

Title	Nationality	Name	Gender	On-board Date	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Principal Work Experience (Education)	Positions in Other Companies Concurrently	Managers Who Are Spouses or Within the 2nd Degree of Kinship			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President, Department of Operations	R.O.C.	Jay Chen	Male	01/01/2016	60,990	0.08	-	-	-	-	Riverside Community College, California, U.S. Operations Director, Le Wellness Co., Ltd. Manager, Operations Division, Royal Yoga Co., Ltd. Manager, Operations Division, True Concept Ltd.	-	-	-	-	-
Vice President, Department of General Management	R.O.C.	Annie Kung	Female	01/01/2016	75,772	0.13	-	-	-	-	Dept. of Finance, National Yunlin University of Science and Technology Manager, Dept. of Finance, Power Wind Health Industry Incorporated Finance Specialist, Jian Shan Construction Co., Ltd. Finance Specialist, Hua Da Fishing Co., Ltd.	-	-	-	-	-
Vice President, Department of Marketing	R.O.C.	Apple Ueng	Female	01/01/2023	-	-	300	0.00	-	-	Master's Degree in Marketing, University of East Anglia, U.K. Manager, Division of Marketing, Power Wind Health Industry Incorporated Manager, E-commerce Division, Starlike International Ltd. Category Manager, Sports line, Yahoo Qimo Super Mall Database Marketing Assistant Manager, Marketing and Product Development Division, Ding Ding Integrated Marketing Service Co., Ltd. (Happy Go)	-	-	-	-	Note 3
Manager, Audit Office	R.O.C.	Pei Tsai	Female	01/01/2014	15,552	0.02	-	-	-	-	Master of Science in Accounting, The University of Texas at Dallas, U.S. Dept. of Accounting, Soochow University Auditor, Wah Lee Industrial Corp. Auditor, PwC Taiwan	-	-	-	-	-

Note 1: Where the chairperson of the Board of Directors and the president or person of an equivalent post (the highest level manager) of the company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: Please refer to the explanation in "III. ii. 3." of this Annual Report.

Note 2: On September 8, 2022, the Company's BoD resolved to newly appoint CSO and CBO and the appointments, and it took effect from that day.

Note 3: On December 23, 2022, the Company's BoD resolved to approve the changes of the President, COO, and the Vice President of Department of Marketing, and the changes took effect from January 1, 2023.

3. Where the Chairperson of the Board of Directors and the President or Person of an Equivalent Post (The Highest Level Manager) Of the Company Are the Same Person, Spouses, or Relatives Within the First Degree of Kinship, an Explanation Shall Be Given of the Reason For, Reasonableness, Necessity Thereof, and the Measures Adopted in Response Thereto

The Company's chairperson serving as the CEO concurrently is mainly due to the Company's separation of duties for chairperson and president. The chairperson represents the Company in its external affairs and executes all affairs of the Company under laws and regulations, Articles of Incorporation, and resolutions of shareholders' meetings and the Board of Directors meetings. In addition, the chairperson is responsible for the company's long-term strategy planning and the planning of new sites and new business. Therefore, he serves as the chief executive officer concurrently. The president is in charge of the Company's internal operations and management.

Although the Company's chairperson and CEO are the same people, the distribution of authority and responsibilities of positions shall still be conducted under the regulations of Rules for Authorization and Deputy and Approval Authority Table. To strengthen corporate governance, measures the Company adopts and will adopt are as follows:

(1) Three independent directors are appointed, and the Audit Committee is established. The proportion of independent directors to directors is three to four. By December 31, 2023, the Company will complete the adjustment of its organizational structure and positions to comply with Article 4, paragraph 2 of Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.

(2) The current independent directors specialize in the fields of financial accounting, taxation, legal, business management, and industry development, which implements the spirit of the diversity of Board members and effectively performs their supervisory function.

(3) Independent directors instantly and fully communicate with the Company's internal auditing officer and CPAs and offer timely advice. In addition, independent directors regularly and proactively participate in consultations and Audit Committee meetings to strengthen their supervisory function and implement corporate governance.

(4) Every year, the Company irregularly disseminates related laws and regulations about principles of corporate governance, principles of ethical management, and internal control systems to directors. In addition, every year, the Company provides and arranges directors and independent directors to participate in training courses for directors from external organizations to strengthen the effectiveness of the Board's operation.

(5) There are only two directors who are concurrently an employee or a managerial officer, which is less than one third of the number of directors.

(6) Every year (at least once a year), individual Board members regularly evaluate their performance on the overall Board of Directors and functional committees, and the Company discloses implementation status and assessment results on MOPS and "Investors Section" on the Company's website as required by related laws and regulations.

The Company's chairperson communicates with each director closely and fully, and the Board implements the policy on member diversity. The chairperson and the board fully maximize the functions of complementarity and supervision. The overall Board's operation has been effective.

iii. Remuneration Paid During the Most Recent Fiscal Year to Directors, Independent Directors, President, and Vice Presidents

1. 2022 Remuneration Paid to Directors and Independent Directors

Unit: NT$ thousand; %

Title	Name	Director's Remuneration								(A+B+C+D) as a % of After-tax Net Income (Note 7)		Compensation Earned by a Director Who is an Employee of Power Wind (PW) or PW's Consolidated Entities								(A+B+C+D+E+F+G) as a % of Net Income (Note 7)		Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company (Note 8)
		Base Compensation (A) (Note 1)		Pensions (B)		Compensation to Directors (C) (Note 2)		Allowances (D) (Note 3)				Base Compensation, Bonuses, and Allowances (E) (Note 4)		Severance Pay and Pensions (F)		Employee's Compensation (G) (Note 5)						
		From PW	From All Consolidated Entities (Note 6)	From PW	From All Consolidated Entities (Note 6)	From PW	From All Consolidated Entities (Note 6)	From PW	From All Consolidated Entities (Note 6)	From PW	From All Consolidated Entities (Note 6)	From PW	From All Consolidated Entities (Note 6)	From PW	From All Consolidated Entities (Note 6)	From PW		From All Consolidated Entities (Note 6)		From PW	From All Consolidated Entities (Note 6)	
																Cash	Stock (Fair Market Value)	Cash	Stock (Fair Market Value)			
Director	George Chen John Chen Su-Chi Chang Jiayong Investment Development Co., Ltd. Representative: Yu-Tung Chen	-	-	-	-	-	-	129	129	129 0.1817	129 0.1817	13,095	13,095	108	108	-	-	-	-	13,332 18.7748	13,332 18.7748	-
Independent Director	Shang-Pao Yeh Hsu-Der Liu Chi-Shan Hung	900	900	-	-	-	-	256	256	1,156 1.6279	1,156 1.6279	-	-	-	-	-	-	-	-	1,156 1.6279	1,156 1.6279	-

(1) Independent Directors' remuneration policies, procedures, standards, and structure, as well as the linkage to responsibilities, risks, and time spent: Please refer to the explanation in "III. iii. 5. (2)" of this Annual Report.

(2) Other than disclosure in the above table, Directors' remunerations earned by providing services (e.g. providing consulting services as a non-employee of parent company/all consolidated entities/non-consolidated affiliates) to the Company and all consolidated entities in the 2022 financial statements: None

Remuneration Band Table

Band of Remuneration Paid to PW Directors and Independent Directors	Name of Directors			
	The total of (A+B+C+D)		The total of (A+B+C+D+E+F+G)	
	From PW (Note 9)	From All Consolidated Entities (Note 10)	From PW (Note 9)	From All Consolidated Entities (Note 10)
Less than NT$1,000,000	George Chen, John Chen, Su-Chi Chang, Jiayong Investment Development Co., Ltd. Representative: Yu-Tung Chen, Hsu-Der Liu, Shang-Pao Yeh, Chi-Shan Hung	George Chen, John Chen, Su-Chi Chang, Jiayong Investment Development Co., Ltd. Representative: Yu-Tung Chen, Hsu-Der Liu, Shang-Pao Yeh, Chi-Shan Hung	Su-Chi Chang, Jiayong Investment Development Co., Ltd. Representative: Yu-Tung Chen, Hsu-Der Liu, Shang-Pao Yeh, Chi-Shan Hung	Su-Chi Chang, Jiayong Investment Development Co., Ltd. Representative: Yu-Tung Chen, Hsu-Der Liu, Shang-Pao Yeh, Chi-Shan Hung
NT$1,000,000 - NT$1,999,999	-	-	-	-
NT$2,000,000 - NT$3,499,999	-	-	-	-
NT$3,500,000 - NT$4,999,999	-	-	-	-
NT$5,000,000 - NT$9,999,999	-	-	George Chen, John Chen	George Chen, John Chen
NT$10,000,000 - NT$14,999,999	-	-	-	-
NT$15,000,000 - NT$29,999,999	-	-	-	-
NT$30,000,000 - NT$49,999,999	-	-	-	-
NT$50,000,000 - NT$99,999,999	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	7	7	7	7

Note 1: Refers to the remuneration of directors in 2022 (including directors' salary, position-based allowance, service pay, various bonuses, bonuses, etc.).

Note 2: Under Article 26 of Articles of Incorporation, the Company's BoD resolved not to set aside for directors' remuneration on February 21, 2023.

Note 3: Refers to related allowances of directors in 2022 (including transportation allowance and payment for serving on Remuneration Committee, etc.).

Note 4: Refers to the salary of a director who is concurrently an employee (including serving as a president, vice president, other managerial officer, and employee) in 2022, including salary, position-based allowance, service pay, various bonuses, incentive pay, transportation allowance, special allowance, various subsidies, etc. In addition, according to the remuneration recognized in *IFRS 2 Share-Based Payments*, the compensation shall include employee stock warrants, new restricted employee shares, and share subscription from participation in capital increase by cash.

Note 5: Refers to the employee's compensation of a director who is concurrently an employee (including serving as a president, vice president, other managerial officer, and employee) in 2022. On February 21, 2023, the Company's BoD resolved the amount of 2022 employee's compensation. The proposed distribution amount of this year is calculated in proportion to the latest (2020) actual distribution amount.

Note 6: Refers to the total amount of remuneration paid to the Company's directors by all consolidated entities (including the Company).

Note 7: The after-tax net income represents the after-tax net income in 2022 Parent Company Only Financial Statements.

Note 8: Refers to remuneration, rewards (including rewards of employees, directors, and supervisors), and allowances paid to the Company's directors when they serve as directors, supervisors, or managerial officers in non-consolidated affiliates or parent companies.

Note 9: The total amount of remuneration the Company paid to each director. The directors' names are disclosed in the corresponding bands of remuneration.

Note 10: The total amount of remuneration all consolidated entities (including the Company) paid to each director. The directors' names are disclosed in the corresponding bands of remuneration.

* The contents of the remuneration disclosed in this table are different from those in the Income Tax Law. Therefore, this table is not for taxation but disclosure.

2. 2022 Compensation Paid to President and Vice Presidents

Unit: NT$ thousand; %

Title	Name	Salary (A) (Note 1) From PW	Salary (A) (Note 1) From All Consolidated Entities (Note 4)	Pensions (B) From PW	Pensions (B) From All Consolidated Entities (Note 4)	Bonuses and Allowances (C) (Note 2) From PW	Bonuses and Allowances (C) (Note 2) From All Consolidated Entities (Note 4)	Employee's Compensation (D) (Note 3) From PW Cash	Employee's Compensation (D) (Note 3) From PW Stock (Fair Market Value)	Employee's Compensation (D) (Note 3) From All Consolidated Entities (Note 4) Cash	Employee's Compensation (D) (Note 3) From All Consolidated Entities (Note 4) Stock (Fair Market Value)	(A+B+C+D) as a % of After-tax Net Income (Note 5) From PW	(A+B+C+D) as a % of After-tax Net Income (Note 5) From All Consolidated Entities (Note 4)	Compensation Paid to Directors from Non-consolidated Affiliates or Parent Company (Note 6)
Chairperson & CEO & CSO	George Chen (Note 9)													
President & Head of Dept. of Business Development	Allen Lin (Note 10)													
CBO	John Chen (Note 10)											28,926	28,926	
COO & Head of Dept. of New Ventures	Eli Ho (Note 10)													
CFO & CGO	Alex Miao													
Vice President, Department of Membership Affairs	Randy Chen	23,153	23,153	813	813	4,821	4,821	139	-	139	-			-
Vice President, Department of Physical Fitness	Nick Chu													
Vice President, Department of Operations	Jay Chen											40.7351	40.7351	
Vice President, Department of General Management	Annie Kung													
Vice President, Department of Marketing	Bryan Hsiao (Note 11)													

Compensation Band Table

Band of Compensation Paid to PW President and Vice Presidents	Name of President and Vice Presidents	
	From PW (Note 7)	From All Consolidated Entities (E) (Note 8)
Less than NT$1,000,000	Bryan Hsiao	Bryan Hsiao
NT$1,000,000 ~ NT$1,999,999	Annie Kung, Jay Chen	Annie Kung, Jay Chen
NT$2,000,000 ~ NT$3,499,999	Allen Lin, Eli Ho, Alex Miao, Randy Chen, Nick Chu	Allen Lin, Eli Ho, Alex Miao, Randy Chen, Nick Chu
NT$3,500,000 ~ NT$4,999,999	-	-
NT$5,000,000 ~ NT$9,999,999	George Chen, John Chen	George Chen, John Chen
NT$10,000,000 ~ NT$14,999,999	-	-
NT$15,000,000 ~ NT$29,999,999	-	-
NT$30,000,000 ~ NT$49,999,999	-	-
NT$50,000,000 ~ NT$99,999,999	-	-
Over NT$100,000,000	-	-
Total	10	10

Note 1: Refers to the president's and vice presidents' salary, position-based allowance, and service pay in 2022.
Note 2: Refers to the president's and vice presidents' various bonuses, incentive pay, transportation allowance, special allowance, various subsidies, and other compensation in 2022. In addition, according to the remuneration recognized in *IFRS 2 Share-Based Payments*, the compensation shall include employee stock warrants, new restricted employee shares, and share subscription from participation in capital increase by cash.
Note 3: On February 21, 2023, the Company's BoD resolved the amount of 2022 employee's compensation. The proposed distribution amount of this year is calculated in proportion to the latest (2020) actual distribution amount.
Note 4: Refers to the total amount of compensation paid to the Company's president and vice presidents by all consolidated entities (including the Company).
Note 5: The after-tax net income represents the after-tax net income in 2022 Parent Company Only Financial Statements.
Note 6: Refers to remuneration, rewards (including rewards of employees, directors, and supervisors), and allowances paid to the Company's president and vice presidents when they serve as directors, supervisors, or managers in non-consolidated affiliates or parent companies.
Note 7: The total amount of compensation the Company paid to the president and each vice president. The president's and vice presidents' names are disclosed in the corresponding bands of compensation.
Note 8: The total amount of compensation all consolidated entities (including the Company) paid to the president and each vice president. The president's and vice presidents' names are disclosed in the corresponding bands of compensation.
Note 9: Please refer to the explanation in "III. ii. 2. Note 2" of this Annual Report.
Note 10: Please refer to the explanation in "III. ii. 2. Note 3" of this Annual Report.
Note 11: On March 11, 2022, Remuneration Committee and BoD resolved to change the position of the original Vice President of Department of Marketing Bryan Hsiao and the dismissal of him as a managerial officer, and it took effect from that day.
* The contents of the compensation disclosed in this table are different from those in the Income Tax Law. Therefore, this table is not for taxation but for disclosure.

3. Employees' Compensation Paid to Management Team

Unit: NT$ thousand; %

	Title	Name	Stock	Cash	Total	As a % of After-tax Net Income
Managerial officer	CEO & CSO	George Chen	–	139	139	0.1957
	President & Head of Department of Business Development	Allen Lin				
	CBO	John Chen				
	COO & Head of Department of New Ventures	Eli Ho				
	CFO & CGO	Alex Miao				
	Vice President, Department of Membership Affairs	Randy Chen				
	Vice President, Department of Physical Fitness	Nick Chu				
	Vice President, Department of Operations	Ray Chen				
	Vice President, Department of General Management	Annie Kung				
	Vice President, Department of Marketing	Bryan Hsiao (Note 3)				

Note 1: On February 21, 2023, the Company's BoD resolved the amount of 2022 employee's compensation. The proposed distribution amount of this year is calculated in proportion to the latest (2020) actual distribution amount.

Note 2: The after-tax net income represents the after-tax net income in 2022 Parent Company Only Financial Statements.

Note 3: Please refer to the explanation in "III. ii. 2. Note 11" of this Annual Report.

4. If the circumstance in Article 10, paragraph 1, subparagraph 3, item B, sub-item "a" or "e" of Regulations Governing Information to be Published in Annual Reports of Public Companies applies to a company listed on the TWSE or the TPEx, it shall disclose the individual remuneration paid to each of its top five management personnel: NA

5. Separately Compare and Describe Total Remuneration, as a Percentage of Net Income (Loss) Stated in the Parent Company Only Financial Statements, as Paid by the Company and by Each Other Company Included in the Parent Company Only Financial Statements During the Past Two Fiscal Years to Directors, President, and Vice Presidents, and Analyze and Describe Remuneration Policies, Standards, and Packages, the Procedure for Determining Remuneration, and Its Linkage to Operating Performance and Future Risk Exposure

(1) Total remuneration, as a percentage of net income (loss) stated in the parent company only financial statements, as paid by the company and by each other company included in the parent company only financial statements during the past two fiscal years to directors, president, and vice presidents

Unit: NT$ thousand; %

Title	2021				2022			
	From PW		From All Consolidated Entities		From PW		From All Consolidated Entities	
	Total Compensation	As a % of Net Loss	Total Compensation	As a % of Net Loss	Total Compensation	As a % of Net Income	Total Compensation	As a % of Net Income
Directors	11,682	8.21	11,682	8.21	14,488	20.40	14,488	20.40
President and Vice Presidents	27,501	19.32	27,501	19.32	28,926	40.74	28,926	40.74

(2) Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

The Company has set up Remuneration Committee, and all independent directors serve as its members. Under Article 7 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, Remuneration Committee periodically evaluates and prescribes the remuneration of directors and managerial officers. The remuneration of the

Company's directors, president, and vice presidents was deliberated and passed by Remuneration Committee and submitted to the Board of Directors for resolution.

① Directors

According to the Company's Articles of Incorporation, the Board of Directors is authorized to determine the salary for all directors, considering the extent and value of the services provided for the management of the Company and the general pay levels in the industry.

Of the remuneration paid to directors by the Company, that from the distribution of earnings is under the regulation of the Company's Articles of Incorporation, which is no more than 3% of annual profit (the profit before the distribution of employees' and directors' remuneration is deducted from profit before tax). The remuneration of all directors was submitted to the Board of Directors for deliberation and resolved by the shareholders' meeting. The remuneration from executing directors' duties was considered and agreed based on A. Attendance rate of each director, B. Time spent, C. Risks taken, D. Involvement in the Company's operation. The remuneration was paid after being deliberated and passed by Remuneration Committee and submitted to the Board of Directors for resolution. Besides, when directors attended meetings, the only pay was the fixed remuneration of transportation allowance. As for directors serving as a managerial officer or an employee, they were considered staff. They could still get paid under the salaries of their positions additionally.

② Independent Directors

According to the Company's Articles of Incorporation, the Board of Directors is authorized to determine the salary for all directors, considering the extent and value of the services provided for the management of the Company and the general pay levels in the industry.

The Company's independent directors also serve as members of the Audit Committee and the Remuneration Committee, only getting paid for Audit member monthly fixed remuneration, fixed remuneration for attending Remuneration Committee meetings, and transportation allowance attending meetings (only got paid once when attending more than one meeting on the same day). Independent directors were not paid for the distribution of directors' remuneration from annual profit. The general pay levels in the industry were mainly considered when audit members monthly fixed remuneration and fixed remuneration for attending Remuneration Committee meetings were determined.

③ President and Vice Presidents

The compensation of president and vice presidents included salary, bonuses, and employee bonuses. Salary and bonuses were deliberated based on A. The Company's operating performance, B. Responsibilities taken, C. Achievement status of personal goals, D. Performance on taking other positions, E. Compensation the company paid for equivalent positions in recent years, F. Requirements for exercising duties, and G. General pay levels in the industry. The distribution of employee bonuses was made in compliance with the Articles of Incorporation, submitted to the Board of Directors for deliberation, and resolved by the shareholders' meeting.

In conclusion, the remuneration of the Company's directors, president, and vice presidents was determined in compliance with the Articles of Incorporation, Personnel Regulations, and the degree of contribution to the Company and the general pay levels in the industry. There is a positive correlation between remuneration and operating performance, and the risk of industrial fluctuation is also considered.

iv. The State of the Implementation of Corporate Governance

1. Operating Status of the Board of Directors

(1) Information on the Board of Directors meeting status

The Company's Board of Directors convened 14 meetings (A) in 2022 (11 meetings) and 2023 up to the date of publication of the Annual Report (3 meetings). The directors' (including independent directors) attendance status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【B/A】(Note)	Name of Juristic Person Director Represented	Notes
Chairperson	George Chen	14	-	100	-	Renewal of office on 06/03/2020
Director	John Chen	13	1	93	-	Renewal of office on 06/03/2020
Representative of Juristic Person Director	Yu-Tung Chen	14	-	100	Jiayong Investment Development Co., Ltd.	Renewal of office on 06/03/2020
Director	Su-Chi Chang	13	1	93	-	Renewal of office on 06/03/2020
Independent Director	Shang-Pao Yeh	14	-	100		Renewal of office on 06/03/2020
Independent Director	Hsu-Der Liu	14	-	100	-	Renewal of office on 06/03/2020
Independent Director	Chi-Shan Hung	14	-	100	-	Newly Appointed on 06/03/2020

Other mentionable matters:

i. If any of the following circumstances occur, the dates of the Board meetings, sessions, contents of motion, all independent directors' opinions, and the company's response to independent directors' opinions should be specified: Please refer to the explanation in "III. iv. 11. (2) " of this Annual Report.

1. Matters referred to in Article 14-3 of the Securities and Exchange Act.
2. Other written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion

ii. Implementation status of recusals of motions in conflict of interest, the directors' names, contents of motion, causes for recusals and voting should be specified:

1. On September 9, 2022, in the 28th meeting of the 6th Board of Directors, directors deliberated and resolved to amend the Company' "Directors', Functional Committees Members', and Managerial Officers' Remuneration Pay Regulations." Due to conflicts of interests to themselves, Chairperson George Chen and Director John Chen specially recused themselves from the discussion and voting of their compensation resolution, and the rest of attending directors approved without any dissension.
2. On September 9, 2022, in the 28th meeting of the 6th Board of Directors, directors deliberated and resolved to approve eligible employees and number of shares subscribable for a total of 2,000,000 shares of the Company's issuance of 2022 1st New Restricted Employee Shares. Due to conflicts of interests to themselves, Chairperson George Chen and Director John Chen specially recused themselves from the discussion and voting of their compensation resolution, and the rest of attending directors approved without any dissension.
3. On December 23, 2022, in the 31st meeting of the 6th Board of Directors, directors deliberated and resolved to approve the periodic compensation assessment and the individual salary adjustment of the Company's executives. Due to conflicts of interests to himself, Director John Chen specially recused themselves from the discussion and voting of their compensation resolution, and the rest of attending directors approved without any dissension.

iii. TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, the scope of evaluation, the evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors: Please refer to the explanation in "III. iv. 1. (2)" of this Annual Report.

iv. Measures taken to strengthen the functionality of the Board (e.g. set up an audit committee, improve information transparency):

1. In the most recent fiscal year and up to the annual report publication date, the Company amended "Corporate Governance Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Procedures for Handling Material Inside Information and Prevention of Insider Trading," "Sustainable Development Practice Principles (original name: Corporate Social Responsibility Practice Principles)," and "Rules of Procedure for Board of Directors Meetings," etc. to strengthen the Board's functions and the corporate governance system.
2. The Company conducted 2022 self-evaluation of the Company's Board as a whole, functional committees, and individual Board members. After submitting the evaluation results to the Board of Directors, the Company disclosed them on MOPS and "Investors Section" on the Company's website as required.
3. The implementation of corporate governance and the Company's related important bylaws are disclosed on MOPS and "Investors Section" on the Company's website.

Note: Attendance Rate in Person (%) is calculated on the number of Board meetings during the directors' term and the number of Attendance in Person

(2) Implementation Status of Board Evaluations

Evaluation Cycle	Once a year
Evaluation Period	From January 1,2022 to December 31, 2022
Scope of Evaluation	The Board of Directors as a whole and functional committees, individual Board members
Evaluation Method	Internal assessment of the Board and functional committees, self-assessments by each Board member
Evaluation Items	① Performance Evaluation of the Board Including involvement in the Company's operation, enhancement of the quality of the Board's decision-making, makeup and structure of the Board, the election of Board members and continuing education, and internal controls. ② Performance Evaluation of individual Board members Including understanding of the Company's goals and mission, awareness of a director's duties, involvement in the Company's operation, internal relationship and communication, director's professionalism and continuing education, and internal controls. ③ Performance Evaluation of functional committees Including involvement in the Company's operation, awareness of the functional committees' duties, enhancement of the quality of the functional committees' decision-making, makeup of the functional committees and election of their members, and internal controls.

2. Operating Status of Audit Committee

(1) Annual work of Audit Committee

The Audit Committee assists the Board in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control practices of the Company. The membership of the Company's Audit Committee consists of all independent directors. The Audit Committee is responsible to review the following major matters: financial reports, the effectiveness of the internal control system, hiring or dismissal of an attesting CPA, or the compensation given thereto, independence evaluation of independent auditors, and appointment or discharge of a financial, accounting, or internal auditing officers. According to Article 6 of the Company's Audit Committee Charter, the responsibilities of the Audit Committee are as follows:

① Adoption or amendment of an internal control system according to Article 14-1 of Securities and Exchange Act.
② Evaluation of the effectiveness of the internal control system
③ Adoption or amendment of handling procedures for major financial or operational actions, such as acquisition or disposal of assets, engaging in derivatives trading, loaning of funds, and making of endorsements or guarantees according to Article 36-1 of Securities and Exchange Act.
④ A matter bearing on the personal interest of a director.
⑤ Material asset or derivatives transactions.
⑥ Material loaning of funds and making of endorsements or guarantees.
⑦ Offering, issuance, or private placement of any equity-type securities.
⑧ Hiring or dismissal of an attesting CPA, or the compensation given thereto.
⑨ Appointment or discharge of a financial, accounting, or internal auditing officers.
⑩ Annual financial statements signed or stamped with the seal of the Chairperson, managerial officer, and accounting officer and second quarter financial statements audited by CPA.

⑪ Any other material matters required by the Company or the competent authority.

(2) Information on Audit Committee meeting status

The Audit Committee convened 11 meetings (A) in 2022 (8 meetings) and 2023 up to the date of publication of the Annual Report (3 meetings). The independent directors' attendance status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate in Person (%) 【B/A】(Note)	Notes
Independent Director (Chairperson)	Shang-Pao Yeh	11	-	100	Renewal of office on 06/03/2020
Independent Director	Hsu-Der Liu	11	-	100	Renewal of office on 06/03/2020
Independent Director	Chi-Shan Hung	11	-	100	Newly appointed on 06/03/2020

Other mentionable matters:

i. If any of the following circumstances occur, the convening dates of the Audit Committee meetings, sessions, contents of motion, independent directors' objections, reservations or major advice, resolutions of the Audit Committee, and the company's response to the Audit Committee's opinion should be specified: Please refer to the explanation in "III. iv. 11. (2)" of this Annual Report.

1. Matters referred to in Article 14-5 of the Securities and Exchange Act.
2. Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.

ii. Implementation status of recusals of motions in conflict of interest, the independent directors' names, contents of motion, causes for avoidance and voting should be specified: None

iii. Communications between the independent directors, the Company's internal auditing officer and CPAs (which should include the material items, methods, and results of audits on the corporate finance or operations, etc.)

Independent directors engaged in Audit Committee meetings, Board meetings, and consultations with face-to-face communication or conference calls. Independent directors could communicate with the internal auditing officer and CPAs anytime and on their own initiative. Every independent director actively engaged in the process of deliberation and approving resolutions of contents of meetings and provided timely and valuable advice. The internal auditing officer and CPAs handled situations appropriately in accordance with independent directors' advice.

Besides, the Company's internal auditing officer communicated the result of audit reports to independent directors periodically. The internal auditing officer would instantly report to independent directors on any special matters. During 2021, there were not any such material matters.

1. Communications between the Independent Directors and the CPAs

Date	Type	Communication Matters	Result
03/11/2022	Consultation	(1) Audit matters in 2021 Financial Statements (2) Updates on securities-related laws and regulations (3) Updates on tax-related laws and regulations	No objection
	Audit Committee	(1) 2021 Parent Company Only Financial Statements & Consolidated Financial Statements	No objection
05/05/2022	Consultation	(1) Review matters in 2022 Q1 Financial Statements (2) Updates on securities-related laws and regulations (3) Updates on tax-related laws and regulations	No objection
	Audit Committee	(1) 2022 Q1 Consolidated Financial Statements	No objection
08/10/2022	Consultation	(1) Review matters in 2022 H1 Financial Statements (2) Updates on securities-related laws and regulations (3) Updates on tax-related laws and regulations (4) Latest news about sustainable development	No objection
	Audit Committee	(1) 2022 H1 Consolidated Financial Statements	No objection
11/10/2022	Consultation	(1) Review matters in 2022 Q3 Financial Statements (2) Updates on securities-related laws and regulations (3) Updates on tax-related laws and regulations (4) Latest news about sustainable development	No objection
	Audit Committee	(1) 2022 Q3 Consolidated Financial Statements	No objection
02/21/2022	Consultation	(1) Audit matters in 2022 Financial Statements (2) Updates on securities-related laws and regulations	No objection
	Audit Committee	(1) 2022 Parent Company Only Financial Statements & Consolidated Financial Statements (2) Independence Assessment Procedures for non-assurance services provided by CPAs	No objection

2. Communications between the Independent Directors and the Internal Auditing Officer

Date	Type	Communication Matters	Result
02/10/2022	Audit Committee	(1) December 2021 and January 2022 Internal audit report	No objection
03/11/2022	Consultation	(1) Audit matters in 2021 Financial Statements (2) Updates on securities-related laws and regulations (3) Updates on tax-related laws and regulations	No objection
04/18/2022	Audit Committee	(1) February – March 2022 Internal audit report (2) Follow-up report on 2021 Q4 internal audit matters	No objection
08/10/2022	Consultation	(1) Review matters in 2022 H1 Financial Statements (2) Updates on securities-related laws and regulations (3) Updates on tax-related laws and regulations (4) Latest news about sustainable development	No objection
	Audit Committee	(1) April - June 2022 Internal audit report (2) Follow-up report on 2022 Q2 internal audit matters	No objection
11/10/2022	Consultation	(1) Review matters in 2022 Q3 Financial Statements (2) Updates on securities-related laws and regulations (3) Updates on tax-related laws and regulations (4) Latest news about sustainable development	No objection
	Audit Committee	(1) July - September 2022 Internal audit report (2) Follow-up report on 2022 Q3 internal audit matters	No objection
02/21/2023	Consultation	(1) Audit matters in 2022 Financial Statements (2) Updates on securities-related laws and regulations	No objection
	Audit Committee	(1) October - December 2022 Internal audit report (2) Follow-up report on 2022 Q4 internal audit matters	No objection
04/14/2023	Audit Committee	(1) January - February 2023 Internal audit report	No objection

Note: Attendance Rate in Person (%) is calculated on the number of Audit Committee meetings during directors' term and the number of Attendance in Person

3. The State of the Company's Implementation of Corporate Governance, Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
i. Does the company follow "Taiwan Corporate Governance Implementation" to establish and disclose its corporate governance practices?	✓		The Company has established "Corporate Governance Principles," which was resolved after the Audit Committee's review and the Board of Director's deliberation on May 14, 2015, and the Company irregularly discloses the latest amended versions of it on MOPS and "Investors Section" on the Company's website.	No major difference
ii. Shareholding Structure & Shareholders' Rights 1. Does the company have internal operation procedures for handling shareholders' suggestions, concerns, disputes, and litigation matters? If it does, has these procedures been implemented accordingly? 2. Does the company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		1. The Company has established the spokesperson/acting spokesperson system, contact email address for investors (finance@pwind.com.tw), and the point of contact for investor relations as the communication channels for shareholders. The Company has also appointed the professional stock transfer agent "SinoPac Securities Corporation" to cooperate in the handling of its stock affairs and shareholders' suggestions and concerns. 2. The Company regularly discloses net change in shareholding and pledge status	No major difference

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
3. Has the company built and executed a risk management system and "firewall" between the company and its affiliates? 4. Has the company established internal rules prohibiting insider trading on undisclosed information?			of insiders (directors, managerial officers, related parties of directors and managerial officers, and top ten major shareholders). The Company possesses the list of major shareholders of the Company and beneficial owners of these major shareholders in accordance with the shareholder register provided by the stock transfer agent. 3. The Company has established "Affiliated Enterprises, Specified Company, and Related Party Transaction Operating Procedures," "Subsidiary Supervision and Management Regulations," and "Related-Party Transaction Management Operations" to execute the system in accordance with them. 4. The Company has established "Corporate Governance Practice Principles," "Procedures for Handling Material Inside Information and Prevention of Insider Trading," "Ethical Corporate Management Principles," and "Procedures for Ethical Management and Guidelines for Conduct," and insiders have been informed that they shall truly comply with these principles. The Company irregularly disseminates these	

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			principles or arranges the related continuing education for insiders.	
iii. Composition and Responsibilities of the Board of Directors 1. Has the Board of Directors established a diversity policy, set practical management goals, and implemented them accordingly? 2. Other than the Compensation Committee and the Audit Committee which are required by law, does the company plan to set up other Board committees? 3. Has the company established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and used the results as	✓		1. Please refer to the explanation in "III. ii. 1. (3)②" of this Annual Report. 2. The Company currently sets up Audit Committee and Remuneration Committee. The committees are both composed of all independent directors, and the operations of the committees are under regulations of Audit Committee Charter and Remuneration Committee Charter. In the future, the Company will set up other Board committees as required. 3. Under the regulations of Directors', Functional Committees Members', and Managerial Officers' Remuneration Pay Regulations, the Company conducts evaluations of performance on an annual basis based on the factors such as attendance rate of directors, time spent by the individual, risks and involvement in the Company's operation. In addition, the Company has established Rules for Performance Evaluation of Board of Directors, and it regularly (at least once a year) conducts the self-evaluation of the	No major difference

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
reference for directors' remuneration and renewal? 4. Does the company regularly evaluate its external auditors' independence?			Company's Board as a whole, functional committees (including Audit Committee and Remuneration Committee), and individual Board members. After submitting the evaluation results to the Board of Directors, the Company discloses them on MOPS and "Investors Section" on the Company's website as required. The result of the Company's 2022 performance evaluation of Board of Directors and Functional Committees has been reported and resolved by Remuneration Committee and the Board on March 13, 2023. 4. Under article 29, paragraph 5 of Corporate Governance Best Practice Principles, the Company regularly (at least once a year) assesses the independence and suitability of the CPAs engaged by the Company based on Audit Quality Indicators (AQIs). The Company formulated the CPA Independence Assessment Procedure based on Certified Public Accountant Act, the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and Standards on Auditing. The Company assesses the independence of CPAs in terms of financial interests, loans	

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			and guarantees, business relationships, family and personal relationships, employment relationships, gifts and hospitality, job rotation for CPAs, and non-assurance services. The Company obtained Auditor's Independence issued by CPAs (please refer to Attachment 2 of this Annual Report). The CPA Independent Assessment Report in the most recent year (please refer to Attachment 3 of this Annual Report) was passed by the Audit Committee meeting held on February 21, 2023, reported to the Board of Directors, and passed on the same day. In addition, in 2023, the Company obtained an Audit Quality Indicators (AQIs) Report provided by Ernst & Yong, and the Company assessed the audit quality of the accounting firm and the audit team in accordance with "Guidance for Audit Committees on Interpreting the Audit Quality Indicators" released by the Financial Supervisory Commission. The assessment items include: (1) Scope 1 – Indicators of Professionalism: (1-1) Audit experience (1-2) Training hours	

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			(1-3) Staff turnover (1-4) Professional support (2) Scope 2 – Indicators of Quality control: (2-1) Workload of CPA (2-2) Involvement (2-3) EQCR review status (2-4) Quality management support capability (3) Scope 3 – Indicators of Independence: (3-1) Non-assurance service fees (3-2) Familiarity with clients 4. Scope 4 – Indicators of Monitoring: (4-1) Mistakes and penalty in external checks (4-2) Letters from the competent authority for improvements (5) Scope 5 – Indicators of Creativity: (5-1) Creative plans or initiatives In the assessment, the Company did not notice any incidents that affected the independence of CPAs. It did not find CPAs incompetent. The Company changes its CPAs in less than seven consecutive years. CPAs were not punished, and their independence was not damaged. It was not necessary to change CPAs. The aforesaid assessment result and the	

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			Company's appointment of CPAs for 2023 have been resolved by Audit Committee and the Board on April 14, 2023.	
iv. Does the company appoint competent and appropriate corporate governance personnel and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing directors and supervisors with information required for business execution, assisting directors' and supervisors' compliance of law and regulations, handling matters related to Board meetings and shareholders' meetings in accordance with laws, and recording minutes of Board meetings and shareholders' meetings)?	✓		The Company has appointed Corporate Governance Officer to be in charge of corporate governance affairs, including: 1. Handle matters related to Board, functional committees, and shareholders' meetings in accordance with laws. 2. Record minutes of Board, functional committees, and shareholders' meetings. 3. Assist in onboarding and continuing education of directors (including independent directors). 4. Furnish directors and Audit Committee members with information required for business execution. 5. Assist directors' (including independent directors) and managerial officers' compliance of law and regulations related to insiders. 6. Handle the company's alteration registration and other affairs. 7. Other matters prescribed in accordance with Articles of Incorporation or contracts.	No major difference
v. Has the company established a means of communication	✓		The Company has built Stakeholders Section on the Company's website and established	No major difference

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company's website? Does the company respond to stakeholders' questions on CSR issues?			the spokesperson/acting spokesperson system. Stakeholders can fully learn about the Company's operating status and significant issues through the communication channel. In addition, the Company especially builds communication channels for members, employees, suppliers, banks, etc. The Company provides sufficient information on the channels to protect their rights.	
vi. Has the company appointed a professional registrar for its shareholders' meetings?	✓		The Company has appointed Stock Transfer Agency Department of SinoPac Securities Corporation as registrar for its stock affairs and Shareholders' Meetings.	No major difference
vii. Information Disclosure 1. Has the company established a corporate website to disclose information regarding its financials, business, and corporate governance status? 2. Does the company use other information disclosure channels (e.g. maintaining an English website, designating specific people to handle	✓		1. There is Investors Section on the Company's website, disclosing information regarding its financials, business, and corporate governance. The imformation is also disclosed on MOPS as required. 2. The Company has designated specific people to be in charge of information collection and disclosure and implements a spokesperson system as required. The Company has disclosed related information on investors conferences on MOPS and "Investors Section" on the Company's website.	No major difference

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
information collection and disclosure, implementing spokesperson system, webcasting investors conference, etc.)? 3. Does the company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?			3. The Company's first, second, and third quarter and the annual financial statements of 2022 were all announced and reported before the prescribed deadline after being reported to the Board of Directors and passed. In addition, the operating status of each month is announced and reported before the prescribed deadline and synchronously disclosed related information on "Investors Section" on the Company's website. To make investors know the company's actual operating status as early as possible, in the future, shortening the window period of information on financial statements and announcing the operating status of each month in advance are the goals the Company continues to work on.	
viii. Has the company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders,	✓		1. Employee rights and employee wellness: The Company established Employee Welfare Committee and regularly convenes labor-management meetings. Employees and the management fully communicate, coordinate, and keep a harmonious relation between two sides to make the enterprise organization reasonable and the management	No major difference

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and taking out insurance for directors and supervisors)?			humanized. In addition, the Company cares about the employees' needs and sets up an employee opinion mailbox as the channel for employees to express opinions on the company's systems and measures. The Company also frequently conducts training courses and celebrity lectures to cultivate enterprise ethics and improve work skills of employees. The Company always complies with the government laws and regulations to protect labor-management rights and interests and accelerate coexistence and co-prosperity of employees and the management for the purpose of developing the business together. For information on the Company's various employee welfare measures, continuing education, training courses, retirement system, labor-management agreements, and various protection measures for employee rights, please refer to the explanation in "V. v. Labor Relations" of this Annual Report. 2. Investor relations: Under laws and regulations, the Company discloses its financial statements and various financial operations related	

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			information on MOPS and "Investors Section" on the Company's website. In addition, the Company has established the spokesperson/acting spokesperson system and the point of contact for investor relations. Investors can immediately learn about the Company's operating status. 3. Supplier relations: The Company values good partnership maintenance and keeps good long-term partnerships with suppliers and firms. The Company and suppliers cooperate in business well and have smooth communication channels. 4. Rights of stakeholders: The Company has built Stakeholders Section on the Company's website as the communication channel. The Company duly provides sufficient information to protect stakeholders' rights. 5. Directors' training records: The directors of the Company all have relevant professional knowledge and participate in professional training courses every year under related laws and regulations. Currently, based on actual business needs, the Company irregularly	

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			provides related information on continuing education, or it conducts lessons and invites those who are willing to participate in lessons to strengthen professional functions of the Board of Directors. In 2022, all directors of the Company reached a minimum of six hours of continuing education for each person. Relevant continuing education status has been declared and announced on MOPS and "Investors Section" on the Company's website as required. 6. The implementation of risk management policies and risk evaluation measures: The Company establishes an internal control system and regulations according to laws and regulations. The Company implements various risk management and evaluations and makes execution plans to track and improve undone matters. For each risk evaluation and measure, please refer to the explanation in "VII. Vi. Risk Assessments" of this Annual Report. 7. The implementation of customer relations policies: The Company insists on its corporate core value of integrity. The Company makes	

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			contracts for members in compliance with the regulations of Standard Contracts for Fitness Centers promulgated by the competent authority. When customers join the membership, they sign contracts and 50% of prepaid membership fees is put in trust in the bank to protect complete membership rights and benefits. On September 1, 2019, the Company pioneered 50% of the advance receipts placed in escrow, proactively providing further protection to all members of Fitness Factory who purchase personal training courses. The Company hopes to set an example to the competent authority for a sound contracting environment and prompt other fitness center operators to follow up and protect members' interests by customers' power. The competent authority promulgated related regulations of Standard Form Contracts for Fitness Instructors on November 1, 2021, and the regulations were enforced on January 1, 2022. In addition, charges of the Company are standardized and transparent, making customers feel reliable and reassured to join Fitness Factory.	

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			8. Insurance taken out for directors: The directors and managerial officers of The Company insist on the principle of integrity management and implement corporate governance system. The Company has taken out liability insurance for all directors and managerial officers with respect to liabilities resulting from exercising their duties during their terms. The Company reports and discloses the information on MOPS as required.	

ix. The improvement status for the result of Corporate Governance Evaluation System announced by Corporate Governance Center, Taiwan Stock Exchange (TWSE)

For the scoring criteria unmet in the 9th Corporate Governance Evaluation, in addition to strengthening the information disclosure in annual reports and on the corporate website, the Company will continue to improve these following matters in the future:

1. Improve the information transparency and the timeliness of information disclosure. Disclosing information regarding the Company's financial operations beforehand is the goal.
2. Strengthen the immediacy and completeness of information disclosure in English and set up an English version of the corporate website to satisfy the need of information in English for foreign institutional investors, be in line with global trends, and protect equal rights for shareholders at the same time.
3. Make (amend) related policies, regulations, and management regulations in accordance with corporate governance related laws and regulations. Irregularly scrutinize related regulations and review the actual implementation status to strengthen the implementation of corporate governance.

Assessment Item	Implementation Status			Any Variance From the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	

4. By December 31, 2023, complete the adjustment of the company's organizational structure and positions and clearly divide the responsibilities of chairperson, president, or other person of equivalent position to comply with the regulations of Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers. Also, to improve the structure and the operation of the Board of Directors and implement corporate governance.
5. Assess and set up a "dedicated (or ad-hoc) sustainable development organization." Follow the materiality principle to conduct a risk assessment for ESG topics related to company operation. Establish and implement risk management-related policy and disclose relevant implementation status.
6. Refer to International Bill of Human Rights, formulate human rights protection policies and specific management plans, and strengthen the emphasis on the rights and interests of stakeholders.

4. Composition and Operating Status of Remuneration Committee

(1) Information on Members of Remuneration Committee

Title	Condition / Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Member of Remuneration Committee
Independent Director (Chairperson)	Shang-Pao Yeh	Note 1	Note 2	0
Independent Director	Hsu-Der Liu	Note 1	Note 2	0
Independent Director	Chi-Shan Hung	Note 1	Note 2	3

Note 1: Please refer to the explanation in "III. ii. 1. (3) ①" of this Annual Report.
Note 2: (1) The person, his/her spouse, or his/her relative within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliates.
(2) The person, his/her spouse, or his/her relative within the second degree of kinship (or the person under others' names) does not hold shares of the Company.
(3) Not a director, supervisor, or employee of a specified relation company of the Company (meets the regulations under Article 6, paragraph 1, subparagraph 5 – 8 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange).
(4) Does not provide commercial, legal, financial, accounting services or consultation to the Company or any of its affiliates within the recent two years and receive compensation.

(2) Information on Remuneration Committee meeting status

① There are three members in the Company's Remuneration Committee.

② The current term of office of the Compensation Committee: June 3, 2020 - June 2, 2023

The Remuneration Committee convened 4 meetings (A) in 2022 (3 meetings) and 2023 up to the date of publication of the Annual Report (1 meeting). The membership and attendance status are as follows:

Title	Name	Attendance in Person (B) (Note)	By Proxy	Attendance Rate in Person (%) 【B/A】(Note)	Notes
Chairperson	Shang-Pao Yeh	4	-	100	Renewal of office on 06/03/2020
Member	Hsu-Der Liu	4	-	100	Renewal of office on 06/03/2020
Member	Chi-Shan Hung	4	-	100	Newly appointed on 06/03/2020

Other mentionable matters:

i. If the Board of Directors declines to adopt or modifies a recommendation of the Remuneration Committee, the date of the Board meeting, session, content of the motion, resolution by the Board of Directors, and the company's response to the Remuneration Committee's opinion should be specified (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None.

ii. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the Remuneration Committee meeting, session, content of the motion, all members' opinions, and the response to members' opinion should be specified: None.

iii. According to the TWSE Letter Tai-Zheng-Shang-Yi-Zi No.1081800376, the scope of duties should be stated additionally. The explanation is as follows:

According to Article 6 of the Company's Remuneration Committee Charter, the scope of duties is as follows:

The Committee shall exercise the care of a good administrator to faithfully perform the following duties and present its recommendations to the Board of Directors for discussion.

1. Periodically reviewing this Charter and making recommendations for amendments.
2. Establishing and periodically reviewing the performance assessment standards, annual and long-term performance goals, and the policies, systems, standards, and structure for the compensation of the directors and managerial officers of the Company, and disclosing the contents of the performance assessment standards in the Annual Report.
3. Periodically assessing the degree to which performance goals for the directors and managerial officers of the Company have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance

with the performance assessment standards. The Annual Report shall disclose the results of the individual performance assessments of the directors and managerial officers and the connection between and reasonableness of the contents and amounts of their individual compensation and performance assessment results, and making a report at a Shareholders' meeting.

The Committee shall perform the duties under the preceding paragraph in accordance with the following principles:

1. Ensuring that the compensation arrangements of the Company comply with applicable laws and regulations and are sufficient to recruit outstanding talents.
2. Performance assessments and compensation levels of directors and managerial officers shall take into account the general pay levels in the industry, individual performance assessment results, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also, to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company.
3. There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company.
4. For directors and senior managerial officers, the percentage of remuneration to be distributed based on their short-term performance and the time for payment of any variable compensation shall be determined with regard to the characteristics of the industry and the nature of the Company's business.
5. Reasonableness shall be taken into account when the contents and amounts of the compensation of the directors, supervisors, and managerial officers are set. It is not advisable for decisions on the compensation of the directors, supervisors, and managerial officers to run contrary to financial performance to a material extent. It is not advisable for said compensation to be higher than that in the preceding year in the event of a material decline in profits or of long-term losses. If it is still higher than that in the preceding year, the reasonableness shall be explained in the Annual Report and reported at a Shareholders' meeting.
6. No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.

"Compensation" as used in the preceding two paragraphs includes cash compensation, stock options, profit sharing and stock ownership, retirement benefits or severance pay, allowances or stipends of any kind, and other substantive incentive measures. Its scope shall be consistent with the compensation for directors and managerial officers as set out in the Regulations Governing Information to be Published in Annual Reports of Public Companies. If the decision-making and handling of any matter relating to the remuneration of directors and managerial officers of a subsidiary is delegated to the subsidiary but requires ratification by the Board of Directors of the Company, the Committee shall be asked to make recommendations before the matter is submitted to the Board of Directors for deliberation.

Note: Attendance Rate in Person (%) is calculated on the number of Remuneration Committee meetings during directors' term and the number of Attendance in Person

③ Date of meeting, contents of motion, resolution, and the Company's response to the Remuneration Committee's opinion of the Remuneration Committee in the most recent fiscal year and during the current fiscal year up to the date of publication of the Annual Report

Date of Meeting	Contents of Motion	Resolution	The Company's Response to the Remuneration Committee's Opinion
5th meeting of the 4th Remuneration Committee (03/11/2022)	1. Report on the result of the Company's 2021 performance evaluation of Board of Directors and Functional Committees.	Approved by all attending members without any dissension.	Reported to the Board the Directors and approved by all attending directors.
	2. Position adjustment of the Company's Vice President of the Department of Marketing and discharge of managerial officer.	Approved by all attending members without any dissension.	Reported to the Board the Directors and approved by all attending directors.
6th meeting of the 4th Remuneration Committee (09/08/2022)	1. Proposed to amend "Directors', Functional Committees Members', and Managerial Officers' Remuneration Pay Regulations."	Approved by all attending members without any dissension.	Reported to the Board the Directors and approved by all attending directors.

Date of Meeting	Contents of Motion	Resolution	The Company's Response to the Remuneration Committee's Opinion
	2. Proposed to approve eligible employees and the number of shares subscribable for a total of 2,000,000 shares of the Company's issuance of 2022 1st New Restricted Employee Shares.	Approved by all attending members without any dissension.	Reported to the Board the Directors and approved by all attending directors.
	3. Proposed to approve the salary adjustment of Vice President Allen Lin from the Department of Business Development.	Approved by all attending members without any dissension.	Reported to the Board the Directors and approved by all attending directors.
7th meeting of the 4th Remuneration Committee (12/23/2022)	1. Proposed to approve the periodic compensation assessment and the individual salary adjustment of the Company's executives.	Approved by all attending members without any dissension.	Reported to the Board the Directors and approved by all attending directors.
8th meeting of the 4th Remuneration Committee (03/13/2023)	1. Report on the result of the Company's 2022 performance evaluation of Board of Directors and Functional Committees.	Approved by all attending members without any dissension.	Reported to the Board the Directors and approved by all attending directors.

5. The State of the Company's Implementation of the Promotion of Sustainable Development, Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
i. Does the company have a governance structure for sustainability development and a dedicated (or ad-hoc) sustainable development organization with Board of Directors authorization for senior management, which is reviewed by the Board of Directors?	✓		On November 10, 2014, the Company's Board of Directors established Corporate Social Responsibility Practice Principles in the Board meeting. On January 11, 2022, the Principles was amended and renamed as Sustainable Development Practice Principles in the Board meeting. Every year, the Company proactively participates in activities related to the topics that the society, environment, and employees focus on. The president is the spiritual leader, and every department promotes and implements the activities. To implement sustainable development initiatives, besides exercising corporate governance, it also includes fostering a sustainable environment, preserving public welfare, and enhancing disclosure of corporate sustainable development information. The Company focuses on the changes of sustainable development-related domestic and foreign regulations anytime, and it reviews and adjusts the Company's promotion plans accordingly. In	No major difference

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			the future, the Company will assess and set up a dedicated (or ad-hoc) sustainable development organization as needed.	
ii. Does the company follow materiality principle to conduct risk assessment for environmental, social, and corporate governance topics related to company operation, and establish risk management-related policy or strategy? (Note 1)	✓		The Company pursues sustainable operations. The Company proactively implements corporate social responsibility and promotes corporate sustainable development. The Company values environmental, social, and corporate governance topics and irregularly learns about the topics stakeholders focus on. The topics are included in the Company's management policies. For major topics, the Company has internal discussion and conducts risk assessments (the boundary of risk assessments includes the Company and the subsidiary). In addition, the Company established management strategies and executes in accordance with them to reduce the effects of related risks on the operation and achieve the goal of corporate sustainable operations.	No major difference
iii. Environmental Topics 1. Has the company set an environmental management system designed to industry characteristics?	✓		1. The Company mainly runs the business of exercise facilities. The Company encourages members to form a habit of exercise to boost physical health and mental relaxation. The industry does not negatively impact on the	No major difference

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
2. Is the company committed to improving resource efficiency and to the use of renewable materials with low environmental impact? 3. Does the company evaluate current and future climate change potential risks and opportunities and take measures related to climate related topics? 4. Does the company collect data of greenhouse gas emissions, water usage, and waste quantity in the past two years, and set energy saving & carbon reduction, greenhouse gas emissions reduction, water usage reduction, and other waste management policies?			environment and the society. 2. The Company considers global climate change issue important and truly complies with environmental protection related laws and regulations. The Company is committed to promulgating and implementing management policies such as cherishing resources and energy conservation. Under the effective energy resources management in all sites in Taiwan, the Company hopes that when it continues to open more new operating sites, the consumption of energy resources shows a stable or even a downward trend year after year to make the corporate co-exist with the environment sustainably. The Company has been making an inventory of its resources and integrating them. In 2022, the Company proactively promoted various ESG plans. The plans that are relevant to the environmental topics include adopting energy-and-water-saving devices and energy-saving architectural designs, responding to the campaign of turning off lights and energy saving & carbon reduction to protect the earth, and implementing paper-usage reduction policy. In the future, the Company will still be	

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			committed to each management policy like reducing unnecessary energy resources wastage and lower the impact on the environment. 3. The Company mainly runs fitness and recreational sports services business. The operation of recreational grounds and facilities has little harm and impact on the environment. Also, since the main business items are all indoor activities, they are less affected by climate change in comparison to other industries. In short and medium term, climate change causes the Company to have more potential opportunities than risks. Due to the scorching hot and humid outdoor environment, air pollution, and dramatic weather changes, gradually, it is not suitable for people to engage in activities or exercise outdoors. Therefore, there will be more and more people engaging in indoor fitness activities and leisure activities instead. On the other hand, affected by climate change, the operation cost (e.g., utilities and other energy consumption) of indoor fitness centers will gradually increase. In the long term, when corporates pursue sustainable management,	

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			climate change and environmental protection related issues should not be ignored. When climate change causes serious impact on the environment, it may result in food and water crises. Not only will climate change cause national economic issues, but it concerns the survival of humanity. The earth's resources crisis will have an effect on the fitness centers then. If people were threatened by the economy and the survival of humanity, they would be less likely to afford indoor fitness activities or leisure activities. Hence, the Company considers global climate change and environmental protection related issues important, being committed to energy resources and waste management. Also, the Company proactively responds to environmental protection and energy saving. The Company endeavors to cherish the earth and protect the environment to fulfill corporate social responsibility. In the energy resources management, the Company promotes water conservation, power saving & carbon reduction, and energy consumption reduction related measures, such as purchasing equipment with Energy Label,	

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			promoting and implementing energy conservation measures, etc. Besides, the general waste management related measures are taken, such as promoting waste reduction and sorting, recycling, promulgating environmental awareness and lifestyle, promoting paper-free measures, etc. 4. (1) Statistics of greenhouse gas emissions, water usage, and waste quantity in the past two years (the Company and the subsidiary were covered in the data) ① Energy consumption and greenhouse gas emissions status The Company's main energy resources include natural gas, externally purchased electricity, and tap water. Greenhouse gas emissions (GHG emissions) mainly belong to scope 1 and scope 2.	

Emission Source \ GHG Emissions (Note 1)	2021	2022
Externally Purchased Electricity (Note 2)	16,813.78	49,229.77
Natural Gas (Note 3)	834.62	1,019.95
Water Use (Note 4)	75.43	179.60

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			Note 1: Unit: tonne of CO2e Note 2: Aggregated according to electricity bills. Adopted the electricity carbon emission factor of the year announced by the Bureau of Energy, Ministry of Economic Affairs. However, since Bureau of Energy, Ministry of Economic Affairs has not announced the electricity carbon emission factor of 2022 yet, it is calculated based on the electricity carbon emission factor of 2021. Note 3: Aggregated according to gas bills. Adopted the CO2 emission factors in "Greenhouse Gas Emission Factors Management Table (v6.0.4)" released by Environmental Protection Administration. Note 4: Aggregated according to water bills. Adopted the CO2e emission per m^3 of water used announced by Taiwan Water Corporation, which cooperated with the Bureau of Energy, Ministry of Economic Affairs. However, since Bureau of Energy, Ministry of Economic Affairs has not announced the CO2e emission per m^3 of water used of 2022 yet, it is calculated based on the CO2e emission per m^3 of water used of 2021. ② Waste treatment status The Company mainly runs fitness and recreational sports services business, and its headquarters and each operating site do not produce	

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			hazardous waste. Most produced wastes can be classified to general waste and renovation waste. The majority of general waste is comprised of papers used in office, and daily waste. The destruction of papers used in office are outsourced annually, and cleaning staff sorts and disposes of domestic waste daily. Renovation waste is mainly produced when sites are furbished or renovated, and the Company contracts waste treatment out to contractors. Since the expense of periodic daily waste treatment accounts for only 0.04% of the consolidated annual turnover, the waste management is not listed as the Company's material issue. The waste disposal methods are all in compliance with each local government's regulation. (2) Energy resources and waste management policies ① Energy resources management The Company considers global climate change issue important and truly	

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			complies with environmental protection related laws and regulations. The Company is committed to promulgate and implement management policies like cherishing resources and energy conservation. The Company has formulated practical goals of each energy resources management from 2022 and set the quantified management goals of carbon emissions for the next year. The Company estimates that it will reduce at least 5% of carbon emissions in the next year. The practical management measures are explained as follows: **<u>Water conservation measures</u>** A. Purchase bathroom equipment and water saving devices with Energy Label and set the water flow. B. Reduce the use of water-cooled air conditioners. C. Regularly inspect water supply equipment. Once any abnormality or damage is found, it would be repaired immediately to avoid leaks and water waste. D. Continue to promote the concept of	

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			water saving and post reminders. E. The showers in operating sites fully adopt (replace) water-saving shower heads. **<u>Power saving & carbon reduction measures</u>** A. Purchase electrical equipment with Energy Label. B. For air-conditioning equipment, adopt air-cooled air conditioners or heat pumps in cooling mode. C. Set air conditioners' temperatures. D. Turn on different number of air-conditioners depending on each operating site's off-peak/peak hours. E. For electric lighting equipment, mainly adopt LED lamps. All operating sites have replaced lamps with high-wattage LED projection lamps. F. Each operating site controls the number of electric lights on depending on the level of natural lighting of the environment and set on/off time of outdoor wall lights or signboard lights depending on summer/winter. (Also adjust it depending on the reality)	

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			G. All sites in Taiwan took part in Earth Hour together at 8:30 p.m. on the last Saturday of March. From March 26, 2022, signboard lights are switched off one hour earlier at 11 p.m. every night. H. Continue to promote the concept of power saving and post reminders. I. Set up sensor lights. J. The Company's headquarters continues to promote energy conservation policies, for instance, taking the stairs rather than the elevator when moving between floors, turning off or reducing the use of office lights during lunch break, implementing turning off lights when leaving public areas, etc. **Energy consumption reduction measures** Some operating sites adopt the heat pump hot water system, which recycles and reuses the heat expelled by the outdoor units of air conditioners. The system replaces traditional heating systems such as electric heating, forced air system, and diesel hot water boiler	

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			system. It reduces energy consumption and increase the energy efficiency of air conditioning system. ② Waste management Although waste management is not the Company's material issue, the Company still proactively implements the management of waste reduction, recycling, and others. The Company is committed to reducing the waste produced during services and hoping to try its best to fulfill its duty for the society and the environment. The Company's practical management measures of general waste are as follows: A. Continue to promote waste reduction. B. Implement waste sorting and recycling. C. Promulgate environmental awareness and lifestyle, for instance, bring your own towels, reusable foodware, reusable cups, etc. D. Promote paper-usage reduction policy and strengthen various paper-free measures.	

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
iv. Social Topic 1. Does the company set policies and procedures in compliance with regulations and internationally recognized human rights principles? 2. Has the company established appropriately managed employee welfare measures (including salary and compensation, leave, and others), and linked operational performance or results with employee salary and compensation? 3. Does the company provide employees with a safe and healthy working environment, with regular safety and health training? 4. Has the company established effective career development training plans for	✓		1. The Company complies with related labor acts and makes work rules and complete Personnel Regulations to protect employees' rights and benefits. In the Company's hiring policy, there is no discrimination on the grounds of gender, race, age, marital status, etc. The Company also helps underprivileged groups. The Company implements equal opportunities of being promoted and provides fair compensation and bonus systems. The Company regularly conducts employee training courses and contributes pensions in compliance with the law. Please refer to the explanation in "V. v. Labor Relations" of this Annual Report. 2. The Company complies with related laws and regulations and established Employee Welfare Committee to carry out various welfare measures. Please refer to the explanation in "V. v. Labor Relations" of this Annual Report. Besides, under the regulations in the Company's Articles of Incorporation, "If there is annual profit, the Company shall set aside no less than 1% of said profit as employees' compensation." The Company's	No major difference

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
employees? 5. Do the company's products and services comply with related laws and regulations and international rules for customers' health and safety, privacy, marketing, labeling and set policies to protect consumers' or customers' rights and benefits and consumer appeal procedures? 6. Does the company set supplier management policy and request suppliers to comply with relevant specifications on the topics of environmental, occupational safety and health or labor right, and their implementation status?			compensation policies clearly stated that employees' compensation includes monthly salary, performance bonus, and year-end bonus. Salaries are mainly paid in accordance with salary ranges in the market, the company's operations, and the overall economic situation. Besides, the Company takes the company's competitiveness, internal equity, and legitimacy into account when formulating a market-competitive compensation system. Performance bonuses are offered in accordance with the company's operational performance and employees' personal performance assessments to reward employees for their contributions and motivate employees to keep it up. Year-end bonuses are offered in accordance with the company's annual profit. In conclusion, the Company has properly reflected the company's operational performance or results in the employees' compensation. 3. The Company provides its employees with a safe and healthy working environment and conducts related operating site safety training courses for employees. It also regularly inspects the workplaces and assesses the	

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			safety of them. In 2022, the numbers of work injury cases and employees of the Company and the subsidiary (the Group) were 31 and 31 respectively. The number of work-injured employees accounted for about 2% of the number of employees at the year-end. Although the percentage is very small, the Company keeps working hard for its ultimate goal of zero injuries in the workplace. In addition, the Company offers free annual employee physical examination and professional consultation with doctors. As of year-end 2022, the Group's 62 sites in Taiwan obtained "Accredited Health Workplace" from the Health Promotion Administration, MOHW. 4. The Company makes effective employee training plans for employees and arranges various training courses under the plans to help employees develop professional work skills and managerial competencies and encourage employees to continue to learn and study. Please refer to the explanation in "V. v. Labor Relations" of this Annual Report. 5. The Company's products and services comply with related laws and regulations for customers' health and safety, privacy,	

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			marketing, and labeling to protect customers' rights and benefits. Besides, the Company set up its email boxes and established Online Member Service Center as customer communication channels. 6. The majority of the Company's suppliers are renovation, air conditioning, plumbing/electrical, fire protection, and fitness equipment companies. Contracts between the Company and suppliers do not clearly state related specifications for violating its corporate social responsibility policies. The Company has built long-term collaborative relationships with suppliers for years, which neither affects the environment and the society nor violates corporate social responsibility. Besides, the Company conducts supplier evaluations once every year.	
v. Does the company refer to international reporting rules or guidelines to publish a Sustainability Report to disclose non-financial information of the company? Has the said Report acquired third-party verification or		✓	The Company has not published Sustainability Report. However, The Company discloses its financial and non-financial information on MOPS, Annual Report, and the Company's website, and irregularly updates relevant information on the Company's website.	No major difference

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
statement of assurance?				

vi. If the company has established its sustainable development principles according to "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies," please describe the implementation status and differences.

The Company has established "Sustainable Development Practice Principles" (formerly named "Corporate Social Responsibility Best Practice Principle") and disclosed it on MOPS and "Investors Section" on the Company's website. In addition, the Company refers to domestic and foreign corporate social responsibility development trends, considers the Company's operating conditions, and participates in social responsibility activities. There is no major difference between the principles the Company made and the implementation status.

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	

vii. Other important information to facilitate better understanding of the company's implementation of sustainable development:

Since the Company was established, the Company spares no effort in charities, caring for underprivileged groups, sponsorships of athletes and athletic competitions, and other charitable events. Since the Company's operators recall the concept of "Taken from the community, giving back to society" that their father taught them since childhood, the Company never falls behind with giving back to society and caring for the society, considering the unequal distribution of social resources and numerous people who need help.

The Company is deeply rooted in Taiwan and has an international perspective. It is committed to promoting "health industry's corporate philosophy" to all parts of Taiwan. It hopes to use the core business as the foundation of promoting the corporate sustainable development plan. In addition to providing financial assistance for disadvantaged groups, the Company also hopes that it can promote "health" to all places, fields, and age groups in Taiwan to implement the corporate philosophy of "Build a strong body before building a strong country."

Therefore, in addition to monetary donations and equipment donations, the Company also gives back to the society by providing facilities and getting employees involved in it. The implementation outcome on sponsoring athletic or charitable events in recent years is as follows:

Public Welfare

- Sponsored Pingtung Huang Xue Dog Shelter.
- Sponsored Changhua Fangyuan Xinbao orphanage.
- Sponsored Tainan Eden Social Welfare Foundation for special friends' vocational training.

<table>
<tr><td rowspan="2">Promotion Item</td><td colspan="3">Implementation Status</td><td rowspan="2">Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance</td></tr>
<tr><td>Yes</td><td>No</td><td>Explanation</td></tr>
<tr><td colspan="5"><u>Sports Sponsorships</u>
• Donated fitness equipment to Kaohsiung Metro.
• Donated fitness equipment to Chiayi City Police Bureau to build a complete fitness center for police officers.
• Sponsored the self-training facility of the professional basketball team Kaohsiung Steelers.
• Sponsored the self-training facility of the professional baseball team Rakuten Monkeys.
• Sponsored golfer Gary Kao's self-training facility and physical training.
• Sponsored Kaohsiung Football Club.
• Sponsored the football team of Alian Elementary School.
• Sponsored Kaohsiung Sunny Bank Women's Football Team.
• Sponsored Chinese Taipei Women's National Football Team.
• Sponsored Taiwan Power Company Football Club.
• Sponsored Chinese Taipei Football Association.

Besides, to fulfill corporate social responsibility, strengthen two-way communication between the industry and academy, perform the functions of education, training, and service, and achieve the goal of fostering talents together, the Company provides many universities with industry-academy cooperation opportunities. The implementation outcome in recent years is as follows:</td></tr>
</table>

<table>
<tr><th colspan="3" rowspan="2">Industry-academy Cooperation plans and Content Summaries</th><th rowspan="2">Name of Cooperated School</th><th rowspan="2">Number of Benefited Students</th><th colspan="2">PW's Commitment</th><th rowspan="2">Other Information</th></tr>
<tr><th>ppl</th><th>hr</th></tr>
<tr><td colspan="3">According to "Employment Subsidies for Colleges and Universities Program" published by Workforce Development Agency, MOL", the Company sends lecturers from Division of Education and Training to give lectures in the school. The lectures are "Tasks and Competencies of Fitness Instructors," "Practical Training for Olympic Barbell," "Personal Branding and Marketing Strategies of Fitness Coaches," "Theory and Safety Practice in Personal Fitness Guidance," "Practices in Site Operations and Services," and "Common Customer Complaint Case Studies."</td><td>Cheng Shiu University</td><td>20</td><td>5</td><td>30</td><td>During winter break, lectures select students from the class who are qualified as personal trainer assistants to have 120 hours of work experience in the Company.</td></tr>
<tr><td colspan="3">The school hires the Company's coach to be its physical fitness school team coach. The coach plans and conducts practical courses for an academic year, helping students gain skills for entering the workplace.</td><td>Shu-Te University</td><td>40</td><td>1</td><td>120</td><td>Students can apply for an interview when being eligible for internship.</td></tr>
<tr><td rowspan="4">The Company offers the schools the opportunity of "Semester-long Off-Campus Internship." The tasks for interns in the Company include helping on-site staff teach members safety in use, management of fitness equipment and ensuring the</td><td rowspan="2">Kaohsiung</td><td>FF Boai</td><td rowspan="2">Shu-Te University</td><td>2</td><td>1</td><td>1,440</td><td rowspan="4">The Company provides clear learning objectives during internship period and conducts internship performance reviews in the final stage of internships. Learning objectives of coach training are divided into two</td></tr>
<tr><td>FF Jiuru</td><td>1</td><td>1</td><td>720</td></tr>
<tr><td colspan="2">Fitness Factory (FF) Yuanlin</td><td>Chienkuo Technology University</td><td>1</td><td>1</td><td>540</td></tr>
<tr><td>Taipei</td><td>FF Taipei Shipai</td><td>Yu Da University of Science and Technology</td><td>1</td><td>1</td><td>720</td></tr>
</table>

Promotion Item	Implementation Status			Any Variance From the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
normality of on-site operation, and helping handle various on-site services and other matters assigned by supervisors.				parts, academic knowledge and physical skills, and the Company arranges for coaches to teach interns. If reviews are as expected, the Company will give priority to the interns when giving opportunities to interview after students' graduation.

Note 1: Materiality principle refers to environmental, social, and corporate governance topics which majorly impact on the company's investors and other stakeholders.

Note 2: A company that meets certain conditions shall disclose climate-related information: Applicable to TWSE-listed companies from January 1, 2024.

6. The State of the Company's Implementation of Ethical Corporate Management, Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance

Assessment Item	Implementation Status			Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
i. Establishment of Ethical Corporate Management Policy and Implementation Measures 1. Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its ethical corporate management policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the senior management? 2. Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has	✓		1. "Integrity" is the core value of the Company's corporate management. The management team truly complies with Company Act, Securities and Exchange Act, and other related laws and regulations. The Company has established "Ethical Corporate Management Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Codes of Ethical Conduct" which were approved by the Board of Directors and are disclosed on MOPS and the Company's website. Besides, the code of spirit of implementation of ethical corporate management is also in the Company's related regulations. 2. The Company has established "Ethical Corporate Management Principles," "Procedures for Ethical Management	No major difference

Assessment Item	Implementation Status			Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies? 3. Whether the company has established related policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?			and Guidelines for Conduct," and "Codes of Ethical Conduct," which are within the scope of preventive measures for unethical conduct in subparagraphs, paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies. 3. The Company runs the business based on fairness and integrity. To implement the ethical corporate management policy, besides making the code of spirit of implementation of ethical corporate management in related regulations, the Company promulgates the importance of ethical corporate management and related reward and punishment regulations in training programs and internal meetings. To prevent unethical conduct, "Ethical management team" implements and monitors related procedures. The team also regularly (at least once every six months) reports to the Board of Directors on implementation status.	

Assessment Item	Implementation Status			Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
ii. Ethical Management Practice 1. Whether the company has assessed the ethics records of whom it has business relationship with and included business conduct and ethics related clauses in the business contracts? 2. Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and programs to prevent unethical conduct and monitor its implementation? 3. Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly? 4. To implement relevant policies on ethical corporate management, has the company established	✓		1. The Company has established "Ethical Corporate Management Principles" and "Procedures for Ethical Management and Guidelines for Conduct." When conducting business activities externally, the Company considers the legality of trading partners, and whether they have unethical conduct records. When making contracts, rights and responsibilities of both parties are written in a detailed manner. In addition, anti-bribery affidavits must be signed to ensure that fair trade of both parties and every business activity comply with the principles of integrity to protect mutual benefit to both parties. 2. The Company established "Ethical management team" in September 2020. The president serves as its head, and the vice president of the Department of General Management serves as its chairperson. The team is comprised of Division of Legal Affairs,	No major difference

Assessment Item	Implementation Status			Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
effective accounting and internal control systems? Has the internal audit unit planned relevant audit plans based on the risk assessment results of unethical conduct and audited based on the implementation of its program of unethical conduct prevention. Or it is audited by CPA? 5. Does the company provide internal and external ethical corporate management training programs regularly?			Division of Service Management, and Division of Human Resources, which are all subordinate to the Department of General Management, and the Department of Finance. The team is managed under the procedures of Ethical management team. For its organizational chart and job descriptions, please refer to the explanation in "vi. 6." of this table in this Annual Report. Ethical management team regularly (at least once every six months) reports to the Board of Directors on its ethical corporate management policy, the program of unethical conduct prevention, and monitoring its implementation. Up to the date of publication of the Annual Report, the team reported to the Board of Directors on the operation and implementation of the most recent year on August 10, 2022 and February 21, 2023. The implementation items and the status of Ethical management team of 2022 are explained as follows:	

Assessment Item	Implementation Status			Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			(1) To practically implement the ethical corporate management policies and prevent unethical conduct, the Group annually conducts ethical corporate management training courses. Every month, it conducts ethical corporate management issue related internal training courses specifically for newly hired employees and new supervisors. The course content includes corporate culture, rules of work and internal regulations, personal data protection, occupational safety, and health, etc. In 2022, a total of 1,154 newly hired employees and a total of 98 new supervisors took internal training courses, totaling 2,308 and 588 ppl.-hr. (the number of people x course hours) respectively. In addition, the Group quarterly organizes the implementation of the principles of integrity-related promotional meetings for employees and contract-for-work personal trainers. The content of	

Assessment Item	Implementation Status			Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			promotion is mainly based on "integrity," which is the Company's core value. The Company greatly promotes rules of work and internal regulations which shall be complied with, workplace sexual harassment, prohibition on personal data leakage, prohibition on forgery, etc. In 2022, a total of 5,239 people attended the meetings, totaling 5,239 ppl.-hr.. In addition, the Group's middle managers and the top management must sign a confidentiality and non-compete agreement, and the Group's employees whose business scope involves business secrets must sign a confidentiality agreement; and newly hired employees and contract-for-work personal trainers must sign "Statement of Integrity" on their first day of work. In 2022, a total of 1,175 people signed, accounting for 100% of the newly hired employees and contract-for-work personal trainers of 2022.	

Assessment Item	Implementation Status			Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			(2) The Company randomly assesses each operating site's monthly services and operations according to "Ethical Corporate Management Principles," "Procedures for Ethical Management and Guidelines for Conduct," and other operational and managerial regulations. If there are cases violating integrity-related regulations found in execution results, persons concerning individual cases will be punished in accordance with related personnel management regulations. 3. The Company has established "Ethical Corporate Management Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Codes of Ethical Conduct," which cover various conflict of interests prevention policies, and the Company truly implements them. Besides, the Company provides various appropriate communication channels, for instance, the employee opinion mailbox, the complaint mailbox, and periodic face-	

Assessment Item	Implementation Status			Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			to-face assessments, etc. 4. The Company has established effective internal control system, relevant regulations, and accounting system and executes in accordance with them. The internal audit unit formulates annual audit plans based on the compliance with the principles of ethical corporate management. Audit office periodically audits in accordance with the regulations and inspects the compliance with ethical corporate management policies. 5. The Company irregularly conveys the importance of "integrity" to staff in meetings and internal training courses and promotion to make employees understand and comply with relevant regulations. In addition, the Company arranges new employee orientation and new supervisor orientation for newly hired employees and newly promoted people in charge of the month. The course content includes the implementation of the ethical corporate management policies	

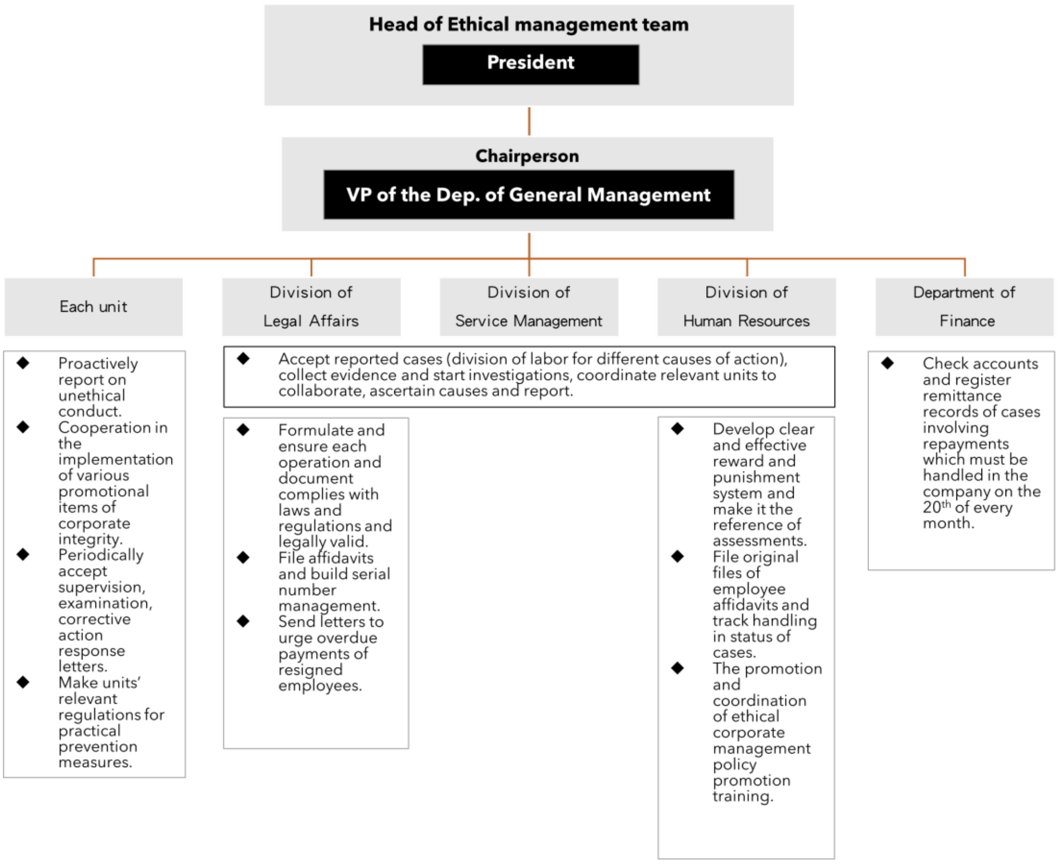
Assessment Item	Implementation Status			Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
			related regulations and the handling of violation. Besides, to comply with the government's pandemic prevention policy to prevent outbreaks of coronavirus, in 2022, the Company stopped conducting external training courses to prevent cluster infections.	
iii. Implementation of Complaint System 1. Does the company establish specific complaint and reward systems, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received? 2. Whether the company has established standard operating procedures for investigating the complaints received, follow-up measures after the investigation are completed, and ensuring such complaints are handled in a confidential manner? 3. Does the company adopt proper measures to prevent a complainant from retaliation for	✓		1. The Company established specific complaint and reward systems and set up an employee opinion mailbox and a complaint mailbox. Employees can complain to immediate supervisors, the head of Division of Human Resources, Ethical management team, the employee opinion mailbox, or the complaint mailbox. Outsiders can report to the company's mailbox, the outsiders' exclusive complaint mailbox, or member service line. When the Company receives reports or complaints, the Company's Ethical management team will designate responsible individuals to verify the complaints and administer punishments in accordance with	No major difference

Assessment Item	Implementation Status			Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	
his/her filing a complaint?			relevant personnel management regulations. 2. The Company has established "Ethical Corporate Management Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Complaint System." The standard operating procedures for investigating complaints received, follow-up measures after the investigation are completed, and ensuring such complaints are handled in a confidential manner are all stipulated in relevant regulations. Besides, relevant regulations are disclosed on MOPS and the Company's website. 3. The Company's "Ethical Corporate Management Principles," "Procedures for Ethical Management and Guidelines for Conduct," and "Complaint System" all stipulate measures to protect a complainant from suffering inappropriate punishment resulting from filing a complaint. The Company treats complainants and content of complaint	

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td></td><td></td><td></td><td>with complete confidentiality. In addition, complaints are verified and handled to protect complainants.</td><td></td></tr>
<tr><td>iv. Information Disclosure Enhancement
Does the company disclose the content and promotion effects of its ethical corporate management on its website and MOPS?</td><td>✓</td><td></td><td>The Company discloses its corporate culture, core value, and business philosophy on its website. On MOPS and the Company's website, the Company discloses "Ethical Corporate Management Principles," "Procedures for Ethical Management and Guidelines for Conduct," and other important corporate bylaws. In addition, the Company discloses the promotion effects of ethical corporate management in "Investors Section" on the Company's website.</td><td>No major difference</td></tr>
<tr><td colspan="5">v. If the company has established its ethical corporate management principles according to "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies," please describe the implementation status and differences:
The Company has established "Ethical Corporate Management Principles," and they are implemented accordingly. There is no major difference yet.</td></tr>
<tr><td colspan="5">vi. Other important information to facilitate better understanding of the company's implementation of ethical corporate management:
1. The Company complies with Company Act, Securities and Exchange Act, Business Entity Accounting Act, securities-related regulations, and other related laws and regulations as the fundament of the implementation of ethical corporate management.</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance</th></tr>
<tr><th>Yes</th><th>No</th><th>Explanation</th></tr>
<tr><td colspan="5">2. The Company implements the idea of ethical corporate management and complies with related laws and internal control system. The Company strictly prohibits unethical conduct or conduct violating laws, and Ethical management team performs necessary examinations.
3. The Company arranges directors to participate in corporate governance courses and reports its ethical corporate management policies in Board of Directors meetings to improve the Board's supervisory and governance capabilities.
4. The Company truly complies with related regulations in Standard Contracts for Fitness Centers laid down by the competent authority to protect customers' rights and benefits.
5. From September 1, 2019, the Company pioneered 50% of the advance receipts placed in escrow, proactively providing further protection to all members of Fitness Factory who purchased personal training courses, in addition, it sets an example. The Ministry of Education announced relevant regulations in Standard Form Contracts for Fitness Instructors on November 1, 2021 and put them into effect and enforcement on January 1, 2022.
6. Organizational chart and job descriptions of Ethical management team</td></tr>
</table>

Assessment Item	Implementation Status			Any Variance From the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the Reason for Any Such Variance
	Yes	No	Explanation	



7. Ways to Look up Corporate Governance Principles or related bylaws

The Company has established Corporate Governance Practice Principles, Sustainable Development Practice Principles (original name: Corporate Social Responsibility Practice Principles), Ethical Corporate Management Principles, Procedures for Ethical Management and Guidelines for Conduct, Codes of Ethical Conduct, Complaint System, Procedures for Handling Material Inside Information and Prevention of Insider Trading, Rules of Procedure for Shareholders' Meeting, Rules of Procedure for Board of Directors Meetings, Rules for Election of Directors, Rules Governing the Scope of Powers of Independent Directors, Audit Committee Charter, Remuneration Committee Charter, Rules for Performance Evaluation of Board of Directors, and related bylaws. The Company discloses important bylaws on MOPS and "Investors Section" on page "Corporate's Important Bylaws" on the Company's website (https://www.powerwindhealth.com.tw) for investors to look up.

8. Other Significant Information That Will Provide a Better Understanding of the State of the Company's Implementation of Corporate Governance

Investors can look up relevant information on MOPS (https://mops.twse.com.tw/mops/web/index) and "Investors Section" on the Company's website (https://www.powerwindhealth.com.tw).

9. The Implementation Status of the Company's Internal Control System Which Shall Be Disclosed

(1) Statement of Internal Control System: Please refer to Attachment 4 of this Annual Report.

(2) Where a CPA has been hired to carry out a special audit of the internal control system, disclose the CPA audit report: None.

10. If There Has Been Any Legal Penalty Against the Company or Its Internal Personnel, or Any Disciplinary Penalty by the Company Against Its Internal Personnel for Violation of the Internal Control

System, During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Publication Date of the Annual Report, Where the Result of Such Penalty Could Have a Material Effect on Shareholder Equity or Securities Prices, the Annual Report Shall Disclose the Penalty, the Main Shortcomings, and Condition of Improvement: None.

11. Material Resolutions of a Shareholders' Meeting or a Board of Directors Meeting During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

(1) Material resolutions of Shareholders' Meeting are as follows:

Meeting Date	Material Resolutions	Implementation Status
2022 Annual Shareholders' Meeting (06/01/2022)	1. The Company's 2021 Business Report.	It has been reported to the Shareholders' Meeting, and the relevant operations have been handled according to the resolution.
	2. Audit Committee's Review Report on 2021 Financial Statements.	It has been reported to the Shareholders' Meeting, and the relevant operations have been handled according to the resolution.
	3. The Company's 2021 employees' compensation and directors' remuneration.	The Company settled 2021 net loss. In accordance with Article 26 of the Company's Articles of Incorporation, the Company did not set aside for employees' compensation and directors' remuneration. It has been reported to the Shareholders' Meeting on June 1, 2022, and the relevant operations have been handled according to the resolution.

Meeting Date	Material Resolutions	Implementation Status
	4. To amend the Company's "Procedures for Ethical Management and Guidelines for Conduct."	It has been reported to the Shareholders' Meeting. The Company implements and discloses it on MOPS and "Investors Section" on the Company's website.
	5. To amend the Company's "Corporate Social Responsibility Practice Principles" and rename it as "Sustainable Development Practice Principles."	It has been reported to the Shareholders' Meeting. The Company implements and discloses it on MOPS and "Investors Section" on the Company's website.
	6. Report on the implementation of repurchasing the Company's own shares.	In accordance with Article 28-2 of Securities and Exchange Act, the Board's resolution and the implementation status have been reported to the Shareholders' Meeting.
	7. The Company's 2021 Business Report, Parent Company Only and Consolidated Financial Statements.	It has been submitted to the Shareholders' Meeting on June 1, 2022 for acknowledgment and it was resolved to approve it. The relevant operations have been handled according to the resolution.
	8. The Company's 2021 Loss off-setting proposal.	The Company settled 2021 net loss, and hence it did not distribute dividends. It has been submitted to the Shareholders' Meeting on June 1, 2022 for acknowledgment and it was resolved to approve it. The relevant operations have been handled according to the

Meeting Date	Material Resolutions	Implementation Status
		resolution.
	9. The Company proposes to distribute cash from capital surplus.	It was approved in the Shareholders' Meeting on June 1, 2022. Set July 9, 2022 as the record date for capital increase, and July 22, 2022 as the cash dividend distribution date. All cash dividends were distributed on the cash dividend distribution date.
	10. To amend some articles in the Company's "Rules for Election of Directors."	It was approved in the Shareholders' Meeting on June 1, 2022. The Company implements and discloses it on MOPS and "Investors Section" on the Company's website.
	11. To amend some articles in the Company's "Procedures for Acquisition and Disposal of Assets."	It was approved in the Shareholders' Meeting on June 1, 2022. The Company implements and discloses it on MOPS and "Investors Section" on the Company's website.
	12. The Company proposes to issue 2022 1st new restricted employee shares.	It was approved in the Shareholders' Meeting on June 1, 2022. The Board's meeting on September 8, 2022 approved to authorize the Chairperson of the Board to set October 7, 2022 as the record day for capital increase of the issuance of new restricted employee shares. On August 9, 2022, the declaration was approved by Financial Supervisory Commission with

Meeting Date	Material Resolutions	Implementation Status
		letter Jin-guan-zheng-fa-zi No.1110351192 and became effective. On October 24, 2022, the amendment registration was approved by Ministry of Economic Affairs with letter Jin-shou-shang-zi No.11101204220. The new restricted employee shares issed this time were delivered through non-physical book entry and delivered to a custodian trust on November 22, 2022.

(2) Material resolutions of Board of Directors Meeting are as follows:

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
The 21st Meeting of the 6th Board of Director (01/11/2022)	1. Proposed to approve the Company's 2022 operating budget.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	2. Proposed to approve 2022 investment case for the new operating site- "Fitness Factory" New Taipei City Linkou.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	3. Set the record date of capital reduction of "shares the Company redeems and cancels as employees failed to meet vesting conditions of the issuance of 2016 1st New Restricted Employee Shares and 2018 1st New Restricted Employee Shares."	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	4. Proposed to amend the Company's internal regulations "Corporate Governance Practice Principles."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	5. Proposed to rename the Company's internal regulations "Corporate Social Responsibility Practice Principles" as "Sustainable Development Practice Principles" and amend the regulations"	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	6. Proposed to approve 2022 investment case for the new operating site- "Fitness Factory" New Taipei City Luzhou.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	7. Proposed to approve 2022 renewal case for the operating site- "Fitness Factory" New Taipei City Xindian.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	8. Proposed to approve 2022 parking lot renewal case for the operating site- "Fitness Factory" Kaohsiung City Boai.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 22nd Meeting of the 6th Board of Director (02/10/2022)	1. Proposed to approve 2022 investment case for the new operating site- "Fitness Factory" Tainan City Chongming.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	2. The Company established Taichung Fuke Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 23rd Meeting of the 6th Board of Director (03/11/2022)	1. Report on the result of the Company's 2021 performance evaluation of Board of Directors and Functional Committees.	-	-	Reviewed and approved by Remuneration Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	2. The Company's 2021 employees' compensation and directors' remuneration.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	3. The Company's 2021 Business Report, Parent Company Only and Consolidated Financial Statements.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	4. Proposed to convene the Company's 2022 Annual Shareholders' Meeting.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	5. Set 2022 Annual Shareholders' Meeting's public notice announcing acceptance of proposal, the place, and the period for shareholders to submit proposals to be deliberated at the meeting.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	6. Result of the independent evaluation of the Company's CPAs.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	7. Position adjustment of the Company's Vice President of the Department of Marketing and discharge of managerial officer.	-	-	Reviewed and approved by Remuneration Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	8. Proposed to issue the Company's 2021 Statement of Internal Control System.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	9. Proposed to approve 2022 investment case for the new operating site- "Fitness Factory" Taipei City Zhongshan North.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	10. The Company established Luzhou Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	11. The Company established Tainan Chongming Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 24th Meeting of the 6th Board of Director (04/18/2022)	1. The Company's 2021 Loss off-setting proposal.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	2. The Company proposes to distribute cash from capital surplus.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	3. Proposed to amend some articles in the Company's "Procedures for Acquisition and Disposal of Assets."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	4. The Company proposes to issue 2022 1st new restricted employee shares.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	5. Add proposals to 2022 Annual Shareholders' Meeting.	—	—	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	6. The Company established Linkou Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
The 25th Meeting of the 6th Board of Director (05/05/2022)	1. Proposed to approve the Company's 2022 Q1 Consolidated Financial Statements.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 26th Meeting of the 6th Board of Director (06/01/2022)	1. Proposed to request Board of Directors to authorize Chairperson to set 2022 ex-dividend record date to proceed cash distribution from capital surplus and fully handle dividend payout ratio relevant change affairs.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 27th Meeting of the 6th Board of Director (08/10/2022)	1. Proposed to replace the attesting CPA of the Company's financial statements.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	2. Proposed to approve the Company's 2022 Q2 Consolidated Financial Statements.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	3. Proposed to amend Issuance Rules of 2022 1st New Restricted Employee Shares.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	4. Set the record date of capital reduction of "shares the Company redeems as employees failed to meet vesting conditions of the issuance of 2018 1st New Restricted Employee Shares."	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	5. The Company established New Taipei Xike Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	6. The Company established Taichung Fengjia Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 28th Meeting of the 6th Board of Director (09/08/2022)	1. The Company proposed to newly appoint CSO and CBO and the appointments.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	2. Proposed to amend "Directors', Functional Committees Members', and Managerial Officers' Remuneration Pay Regulations."	-	-	Reviewed and approved by Remuneration Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	3. Proposed to set the issue date of 2022 1st New Restricted Employee Shares.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	4. Proposed to approve eligible employees and number of shares subscribable for a total of 2,000,000 shares of the Company's issuance of 2022 1st New Restricted Employee Shares.	-	-	Reviewed and approved by Remuneration Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	5. The Company established Changhua Jinma Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	6. Proposed to approve the salary adjustment of Vice President Allen Lin from the Department of Business Development.	-	-	Reviewed and approved by Remuneration Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	7. Proposed to approve 2022 "Kaohsiung City Nanzih Football Stadium Entrusted Management."	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 29th Meeting of the 6th Board of Director (09/27/2022)	1. Proposed to approve 2023 investment case for the new operating site- "Fitness Factory" Kaohsiung City Xiaogang.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	2. The Company established Football Development Center Nanzi Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 30th Meeting of the 6th Board of Director (11/10/2022)	1. Proposed to approve the Company's 2022 Q3 Consolidated Financial Statements.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	2. Proposed to gratis authorize Bo Xin Health Industry Incorporated (hereinafter referred to as Bo Xin) to use the Company's trademark FITNESS FACTORY and the logo and sign the trademark license agreement with Bo Xin.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	3. Set the record date of capital reduction of "shares the Company redeems as employees failed to meet vesting conditions of the issuance of 2018 1st New Restricted Employee Shares."	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	4. Proposed to amend some articles in the Company's internal control system "Acquisition and Payment Cycle."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	5. Proposed to amend some articles in the Company's "Internal Audit Implementation Rules."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	6. Proposed to amend the Company's internal regulation "Approval Authority Table."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	7.Proposed to amend some articles in the Company's internal regulation "Rules of Procedure for Board of Directors Meetings."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	8. Formulated the Company's 2023 audit plan.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	9. Proposed to approve 2023 investment case for the new operating site- "Fitness Factory" New Taipei City Qizhang.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	10. Proposed to approve 2023 investment case for the new operating site- "Fitness Factory" Kaohsiung City Guanghua.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	11. Proposed to approve the subsidiary- Bo Xin Health Industry Incorporated 2023 renewal case for the operating site- "Fitness Factory" Taipei City Xinyi.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	12. The Company established Taipei Zhongshan North Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	13. The Company established Xiaogang Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 31st Meeting of the 6th Board of Director (12/23/2022)	1. Proposed to approve the stepdown of the Company's president and COO and the appointment of new president and COO.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	2. Proposed to approve the appointment of the Company's vice president of the Department of Marketing.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	3. Proposed to approve the periodic compensation assessment and the individual salary adjustment of the Company's executives.	-	-	Reviewed and approved by Remuneration Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	4. Proposed to adjust the names of some organizations and their departments to follow the Company's long-term development strategy.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	5. Proposed to amend the Company's internal regulation "Procedures for Handling Material Inside Information and Prevention of Insider Trading."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	6. Proposed to amend the Company's internal regulation "Internal Control System Self-Inspection Management Regulations" and rename it as "Internal Control Self-Evaluation Management Regulations."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	7. Proposed to amend some articles in the Company's internal regulation "Corporate Governance Practice Principles."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	8. Proposed to amend the Company's internal control system "Payroll and Personnel Cycle" and "Property, Plant, and Equipment Cycle."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	9. Proposed to approve the Company's 2023 operating budget.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	10. Proposed to approve 2023 investment case for the new operating site- "Fitness Factory" Taipei City Zhanqian.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	11. Proposed to approve 2023 investment case for the new operating site- "Fitness Factory" Yilan County Loudong.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	12. The Company established New Taipei Qizhang Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	13. The Company established Keelung Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 32nd Meeting of the 6th Board of Director (02/21/2023)	1.The Company's 2022 employees' compensation and directors' remuneration.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	2. Proposed to approve the Company's 2022 Q4 Parent Company Only and Consolidated Financial Statements.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	3. Result of the independent evaluation of the Company's CPAs for financial statements.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	4. Proposed to approve Audit Committee's prior consent and proxy procedures for the accounting firm appointed by the Company for financial statements to provide non-assurance services.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	5.Proposed to amend some articles in the Company's internal regulation "Corporate Governance Practice Principles."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	6. Proposed to change the Company's acting spokesperson.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	7. Proposed to approve 2023 investment case for the new operating site- "Fitness Factory" Kaohsiung City Jianguo.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	8. Proposed to approve 2023 investment case for the new operating site- "Fitness Factory" Taichung City ○○.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	9. Proposed to approve 2023 investment case for the new operating site- "Fitness Factory" Tainan City ○○.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	10. Proposed to approve 2023 investment case for the new operating site- "Fitness Factory" Kaohsiung City Fengxi.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	11. Proposed to approve 2023 renewal case for the operating site- "Fitness Factory" Kaohsiung City Fengshan.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	12. The Company proposed to issue Domestic 3rd Unsecured Convertible Corporate Bond.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	13. Set the record date of capital reduction of "shares the Company redeems as employees failed to meet vesting conditions of the issuance of 2018 1st New Restricted Employee Shares."	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	14. The Company proposed to apply for banking facilities with Cathay United Bank and handle relevant affairs.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	15. The Company proposed to apply for banking facilities with Yuanta Bank and handle relevant affairs.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	16. The Company proposed to apply for banking facilities with Taiwan Cooperative Bank and handle relevant affairs.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 33rd Meeting of the 6th Board of Director (03/13/2023)	1. Report on the result of the Company's 2022 performance evaluation of Board of Directors and Functional Committees.	-	-	Reviewed and approved by Remuneration Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	2. Proposed to approve the Company's 2022 Business Report.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	3. Proposed to approve the Company's 2022 earnings distribution proposal.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	4. The Company proposed to distribute cash from capital surplus.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	5. The Company re-elects every director (including three independent directors) of the Board.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	6. Proposed to convene the Company's 2023 Annual Shareholders' Meeting.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	7. Set 2023 Annual Shareholders' Meeting's public notice announcing acceptance of proposal, the way of proposals, the place and the period for shareholders to sumit proposals to be discussed at the meeting, and the period for accepting the nomination of director candidates, the quota of directors to be elected, the place designated for accepting the roster of director candidates nominated, and other necessary matters.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	8. Proposed to release the newly elected directors of the 7th Board from non-competition restriction.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	9. Proposed to issue the Company's 2022 Statement of Internal Control System.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
The 34th Meeting of the 6th Board of Director (04/14/2023)	1. Proposed to request the Board of Directors to nominate and review directors (including independent directors) candidates.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	2. Proposed to approve to release the newly-elected directors of the 7th Board from non-competition restriction.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	3. Add proposals for 2023 Annual Shareholders' Meeting.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	4. Appoint the Company's accounting firm for 2023 financial statements.	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	5. Set the record date of capital reduction of "shares the Company redeems as employees failed to meet vesting conditions of the issuance of 2018 1st New Restricted Employee Shares."	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	6. Proposed to amend some articles in the Company's internal control system "Sale and receipt cycle."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.

Meetings and Meeting Dates	Material Resolutions	Matters Referred to in Article 14-5 of the Securities and Exchange Act	Other Matters Which Were Not Approved by the Audit Committee but Were Approved by Two-Thirds or More of all Directors	Implementation Status
	7. Proposed to add and amend some articles in the Company's "Internal Audit Implementation Rules."	✓	-	Reviewed and approved by Audit Committee. Approved by the Board as no objection was voiced by any director presenting at the meeting.
	8. Proposed to approve 2023 renewal case for the operating site- "Fitness Factory" Taichung City Jingming.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.
	9. The Company established Kaohsiung Guanghua Branch and appointed its branch managerial officer.	-	-	Approved by the Board as no objection was voiced by any director presenting at the meeting.

12. Where, During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, a Director Has Expressed a Dissenting Opinion With Respect to a Material Resolution Passed by the Board of Directors, and Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration, Disclose the Principal Content Thereof: None.

13. A Summary of Resignations and Dismissals, During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, of the Company's Chairperson, President, Chief Accounting Officer, Chief Financial Officer, Chief Internal Auditor, Chief Corporate Governance Officer, and Chief Research and Development Officer: None.

v. Information on the Professional Fees of the Attesting CPAs

1. The Company Shall Disclose the Amounts of the Audit Fees and Non-audit Fees Paid to the Attesting Certified Public Accountants and to the Accounting Firm to Which They Belong and to Any Affiliated Enterprises as Well as the Details of Non-audit Services

Unit: NT$ thousand

<table>
<tr><th>Accounting Firm</th><th>Name of CPA</th><th>CPA's Audit Period</th><th>Audit Fee</th><th>Non-audit Fee</th><th>Remark</th></tr>
<tr><td rowspan="4">Ernst & Young, Taiwan</td><td>Fang-Wen Lee</td><td rowspan="2">01/01/2022
|
03/31/2022</td><td rowspan="2">651</td><td rowspan="2">25</td><td rowspan="2">Non-audit fees were the service charge for entity compliance and governance services.</td></tr>
<tr><td>Shih-Chieh Huang</td></tr>
<tr><td>Fang-Wen Lee</td><td rowspan="2">04/01/2022
|
12/31/2022</td><td rowspan="2">1,953</td><td rowspan="2">261</td><td rowspan="2">Non-audit fees were the service charge for entity compliance and governance services and tax compliance services.</td></tr>
<tr><td>Guo-Sen Hung</td></tr>
</table>

2. When the Company Changes Its Accounting Firm and the Audit Fees Paid for the Fiscal Year in Which Such Change Took Place Are Lower Than Those for the Previous Fiscal Year, the Amounts of the Audit Fees Before and After the Change and the Reasons Shall Be Disclosed: None.

3. When the Audit Fees Paid for the Current Fiscal Year Are Lower Than Those for the Previous Fiscal Year by 10 Percent or More, the Reduction in the Amount of Audit Fees, Reduction Percentage, and Reason(s) Therefor Shall Be Disclosed: None.

vi. Information on Replacement of Certified Public Accountant

Information on replacement of the Company's certified public accountant within the last two fiscal years and in the subsequent interim period are as follows:

To meet the requirements of internal adjustments of Ernst & Young, from 2022 Q2, the Company's former CPA Fang-Wen Lee and CPA Shih-Chieh Huang were replaced by CPA Fang-Wen Lee and CPA Kuo-Sen Hung.

1. Regarding the Former Certified Public Accountants

Date of Replacement	August 10, 2022		
Reason and Explanation of Replacement	To meet the requirements of internal adjustments of Ernst & Young		
State Whether the Appointment is Terminated or Rejected by the Company or CPAs	Party / Status	CPAs	The Company
	Appointment terminated voluntarily	Not available	Not available
	Appointment rejected (discontinued)	Not available	Not available
The Opinions Other Than Unqualified Opinion Issued During the Two Most Recent Years and the Reasons for the Said Opinions	None		
Is There Any Disagreement in Opinion with the Issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Auditing scope or procedure
			Others
	No	✓	
	Explanation		
Supplementary Disclosure (Note)	None		

Note: Disclosures specified in Article 10.6.1.4-7 of Regulations Governing Information to be Published in Annual Reports of Public Companies.

2. Regarding the Successor Certified Public Accountants

Accounting Firm	Ernst & Young, Taiwan
Certified Public Accountants	Fang-Wen Lee, Kuo-Sen Hung
Date of Engagement	August 10, 2022
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions,	None

and the Type of Audit Opinion that Might be Rendered on the Financial Report	
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

3. The reply of former CPAs on Article 10.6.1 and Article 10.6.2.3 of Regulations Governing Information to be Published in Annual Reports of Public Companies: NA

vii. The Company's Chairperson, President, or Any Managerial Officers in Charge of Finance and Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of Its CPA or at an Affiliated Enterprise of Such Accounting Firm in the Most Recent Year: None.

viii. Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, Managerial Officer, or Shareholder With a Stake of More Than 10 Percent During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

1. Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, Managerial Officer, or Shareholder With a Stake of More Than 10 Percent

Unit: Shares

Title	Name	2022		Jan. 1 ~ Mar. 31, 2023	
		Shareholding Increase (Decrease)	Pledged Shares Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shares Increase (Decrease)
Chairperson & CEO & CSO	George Chen	-	-	-	-
Director & CBO	John Chen	-	-	-	-
Juristic Person Director	Jiayong Investment Development Co., Ltd.	-	690,000	-	1,200,000

Title	Name	2022		Jan. 1 ~ Mar. 31, 2023	
		Shareholding Increase (Decrease)	Pledged Shares Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shares Increase (Decrease)
Representative of Juristic Person Director	Yu-Tung Chen	-	-	-	-
Director	Su-Chi Chang	-	-	-	-
Independent Director	Shang-Pao Yeh	-	-	-	-
Independent Director	Hsu-Der Liu	-	-	-	-
Independent Director	Chi-Shan Hung	-	-	-	-
President	Allen Lin	3,000	-	-	-
COO	Eli Ho	2,000	-	-	-
CFO & CGO	Alex Miao	3,000	-	-	-
Vice President	Randy Chen	(21,000)	-	-	-
Vice President	Nick Chu	3,000	-	-	-
Vice President	Jay Chen	3,000	-	-	-
Vice President	Annie Kung	(15,000)	-	(5,000)	-
Vice President	Apple Ueng (Note 1)	-	-	-	-
Vice President	Bryan Hsiao (Note 2)	5,000	-	-	-
Major Shareholder	Jiayong Investment Development Co., Ltd.	-	690,000	-	1,200,000

Note 1: On January 1, 2023, the appointment as a managerial officer started (Please refer to the explanation in "III. ii. 2. Note 3" of this Annual Report), and hence the transfer of equity interests and pledge of or change in equity interests are calculated from January 1, 2023.

Note 2: On March 11, 2022, the dismissal as a managerial officer started (Please refer to the explanation in "III. ii. 2. Note 11" of this Annual Report), and hence the transfer of equity interests and pledge of or change in equity interests are calculated as of March 11, 2022.

2. Stock Transfer with Related Party

Unit: Shares; NT$

Name	Reson for the Transfer	Transfer Date	Counterparty	The Relationship Between the Counterparty in Transfer and the Company as Well as the Company's Directors, Managerial Officers, and 10% Shareholders	Shares	Transfer Price
Randy Chen	Gifting	02/04/2021	Li-Ling Chen	Sister/brother	16,000	-
Randy Chen	Gifting	02/24/2022	Li-Ling Chen	Sister/brother	8,000	-

3. Stock Pledge with Related Party: None

ix. Information on Related Party, Spouse, or Relative Within the Second Degree of Kinship Among the Company's 10 Largest Shareholders

April 3, 2023; Unit: Shares, %

Name	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Name and Relationship Between PW's 10 Largest Shareholders		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Jiayong Investment Development Co., Ltd.	21,751,989	27.38	-	-	-	-	George Chen John Chen Shang-Jen Chen Pei-Yu You	Director Director Chairperson Supervisor	-
Jiayong Investment Development Co., Ltd. Responsible Person: Shang-Jen Chen	1,209,667	1.52	29,977	0.03	-	-	Jiayong Investment Development Co., Ltd. George Chen John Chen Pei-Yu You	The responsible person of the company Brother Brother Sister-in-law	-
Zong-Jing Yu	5,000,839	6.29	-	-	-	-	Zong-Xun Yu Zong-Lin Yu	Brother Brother	-
George Chen	4,220,895	5.31	82,746	0.10	-	-	Jiayong Investment Development Co., Ltd. John Chen	The director of the company Brother	-

Name	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Name and Relationship Between PW's 10 Largest Shareholders		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
							Shang-Jen Chen Pei-Yu You	Brother Sister-in-law	
Synn Industrial Co., Ltd.	3,671,740	4.62	-	-	-	-	-	-	-
Synn Industrial Co., Ltd. Responsible Person: Yong-Qing Li	-	-	-	-	-	-	-	-	-
Zong-Xun Yu	3,637,764	4.58	-	-	-	-	Zong-Jing Yu Zong-Lin Yu	Brother Brother	-
Fubon Life Insurance Co., Ltd.	3,339,428	4.20	-	-	-	-	-	-	-
Fubon Life Insurance Co., Ltd. Responsible Person: Richard Tsai	-	-	-	-	-	-	Fubon Life Insurance Co., Ltd.	The responsible person of the company	-
Zong-Lin Yu	3,333,524	4.20	1,438,010	1.81	-	-	Zong-Jing Yu Zong-Xun Yu	Brother Brother	-
Pei-Yu You	2,144,731	2.70	2,105,992	2.65	-	-	Jiayong Investment Development Co., Ltd. George Chen John Chen Shang-Jen Chen	The supervisor of the company Brother-in-law Spouse Brother-in-law	-
Power Wind restricted employee shares trust account in Bank SinoPac	2,081,340	2.62	-	-	-	-	-	-	-

Name	Shares Held		Shares Held by Spouse & Minors		Shares Held in the Name of Others		Name and Relationship Between PW's 10 Largest Shareholders		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
John Chen	1,351,097	1.70	2,899,626	3.65	-	-	Jiayong Investment Development Co., Ltd. George Chen Pei-Yu You Shang-Jen Chen	The director of the company Brother Spouse Brother	-

x. The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, Its Directors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company

March 31, 2023

Reinvestment	Ownership by PW		Ownership by Directors, Managerial Officers and Directly/Indirectly Owned Subsidiaries		Total Ownership	
	Shares	%	Shares	%	Shares	%
Bo Xin Health Industry Incorporated	900,000	60.00	-	-	900,000	60.00

IV. Information on Capital Raising Activities

i. Capital and Shares

1. Capitalization

(1) Formation of Capital During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

April 14, 2023

Month /Year	Issue price (NT$)	Authorized Share Capital		Capital Stock		Remark		
		Shares (1,000 shares)	Amount (NT$ thousands)	Shares (1,000 shares)	Amount (NT$ thousands)	Source of Capitalization	Property Other Than Cash Is Paid by Subscribers	Others
Jan. 2022	25 / -	100,000	1,000,000	77,455	774,554	Bought back 12,000 shares of new restricted employee shares and redeemed 2,947 shares.	None	Note 1
Sep. 2022	25	100,000	1,000,000	77,452	774,519	Bought back 3,500 shares of new restricted employee shares.	None	Note 2
Oct. 2022	30	100,000	1,000,000	79,452	794,519	Issued 2,000,000 shares of new restricted employee shares.	None	Note 3
Dec. 2022	25	100,000	1,000,000	79,448	794,484	Bought back 3,500 shares of new restricted employee shares.	None	Note 4
Apr. 2023	25	100,000	1,000,000	79,444	794,444	Bought back 4,000 shares of new restricted employee shares.	None	Note 5

Note 1: Approved by Letter Jing-Shou-Shang-Zi No.11101014190 of the Ministry of Economic Affairs dated January 28, 2022.
Note 2: Approved by Letter Jing-Shou-Shang-Zi No.11101174390 of the Ministry of Economic Affairs dated September 13, 2022.
Note 3: Approved by Letter Jin-Guan-Zheng-Fa-Zi No.1110351192 of the Financial Supervisory Commission dated August 9, 2022.
Approved by Letter Jing-Shou-Shang-Zi No.11101204220 of the Ministry of Economic Affairs dated October 24, 2022.
Note 4: Approved by Letter Jing-Shou-Shang-Zi No.11101228740 of the Ministry of Economic Affairs dated December 7, 2022.
Note 5: Approved by Letter Jing-Shou-Shang-Zi No.11230059890 of the Ministry of Economic Affairs dated April 12, 2023.

(2) Type of Stock

April 14, 2023; Unit: Thousand shares

Type of Stock	Authorized Share Capital			Remark
	Listed Shares	Unissued Shares	Total	
Registered Common Shares	79,444	20,556	100,000	The Company's shares are public shares

(3) Information on Shelf Registration: NA

2. Composition of Shareholders

April 2, 2023

Type of Shareholders / Quantity	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders (ppl)	-	5	45	8,800	38	8,888
Shareholding (shares)	-	3,382,428	30,184,425	44,968,827	912,629	79,448,354
Shareholding Percentage (%)	-	4.26	37.99	56.60	1.15	100.00

3. Distribution of Shareholding

April 2, 2023

Shareholding Range	Number of Shareholders (ppl)	Shareholding (shares)	Shareholding Percentage (%)
1 - 999	4,001	845,582	1.06
1,000 - 5,000	3,950	7,751,818	9.76
5,001 - 10,000	548	3,746,472	4.72
10,001 - 15,000	155	1,869,858	2.35
15,001 - 20,000	64	1,111,256	1.40
20,001 - 30,000	57	1,397,637	1.76
30,001 - 40,000	31	1,067,171	1.34
40,001 - 50,000	12	531,703	0.67
50,001 - 100,000	32	2,393,290	3.01
100,001 - 200,000	17	2,467,752	3.11
200,001 - 400,000	6	1,999,131	2.52
400,001 - 600,000	1	478,156	0.60
600,001 - 800,000	1	616,000	0.78
800,001 - 1,000,000	1	959,854	1.21
Over 1,000,001	12	52,212,674	65.72
Total	8,888	79,448,354	100.00

4. Major Shareholders

April 2, 2023

Shares / Major Shareholders	Shareholding (shares)	Shareholding Percentage (%)
Jiayong Investment Development Co., Ltd.	21,751,989	27.38
Zong-Jing Yu	5,000,839	6.29
George Chen	4,220,895	5.31
Synn Industrial Co., Ltd.	3,671,740	4.62
Zong-Xun Yu	3,637,764	4.58
Fubon Life Insurance Co., Ltd.	3,339,428	4.20
Zong-Lin Yu (including "Zong-Lin Yu trust account in CTBC Bank")	3,333,524	4.20

Major Shareholders \ Shares	Shareholding (shares)	Shareholding Percentage (%)
Pei-Yu You	2,144,731	2.70
Power Wind restricted employee shares trust account in Bank SinoPac	2,081,340	2.62
John Chen	1,351,097	1.70

5. Information on Market Price, Net Value, Earnings, and Dividends per Share in the Last Two Fiscal Years

Unit: NT$; Thousand shares; times; %

Item \ Year			2021	2022	Jan. 1 ~ Mar. 31, 2023
Market Price Per Share	Highest Market Price		181.00	138.00	153.00
	Lowest Market Price		125.00	102.00	117.50
	Average Market Price (Note 1)		147.27	123.44	135.16
Net Worth Per Share	Before Distribution		21.38	21.41	21.32
	After Distribution		20.09	19.86 (Note 5)	NA
Earnings per Share (EPS)	Weighted Average Shares		74,449	74,485	74,485
	EPS	Before Adjustment	(1.91)	0.95	(0.31)
		After Adjustment	(1.91)	- (Note 5)	NA
Dividends Per Share	Cash Dividends	Cash Distributed From Retained Earnings	-	0.80 (Note 5)	NA
		Cash Distributed From Capital Surplus	1.29	0.76 (Note 5)	NA
	Shares Allotted Gratuitously	Shares Allotted From Earnings	-	-	NA
		Shares Allotted From Capital Surplus	-	-	NA
	Accumulated Undistributed Dividends		-	-	NA
Return on Investment	Price/Earnings Ratio (Note 2)		-	129.94	NA
	Price/Dividend Ratio (Note 3)		114.16	79.64 (Note 5)	NA
	Cash Dividend Yield (Note 4)		0.88	1.26 (Note 5)	NA

Note 1: Each year's average market price is calculated based on that year's transaction value and transaction volume.

Note 2: Price/Earnings Ratio = Average Market Price/Earnings per Share. When Earnings per Share is 0 or negative, Price/Earnings Ratio is not calculated.

Note 3: Price/Dividend Ratio= Average Market Price/Cash Dividends per Share

Note 4: Cash Dividend Yield = Cash Dividends per Share/Average Market Price

Note 5: Up to the date of publication of the Annual Report, the proposed 2022 dividend distribution has not been resolved by Shareholders' Meeting yet.

6. Company's Dividend Policy and Implementation Status

(1) The dividend policy adopted in the company's articles of incorporation

According to the Company's Articles of Incorporation, if there is any surplus in final accounts, the Company shall first pay taxes, offset its accumulated losses, then set aside 10% of the remaining surplus as legal capital reserve. After above, the remaining surplus shall be set aside or reversed for special capital reserve in accordance with laws. Any further remaining amounts shall be added to the unallocated surplus from the prior year as the distributable earnings available of the current year. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved by a shareholders' meeting.

The distribution of dividends shall be made according to the business development, fund management and financial plans, meanwhile considering the interests of shareholders. The dividends to shareholders shall be in the form of cash or stock. More than (or equal to) 10% of the total amount of dividends shall be distributed by cash dividends.

(2) Company's dividend distribution policy and the dividend distributions proposed at the most recent shareholders' meeting

① Company's dividend distribution policy

The Company's dividend distribution policy is to distribute 100% of distributable earnings and mainly distribute cash dividends. The distribution ratio of cash dividends to stock dividends is about 9:1.

② The dividend distributions proposed at the most recent shareholders' meeting

The Company's 2022 earnings distribution proposal was resolved and approved by the Board of Directors on March 13, 2023. It is proposed to distribute cash dividend $0.79653554 per share, totaling NT$63,263,524. In addition, to meet the operational needs, the Company proposed to set aside NT$60,000,000 from Capital surplus - additional paid-in capital in excess of par - common stocks to distribute cash. It was proposed to distribute NT$0.75544531 per share in cash. The proposal of distributing cash from capital surplus was resolved and approved by the Board of Directors on March 13, 2023. After it is approved by the Shareholders' Meeting on May 31, 2023, the Board of Directors is proposed to be authorized to set the ex-dividend record date to handle distribution affairs.

③ Expected material change in dividend policy: None.

7. Effect Upon Business Performance and Earnings per Share of Any Stock Dividend Distribution Proposed or Adopted at the Most Recent Shareholders' Meeting

The Company did not propose to distribute stock dividends in the Company's 2022 earnings distribution proposal resolved by the Board of Directors on March 13, 2023. Therefore, it is not applicable.

8. Compensation of Employees and Directors

(1) The percentages or ranges with respect to employee and director compensation, as set forth in the company's articles of incorporation

According to Article 26 of the Company's Articles of Incorporation, if there is annual profit, the Company shall set aside no less than 1% of said profit as employees' compensation and a maximum of 3% of said profit as directors' remuneration; provided, however, that the Company shall have reserved a sufficient amount to offset its accumulated losses.

(2) The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period

The Company's basis for estimating the amount of employee and director compensation is based on net income for the period, taking legal reserve into account, and the percentages in Articles of Incorporation are basic estimates. The estimated employee and director compensation is recognized as operating costs or operating expenses for the period. If there is a material change in the amount the Board of Directors resolves after the reporting period, the profit or loss for the period will be adjusted. If there is some discrepancy between the actual distribution amount resolved by shareholders' meeting in the following year and the estimates, the discrepancy will be recognized as profit and loss of the following year. If shareholders' meeting resolved to give employee bonus by offering shares, the basis for calculating the number of shares of stock dividends is in accordance with the closing price of the shares of the day preceding the shareholders' meeting and taking the effects of ex-rights and ex-dividends into account.

(3) Information on any approval by the Board of Directors of distribution of compensation

① The amount of any employee compensation distributed in cash or stocks and compensation for directors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed

2022 employees' compensation and directors' remuneration proposal was resolved by the Company's Board of Directors on February 21, 2023. The related information of proposed distribution of employees' compensation and directors' remuneration is as follows:

A. Employees' compensation: NT$901,775.

B. Directors' remuneration: NT$0.

The amount of distribution of the aforementioned employees' compensation and directors' remuneration resolved by the Board of Directors has no material discrepancy with the expenses recognized in 2022.

② The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial statements for the current period and total employee compensation: NA

(4) The actual distribution of employee and director compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee and director compensation, additionally the discrepancy, cause, and how it is treated

The Company settled 2021 net loss. According to Article 26 of the Company's Articles of Incorporation, the Company did not set aside employees' compensation and directors' remuneration. It was resolved and approved by the Board of Directors on March 11, 2022. It was submitted to the Annual Shareholders' Meeting on June 1, 2022. Therefore, it is not applicable.

9. Status of the company repurchasing its own shares

(1) Repurchases already completed

April 14, 2023

Session of Repurchase	1st	2nd
Date of the Board Resolution	March 23, 2020	May 16, 2021
Purpose of Repurchase	Transfer shares to employees	Transfer shares to employees
Period of Repurchase	None (Scheduled period of repurchase: 03/24/2020 – 05/22/2020)	06/29/2021 - 06/29/2021
Price Range of Repurchase	None (Planned price range of repurchase: NT$100 - NT$200)	NT$120 - NT$200 per share (Average price of repurchase: NT$140.06)
Type and Number of Repurchased Shares	0 common share	20,000 common shares
Monetary Amount of Repurchased Shares	NT$0	NT$2,801,117
Number of Repurchased Shares as a Percentage of the Planned Number of Shares to Be Repurchased	0.00%	1.00%
Number of Shares Cancelled and Transferred	0 common share	0 common share
Cumulative Number of the Company's Treasury Shares Held	0 common share	20,000 common shares
Cumulative Number of the Company's Treasury Shares Held as a Percentage of the Total Number of the Company's Issued Shares	0.00%	0.03%

(2) Repurchases still in progress: None.

ii. Issuance of Corporate Bonds

Up to the date of publication of the Annual Report, the Company issued Domestic 2nd Unsecured Convertible Bond (abbreviated as Power Wind 2, code: 84622) on January 6, 2021, and Domestic 3rd Unsecured Convertible Bond (abbreviated as Power Wind 3, code: 84623) on April 14, 2023, respectively. Information are as follows:

i. Issuance of Corporate Bonds

Type of Corporate Bond	Domestic 2nd Unsecured Convertible Corporate Bonds	Domestic 3rd Unsecured Convertible Corporate Bonds
Issue Date	January 6, 2021	April 14, 2023
Par Value	Par value: NT$100,000 per bond	Par value: NT$100,000 per bond
Location of Issuance and Transaction	Taipei Exchange (TPEx)	Taipei Exchange (TPEx)
Issue Price	Issued completely at par value	Issued completely at par value
Total Amount	NT$400,000,000	NT$300,000,000
Interest Rate	0%	0%
Period	3 years (Maturity date: January 6, 2024)	3 years (Maturity date: April 14, 2026)
Guarantor	None	None
Trustee	Trust Division, Bank SinoPac Co., Ltd.	Trust Division, Bank SinoPac Co., Ltd.
Underwriter	SinoPac Securities Corporation	SinoPac Securities Corporation
Legal Counsel	Far East Law Offices: Ya-Wen Ciou	Far East Law Offices: Ya-Wen Ciou
Attesting CPAs	Ernst & Young: CPA Fang-Wen Lee, CPA	Ernst & Young: CPA Fang-Wen Lee, CPA

	Shih-Chieh Huang	Guo-Sen Huang
Repayment	Except for bondholders of the convertible corporate bonds converting bonds into common shares of the Company in accordance with Article 10 of this plan, or exercising bondholders' sell-back rights in accordance with Article 19 of this plan, or the Company redeeming the bonds in advance in accordance with Article 18 of this plan, or the Company repurchasing the bonds for cancellation from securities market, the Company will repay the convertible corporate bonds held by bondholders at par value of the bonds in cash in one lump sum when the convertible corporate bonds mature.	Except for bondholders of the convertible corporate bonds converting bonds into common shares of the Company in accordance with Article 10 of this plan, or exercising bondholders' sell-back rights in accordance with Article 19 of this plan, or the Company redeeming the bonds in advance in accordance with Article 18 of this plan, or the Company repurchasing the bonds for cancellation from securities market, the Company will repay the convertible corporate bonds held by bondholders at par value of the bonds in cash in one lump sum within ten business days after the maturity of the convertible corporate bonds.
Outstanding Principal	NT$96,600,000	NT$300,000,000
Terms of Redemption or Early Repayment	The Company may exercise the redemption rights of the convertible	The Company may exercise the redemption rights of the convertible

	corporate bonds under the following circumstances: 1. From the day following three months after the issue date of the convertible corporate bonds (April 7, 2021) until forty days before the expiry of the period of the issuance (November 27, 2023), if the closing price of the Company's common shares at TWSE is 30% (included) or higher than the conversion price for thirty consecutive business days, the Company may, within thirty business days thereafter, deliver expired-in-thirty-days "Redemption Notice" to the bondholders by registered mail. (The aforesaid period for redemption shall be calculated from the date the notice is delivered, and the expiry date of the period will be the record date for redemption. The aforesaid	corporate bonds under the following circumstances: 1. From the day following three months after the issue date of the convertible corporate bonds (July 15, 2023) until forty days before the expiry of the period of the issuance (March 5, 2026), if the closing price of the Company's common shares at TWSE is 30% (included) or higher than the conversion price for thirty consecutive business days, the Company may, within thirty business days thereafter, deliver expired-in-thirty-days "Redemption Notice" to the bondholders by registered mail. (The aforesaid period for redemption shall be calculated from the date the notice is delivered, and the expiry date of the period will be the record date for redemption. The aforesaid

	period cannot be the stop-converting period in Article 9) (With reference to the list of bondholders five business days before the delivery of the "Redemption Notice." Bondholders who acquire the bonds after this specific date due to trading or through other means of transactions will be informed by the way of announcement) The redemption price is the par value of the bonds. The Company will redeem all bonds in cash, announce it, and request TPEx to approve it. The Company shall, within five business days after the record date for redemption, redeem the outstanding convertible corporate bonds in cash at the par value of the bonds. 2. From the day following three months after the issue date of the convertible	period cannot be the stop-converting period in Article 9) (With reference to the list of bondholders five business days before the delivery of the "Redemption Notice." Bondholders who acquire the bonds after this specific date due to trading or through other means of transactions will be informed by the way of announcement) The redemption price is the par value of the bonds. The Company will redeem all bonds in cash, announce it, and request TPEx to approve it. The Company shall, within five business days after the record date for redemption, redeem the outstanding convertible corporate bonds in cash at the par value of the bonds. 2. From the day following three months after the issue date of the convertible

	corporate bonds (April 7, 2021) until forty days before the expiry of the period of the issuance (November 27, 2023), if the outstanding balance of the convertible corporate bonds is less than 10% of the total amount issued, the Company may, at any time thereafter, deliver expired-in-thirty-days "Redemption Notice" to the bondholders by registered mail. (The aforesaid period for redemption shall be calculated from the date the notice is delivered, and the expiry date of the period will be the record date for redemption. The aforesaid period cannot be the stop-converting period in Article 9) (With reference to the list of bondholders five business days before the delivery of the "Redemption Notice." Bondholders who acquire the bonds after this	corporate bonds (July 15, 2023) until forty days before the expiry of the period of the issuance (March 5, 2026), if the outstanding balance of the convertible corporate bonds is less than 10% of the total amount issued, the Company may, at any time thereafter, deliver expired-in-thirty-days "Redemption Notice" to the bondholders by registered mail. (The aforesaid period for redemption shall be calculated from the date the notice is delivered, and the expiry date of the period will be the record date for redemption. The aforesaid period cannot be the stop-converting period in Article 9) (With reference to the list of bondholders five business days before the delivery of the "Redemption Notice." Bondholders who acquire the bonds after this

	specific date due to trading or through other means of transactions will be informed by the way of announcement) The redemption price is the par value of the bonds. The Company will redeem all bonds in cash, announce it, and request TPEx to approve it. The Company shall, within five business days after the record date for redemption, redeem the outstanding convertible corporate bonds in cash at the par value of the bonds. 3. If a bondholder fails to reply in written form to the Company's stock transfer agent before the record date for redemption stated in the "Redemption Notice" (it will become effective since the time of receipt, and its postmark shall serve as proof if it is sent by mail) within five	specific date due to trading or through other means of transactions will be informed by the way of announcement) The redemption price is the par value of the bonds. The Company will redeem all bonds in cash, announce it, and request TPEx to approve it. The Company shall, within five business days after the record date for redemption, redeem the outstanding convertible corporate bonds in cash at the par value of the bonds. 3. If a bondholder fails to reply in written form to the Company's stock transfer agent before the record date for redemption stated in the "Redemption Notice" (it will become effective since the time of receipt, and its postmark shall serve as proof if it is sent by mail) within five

		business days after the record date for redemption, the Company will redeem the convertible corporate bonds the bondholder hold in cash at the face value of the bonds.	business days after the record date for redemption, the Company will redeem the convertible corporate bonds the bondholder hold in cash at the face value of the bonds. 4. If the Company exercises the redemption right for the convertible corporate bonds, the deadline for bondholders to request conversion is the second business day after the day when the convertible corporate bonds are terminated from TPEx trading.
Covenants		None	None
Credit Rating Agency/Rating Date/Result of Bond Rating		None	None
Other Rights of Bondholders	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities up to	NT$9,900,000	-

	the date of publication of the Annual Report		
	Conversion Right	Please refer to Attachment 5 of this Annual Report and MOPS.	Please refer to Attachment 6 of this Annual Report and MOPS.
Dilution Effect and Other Adverse Effects on Existing Shareholders		1. Since the convertible corporate bonds belong to debt financing, before the creditors request for the conversion of bonds, there is no dilution of the company's equity. Also, during the conversion period, creditors choose a favorable time for them to convert bonds. Therefore, it has deferred effect on equity dilution, which does not immediately impact on the company's right of management and earnings per share. Besides, for existing shareholders' equity, as convertible corporate bonds are converted into common shares, it not only decreases liabilities	1. Since the convertible corporate bonds belong to debt financing, before the creditors request for the conversion of bonds, there is no dilution of the company's equity. Also, during the conversion period, creditors choose a favorable time for them to convert bonds. Therefore, it has deferred effect on equity dilution, which does not immediately impact on the company's right of management and earnings per share. Besides, for existing shareholders' equity, as convertible corporate bonds are converted into common shares, it not only decreases liabilities

	but also increases equity fast, which in turn raises net worth per share. 2. Up to the date of publication of the Annual Report, the unconverted balance of the convertible corporate bonds was NT$96,600,000, and the conversion price was NT$142.4. If all creditors fully convert their bonds into common shares at the conversion price, they will be converted into 678,370 common shares of the Company (NT$96,600,000 / NT$142.4). Based on the Company's currently issued and outstanding 79,411,354 shares (the total number of issued shares 79,444,354 shares minus 13,000 repurchased to be canceled new restricted employee shares and 20,000 repurchased treasury shares) adding 678,370 shares that can still	but also increases equity fast, which in turn raises net worth per share. 2. According to assessment report by the securities agent, convertible bonds were not converted into shares, which did not involve equity. Therefore, it did not cause any effect on shareholders' equity.

	be convertible into common shares, the dilution effect is not big, and it will not have a significant impact on shareholders' equity.	
Custodian	None	None

ii. Convertible Corporate Bonds

Type of Corporate Bond		Domestic 2nd Unsecured Convertible Corporate Bonds		Domestic 3rd Unsecured Convertible Corporate Bonds
Item / Year		2022	Jan. 1 – Apr. 14, 2023	Jan. 1 – Apr. 14, 2023
Market Value of Convertible Bond (NT$)	Highest	117.00	116.60	110.00
	Lowest	101.55	101.85	110.00
	Average (Note 1)	106.09	107.50	110.00
Conversion Price (NT$)		143.90/142.40 (Note 2)	142.40	150.00
Issue Date and Conversion Price upon Issue		1. Issue date: January 6, 2021 2. Conversion price upon issue: NT$155.80		1. Issue date: April 14, 2023 2. Conversion price upon issue: NT$150.00
Conversion Method		Issue new shares		

Note 1: Average price = Total monetary amount of trading with matching price and trading by price negociation / Total number of shares traded with matching price and by price negotiation.

Note 2: According to the regulations in Article 11 of Rules for issuance and conversion, the Company adjusted the conversion price. From July 9, 2022, the conversion price was adjusted from NT$143.90 to NT$142.40.

iii. Preferred Shares: None.

iv. Global Depository Receipts (GDR): None.

v. Subscription of Warrants for Employees: None.

vi. New Restricted Employee Shares

1. Up to the Date of Publication of the Annual Report, New Restricted Employee Shares Which the Vesting Conditions Have Not Yet Been Met for the Full Number of Shares

April 14, 2023

Type of New Restricted Employee Shares	2016 1st New Restricted Employee Shares	2016 2nd New Restricted Employee Shares	2017 1st New Restricted Employee Shares	2018 1st New Restricted Employee Shares	2022 1st New Restricted Employee Shares
Date of Effective Registration and Total Number of Shares	July 29, 2016 1,655,000 shares		November 30, 2017 390,000 shares	July 11, 2018 380,000 shares	August 9, 2022 2,000,000 shares
Issue Date	October 7, 2016	January 25, 2017	January 2, 2018	April 30, 2019	October 7, 2022
Issue Price	NT$25 per share				NT$30 per share
Number of New Restricted Employee Shares Issued as a Percentage of Shares Issued	1.97%	0.11%	0.49%	0.48%	2.52%
Vesting Conditions of New Restricted Employee Shares	Employees meet the job tenure and performance criteria in compliance with "Issuance Rules of New Restricted Employee Shares," and did not violate laws and regulations, the Service agreement, Commitment letter and work rules of the Company, Code of Business Conduct and Ethics, and related rules and agreements.				
Restricted Rights of New Restricted Employee Shares	(1) Employees must put the subscribed new restricted employee shares in custodial trust. Before the vesting conditions are met, employees, unless inherit, may not sell, pledge, transfer, give away shares to others, provide shares as collaterals, or dispose of shares otherwise. (2) Rights to vote and elect in the Shareholders' Meeting: The trust depository institution shall exercise on their behalf in compliance with related laws and regulations. (3) Employees who are granted new restricted employee shares can take part in the distributions of stock and cash dividends. Only stock and cash dividends of 1,567 thousand shares issued on October 7, 2016, and 88 thousand shares issued on January 25, 2017, must be deposited in custodial trust together with the shares.				
Custody Status of New Restricted Employee Shares	Deposit shares in custodial trust.				
Measures to be Taken Where Employees Fail to Meet the Vesting Conditions After Being Granted or Subscribing New Shares	(1) When employees granted the new restricted employee shares fail to meet vesting conditions, the Company shall buy back all the shares with issue price and cancel the shares, unless provided by "Issuance Rules of New Restricted Employee Shares" otherwise. (2) For the cash and stock dividends, and cash (stock) distributions from capital surplus, etc., which have been distributed to those fail to meet vesting conditions, the Company shall redeem the cash in compliance with relevant rules and cancel the shares in compliance with laws.				
Number of New Restricted Employee Shares Reclaimed	139,500 shares	-	53,000 shares	42,000 shares	12,000 shares
Number of Released New Restricted Employee Shares	1,420,500 shares	88,000 shares	337,000 shares	262,500 shares	-
Number of Unreleased New Restricted Employee Shares	2,500 shares	-	-	75,500 shares	1,988,000 shares
Unreleased New Restricted Employee Shares as a Percentage of Shares Issued	0.00%	-	-	0.10%	2.50%
Impact on Shareholders' Equity	The Company continues its business expansion and develops new items of recreational sports. Meanwhile, the original venues maintain growth. In future years, the revenues and profits are expected to keep increasing. The Company needs more talents to meet the foreseeable operational requirements and market competition. As a whole, there is a limited dilution of the Company's EPS in the following years, and there is no material impact on current shareholders' equity.				

2. Names and Acquisition Status of Managerial Officers Who Have Acquired New Restricted Employee Shares and of Employees Who Rank Among the Top Ten in the Number of New Restricted Employee Shares Acquired, Cumulative to the Date of Publication of the Annual Report

April 14, 2023

	Title	Name	Number of New Restricted Employee Shares Granted (thousand shares)	Number of New Restricted Employee Shares Granted as a Percentage of Shares Issued	Released New Restricted Employee Shares				Unreleased New Restricted Employee Shares			
					Number of Released Restricted Shares (thousand shares)	Issue Price (NT$)	Issue Amount (NT$ thousand)	Released Shares as a Percentage of Shares Issued	Number of Unreleased Restricted Shares (thousand shares)	Issue Price (NT$)	Issue Amount (NT$ thousand)	Unreleased Shares as a Percentage of Shares Issued
Managerial Officer	CEO & CSO	George Chen	760	0.96%	205	25	5,125	0.26%	555	25/30	16,545	0.70%
	President	Allen Lin										
	CBO	John Chen										
	COO	Eli Ho										
	CFO & CGO	Alex Miao										
	Vice President	Randy Chen										
	Vice President	Nick Chu										
	Vice President	Jay Chen										
	Vice President	Annie Kung										
	Vice President	Apple Ueng										

	Title	Name	Number of New Restricted Employee Shares Granted (thousand shares)	Number of New Restricted Employee Shares Granted as a Percentage of Shares Issued	Released New Restricted Employee Shares				Unreleased New Restricted Employee Shares			
					Number of Released Restricted Shares (thousand shares)	Issue Price (NT$)	Issue Amount (NT$ thousand)	Released Shares as a Percentage of Shares Issued	Number of Unreleased Restricted Shares (thousand shares)	Issue Price (NT$)	Issue Amount (NT$ thousand)	Unreleased Shares as a Percentage of Shares Issued
Employee	Senior Manager	F.J Yang	311	0.39%	181.5	25	4,537.5	0.23%	129.5	25/30	3,807.5	0.16%
	Regional Manager	Irean Cha										
	Senior Regional Manager	James Zhou										
	Regional Manager	Casper Shih										
	Senior Manager	Muscle Zhou										
	Manager	Eiman Wu										
	Special Assistant	Show Chen										
	Manager	Jennifer Kung										
	Manager	Meg Chen										
	Manager	Lisa Chu										

vii. Issuance of New Shares in Connection With Mergers or Acquisitions or With Acquisitions of Shares of Other Companies: None.

viii. Implementation of Capital Allocation Plans

For the Period as of the Quarter Preceding the Date of Publication of the Annual Report, With Respect to Each Uncompleted Public Issue or Private Placement of Securities, and to Such Issues and Placements That Were Completed in the Most Recent Three Years but Have Not Yet Fully Yielded the Planned Benefits Are as Follows:

1. Domestic 2nd Unsecured Convertible Corporate Bonds

(1) Date and the reference number of the approval letter

The issuance of the Company's Domestic 2nd Unsecured Convertible Corporate Bonds was approved and came into effect by Letter Jing-Guan-Zheng-Fa-Zi No.1090376605 of the Financial Supervisory Commission dated December 10, 2020.

(2) Source of funds

① Issued 4,000 Domestic 2nd Unsecured Convertible Corporate Bonds. Par value: NT$100,000 each bond; Period of issuance: 3 years; Interest rate: 0%; Total amount issued: NT$400,000,000. If the actual funds raised are insufficient, the Company will respond to it with the Company's own funds or bank loans.

② The Company's own funds: NT$61,000 thousand.

(3) Plans and the projected funds usage progress

Unit: NT$ thousand

Plan	Projected Deadline	Total Funds Needed			Projected Funds Usage Progress				
					2020	2021			
					Q4	Q1	Q2	Q3	Q4
Build new sites	2021 Q4	287,000	Raised at this time	287,000	-	44,100	90,600	88,200	64,100
			Own funds	-	-	-	-	-	-
Purchase of fitness equipment	2021 Q4	174,000	Raised at this time	113,000	-	16,500	68,900	20,500	7,100
			Own funds	61,000	11,400	-	-	-	49,600
Total		461,000			11,400	60,600	159,500	108,700	120,800

(4) All changes to the plan, the reason(s) for any changes to the plan, the benefits yielded by the funds before and after any change to the plan, and the date on which the change to the plan was reported at a shareholders' meeting: NA

(5) The date on which such information was uploaded to the information disclosure website specified by the FSC

The Company has disclosed the information on MOPS in November and December 2020, 2021-2023. Follow-ups will be announced and reported in compliance with laws and regulations.

(6) For the Period as of the Quarter Preceding the Date of Publication of the Annual Report, the Comparison Between the Implementation Status and the Expected Benefits

Unit: NT$ thousand; %

Plan	Implementation Status			Status, reason, and improvement plan when being ahead of or behind schedule	Benefits Assessment
Build new sites	Disbursement	Projected	287,000	The plan was planned to be completed in 2021 Q4. Due to the impact of COVID-19 pandemic, the construction and payments to firms were delayed, and the openings of some sites were postponed. As a result, the implementation progress of funds was behind schedule. It was completed in 2022 Q4.	Projected funds were used to build sites and purchase fitness equipment of Fitness Factory Tainan Annan, Chiayi Minxiong, Hsinchu Guangpu, New Taipei Xike, Kaohsiung Ganshan South, Taichung Fuke, and Taipei Changchun. The implementation progress of funds being behind schedule was mainly due to the impact of COVID-19 pandemic in 2021, the construction and payments to firms were delayed. Additionally, the openings of Fitness Factory Taichung Fuke and Fitness Factory New Taipei Xike were postponed until 2022 Q1 and Q4 respectively, resulting in a delay in the investment of relevant capital expenditures. Although the delay slightly affected new sites' contribution to revenue, it did not make a serious impact on the Company's revenue and profit of 2022. And, it has no material impact on the Company's financial operations.
		Actual	287,000		
	Implementation progress	Projected	100.00%		
		Actual	100.00%		
Purchase of fitness equipment	Disbursement	Projected	174,000		
		Actual	174,000		
	Implementation progress	Projected	100.00%		
		Actual	100.00%		
Total	Disbursement	Projected	461,000		
		Actual	461,000		
	Implementation progress	Projected	100.00%		
		Actual	100.00%		

2. Domestic 3rd Unsecured Convertible Corporate Bonds

(1) Date and the reference number of the approval letter

The issuance of the Company's Domestic 3rd Unsecured Convertible Corporate Bonds was approved and came into effect by Letter Jing-Guan-Zheng-Fa-Zi No.1120335005 of the Financial Supervisory Commission dated March 27, 2023.

(2) Source of funds

① Issued 3,000 Domestic 3rd Unsecured Convertible Corporate Bonds. Par value: NT$100,000 each bond; Period of issuance: 3 years; Interest rate: 0%; Total amount issued: NT$300,000 thousand. If the actual funds raised are insufficient, the Company will respond to it with the Company's own funds or bank loans.

② The Company's own funds: NT$52,000 thousand.

(3) Plans and the projected funds usage progress

Unit: NT$ thousand

<table>
<tr><th rowspan="3">Plan</th><th rowspan="3">Projected Deadline</th><th rowspan="3" colspan="3">Total Funds Needed</th><th colspan="5">Projected Funds Usage Progress</th></tr>
<tr><th colspan="4">2023</th><th>2024</th></tr>
<tr><th>Q1</th><th>Q2</th><th>Q3</th><th>Q4</th><th>Q1</th></tr>
<tr><td rowspan="2">Build new sites</td><td rowspan="2">2024 Q1</td><td rowspan="2">230,000</td><td>Raised at this time</td><td>199,600</td><td>-</td><td>51,600</td><td>96,900</td><td>51,100</td><td>-</td></tr>
<tr><td>Own funds</td><td>30,400</td><td>10,500</td><td>12,400</td><td>-</td><td>-</td><td>7,500</td></tr>
<tr><td rowspan="2">Purchase of fitness equipment</td><td rowspan="2">2024 Q1</td><td rowspan="2">122,000</td><td>Raised at this time</td><td>100,400</td><td>-</td><td>23,000</td><td>49,400</td><td>28,000</td><td>-</td></tr>
<tr><td>Own funds</td><td>21,600</td><td>10,500</td><td>5,400</td><td>-</td><td>-</td><td>5,700</td></tr>
<tr><td colspan="2">Total</td><td colspan="3">352,000</td><td>21,000</td><td>92,400</td><td>146,300</td><td>79,100</td><td>13,200</td></tr>
</table>

(4) All changes to the plan, the reason(s) for any changes to the plan, the benefits yielded by the funds before and after any change to the plan, and the date on which the change to the plan was reported at a shareholders' meeting: NA

(5) The date on which such information was uploaded to the information disclosure website specified by the FSC

The Company has disclosed the information on MOPS in March and April 2023. Follow-ups will be announced and reported in compliance with laws and regulations.

(6) For the Period as of the Quarter Preceding the Date of Publication of the Annual Report, the Comparison Between the Implementation Status and the Expected Benefits

Unit: NT$ thousand; %

Plan	Implementation Status			Status, reason, and improvement plan when being ahead of or behind schedule	Benefits Assessment
Build new sites	Disbursement	Projected	10,500	The difference between the planned implementation progress and the actual implementation progress in 2023 Q1 is slight.	The Company issued Domestic 3rd Unsecured Convertible Corporate Bonds. As of 2023 Q1, the fundraising has not been completed. According to the projected implementation progress, the projected disbursement from own funds is NT$21,000 thousand. The actual disbursement is NT$19,638 thousand. There was no major difference, and no impact on the expected benefits.
		Actual	96		
	Implementation progress	Projected	2.98%		
		Actual	0.03%		
Purchase of fitness equipment	Disbursement	Projected	10,500		
		Actual	19,542		
	Implementation progress	Projected	2.98%		
		Actual	5.55%		
Total	Disbursement	Projected	21,000		
		Actual	19,638		
	Implementation progress	Projected	5.96%		
		Actual	5.58%		

V. Overview of Operations

i. Business Content

The Company runs the business of membership-based fitness center chains and recreational sports venues. The main business is providing members with facilities, equipment, courses, and other services for recreational sports, fitness, and amusement. According to "Standard Industrial Classification System of the Republic of China (Rev.10)" promulgated by Directorate-General of Budget, Accounting and Statistics, Executive Yuan in January 2016, the Company is classified as "Sports, amusement, and recreation." Besides providing recreational sports, fitness, amusement, and other services, certified trainers or trainers with professional experience provide members with customized private training courses of health promotion, body sculpting, sports injury prevention, or disease prevention to meet more and more customer needs of pursuing body health and keeping in shape. According to "Contents and Scope of the Sports Industry" released and made by Sports Affairs Council, Executive Yuan (today's Sports Administration, MOE), the related business is classified as "Sports and health care services."

1. Scope of Business

(1) Major content of business activities

① Recreational Activities Venue
② Athletics and Recreational Sports Stadium
③ Sports Training
④ Rental and Leasing
⑤ Sauna
⑥ Beauty and Hairdressing Services
⑦ Body Shaping Beauty Services
⑧ Management Consulting

(2) Major service of business as a percentage of consolidated revenue

Unit: NT$ thousand; %

Year / Major Products	2021		2022	
	Net Consolidated Revenue	Proportion of Revenue	Net Consolidated Revenue	Proportion of Revenue
Revenue of fitness and recreational sports services	1,527,548	58.62	2,019,512	56.00
Revenue of sports health services	980,977	37.64	1,419,292	39.35
Revenue of joining fees (Note)	77,360	2.97	139,996	3.88
Others	20,092	0.77	27,603	0.77
Total	2,605,977	100.00	3,606,403	100.00

Note: Handling fee is included.

(3) Company's current products (services)

The Company mainly runs the business of membership-based fitness center chains and recreational sports venues. Currently, The Company owns six brands, including "Fitness Factory," "Body Workshop," "Crazy Jump," "Let's Roll," "S klub," and "KILL ZONE." They respectively provide services of professional recreational sports and fitness, amusement, aromatherapy, recreational sport of trampoline, bowling sport, children physical fitness, and simulated shooting battle game. The Company expands its business by running regular chains.

Up to now, there are 66 operating sites of the Company's most important strategic brand "Fitness Factory" in Taiwan. Fitness Factory builds a premium exercise environment, imports advanced fitness equipment, and offers diverse training courses, providing members with high-quality facilities, equipment, and courses for recreational sports, fitness, and amusement. Besides, professional trainers provide members with customized private training courses to accomplish health promotion, body sculpting and sports injury prevention. In addition, to meet members' diverse recreational needs, the aromatherapy service is offered in "Body Workshop" attached to "Fitness Factory Boai."

In 2015, the Company established a new brand "Crazy Jump" and introduced the popular recreational sport of trampoline from overseas. The Company exclusively imported a full set of U.S.-made bouncing equipment and built the safest recreational and sports center combining sport and amusement, providing customers with the most complete and the safest bouncing exercise environment, and driving recreational sports on trend domestically.

In 2016, the Company expanded its business into bowling sport, rolling out the fashionable bowling alley "Let's Roll," which combines elements of sports, amusement, and food & beverage. It introduced the latest and the most advanced bowling lanes from BRUNSWICK, which has the biggest global bowling equipment market share, building a professional and high-quality bowling alley suitable for families, groups, and bowling sport enthusiasts for exercise, recreation, and gathering purposes. The first site is at Taroko Park (today's SKM Park Outlets) in Kaohsiung City. The park combines elements of recreation, sports, amusement, and food & beverage.

In addition to promoting adult fitness and exercise, the Company proactively took root downwards and established "S klub Children Physical Fitness Club," which is specifically for children aged between 3 and 12. The first site, "S klub Kaohsiung Qinghai," was officially opened on February 4, 2017, providing diverse professional physical fitness courses for children including physical fitness, basketball, soccer, volleyball, taekwondo, dancing, basic gymnastics, Parkour, and Brazilian Jiu-Jitsu. S klub helps children get strong bodies, develop good interaction skills, and build their self-esteem and confidence at the same time via the professional physical fitness courses for children. Currently, S klub has taken parents and children by storm and effectively increased the population participating in sport and exercise. Ever since the establishment of S klub, Power Wind Health Industry has been the first and only operator that provides services of professional physical fitness for people of all ages.

In 2020, the Company established the new brand "KILL ZONE" and introduced U.S.-made equipment. In KILL ZONE, players use one-to-one scale rifles, shotguns, and pistols used by the police. The epic war scenes and gorgeous sound & lighting effects make players feel they are on battlefields. KILL ZONE is the only simulated shooting battle game facility in Taiwan.

The Company combines fitness, recreation, and parent-child to offer diverse recreational sports services, which shifts the potential customer base from those with strong demands on fitness to people of all ages, which fulfills the demands on fitness and recreational sports of each group and ages.

Brand Name	Fitness Factory
Brand LOGO (Note)	健身工廠 FITNESS FACTORY
Year of Establishment	2006
Brand Philosophy	Build a strong body before building a strong country; where there is a will, there is a way.
Brand Positioning	Affordable, high-quality
Target Group	The public aged between 15 and 65

Note: On September 3, 2018, the Company built the brand-new corporate identity system (CIS) of "Fitness Factory" and officially started using it.

Brand Name	Crazy Jump
Brand LOGO	Crazy Jump 肖跳 TRAMPOLINE PARK
Year of Establishment	2015
Brand Philosophy	The indoor "bouncing" theme park. A full set of the highest-quality U.S.-made bouncing equipment was imported. Crazy Jump is the first choice for parent-child indoor sport in Taiwan.
Brand Positioning	Safe and high-quality trampoline exercises facility
Target Group	The public aged between 5 and 45

Brand Name	Let's Roll
Brand LOGO	
Year of Establishment	2016
Brand Philosophy	In Taiwan, Let's Roll is the only trendy bowling alley with uniqle American design aesthetics, and for the purposes of amusement and recreation.
Brand Positioning	Professional, fashionable, and high-quality bowling alley
Target Group	The public aged between 5 and 50

Brand Name	S klub
Brand LOGO	
Year of Establishment	2017
Brand Philosophy	Help children get strong bodies, develop good interaction skills, and build their self-esteem and confidence
Brand Positioning	Professional physical fitness for children
Target Group	Children and adolescents aged between 3 and 12

Brand Name	KILL ZONE
Brand LOGO	
Year of Establishment	2020
Brand Philosophy	The professional simulated shooting game experience in Taiwan, providing groups in companies with the most suitable recreation and amusement facility to improve team cohesiveness and team spirit.
Brand Positioning	Amusement and recreation
Target Group	Adolescents and adults aged between 15 and 40

Brand Name	Body Workshop
Brand LOGO	人體工房
Year of Establishment	2006
Brand Philosophy	Enjoy Easy. An easy way to enjoy and love yourself is at Body Workshop
Brand Positioning	Affordable, high-quality
Target Group	The public aged between 20 and 65

Brand Name	PW SPORTS NUTRITION
Brand LOGO	PW SPORTS NUTRITION
Year of Establishment	2020
Brand Philosophy	High-quality nutritional supplements which fulfill members' needs of fitness
Brand Positioning	Affordable and high-quality own-brand products on physical and digital channels
Target Group	The public who has the need of fitness

In addition to providing fitness and recreation services, the Company has continued to devote time and effort to "Football" for six years. Starting from the establishment of the sixth brand "S klub Children Physical Fitness Club," the Company actively promotes football for children and sets up a football team. From S klub Children Physical Fitness Club to Junior Football Club, the Company hosts its football cup and invitational tournaments. In addition, in September 2022, the Company was entrusted with the operation and management rights of Kaohsiung Nanzih Football Stadium, and it positioned the stadium as a football development center in Taiwan.

At the same time, Power Wind cooperated with LaLiga Football Schools, one of the three major international football leagues, exclusively introduced the world-class Spanish LaLiga football training system, and established LaLiga Football Schools-Taiwan, so that children who love playing football can learn football in an all-round way. In addition, we are also looking forward to improving the professional skills of Taiwanese football players and coaches.

In addition, Power Wind officially took over the Kaohsiung Sunny Bank Women's Football Team in March 2023. Power Wind is the first TWSE-listed company to own a football team. We have our professional football team, and the team enters for 2023 Taiwan Mulan Football League. In the future, the team's operation will also move towards a professional model, hoping to bring fans and spectators a better entertainment experience.

From the very beginning, Power Wind had children's football training fields only, and now it operates Nanzih Football Stadium with international standards. From the youth football team to the women's professional football team, we hope that by operating the stadium and the team with heart, football in Taiwan will take root downwards and blossom upwards, creating a football culture that belongs to Taiwan.

(4) New products (services) planned to be developed

① New market expansion

A. The Company's founding purpose is to combine sport and recreation and promote regular exercise and fitness habit in Taiwan. Besides the cities which have had operating sites, the markets in middle and northern Taiwan are the primary regions for opening new sites in the future.

B. The Company develops new types of sports and fitness facilities in accordance with the metropolis characteristics and consumer demand of Taipei City.

C. In addition to promoting exercise and fitness for adults, physical fitness for children and adolescents is regarded as one of the primary markets to expand. Only when children cultivate the habit of doing exercise from childhood will they internalize exercise as an indispensable part of their life. The Company builds "S klub Children

Physical Fitness Club" specifically for children and adolescents aged between 3 and 12. The first site, "S klub Kaohsiung Qinghai," was officially opened on February 4, 2017.

② The development of new courses

A. The Company proactively introduces overseas popular recreational sports items and the latest training courses to move forward to the sports and recreation business with multi brands of sports, recreation, and amusement.

B. The Company develops the application of functional sports assistive devices training courses for trainers, and innovative indoor spinning and aerobics courses.

③ Diversification strategy

A. The Company plans to launch professional certification programs and cultivation projects for personal trainers and aerobics instructors. Taiwan Physical Fitness Development Association aims to be a professional certificate authority and helps athletes who have expertise in sports, or students from related departments enter the workforce of related field of sports and fitness to raise the professional level of the domestic fitness industry.

B. The Company expands the business map to bowling alley and creates its new business entity by combining elements of sports, amusement, fashion, and food & beverage.

2. Industry Summary

The sports industry is composed of the market which provides customers with physical fitness, sports, amusement, and recreation-related products. The industry can roughly be divided into sporting goods and sports services. The sporting goods market includes sportswear, sneakers, and sports & fitness equipment. The sports service market includes participatory sports and spectator sports.

The sports industry is an important industry which can affect different countries around the world since sports arouse a good deal of passion among global audience and althletes. Individually, regardless of sports, swimming, skiing, cycling, doing yoga, running, playing tennis, or playing golf, it can be both amusement and fitness. For enterprises, sports offer the market infinite business opportunities and worthwhile investment opportunities. For athletes, sports fulfill high-level challenges and give them a sense of achievement. For the professionals engaging in professional sports, sports can bring fame and fortune. For local governments and facility developers, sports are a way to create revenue from tourists and local fans. From families to schools, and from elementary schools to universities, sports are deeply embedded in our daily lives and the education system, enriching our lives and pleasing people all over the world. In addition to the influences on economic level, the biggest effect of sports is creating the life of amusements and recreations of billions of fans via newspaper, television broadcast, print media, the internet, audience, and participants.

The Company runs the business of membership-based fitness center chains and recreational sports venues, providing members with premium exercising environment, top-notch fitness equipment, and diverse training courses. The charge is standardized, transparent, and in compliance with the regulations in Standard form Contracts for “fitness centers” and “fitness instructors.” Power Wind Health Industry insists on the business philosophy of making customers feel reliable and reassured to join Fitness Factory. As the second biggest sport & fitness brand and the biggest local sport & fitness brand in Taiwan, “Fitness Factory” has earned the trust and recognition from customers with its exceptional reputation. In addition, compared to other operators which specifically focus on fitness or yoga, the Company offers diverse sport and recreational services, combining fitness, recreation, and parent-child. It shifts the potential customer base from those with strong demands on fitness to people of all ages, which fulfills the demands on fitness and recreational sports of each group and ages. Power Wind Health Industry sets a model among domestic fitness brands and plays a decisive role in Taiwan’s sports and recreation industry.

(1) The industry's status and development

① Sports Activities and Amusement and Recreation Activities

With the constant development of global economy, the industry faces global competition, and the transformation of social formation makes people nowadays get busier and busier with high stress at work. In addition, the population structure is developing into an aging society, which prompts Taiwanese to value recreation and relaxation during off-work hours. Especially, exercise is the most effective and accessible for emotional and spiritual relaxation, which more practically helps health promotion and maintenance.

With the increase in gross national income, the advance of information network, and the increase in health awareness, more and more people get the life back into balance and improve their mental and physical health by combining exercise and recreation. The sports industry has developed into "epistemic health industry," which is an important part of the economic development in developed countries. The development of the sports industry can perk up the economy, raise the level of competitive sports, create job opportunities, and add value to other related industries. In Taiwan, the sports and recreation industry has been flourishing and valued gradually. With the constant development of national economy, the sports and recreation industry has been a star of all industries gradually.

A. The global sports industry

In 2000, the total production value of the sports industry in the U.S. reached around US$213.5 billion, which was around US$390 billion in 2006. In comparison to 2000, the total production value went up by 83%. In 2009, the total production value of the sports industry in the U.S. reached US$414 billion, with a 6.2% increase comparing to 2006. Over the ten years, the annual average growth rate of the total production value of the sports industry in the U.S. was 9.4%.

From 1985 to 2003, the economic growth rate of the U.K. was about 59%, while the growth rate of the total production value of the sports industry reached 103% at the same time. The annual average growth rate was around 6%, showing the sports industry can boost the economic development of a country. In comparison to 2006, the growth rate of real customers spending of the sports industry in the U.K. increased 3% in 2007, and the GDSP of the sports industry reached US$20.45 billion, which exceeded the average growth rate of the GDP of the U.K.

The GDSP of the sports industry in Asian countries also has great potential for development. For instance, the GDSP of the sports industry was around US$53.271 billion in Japan in 1997, and it reached around US$86.9 billion in 2010. In Korea, it was around US$10.9 billion in 1999, and it reached around US$23.6 billion in 2010. In China, the total expenditure on sport in 1998 was around RMB140 billion (the expenditure on sporting goods was not included). From 1992 to 1997, the annual average growth rate of national culture and sports consumption index reached 5.1%.

B. Global fitness industry

According to the industry research report of IHRSA (International Health, Racquet & Sportsclub Association), global health club industry constantly grew in 2018. The total industry revenue reached US$94 billion in 2018, with over 210 thousand health clubs and 183 million members. Analysed based on the total industry revenue, North America had the highest revenue. Europe had the second-highest revenue, and Asia-Pacific had the third highest revenue. The development of the sports industry in the U.S. is always outstanding around the world. Whether it is professional sports or the fitness industry, there are stable and vast market and population in the U.S.

Global Market Size & Scope of Health Club Industry

Unit: US$; institution; ppl

Region	Total Industry Revenue	Total Number of Clubs	Total Number of Members
North America	35,293,474,316	46,157	68,640,950
Europe	32,095,518,868	63,955	64,293,260
Asia-Pacific	16,826,000,000	25,140	22,480,000
Latin America	5,852,500,000	68,195	21,645,400
Middle East & North Africa	2,344,187,509	5,810	3,818,472
Southern Africa	1,560,000,000	1,036	2,121,064
Total	93,971,680,693	201,293	182,999,146

Data source: 2019 IHRSA (International Health, Racquet & Sportsclub Association) Global Report, 2018 Industry Research Report

According to the 2019 IHRSA Global Report, the U.S. had the highest total industry revenue in North America. The number of health clubs in the U.S. grew from 13,854 in 1990 to 39,570 in 2018, and the number of members grew from 20,700 thousand in 1992 to 62,465 thousand in 2018. The total industry revenue in the U.S. reached US$32.348 billion in 2018. In Europe, Germany had the highest total industry revenue. In Germany, the number of health clubs grew to 9,343 and the number of members reached 11,090 thousand in 2018. The total industry revenue in Germany reached US$6.285 billion. As for Asia-Pacific, China (top 10 cities) had the highest total industry revenue, reaching US$3.944 billion with 1,767 health clubs and 4,520 thousand members. Japan had the second highest revenue, reaching US$3.943 billion with 4,950 health clubs and 4,240 thousand members. In summary, the global market of health clubs still has the potential to grow, and its production value increases constantly.

C. The sports and recreation industry in Taiwan

a. The industry's development status

In recent years, the sports and recreation industry gradually becomes popular when the public values physical & mental health and leisure activities, providing people nowadays with convenient and safe indoor exercise facilities and equipment. The development of the sport and fitness industry in Taiwan: After famous operators such as Jia Zi, Zhong Xing, Alexander Health Club, and California Fitness Centre went out of business and changed hands, the state of fitness clubs started to change. With the developmental trend of the society's health awareness, recreational fitness centers gradually move to the management direction of customization, differentiation, and elaboration, making domestic large fitness center chains flourish.

In Taiwan, recreational fitness clubs originated in the late 1970s. Ms. Margaret M. Kuo introduced aerobics dance courses from Japan, which was the precursor of the rhythm and aerobics fitness centers. In Taiwan, the first fully equipped health physical fitness club "Clark health club" was established in 1980, invested by American businessman Mr. Clark and his friends. They introduced the training methods and the operation modes used in health clubs in the U.S., starting the era of fitness industry in Taiwan. The club in Sheraton Grand Taipei Hotel in 1980 and Zhong Xing Fitness Club, founded by the pioneer of domestic aerobics Ms. Cillia Hui-Lan Chiang in 1986, started the ebb and flow of the industry. Jia Zi Aerobics World was established by the chairperson Ms. Chun-Zhen Tsai in 1981. Ya Zi Aerobics World (renamed as Alexander Health Club in 1993) was established by Ms. Candy Ya-Jun Tang in 1983. Both were the fitness clubs that made a debut of exclusive exercise classes for women. From 1991, Ms. Candy Ya-Jun Tang aimed at the target market in communities and families and offered diverse services. She proactively opened new sites of Alexander Health Club around Taiwan. In 2000, California Fitness Centre successfully entered the market of the young generation aged between 25 and 35 with its business philosophy “Combine fitness with amusement.” At the same time, Nice Group from Taiwan set up a joint venture “Gold’s Gym” with Gold’s Gym from the U.S. Since Gold’s Gym’s workout environment was quite different from California Fitness Centre’s lively atmosphere, the simpler environment attracted quite a few office workers. World Gym entered Taiwan in 2001 and acquired California Fitness Centre’s sites in Taiwan in October 2010. Afterward, Hollywood Fitness from the U.S. started its business in Taiwan in 2002.

Fitness clubs used to charge exorbitantly in the past, and joining fees were around hundreds of thousands of dollars. As a result, not many people could afford to pay. Nowadays, fitness centers mostly locate in city centers with good public transport and dramatically decreased membership fees. Paying from NT$1,000 to NT$3,000 of monthly fee, members can use various exercise equiptment and services. Therefore, under the circumstances of facing competitors and providing affordable services in the industry enviroment, fitness centers simply provide health-oriented and recreation-oriented services and get rid of the stereotype of “Noble Clubs.” They are transformed into popularized Sport and Recreational Activities.

According to “2011 Industry and Services Census” by Directorate-General of Budget, Accounting and Statistics, Executive Yuan, the total operating revenue of Sports Activities in 2011 reached NT$15,004,633 thousand. Besides, according to “Public Finance Statistics Database” by the Ministry of Finance, in 2017 and 2018, the total revenue of domestic profit-seeking fitness centers and health clubs were NT$10,083,325 thousand and NT$12,974,876 thousand, and the numbers of operating sites were 482 and 620 at year-end. In 2020, Sports and recreation industry and other industries in Taiwan suffered from the impact of COVID-19 pandemic for the first time. Even so, there was a growing trend of domestic profit-seeking fitness centers and health clubs in 2020. The total revenue of 2020 was NT$15,205,009 thousand, and the number of operating sites was 728 at year-end. In 2021, due to the severe pandemic, recreation and amusement related industries were forced to shut down to follow the government's pandemic preventive measures for Level 3 of the COVID-19 alert. The unprecedented impact caused the revenue in 2021 to decrease to NT$12,359,154 thousand. However, as of year-end 2021, the number of operating sites still increased to 817. As of year-end 2022, the number of domestic fitness center and health club operating sites increased to 894, and the total revenue of them returned to NT$15,337,428 thousand, showing that the domestic fitness industry still has the potential to grow.

b. The government's industry policies

In "2003 National Development Plan," the R.O.C. government included the "Sports and Recreation Industry" in one of the primarily promoted industries in "Industry High Value Program." In addition, Executive Yuan passed "Tourism and Sports & Recreation Activities Development Outline and Action Program" in the 2914th meeting on November 10, 2004, which stipulated that the development goal of the sports and recreation industry was to double the number of people who exercise in 2007 as revealed in "Challenge 2008- National Development Plan." By proactively improving the investment environment of the sports and recreation industry, encouraging the industry to provide convenient and complete services and products, it is expected to increase 500,000 physically active people every year. Gradually, everyone likes to exercise, which forms enormous connections between related service industries.

The government also regards Sports Activities as one of the main development strategies. Sports Affairs Council, Executive Yuan (today's Sports Administration, MOE) spared no effort to promote Sports for All. With the drive of Sports for All related plans, "Sunlight Fitness Promotion Plan," "Sports Population Doubling Plan," and "Molding Taiwan into a Sports Island Plan," the government, NGOs, schools at all levels, institutions and groups, and individuals proactively commit themselves to recreational sports which are meant to popularize exercise engagement. The awareness, needs, and engagement of recreational sports of Taiwanese increase year after year. "Molding Taiwan into a Sports Island Plan" constantly promotes Health Physical Fitness Improvement Project, Education and Promotion of Molding a Sport Island Project, Exercise Lohas Project, Mountains to Sea Lohas Project, etc., which build a premium and healthy exercise and recreational environment for Taiwanese together. With the philosophy of "Enjoy exercise & Life healthy," the government actively promotes Sports for All and increases both the national exercise participation rate and national health awareness. On the side of building hardware facilities, the government widely builds civil sports centers in metropolitan areas around Taiwan and improves civic sports facilities across the nation. The government also introduces related sports professionals and creates a sports map, hoping to mold Taiwan into a "Sports Island." After Sports Administration's promotions, the population of people who exercise in Taiwan grows year by year. According to Surveys of Sports City and Surveys of Exercise Conditions over the years, the population of people exercising regularly in Taiwan grows significantly from 12.8% in 2003 to 34% in 2022, showing that Sports for All has been popularized gradually.

Besides, to promote the development of the sports industry, Sports Affairs Council, Executive Yuan (today's Sports

Administration, MOE) builds a good business environment for the sports industry, and actively improves competitiveness to be geared to international standards. Also, it builds high-quality sport and recreation environment for Taiwanese. MOE formulated "Sports Industry Development Act." The Act was announced and enforced on March 1, 2012, making the sports industry, which is linked up with the world, an important administrative direction of the nation.

The sports and recreation industry is meant to emphasize and promote the importance and advantages of exercise and keeps developing and designing new types of workout methods which combine sport with recreation to increase customers' consumer awareness of sport. As for the consumption pattern of membership-based fitness centers, it prompts customers to make regular exercise a habit by spending on fitness centers. The Company is dedicated to promoting new concepts of life-oriented and recreation-oriented exercise in Taiwan. With the principle of integrity management, high-quality exercise equipment, professional training courses with trainers, approachable customer service, and good operations management, Power Wind constantly expands its brands with chain-store business model and endeavors to work towards to international sport and recreation business.

② Health industry

Executive Yuan passed "Visions for a Golden Decade" in the 3301st meeting on June 7, 2012. The golden decade plan proposes new ways of thinking to build Taiwan's "golden decade," and one of them is "a social care system focusing more on boosting the level of the gross national happiness (GNH) than spurring the growth of the gross domestic product (GDP)," which stresses subjective feelings, GNH, and boosts overall national well-being. GNH includes family value, environmental quality, quality of life, social justice, and other humanistic care. The strategy 2 "Promote Wholesome Public Policies" in administrative program 2 "Safe and Sound" in vision 2 "A Just Social" stresses on obesity prevention, Sports for All, and raising the regular exercise rate of adults.

Executive Yuan passed "ROC Plan for National Development in 2012" in the 3278th meeting on December 15, 2011. One of the six major rising industries that the government actively promoted is "medical care industry." One of the emphases of "Medical Care Industry Upgrade Platinum Program" is promoting health promotion plans, which include building healthy communities, workplaces, hospitals, and schools, assisting in making the industry healthy and health industrialization, and driving the development of "health industry."

"Status and Trends in Health Industry and Management" by PH.D. Ing-Chung Huang from National University of Kaohsiung in 2008 and "Status and Prospect of Health Industry in Taiwan" by Professor Si Su from Institute of Health Policy and Management, National Taiwan University both disclosed that with the improved people's quality of life and the increased lifespan, the scope of health industry has been enlarged from diagnoses and treatment of diseases to the level of care, body maintenance, and prevention. Aged care, care, rehabilitation, dietary and health supplement, fitness centers, and examination have all been included in the scope of "health industry."

Scope of Health Industry

Prevention	Body Maintenance	Care	Treatment
Fitness centers Health examination	Health supplement Healthy foods	Care Aged care Rehabilitation	Medical care Pharma Medical equipment

Data source: "Status and Trends in Health Industry and Management" by PH.D. Ing-Chung Huang from National University of Kaohsiung in 2008 and "Status and Prospect of Health Industry in Taiwan" by Professor Si Su from Institute of Health Policy and Management, National Taiwan University

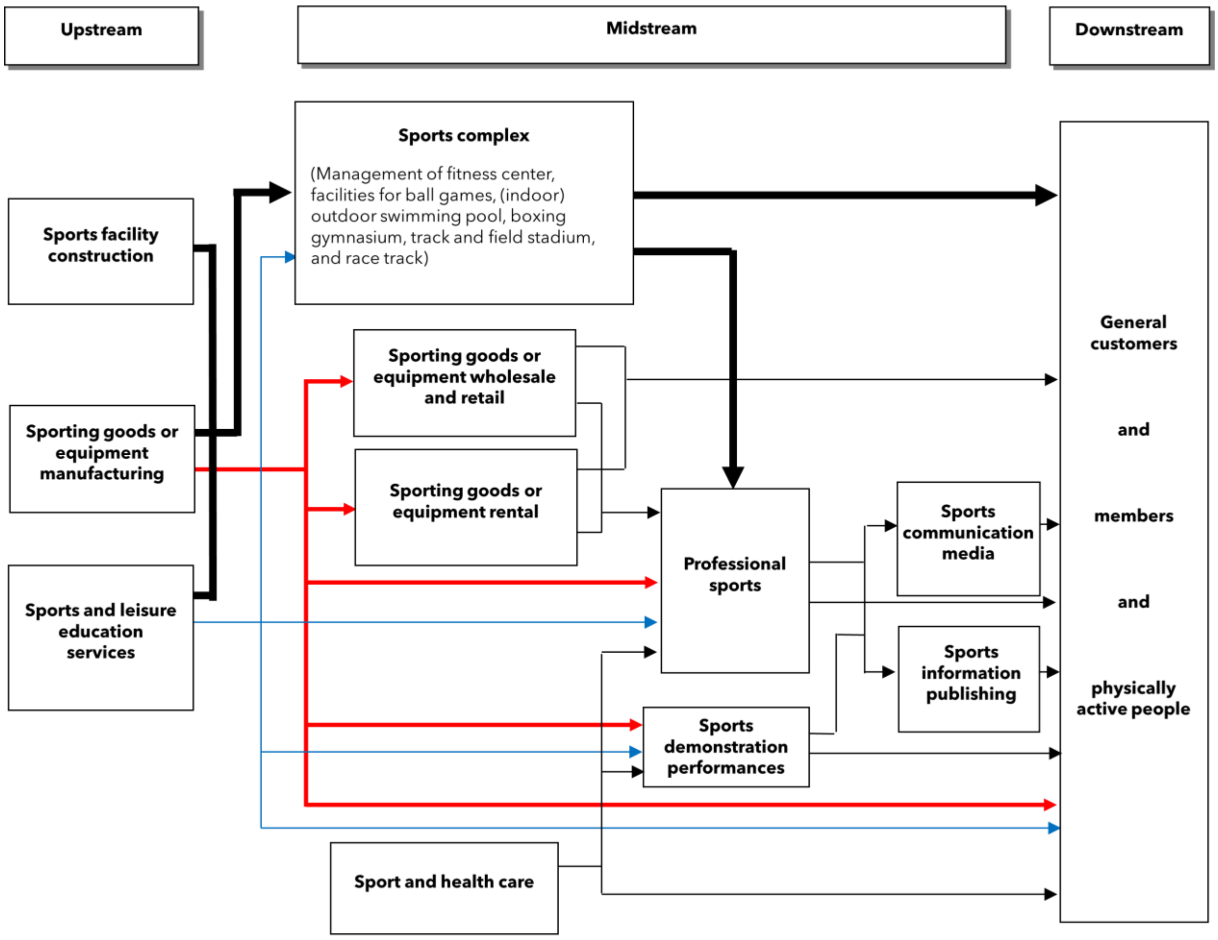
From the visions planned by Executive Yuan to the government's development plans and academic research directions, they all show that "health industry" has the best prospects for development in the present and the future in Taiwan. The broad definitions of "health industry" should include "Biotech and MedTech Industry," "Medical Industry," and other related "knowledge-based industries." Anything that can directly or indirectly help human health should be included in the scope of the health industry. The Company is in the sport and health care business, which is a significant part of the "knowledge-based industries" included in the health industry.

(2) Relations of the industry's upstream, midstream, and downstream

The sports industry's upstream business includes Sports facility construction, Sporting goods or equipment manufacturing, and Sport and leisure education services. Its midstream business includes Sports complex, Sporting goods or equipment wholesale and retail, Sporting goods or equipment rental, Sport and health care, Professional sports, Sports demonstration performances, and extended Sports communication media and Sports information publishing. Its downstream business includes general customers, members, and physically active people who would pay for sports & fitness and tickets for sports competitions or performances. Each part of the industry's upstream, midstream, and downstream creates economic value.

To build various high-quality and standardized services, the Company builds long-term and steady partnerships with upstream suppliers. In addition, the Company proactively introduces various certificate programs and new training courses. Therefore, the Company has earned recognition from customers for providing satisfying services eventually. The relations of the sports industry's upstream, midstream, and downstream are shown as follows:

The Sports Industry's Upstream, Midstream, and Downstream Relationship Diagram



The Company organized and made the diagram according to "Contents and Scope of the Sports Industry" released and made by Sports Administration, MOE on March 23, 2012.

(3) Various development trends of products (services)

There are three main turning points when taking a panoramic view of the development of sports and fitness business in Taiwan: ① Dance clubs and aerobics centers in the early stage; ② Business diversification; and ③ Complex management. In recent years, domestic sports and fitness business has presented us with large-scale chains management and channel diversification. In addition, different consumer behaviors in different regions and the impact of the economic environment also make local sports and fitness business develop into diversification, complexity, and chain stores.

With the increased brand awareness of consumers in Taiwan and their requests for high-quality services, moving the sports and fitness industry in Taiwan towards brands with chain stores and professionalization of management is an inevitable trend. In addition, foreign enterprises and brands no longer dominate the industry. The involvement of famous domestic enterprises makes the consumer market more selective. Moreover, the concept of exercise for strong bodies has been valued gradually under the promotion of the government and among people. The popularization and life-oriented exercise will become the industry's biggest niche market of constant expansion in the future.

The Company's founding purpose is to promote the new concepts of life-oriented and recreation-oriented exercises. The Company built its own brand "Fitness Factory" in Taiwan and introduced Taiwanese to western fitness industry. Fitness Factory combines consumer demand and cultural traits of Taiwanese to strengthen the industry's ecosystem and market. The Company insists on the principle of integrity and sustainable management when competing against competitors in the market. The Company believes that improvements in brand management, operations management, and service quality are the key factors in increasing market share and maintaining competitiveness, making Power Wind gain a foothold in the highly competitive market.

(4) Competition status

In recent years, due to the popularization and life-oriented exercise, the population of people exercising regularly in Taiwan grows constantly and personal consumption expenditures on sports increase year after year. The government builds civil sports centers in each city and county and outsources the operations. In respect of market segment, the operation mode of civil sports centers is pay per entry. Foreign brands quickly expanded operating sites through early mergers, acquisitions, and transfers in Taiwan. Foreign enterprises compete against competitors with their strong marketing strategies. In addition, in-building fitness centers for employees in large enterprises and exercise & physical examination centers in medical institutions share part of the market.

According to the statistics by MOF, as of year-end 2022, the number of operating sites of domestic profit-seeking fitness centers and health clubs was 894. Most of them are local fitness clubs, fitness studios, and aerobics centers. In addition to Fitness Factory, World Gym, True Fitness, Extreme Fitness Center, and BEING sport are the fitness center operators which introduce the business philosophy of American large-scale fitness centers and run the business of large-scale membership-based fitness center chains.

When the Company faces industry and cross-industry competitions, its core competence is insisting on the business philosophy of integrity management, which makes Power Wind's brands gain customer trust and earn recognition. When facing powerful industry and cross-industry competitors, the Company maintains competitive advantages with the following factors: professional and advanced fitness equipment planning ability; a wealth of sports science and sports & health care knowledge and technical skills; standardized pricing; and good operating abilities. In addition, the Company has a good financial structure to respond to changes in the consumer market. Also, the Company provides customers with varied fitness training and fresh exercise options by constantly developing new training courses.

3. Technology and Research & Development Summary

(1) The technological arrangement in business operations, research & development

Sports Administration, MOE promotes "Promotion of Consumption Expenditures on Health and Sports Plan" to encourage sports service operators to build innovative business models, build high-quality exercise environments, run exercise courses on health promotion, build consumption patterns of sport, and make a job market for more sports professionals. Particularly for registered operators which provide suitable sports facilities and equipment and hire adequate fitness-related certified sports instructors, MOE designs special exercise courses of health promotion and disease prevention. The types of disease include patients with metabolic syndrome; women with stress urinary incontinence; feeble older adults who are in stable medical condition; patients with melancholic tendencies; patients with degenerative arthritis who are in stable medical condition; patients with cardiovascular disease who are in stable medical condition; stroke patients who are in stable medical condition; and the other health-underprivileged groups which have significant improvement in health after exercising. (Please check on Sports Industry Consultation Site of Sports Administration, MOE for more details)

From this plan, people know that Sports Administration, MOE thinks operators which provide suitable sports facilities and equipment and hire adequate fitness-related certified sports instructors, and related exercise courses can help patients with disease achieve the goals of health promotion and disease improvement. Many medical research projects find well-designed suitable exercise courses helpful to chronic disease patients to improve their condition.

Professional fitness trainers and aerobics instructors are fitness centers' valuable assets. For personal trainers' professional certification and continuing training, domestic fitness centers and health clubs usually directly adopt or introduce training or certification from domestic/foreign certificate authorities. For developing aerobics programs, domestic fitness centers and health clubs introduce internationally popular aerobics programs. In 2014, the Company broke the industry's practices and formed Trainers Training Team in Division of Physical Fitness before any competitors did. The team consists of professional coaches in the fields of fitness, bodybuilding, dancing, physical therapy, and nutrition and professional personnel. They combine practice and theories and develop domestic/foreign new training courses and training equipment together. In addition, they do their own R&D on training courses to make personal trainers and aerobics instructors have a good knowledge of the latest physical fitness knowledge and information on sports science anytime. Therefore, the plans on training equipment keep improving as the ever-changing technology, which meet customer needs of hoping to feel the freshness of exercise and training and be in line with the global exercise trends.

For personal trainers' professional certification and continuing training, the Company has developed training courses for personal trainers on its own and built a complete certification system for trainers. To become a personal trainer who provides members with one-on-one training, trainers must pass the Company's certification of training courses for personal trainers. In addition, the Company encourages trainers to proactively obtain the certificate of national physical fitness instructors and certificates of various training courses from domestic and foreign certificate authorities.

For classes the Company provides, in addition to general aerobics classes, spin classes, yoga classes, and other special training classes, the Company introduces TRX suspension training classes and RIP Trainer resistance cord classes. The Company also develops its own spin classes and aerobics classes to provide members with more diverse modes of exercise and fulfill customer needs of pursuing being in shape.

The Company aims to be a professional certificate authority for fitness trainers and aerobics instructors to raise the professional image of the brand. In addition, it improves the training quality of personal trainers and aerobics instructors, which also contributes to raising the professional level of the domestic fitness industry. Founded in 2019, Taiwan Physical Fitness Development Association is dedicated to the training and certification of professional personal trainers and aerobics instructors. It not only improves the professional skills and the training quality of personal trainers and aerobics instructors of "Fitness Factory," but also strengthens the professional brand image of "Fitness Factory." The Association provides a new option for domestic physical fitness practitioners to improve their professional training and obtain professional certificates. In addition to promoting all kinds of self-developed professional physical fitness courses, Taiwan Physical Fitness Development Association will import foreign professional lecturers' lectures, making a greater contribution to the fitness industry in Taiwan.

(2) Personnel involved in R&D and their educational background and employment history

Up to now, the Company's training course development team consists of eight members. Their educational background and employment history are as follows:

Name	Title	Related Work Experience	Educational Background	Employment History
Eli Ho	COO & Head of Department of New Ventures	22 years	EMBA of College of Management, National Sun Yat-Sen University	Executive Vice President, Fitness Factory Business Center, Power Wind Health Industry Inc. Director, Division of Trainer, Power Wind Health Industry Inc. Manager, Trainer Division, Extreme Fitness Center Senior Personal Trainer, California Fitness Centre
Nick Chu	Vice President of Department of Physical Fitness	14 years	Dept. of Banking and Insurance, Tatung Institute of Technology	Regional Manager, Division of Physical Fitness, Power Wind Health Industry Inc. Manager, Trainer Division, World Gym
Becky Lu	Manager of Department of Aerobics	8 years	Dept. of Finance, Ling Tung University.	Manager of Department of Aerobics, Power Wind Health Industry Inc. Industry Mentor, Department of Sport and Health Management, Dayeh University
Ria Chang	Manager of Division of Physical Fitness	11 years	Musculoskeletal Concentration, Master of Physical Therapy, University of Pittsburgh,	Supervisor, Division of Trainer, Power Wind Health Industry Inc. Physical Therapist,

Name	Title	Related Work Experience	Educational Background	Employment History
	Education and Training		U.S. Bachelor of Physical Therapy, National Cheng Kung University	Dong Ren Clinic Research Assistant, Department of Physical Theray, University of Pittsburgh, U.S. Research Assistant, BioMechanics Lab, National Cheng Kung University Licensed Physical Therapist in Republic of China Strength and Conditioning Coach, Basketball team, Kao-Yuan High School of Technology & Commerce Industry Mentor, Industry Program, Cheng Shiu University Coach, Physical Fitness Team, Shu-Te University
Justice Huang	Deputy Manager of Division of Physical Fitness Education and Training	13 years	Dept. of Shipping Technolog, National Kaohsiung Marine University	Deputy Manager, Division of Trainer, Power Wind Health Industry Inc. Coach, Physical Fitness Team, Shu-Te University Industry Mentor, Industry Program, Cheng Shiu University Industry Mentor, Industry Program, Mei-Ho University Strength Coach, Baseball team, Kao-Yuan High School of Technology & Commerce Assistant Coach, Dragon Boat Team of

Name	Title	Related Work Experience	Educational Background	Employment History
				R.O.C. Naval Academy
Xavier Huang	Deputy Manager of Division of Physical Fitness Education and Training	8 years	Master of Science in Biotechnology, New York University, U.S. (Non-completion) Dept. of Medical Laboratory Science and Biotechnology, China Medical University	Personal Trainer, Power Wind Health Industry Inc. Duty Manager, World Gym Manager, Trainer Division, World Gym
Kyle Luo	Deputy Manager of Division of Physical Fitness Education and Training	10 years	Dept. of Applied Commerce, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology	Personal Trainer, Power Wind Health Industry Inc. Champion of General Force Group in 2020 R.O.C. Navy "3 Items of Physical Fitness" Coach & Strength Coach, Navy Team of 2011 R.O.C. Armed Forces Softball Tournament
Bruce Kung	Supervisor of Division of Physical Fitness Education and Training	3 years	Master of Materials Science and Engineering, I-Shou University (Non-completion) Dept. of Materials Science and Engineering, I-Shou University	Personal Trainer, Power Wind Health Industry Inc. Coach, Physical Fitness Team, Shu-Te University

(3) Research and development expenditures during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

The Company is classified as Sports, amusement, and recreation industry and does not have an R&D department. Therefore, there is no research and development expenditures during the most recent fiscal year and in the most recent financial statements.

(4) Technologies and/or products successfully developed

For personal trainers' professional training and certification, the training courses for trainers added by the Department of Physical Fitness during the past two years are as follows:

Year	Name of Training	Content of Training
2021	Anatomy Trains	The program mainly introduces trainers the correspondence between acupuncture meridians and muscles: the causes of pain may result from other factors. And how to apply related training movements in members' workout plans.
2021	Functional Training for Athletes	The course aims to teach sports performance training. According to different common sports, such as basketball, badminton, golf, and baseball/softball, it explains the requirements of physical ability, application of kinetic chain, and energy system of each sport. Functional training was designed to strengthen and avoid sports injuries. Either students are athletes who want to improve athletic performance or the public who want to have fun with exercise, they can learn from this course.
2021	Muscle Hypertrophy Training	This training camp teaches disciplines before the training every time. With scientific research in the mechanisms of muscle growth (optional attendance), participants train together and practice the methods of each bodybuilding training.
2021	Warm-up	This course mainly teaches various warm-up techniques. By relaxing, dynamic stretching, activating, and nerve resetting, participants learn many aspects of

Year	Name of Training	Content of Training
		preparation required for the training. In the limited time with fitness trainers, the warm-ups make students be in a good training condition fast in proper time and precise ways.
2021	Online Exercise Knowledge Sharing	This course is the internal training which lecturers share their knowledge and experience with internal partners in online classes every week.
2021	Massage Gun	The vibration and massage functions of massages guns make bodies obtain the activation and relaxation needed before, during, and after the training quickly, which improves training efficiency and helps bodies repair themselves. Learn the correct standing posture when using a massage gun; learn to choose massage gun heads; learn how much pressure to apply; learn how long a massage gun stay on body parts; and learn when to use a massage gun. Massage guns make up for the inconvenience of traditional sports massage venues and unnecessary physical contact.
2021	Rehabilitation Training for Athletes	This course teaches the mechanism of sports injuries. Students reacquaint themselves with how shoulder joint, hip joint, knee joint, and spine work when moving. Students learn about the rehabilitation training for injuries and training methods which overcome physical limitations. Comprehensive periodization training is the best way to prevent injuries. In addition to basic muscle strength, proper muscular power,

Year	Name of Training	Content of Training
		agility, and cardiorespiratory endurance training makes people's physical attributes as strong as athletes.
2022	3D Training	In recent years, with fitness and exercise being popular, there is more information online. Everyone goes similar training and does similar movements. This course focuses on needs assessment and movement progressions/regressions design regarding three-dimensional movements. In addition, this course makes trainers design workout plans based on customer needs more specifically.
2022	Sports Nutrition	This course is to understand the correspondence between students' nutritional status and sports training. Learn how to be aware of body warning signs and find potential diet problems. Also, learn to understand why there is no significant change in students' body shape. This course helps trainers and students achieve their goals of improving sports performance and bulking & cutting more efficiently.
2022	Practical Corrective Exercise	Bad habits and postures are examples of the common issues of people nowadays. This course aims to introduce corrective exercise. Students learn how to find body problems by assessing static standing postures. By dynamic assessments, students learn to examine muscle stiffness, inability to control muscles, or muscle imbalance. Corrective exercises fix muscle imbalances, making customers have better movement quality during training, reduce training injury risk, and improve

Year	Name of Training	Content of Training
		training efficiency!
2022	Muscular Power and Speed Endurance Training	Muscular power is the base of any sports that requires speed. The content of this course includes: 1. Introduction of the difference between traditional and functional strength training; 2. How to put the element of muscular power into workout plans; 3. Speed endurance training arrangements for different sports. With training arrangements, students sustain peak speed and increase endurance at sports venues.
2022	Fascial Stretch and Manipulation	Myofascia is often equated with massage or relaxation. Through correct exercise training and stretching, it is also quite important for the development of fascia! Tensegrity is about tension and pressure. It is necessary for modern people to keep the fascia in a balanced state. Whether it is the process of weight training or exercise, or even daily posture, it presents the plasticity of the fascia!
2022	Exercise Guidelines for Women	Women's physiological mechanism and hormones have a great impact on the body. Through the course, students will understand the related mechanism and influence and provide female students with more suitable training content to cope with changes in different stages.
2022	Exercise Guidelines for People with Common Chronic Diseases	Patients with common chronic diseases, such as high blood pressure, diabetes, etc., or patients with cancer or stroke, are almost certain to be in our working field. Knowing the situations that diseases appear in life and the effects of drugs on the body can avoid any risks for students

Year	Name of Training	Content of Training
		during exercise and prepare corresponding emergency treatment in advance.
2022	Stress Relief Strategies	This course aims to let students know the impact of stress and anxiety on the human body, and how to relieve physical and mental tension through different relaxation methods. Through the different effects and principles of relaxation, with bare hands or tools, students do vipassana and pranayama meditation to achieve relaxation and self-healing and improve long-term pain.
2022	Performance Enhancement Specialist	This course aims to strengthen the “functions” of the human body, which in turn improve the sports “performance” of all aspects. By analyzing daily movements and common sports, students can identify resistance training with better transfer effects, nimbleness and stable training to reduce the risk of injury, corrective exercise to correct bad movement patterns, and power training to improve speed to design and arrange more functional training content!
2022	Fully Re-examine the Truth You Wouldn’t Face	Re-examine your and clients’ goals to arrange “reasonable training.” Not only can it improve training effectivenes, but it improves training compliance, thereby increasing the transaction rate and renewal rate!
2022	Fascia Stretching Training	Be re-aware of the body and understand the needs of customers. Timely “fascial relaxation” and “stretching training” can not only maintain muscle and its elasticity, but also improve training effectivenes!

Year	Name of Training	Content of Training
		This course will apply "myofascial lines" in Anatomy Trains to have a more complete "stretching training" to help everyone "actively" find body balance!
2022	Strength and Conditioning Coach Practices in the U.K.	Workshop~After serving in Fitness Factory for three years, Lily had the courage to break through and went to the U.K., and she graduated from the University of Edinburgh in 2021. Having experienced one of the most famous universities for sport science in the world, Lily will share her internship content and practical experience in the U.K., including how to help athletes reduce risks and enhance performance, the differences between Chinese and Western coaches, and the similarities between training athletes and training general members.
2022	Online Exercise Knowledge Sharing – academic journal sharing	1. The use of strength tools (1RM%) 2. Fatigue and its related mechanisms 3. Activation and enhancement of warm-up 4. Recovery and injury prevention 5. A couple of things about squat 6. A couple of things about sports psychology 7. A couple of things about bench press 8. About training arrangements
2022	Online Exercise Knowledge Sharing – Essentials of Kinesiology	Anatomy is one of the compulsory subjects for personal trainers to get started. However, knowing where the muscles are is only the first step. Only by understanding the movements and interactions of muscles can we really start to connect them with body movements.

Year	Name of Training	Content of Training
2022	Online Exercise Knowledge Sharing – Workplace Management	Learn to apply workplace management to the fitness industry. Practical application methods based on the market and company cultures will be introduced. It is an advanced training course which provides actual case sharing for managers and employees who are willing to be promoted.
2023 Q1	Fall Prevention Training Program for Seniors	This course aims to briefly describe the role of personal trainers in the medical system for seniors and provide trainers with more practical training skills for senior members.
2023 Q1	Guided Reading - New Functional Training for Sports	It is a reference book selected specifically for trainers' career needs. This course combines guided reading with lecturers' teaching experience, providing trainers with practical skills that can be directly applied.
2023 Q1	Guided Reading – Becoming a Supple Leopard	It is a reference book selected specifically for trainers' career needs. This course combines guided reading with lecturers' teaching experience, providing trainers with practical skills that can be directly applied.
2023 Q1	Essentials of Kinesiology	Integrate trainers' blind spots in previous courses. Reorganize the courses of kinesiology in chapters based on different parts of the body.

In addition, the self-developed spin and aerobics classes by the Company during the past two years are as follows:

Year	Name of Training	Content of Training
2021	Self-myofascial Release (SMR) / Positional Release	A relaxation-oriented class which teaches students how to use a foam roller and peanut ball properly. The class promotes the importance of relaxation and teaches students to relax muscles and prevent sports injuries in safe ways effectively.
2021	Flow · Kali	The course combines Filipino kali sticks with various elements of martial arts, such as boxing, taekwondo, and traditional Chinese martial arts. Students have training that they never had before and experience various types of martial arts to sharpen their eye-hand coordination.
2022	HIIT Boxing Combat	HIIT boxing workouts for all ages. In this class, students do their best and do not need to keep up the rhythm. It is a class which students can challenge themselves.
2022	Flow · Stability Ball	This course combines ballet with stability ball workouts to activate deep abdominal core muscle. It fulfills students' childhood dream of learning ballet. During the class, it trains deep core muscles that are never used. It is suitable for people with powerless core muscles and people of all ages.
2022	Flow · Mini Stability Ball	Warm up with 3D stretches. People with sedentary lifestyles maintain a fixed posture in the long term and forget how to use their bodies. In this class, students improve their 3D spine mobility. There are some challenges at the end of the class. It is suitable for all ages.

Year	Name of Training	Content of Training
2022	Flow · Core Muscles	Use a foam roller as the tool for instability training. During the class, deep core muscles are activated, which effectively strengthens core muscles and improves neuromuscular function. It makes sensory receptors have higher sensitivity and shorten the time of nerve conduction. It improves postural stability and sports performance and speeds up the recovery from injury, which in turn prevents and lowers the risk of sports injuries of lower limbs.
2023	Super Fight	Super Fight combines elements of muay thai, karate, taekwondo, boxing, and martial arts. Based on physiology, the course has three-stage cardio peak interval training to improve exercise intensity and heart rate. Combined with aerobic and anaerobic energy systems, it goes with interludes of lower-intensity combat combinations and comprehensive martial arts training as active recovery.
2023	Light Aerobic Exercises	Considering that the future trend of physical fitness will move towards seniors' physical fitness, light aerobic exercises are launched. Through basic and low-impact exercises, with similar and symmetrical stepping exercise patterns, students practice connected movements. The course combines the strength elements training mode, incorporating speed, direction, and impact elements. It strengthens the cardiorespiratory fitness of all age groups.
2023	Bollywood Fantasy	Based on the three dance styles, Indian folk dance, Indian classical dance, and Bollywood dance, combined with modern

Year	Name of Training	Content of Training
		dance steps, the course forms a set of easy-to-learn and exotic dancesport. It emphasizes the twisting and swinging of the chest, waist, and hips, as well as soft and delicate hand movements. Combined with passionate music, the course reproduces colorful and dazzling scenes in Bollywood musical films. In a joyful atmosphere, dance moves help students improve cardiorespiratory endurance, sculpt perfect curves, and enjoy exercise.

4. Long- And Short-Term Business Development Plans

In response to changes in overall market environment and future industry development trends, the Company plans its future operation development by formulating various long- and short-term plans to improve its competitiveness. The elaborations of the Company's short- and long-term business development plans are as follows:

(1) Short-term business development plans

① Strengthen the leadership position of "Fitness Factory" in Taiwan. In addition to consolidating the market share in southern Taiwan, the Company actively opens new operating sites in middle and northern regions.

② Develop new types of recreational sports; establish new divisions of business; and move towards the recreational business with multi-brands and diversification.

③ Develop physical fitness activities for children and adolescents and expand the children's and adolescents' physical fitness market.

④ Comply with the constantly expanding scale of operations; reorganizes; and improve its operational efficiency.

⑤ Continue to develop new training courses and aerobic courses and improve the professional competencies of personal trainers and aerobics instructors.

⑥ Continue to implement good on-site operation and services.

(2) Long-term business development plans

① Expand the Group's business globally and become a world-famous recreational sports brand.

② Introduce international professionals at the right time and lead the Company to an international enterprise.

③ Self-develop training courses for personal trainers and aerobics instructors or obtain the authorization from international certificate authorities; become the most professional certificate authority for personal trainers and aerobics instructors in Taiwan.

ii. Analysis of the Market as Well as the Production and Marketing Situation

1. Market Analysis

(1) The geographic areas where the main products (services) of the Company are provided (supplied)

The Company runs the business of membership-based fitness center chains and recreational sports venues. The Company provides members with facilities, equipment, courses, and other services for recreational sports, fitness, and amusement. In addition, professional trainers customize personal training courses of health promotion, sports injury prevention, disease prevention, etc. Currently, the Company recruits members and provides services in Taiwan only.

(2) The Company's market share

The Company's main business is running membership-based fitness center chains and recreational sports venues, while in Taiwan, either market research or statistical report specifically for this industry is lacking. According to the statistics released by Ministry of Finance, the nationwide sales of fitness centers and health clubs amounted to NT$15.337,428 thousand in 2022. If it is estimated based on NT$3,606,403 thousand, the consolidated revenue of Power Wind and subsidiary for 2022, the market share is about 23.51%.

Unit: NT$ thousand; %

Nationwide sales of fitness centers and health clubs in 2022	15,337,428
Consolidated revenue of Power Wind and subsidiary for 2022	3,606,403
Market Share	23.51

(3) Demand and supply conditions for the market in the future and the market's growth potential

In "R.O.C. 2012-2015 Surveys of Sports City and 2016-2022 Surveys of Exercise Conditions" released by Sports Administration, MOE, it showed that the percentages of Taiwanese engaging in exercise regularly increase year after year. Starting with 12.8% in 2003, it reached 34.0% in 2022, showing the effectiveness of Sports for All that the government has been promoting. "For health" accounted for 77.3% of the reason Taiwanese do exercise, showing that Taiwanese deeply understand the idea of "exercise improves physical health." In addition, in the survey, only 6.1% of physically active Taiwanese chose "Go to the gym" as the most frequent exercise they did in 2022. Therefore, it is obvious that the sports and fitness market still has so much room for expansion.

Domestic Sports Population Distribution Table

Year	Physically Inactive	Physically Active		
		Subtotal	Irregular	Regular
2003	20.0%	80.0%	67.2%	12.8%
2004	17.0%	83.0%	69.9%	13.1%
2005	26.8%	73.2%	57.7%	15.5%
2006	23.1%	76.9%	58.1%	18.8%
2007	22.4%	77.6%	57.4%	20.2%
2008	19.7%	80.3%	56.1%	24.2%
2009	19.5%	80.5%	56.1%	24.4%
2010	19.4%	80.6%	54.5%	26.1%
2011	19.2%	80.8%	53.0%	27.8%

Year	Physically Inactive	Physically Active		
		Subtotal	Irregular	Regular
2012	18.0%	82.0%	51.6%	30.4%
2013	17.9%	82.1%	50.8%	31.3%
2014	17.6%	82.4%	49.4%	33.0%
2015	17.0%	83.0%	49.6%	33.4%
2016	17.7%	82.3%	49.3%	33.0%
2017	14.7%	85.3%	52.1%	33.2%
2018	16.9%	83.1%	49.6%	33.5%
2019	16.4%	83.6%	50.0%	33.6%
2020	17.2%	82.8%	49.8%	33.0%
2021	19.8%	80.2%	46.3%	33.9%
2022	18.2%	81.8%	47.8%	34.0%

Data sources: 2003-2004 basic survey of Sports Population Doubling Plan, 2005-2015 Surveys of Sports City, and 2016-2022 Surveys of Exercise Conditions

In Taiwan, the estimated number of people doing exercise in the gym is about 1,020,188, accounting for 4.99% of the current registered residents aged 15 and over in Taiwan-Fukien region at year-end 2022. In comparison to other Asia-Pacific countries, such as Australia, New Zealand, Hong Kong, Singapore, and South Korea, the membership penetration rate of health clubs in Taiwan is still low. In conclusion, there is still enormous room to develop the sports and fitness industry in Taiwan in the future, and the constantly and stably growing market is expected.

Membership Penetration Rate of Health Clubs in Asia-Pacific Countries

Region	Sales (Unit: US$ Million)	Total Number of Clubs (Unit: Institution)	Total Number of Members (Unit: Thousand people)	Membership Penetration Rate (%)
Taiwan	407	300	710	2.99
South Korea	2,580	6,590	3,750	7.25
Hong Kong	396	180	430	5.85

Singapore	352	200	320	5.76
Japan	3,943	4,950	4,240	3.33
China (Top 10 cities)	3,944	1,767	4,520	2.98
Australia	2,831	3,715	3,730	15.30
New Zealand	405	690	650	13.60
Malaysia	201	375	330	1.04
Philippines	256	950	530	0.53
Thailand	233	600	350	0.50
Vietnam	186	640	440	0.50
Indonesia	271	370	470	0.18
India	821	3,813	2,010	0.15

Data source: IHRSA (International Health, Racquet & Sportsclub Association) 2019 Global Report; 2018 Report of Industry Research

(4) The Company's competitive niche

① The principles of integrity and sustainability management.
② Strong brand awareness & brand trust and high brand value.
③ Premium exercise facilities, high-quality and high specification fitness equipment, and the latest training courses.
④ Professional, enthusiastic, and experienced management team and trainer team.
⑤ Abundant knowledge and technical skills of sports science and sport and health care.
⑥ Provide premium member services and the brand-new workout experience.
⑦ High-value strategy: high-quality service and moderate pricing.
⑧ Pricing strategy of standardization and transparency.

(5) Advantageous and disadvantageous factors for future development and the Company's response to such factors

① Advantageous factors

A. Replicate the successful experience and good public praise in the south. The Company actively expands markets in middle and northern Taiwan.

B. The idea of exercise and fitness has been popularized gradually among Taiwanese.

C. The government is dedicated to various policies on increasing people doing exercise regularly. The policies include building civil sports centers in each city and county to make more people do exercise regularly. Civil sports centers also help private sports and fitness clubs which provide affordable and high-quality services nurture customers who would pay for doing exercise regularly.

D. Unlike foreign brands, "Fitness Factory" is the biggest local sports and fitness brand in Taiwan.

② Disadvantageous factors and the Company's response to such factors

A. When the market scale continues to expand, it raises the existing competitiors' willingness to continue to expand. Especially, large fitness center chains open new operating sites in many regions, making their competition more intense with regional gyms and other chains.

<u>Countermeasure</u>

The Company commits itself to providing affordable and high-quality services such as high-quality and specification equipment planning, the professional training team for trainers, and good on-site operation. The Company proactively segments the market in various aspects from competitors. Therefore, it creates a higher membership renewal rate and avoids being in the malignant price competition with competitors.

B. The government widely builds civil sports centers in each city and county and outsources the operations. The affordable and pay-per-entry consumption pattern of civil sports centers causes market competition with private fitness centers.

<u>Countermeasure</u>

The Company commits itself to providing affordable and high-quality services which general customers can afford. In respect of market segment, although pay-per-entry civil sports centers are affordable, they charge extra fees for taking courses and using the equipment. Therefore, as the market positioning, civil sports centers are exercise places for sports and fitness beginners to get a taste of it. After forming a habit of exercising, beginners will find membership-based fitness centers the best choice to meet their needs. Fitness centers provide higher-quality and specification exercise equipment, more professional courses and trainers, and equipment and courses which fulfill the needs of people doing exercise regularly. Therefore, the Company focuses on enhancing the value of fitness centers and avoids confusing market segmentation.

C. It is not easy to nurture professional service personnel. As the Company continues to open new sites, the demand for service personnel and managerial staff increases consequently. If the staff turnover is not controlled effectively or managerial staff is not constantly nurtured, the service quality will not be controlled. Moreover, the management cost may increase consequently.

Countermeasure

The Company has built the comprehensive employee training courses on its own. The experienced operating, membership affairs, and trainer managerial supervisors from existing sites continue to nurture new employees. It proactively strengthens its human resources organization chart and industry-academia collaborations for talent cultivation. It builds a transparent and smooth promotion process and a good corporate culture. It encourages employees to continue to improve themselves, and it retains outstanding employees by means of various training, incentives, and benefits.

2. Usage and Manufacturing Processes for the Company’s Main Products

(1) Usage for main products

The Company’s main business is providing members with facilities, equipment, courses, and other services for recreational sport and amusement. In addition, to meet more customer needs of pursuing body health and keeping in shape, professional trainers provide members with customized private training courses of health promotion, sports injury prevention, disease prevention, and other sport and health care.

(2) Manufacturing processes for main products

The Company mainly runs the business of fitness centers and recreational sports venues. The products are providing services. Since there are no manufacturing processes, it is not applicable.

3. Supply Situation for the Company's Major Raw Materials

The Company mainly runs the business of fitness centers and recreational sports venues. The products are providing services. Since there are no raw materials needed for manufacture, it is not applicable.

4. List of Any Suppliers and Clients Accounting For 10 Percent or More of the Company's Total Procurement (Sales) Amount in either of the Two most Recent Fiscal Years, the Amounts Bought From (Sold To) Each, the Percentage of Total Procurement (Sales) Accounted For by Each, and an Explanation of the Reason for Increases or Decreases in the Above Figures

(1) Key suppliers in the two most recent fiscal years

Unit: NT$ thousand; %

Item	2021				2022				2023 Q1			
	Name	Amount	Percentage of Total Net Purchases of the Year	Relationship with the Issuer	Name	Amount	Percentage of Total Net Purchases of the Year	Relationship with the Issuer	Name	Amount	Percentage of Total Net Purchases of the Year	Relationship with the Issuer
1	F1 Recreation Co., Ltd.	174,834	23.16	None	F1 Recreation Co., Ltd.	100,505	20.10	None	Yi Hong Construction	53,995	32.99	None
2	Yi Hong Construction	87,784	11.63	None	Yi Hong Construction	96,043	19.20	None	Ren He Lightweight Steel	24,124	14.74	None
3	Ming Yi International	63,243	8.38	None	Ming Yi International	44,799	8.96	None	Pin Hua Construction	16,952	10.36	None
	Others	429,116	56.83		Others	258,706	51.74		Others	68,580	41.91	
	Total Net Purchases	754,977	100.00		Total Net Purchases	500,053	100.00		Total Net Purchases	163,651	100.00	

The Company's main business is running fitness center chains and recreational sports venues. The primary procurement includes purchasing fitness equipment, refurbishment, fire protection, and air conditioning of sites, and other capital expenditures. There was not any sweeping change in the key suppliers in 2021, 2022, and 2023 Q1. The percentage of total net purchases of key suppliers varies depending on the amount of capital expenditures of new sites of the year.

(2) Key clients in the two most recent fiscal years

The Company's main business is running fitness center chains and recreational sports venues. The Company recruits members and provides them with professional fitness equipment, group aerobics classes, private training courses with personal trainers, aromatherapy, and other services. The Company also provides customers with recreational activities such as bowling, trampolining, and simulated shooting battle games. The customers to whom the Company provides services are the public, so there is not any specific person to sell to. There is not any situation that the amount the Company sells to a single client is ten percent or more of its operating revenue. Accordingly, it is not applicable.

5. Production Volume for the Two Most Recent Fiscal Years

The Company mainly runs the business of fitness center chains and recreational sports venues. Since there is no manufacturing process, it is not applicable.

6. Volume of Units Sold for the Two Most Recent Fiscal Years

Unit: NT$ thousand; ppl; class

Year / Main product (services)	2021		2022	
	Domestic Sales		Domestic Sales	
	Volume	Value	Volume	Value
Fitness and Recreational Sports Services (Note 1)	1,660,673	1,527,548	2,039,409	2,019,512
Sports Health Services (Note 2)	819,702	980,977	1,149,545	1,419,292
Joining fees (Note 1, Note 3)	71,566	77,360	100,824	139,996
Others	-	20,092	-	27,603
Total	-	2,605,977	-	3,606,403

Note 1: The unit of the sales volume is people.
Note 2: The unit of the sales volume is class.
Note 3: Handling fee is included.

iii. The Number of Employees Employed for the Two Most Recent Fiscal Years, and During the Current Fiscal Year up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels

Unit: ppl; years old; year; %

Item \ Year		2021	2022	Jan. 1 – Mar. 31, 2023
Number of Employees		1,547	1,561	1,554
Average Age		31.67	30.93	31.21
Average Years of Service		3.98	3.36	3.41
Educational background breakdown	Ph.D.	0.00	0.06	0.12
	Masters	2.78	2.63	2.83
	Bachelor's Degree	85.39	85.78	85.00
	Senior High School	11.64	11.34	11.84
	Below Senior High School	0.19	0.19	0.19

iv. Information on Environmental Protection Expenditure

Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

v. Labor Relations

1. List Any Employee Benefit Plans, Continuing Education, Training, Retirement Systems, and the Status of Their Implementation, and the Status of Labor-Management Agreements and Measures for Preserving Employees' Rights and Interests

(1) Employees benefit plans

The Company applies for labor insurance and national health insurance in accordance with laws and regulations for employees, and employees have the right to claim insurance. For maternity benefits, injury or sickness benefits, disability benefits, old-age benefits, and survivors' benefits, the Company asks the Bureau of Labor Insurance and National Health Insurance Administration to settle insurance claims under "Labor Insurance Act" and "National Health Insurance Act."

Besides, the Company appropriates welfare funds under the regulations in "Employee Welfare Fund Act" for conducting employee welfare business. Under related laws and regulations, the Company established Employee Welfare Committee to promote various benefit plans such as subsidies for employee travel and birthday bonuses, etc. In addition, there are subsidies such as wedding allowances, subsidies for a funeral, birth allowances, etc. The Company also offers employees subsidies for group accident insurance payments and other subsidies, making employees have a better quality of life and job security.

Profit Sharing	high performance bonus, year-end bonus, dividend to employees
Leave and Day offs	Employees schedule shifts and holiday leaves in compliance with the working time regulated by the government and have all kinds of leaves (annual leave, menstrual leave, marriage leave, maternity leave, pregnancy checkup leave, paternity leave, family leave, etc.)
Insurance and Pension Benefits	labor insurance and national health insurance, 6% labor pension appropriation, occupational accident insurance, group insurance
Educational Training	a complete educational training system (new employee orientation, core

	competency training, supervisory training, celebrity speeches, etc.)
Heath Benefits	Use equipment and take aerobics classes of all sites in Taiwan for free, subsidy for annual physical examination
Holiday Benefits	spring party, sports competition events, birthday bonus, wedding allowances, subsidies for funeral, birth allowances
Amusement Benefits	subsidies for employee domestic/overseas travel, subsidies for dining together, free accommodation in villas for appreciating high-performing employees, other occasional surprises
Seniority Benefits	The Company gives commemorative gifts with special meaning to employees with a certain seniority.
Other Benefits	The Company offers uniforms or employee discounts for famous sports brands, discounts for designated stores

(2) Employee continuing education and training and the status of their implementation

The Company arranges various training courses based on human resource plans to build employees' professional skills and managerial competencies and encourage them to continue to learn and study. The Company arranges courses that meet the needs of employees' work content based on the training plans the Company formulates for each year. The training plans improve employees' professional skills and proactive attitude and ensure employees provide customers with the best services.

The Company offers employees the opportunity to learn and grow constantly and introduces the training of corporate core values development. The training plans regarding skills for career development the Group conducted included new employee orientation, supervisory training, professional training, and integrity promotional meetings. In 2022, respectively, 1,154 people, 98 people, 3,169 people, and 5,239 people attended them, totaling 2,308 ppl.-hr., 588 ppl.-hr., 10,730 ppl.-hr., and 5,239 ppl.-hr.. In 2023 Q1, respectively, 305 people, 30 people, 1,405 people, and 1,588 people attended them, totaling 610 ppl.-hr., 180 ppl.-hr., 3,381 ppl.-hr., and 1,588 ppl.-hr..

(3) Employee retirement systems and the status of their implementation

① Employee retirement systems

To protect employees' livelihood after retirement and strengthen the relations between employees and the Company, the Company adopts the defined contribution plan and contributes labor pension funds to employees' individual labor pension accounts at the Bureau of Labor Insurance monthly under Labor Pension Act. The regulations in Labor Pension Act apply to the Company are as follows:

A. Voluntary retirement:

An employee may apply for voluntary retirement under any of the following conditions:

a. Where the employee attains the age of fifty-five and has worked for fifteen years.
b. Where the employee has worked for more than twenty-five years.
c. Where the employee attains the age of sixty and has worked for ten years.

B. Forced retirement

The Company shall not force an employee to retire unless any of the following situations has occurred:

a. Where the employee attains the age of sixty-five.
b. Where the employee is unable to perform his/her duties due to disability.

The Company may request the central competent authority to adjust the age prescribed in Subparagraph 1 of the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, however, that the age shall not be reduced below fifty-five.

C. The criteria for payment of pensions

Labor Standards Act has been applicable to the Company since July 1, 2005. Since then, the Company has contributed 6% of employees' salary as labor pension funds to employees' individual labor pension accounts monthly.

D. The payment of pensions

The Company shall pay employees the pensions stipulated in Labor Pension Act within 30 days from the day of retirement.

E. Limitation periods in pension claims

The right of an employee to claim retirement benefits shall be aborted if it is not exercised within five years from the month following the effective date of retirement.

② Pension system and the status of the implementation

Pension System	The new Act
Applicable Law	Labor Pension Act
Contribution Way	The Group contributed 6% of employees' salary to employees' individual labor pension accounts at the Bureau of Labor Insurance based on pension ranges.
Contribution Amount	The Group contributed NT$56,550 thousand in 2022.
Status of Employee Voluntary Deposits	The Group's employee voluntarily deposited NT$4,192 thousand in 2022. The percentage of voluntary deposits is from 1% to 6%.

(4) Protective measures on personal safety and workplace and the status of their implementation

The Company regularly conducts workplace inspections and safety assessments. In addition, to make supervisors at all levels and employees clearly understand their rights and responsibilities regarding safety and health, “Safety and Health Management Regulations,” “Safety and Health Work Rules,” “Safety Protection Work Regulations,” and “Hazardous Factors and Precautionary Measures of Machinery and Equipment” are made.

The Company established Occupational Safety and Health Committee by law. It set more than seven members in it. The Committee holds a session once per quarter and may hold provisional sessions when necessary. Its main responsibilities are making suggestions for the safety and health policies the employer formulated. Also, it deliberates, coordinates, and advocates safety and health related affairs.

Occupational Safety and Health Management Plan	
Item of the Plan	Description
A sound occupational safety and health organization	1. Occupational Safety and Health Committee is the responsible unit for deliberation, coordination, and suggestions on safety and health related affairs. 2. Division of Human Resources is the executive unit for planning and handling occupational safety and health related affairs. 3. Supervisors from each department are in charge of executing and promoting occupational safety and health related affairs. 4. The staff in each workplace should receive guidance from the Committee in every affair related to the work system of occupational safety and health.
The implementation of occupational safety and health management	The Committee actively promotes each work of occupational safety and health management to implement the supervision and management of it more. The Committee conducts work injury survey.
The implementation of safety and health	1. The Committee carries out occupational safety and health inspections of machines and equipment to make

Occupational Safety and Health Management Plan	
Item of the Plan	Description
inspection	sure they have good performance when working. The items and frequency of the inspections depend on the Company's annual occupational safety and health inspection plans. 2. Operational staff in each workplace should truly inspect and maintain machines and equipment before and after using them. Also, the staff should keep a record of the inspections and keep them for three years. If any hazard is found when carrying out a regular inspection or key inspection, the staff should analyze the hazardous factors and assess the risks of the hazard (severity or possibility analyses). For the part of improvement, the staff should report to the supervisors of the workplace for handling. If there is immediate danger or a material hazardous matter, the staff should stop using the machine and report to the Committee for deliberations as a new case.
Strengthen employees' health protection	To secure employees' lives and health, the Committee regularly conducts physical examinations and special medical examinations for strengthening healthcare.
Promote safety and health activities	To encourage employees to have more knowledge of occupational safety and health, the Committee attracts the participation of employees by conducting speech activities and other activities. By doing so, employees' interest in occupational safety and health is aroused, and they understand the importance of it.

To keep employees from dangers in workplace and reduce the risks, the Company periodically carries out relevant inspections on hazardous equipment and each safety management measure. In addition, the Company periodically reports the implementation according to the government's laws and regulations.

① Building public safety and hazardous equipment management

Item	Inspection Frequency
Hazardous equipment inspection management	Boilers, heat pumps: periodic maintenance and inspection (twice a year) Water chillers: periodic maintenance (once a month) and inspection (once a year)
Hazardous machine inspection management	Circular saws and drilling machine, etc.: periodic self-maintenance and inspection (once a month)
Overhead door management	Overhead door (kept open): outsourced periodic maintenance and inspection (once every six months) Overhead door (kept closed): periodic self-maintenance and inspection (once a month)
Elevator management	Outsourced periodic maintenance (once a month)
Building public safety and high/low voltage declarations	Outsourced periodic inspection (once a year)

② Indoor air quality management

According to the announcement, Environmental Protection Administration, Executive Yuan Huan-Shu-Kong-Zi No.1060001644 on January 11, 2017, the Company conducts periodic self-inspections (once every six months) on regulated operating sites and outsources periodic inspections (once every two years). In addition, the Company reports to the competent authority according to laws.

③ Fire safety and emergency management

The Company places fire safety equipment under regulations and outsources periodic (once every six months) overhauls of the fire safety equipment under Fire Services Act. The results of overhauls are reported to local fire departments by restricted dates for future reference. In addition, according to Article 13 of Fire Services Act, the

Company develops a fire protection plan, reports the plan to the fire department for approval, and carries out according to the plan all activities required in fire management.

In terms of emergency management, besides carrying out a fire drill every six months according to Fire Services Act, the Company also carries out an accident (e.g., power failure, injuries, etc.) handling simulation training every six months to improve employees' emergency management capabilities.

④ Work safety assessment

The Company appoints Division of Maintenance, Division of Service Management, and Audit Office to conduct work safety assessments of on-site operations or declaration/inspection records, etc. In addition, they provide assessment suggestions for matters that need to be improved and track improvement of the situations. Every month, Division of Maintenance reports assessment suggestions and operations management to the heads of departments. The frequencies of the Company's work safety assessments are as follows:

Work Safety Assessment	Frequency
Team of Audit Office inspection	Once a year
Service management assessment	Once a month
Team of Works supervision	Once a quarter
On-site supervisors patrol	Several times a week
Construction safety inspection	Once a day

⑤ The training courses and promotion of work safety

To ensure employees' safety and health in the workplace, the Company has taken safety into account in each operation procedure or the use of equipment. It also formulates safety management rules and makes warning signs, slogans, and illustrations. To prevent work injuries and protect employees' safety and health, it provides qualified safety equipment specifically for hazardous operations. Employees obey the obligations to wear protective equipment and participate in training.

In addition, Division of Maintenance offers newcomers two-week to three-month internal training courses, which explain about the related hazardous equipment and hazardous works specifically. Division of Works irregularly conveys the results of inspections carried out by the Company's Audit Office and on-site supervisors, and joint inspections. It promotes work safety to individual cases and makes standard operating procedures and related regulations.

In 2022, the training courses and promotion regarding work safety the Company conducted included fire drill, occupational safety and health training, professional first aid personnel training, and professional fire prevention manager training. In 2022, respectively, of all the Group's employees, 3,401 people, 1,154 people, 27 people, and 22 people attended them, totaling 12,464 ppl.-hr., 3,030 ppl.-hr., 367 ppl.-hr., and 222 ppl.-hr.; in 2023 Q1, respectively, 1,198 people, 4 people, 12 people, and 7 people attended them, totaling 4,710 ppl.-hr., 24 ppl.-hr., 127 ppl.-hr., and 66 ppl.-hr..

(5) The status of labor-management agreements and measures for preserving employees' rights and interests

① The Company complies with Labor Standards Act and related laws and regulations. It manages employees' rights & interests and benefits stipulated in employment contracts, work rules, and various management bylaws accordingly. It provides good working environment, values employees benefits, and preserves employees' rights and interests.

② The Company has good labor relations and smooth communication channels. It regularly convenes labor-management meetings for them to communicate and discuss issues that they both care about and improve their interaction and relationship. Also, it takes the meetings as an important reference for administrative management.

(6) Workplace diversity and equality

The Company values employees' rights and benefits and is committed to developing a friendly working environment. It implements employment diversity and fulfills transparent and equal compensation policies, gender-neutral conditions of rewards, and gender-neutral promotion opportunities.

As of year-end 2022 and March 31, 2023, the ratio of male to female employees of the Group was 55:45, and the ratio of male to female supervisors was 51:49. There is not much difference in the ratio of male to female employees of the Group, and the ratio of male to female supervisors was about the same. It is obvious that the opportunities for employment and promotion are gender-neutral in the Group, and the Group has implemented workplace diversity and equality.

2. Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date Due to Labor Disputes (Including Any Violations of the Labor Standards Act Found in Labor Inspection, Specifying the Disposition Dates, Disposition Reference Numbers, the Articles of Law Violated, the Substance of the Legal Violations, and the Content of the Dispositions), and Disclosing an Estimate of Possible Expenses That Could Be Incurred Currently and in the Future and Measures Being or to Be Taken. If a Reasonable Estimate Cannot Be Made, an Explanation of the Facts of Why It Cannot Be Made Shall Be Provided

The Group's employees and the management take Labor Standards Act as principles. Humanized management is adopted and therefore the management has a good rapport with employees. In the most recent fiscal year and up to the annual report publication date, although there are a few labor-management dispute cases in the Group that have entered mediation or litigation procedures, labor-management dispute cases that have been successful mediation or concluded litigation have no material impact on the Group's financial operations. However, for other labor-management dispute cases that have not been successful mediation or are still under investigation by the court, the Group estimates that the amount of losses that may be incurred in the future is not large. Thus, it has no material adverse impact on the Group's financial operations.

vi. Cyber Security Management

1. Describe the Cyber Security Risk Management Framework, Cyber Security Policies, Practical Management Programs, and Investments in Resources for Cyber Security Management

   (1) Cyber security risk management framework

   Currently, the Company's responsible unit for cyber security management is Division of Information Technology. In addition to planning the Company's overall information management development goals and strategies, Division of Information Technology is responsible for managing the development and maintenance of information systems, the purchase and maintenance of information hardware, and other daily maintenance and monitoring operations. It also coordinates and executes the Company's cyber security management operations. The promotion and implementation results will be reported to the head of the Department of General Management, president, and Chairperson. Audit Office is the audit unit of the Company's cyber safety supervision. It includes the inspection of cyber safety management in the annual audit plan every year and reports the inspection results to the Board of Directors regularly (at least once a year). Audit Office also regularly tracks improvement results and reports to the Board of Directors. In addition, to improve cyber security and reduce operational risks, the Company entrusts the professional audit team of the computer audit department of the accounting firm to conduct regular inspections specifically on the cyber security management. The team also reports inspection results and makes relevant improvement suggestions.

(2) Cyber security policies and practical management programs

The Company follows the regulations on "computerized information processing system" in Article 9 of "Regulations Governing Establishment of Internal Control Systems by Public Companies" and establishes a mechanism which meets the regulations. Based on the three major cyber security policies "Confidentiality, Integrity, and Availability," the Company formulates practical management goals and programs, including ① Formulate information security management specifications and regularly review related bylaws. Regularly conduct information security training courses to strengthen employees' awareness of information security and their related responsibilities; ② Protect information related to the company's business activities, strengthen data security, and avoid unauthorized access and falsification and other improper use; ③Ensure that the Company's important information management system remains stable and available for use; ④ Build information security monitoring automation and strengthen defense & early warning capabilities to reduce the information from unauthorized intrusions, malicious damage, or leaks and other attacks; ⑤ Ensure the integrity of remote data backup; and ⑥ Implement standard operating procedures for daily operations and maintenance, and conduct regular internal and external audits to ensure the effectiveness of the internal control system and related operating procedures.

(3) Investments in resources for cyber security management

The recourses invested by the Company regarding cyber security management are mainly the salary expenses of six personnel in Division of Information Technology, and the purchase and maintenance of software and hardware required for the company's operations, which have been budgeted and implemented year by year. In 2022, invested projects included the increase in asset management software, the development and management of information computing platform, the backup device and system upgrade, and the increase in data center networking, etc.

In 2022, the Company has completed its firewall optimization project to replace the firewall equipment in the operating headquarters and all operating sites across the country. Through higher-end equipment and corresponding monitoring software, the project enhances the level of defense against network threats, increases network traffic, and creates a whitelist. At the same time, it improves the real-time analysis of high-risk factors, strengthens the visibility of monitoring, and strictly controls the security of personal information. In addition, the Company expects to increase the construction of asset management software in 2023 and establish a complete information system security protection network, including the management of data center, network equipment, network connection, and personal information equipment (such as desktop computers and notebook computers, etc.) to ensure the security of the company's confidential information and personal information of employees, customers, and suppliers.

2. List Any Losses Suffered by the Company in the Most Recent Fiscal Year and up to the Annual Report Publication Date Due to Significant Cyber Security Incidents, the Possible Impacts Therefrom, and Measures Being or to Be Taken. If a Reasonable Estimate Cannot Be Made, an Explanation of the Facts of Why It Cannot Be Made Shall Be Provided: None.

vii. Important Contracts

April 14, 2023

Contract Type	Counterparty	Contract Period	Major Contents	Restrictions
Leasing Contract	PW000 - PW005, PW007 - PW011, PW013 - PW014, PW016, PW018 - PW022, PW024, PW026 - PW028, PW030 - PW050, PW052 - PW056,	11/28/2012 – 08/18/2038	Site leases across the nation	None

Contract Type	Counterparty	Contract Period	Major Contents	Restrictions
	PW058 - PW073, PW076 - PW078, PW080 - PW081, PX001			
Loan Contract	Cathay United Bank	07/22/2016 – 07/22/2031	Mid to long-term secured loan	None
	Cathay United Bank	10/07/2019 - 10/07/2026	Mid to long-term unsecured loan	None
	Cathay United Bank	10/07/2019 - 10/07/2026	Mid to long-term secured loan	None
	Cathay United Bank	06/01/2022 - 02/07/2025	Mid to long-term secured loan	None
	E.SUN Commercial Bank	11/03/2020 - 10/15/2027	Mid to long-term unsecured loan	None
	FIRST Commercial Bank	11/03/2020 - 10/15/2030	Mid to long-term unsecured loan	None
	CTBC Bank	11/03/2020 - 10/15/2027	Mid to long-term unsecured loan	None
	E.SUN Commercial Bank	12/27/2021 - 12/27/2036	Mid to long-term secured loan	None
	Taichung Commercial Bank	10/13/2021 - 10/13/2024	Mid to long-term unsecured loan	None
	Bank of Taiwan	08/25/2021 - 08/25/2024	Mid to long-term unsecured loan	None
	Land Bank of Taiwan	06/30/2021 - 06/30/2024	Mid to long-term unsecured loan	None
	Shin Kong Commercial Bank	12/29/2021 - 12/29/2036	Mid to long-term secured loan	None
	Shin Kong Commercial Bank	06/15/2022 - 06/15/2029	Mid to long-term secured loan	None

VI. Financial Status

i. Condensed Financial Information for the Past Five Fiscal Years

1. Condensed Balance Sheets

(1) Condensed (Consolidated) Balance Sheets – IFRS adopted

Unit: NT$ thousand

Item \ Year		Financial Information for the Past Five Fiscal Years					Financial Information as of Mar. 31, 2023
		2018	2019	2020	2021	2022	
Current Assets		919,849	903,197	995,806	1,215,129	1,322,498	972,892
Property, Plant and Equipment		2,102,841	2,661,935	2,832,522	3,103,845	3,136,880	3,137,789
Intangible Assets		-	1,839	2,789	30,157	48,519	47,025
Other Assets (Note 2)		114,151	3,470,403	3,425,373	3,822,769	4,836,214	5,003,747
Total Assets		3,136,841	7,037,374	7,256,490	8,171,900	9,344,111	9,161,453
Current Liabilities	Before Distribution	869,249	1,319,410	1,547,471	1,617,872	2,159,997	1,912,970
	After Distribution	1,197,323	1,697,391	1,906,050	1,717,872	(Note 3)	(Note 4)
Non-current Liabilities		659,299	3,653,465	3,569,447	4,889,131	5,473,463	5,544,676
Total Liabilities	Before Distribution	1,528,548	4,972,875	5,116,918	6,507,003	7,633,460	7,457,646
	After Distribution	1,856,622	5,350,856	5,475,497	6,607,003	(Note 3)	(Note 4)
Total Equity Attributable to the Parent Company		1,588,968	2,049,772	2,123,252	1,656,406	1,700,714	1,693,790
Share Capital	Before Distribution	611,925	700,965	737,205	774,553	794,434	794,434
	After Distribution	673,263	736,097	774,065	774,553	(Note 3)	(Note 4)
Capital Surplus	Before Distribution	521,359	761,071	775,971	796,465	888,399	888,399
	After Distribution	460,021	761,071	775,971	696,465	(Note 3)	(Note 4)
Retained Earnings	Before Distribution	510,051	652,418	639,440	101,812	172,822	149,833
	After Distribution	181,977	239,305	244,001	101,812	(Note 3)	(Note 4)
Other Components of Equity		(54,367)	(64,682)	(29,364)	(13,623)	(152,140)	(136,075)
Treasury Shares		-	-	-	(2,801)	(2,801)	(2,801)
Non-Controlling Interests		19,325	14,727	16,320	8,491	9,937	10,017
Total Equity	Before Distribution	1,608,293	2,064,499	2,139,572	1,664,897	1,710,651	1,703,807
	After Distribution	1,280,219	1,686,518	1,780,993	1,564,897	(Note 3)	(Note 4)

Note 1: The aforesaid financial information is audited or reviewed by CPAs.

Note 2: Other assets are non-current assets excluding property, plant and equipment and intangible assets.

Note 3: The amount of dividends the Company proposed to distribute for 2022 has not been resolved by the Shareholders' Meeting yet.

Note 4: Since it is not a complete fiscal year, the information on the amounts after distribution is omitted.

(2) Condensed (Parent Company Only) Balance Sheets – IFRS adopted

Unit: NT$ thousand

Item \ Year		Financial Information for the Past Five Fiscal Years				
		2018	2019	2020	2021	2022
Current Assets		865,414	876,835	951,864	1,182,994	1,279,204
Property, Plant and Equipment		2,090,359	2,630,030	2,808,854	3,088,674	3,128,955
Intangible Assets		-	1,839	2,789	30,157	48,519
Other Assets (Note 2)		136,484	3,381,335	3,373,414	3,793,025	4,850,865
Total Assets		3,092,257	6,890,039	7,136,921	8,094,850	9,307,543
Current Liabilities	Before Distribution	844,643	1,260,084	1,480,788	1,551,164	2,134,588
	After Distribution	1,172,717	1,638,065	1,839,367	1,651,164	(Note 3)
Non-current Liabilities		658,646	3,580,183	3,532,881	4,887,280	5,472,241
Total Liabilities	Before Distribution	1,503,289	4,840,267	5,013,669	6,438,444	7,606,829
	After Distribution	1,831,363	5,218,248	5,372,248	6,538,444	(Note 3)
Share Capital	Before Distribution	611,925	700,965	737,205	774,553	794,434
	After Distribution	673,263	736,097	774,065	774,553	(Note 3)
Capital Surplus	Before Distribution	521,359	761,071	775,971	796,465	888,399
	After Distribution	460,021	761,071	775,971	696,465	(Note 3)
Retained Earnings	Before Distribution	510,051	652,418	639,440	101,812	172,822
	After Distribution	181,977	239,305	244,001	101,812	(Note 3)
Other Components of Equity		(54,367)	(64,682)	(29,364)	(13,623)	(152,140)
Treasury Shares		-	-	-	(2,801)	(2,801)
Total Equity	Before Distribution	1,588,968	2,049,772	2,123,252	1,656,406	1,700,714
	After Distribution	1,260,894	1,671,791	1,764,673	1,556,406	(Note 3)

Note 1: The aforesaid financial information is audited by CPAs.
Note 2: Other assets are non-current assets excluding property, plant and equipment and intangible assets.
Note 3: The amount of dividends the Company proposed to distribute for 2022 has not been resolved by the Shareholders' Meeting yet.

2. Condensed Statements of Comprehensive Income

(1) Condensed (Consolidated) Statements of Comprehensive Income – IFRS adopted

Unit: NT$ thousand

Item \ Year	Financial Information for the Most Recent 5 Years					Financial Information From Jan. 1 to Mar. 31, 2023
	2018	2019	2020	2021	2022	
Operating Revenue	3,012,163	3,526,882	3,679,560	2,605,977	3,606,403	950,328
Gross Profit	987,659	1,145,079	1,129,640	328,693	829,515	187,080
Operating (Loss) Income	551,966	646,537	551,368	(193,028)	143,901	3,551
Non-operating Income and Expenses	1,271	(50,766)	(42,800)	1,537	(52,291)	(26,780)
Income (Loss) from Continuing Operations Before Income Tax	553,237	595,771	508,568	(191,491)	91,610	(23,229)
Profit (Loss) from Continuing Operations	457,642	476,789	408,631	(143,325)	72,456	(22,909)
Loss from Discontinuing Operations	-	-	-	-	-	—
Net (Loss) Income	457,642	476,789	408,631	(143,325)	72,456	(22,909)
Other Comprehensive Income (Loss) (Net of Tax)	(603)	-	(299)	-	(5,573)	—
Total Comprehensive Income (Loss)	457,039	476,789	408,332	(143,325)	66,883	(22,909)
Net (Loss) Income Attributable to Stockholders of the Parent	444,005	470,130	401,045	(142,323)	71,010	(22,989)
Net (Loss) Income Attributable to Non-controlling Interests	13,637	6,659	7,586	(1,002)	1,446	80
Comprehensive Income Attributable to Stockholders of the Parent	443,402	470,130	400,746	(142,323)	65,437	(22,989)
Comprehensive Income Attributable to Non-controlling Interests	13,637	6,659	7,586	(1,002)	1,446	80
Earnings per Share - Basic (NT$)	7.69	7.15	5.67	(1.91)	0.95	(0.31)

Note: The aforesaid financial information is audited or reviewed by CPAs.

(2) Condensed (Parent Company Only) Statements of Comprehensive Income – IFRS adopted

Unit: NT$ thousand

Item \ Year	Financial Information for the Past Five Fiscal Years				
	2018	2019	2020	2021	2022
Operating Revenue	2,889,493	3,395,141	3,544,413	2,512,311	3,495,820
Gross Profit	936,315	1,109,807	1,093,814	321,086	810,155
Operating (Loss) Income	510,278	624,214	529,629	(187,917)	139,443
Non-operating Income and Expenses	21,431	(39,221)	(32,769)	(1,736)	(50,167)
Income (Loss) from Continuing Operations Before Income Tax	531,709	584,993	496,860	(189,653)	89,276
Profit (Loss) from Continuing Operations	444,005	470,130	401,045	(142,323)	71,010
Loss from Discontinuing Operations	-	-	-	-	-
Net (Loss) Income	444,005	470,130	401,045	(142,323)	71,010
Other Comprehensive Income (Loss) (Net of Tax)	(603)	-	(299)	-	(5,573)
Total Comprehensive Income (Loss)	443,402	470,130	400,746	(142,323)	65,437
Net (Loss) Income Attributable to Stockholders of the Parent	443,402	470,130	400,746	(142,323)	65,437
Net (Loss) Income Attributable to Non-controlling Interests	-	-	-	-	-
Comprehensive Income Attributable to Stockholders of the Parent	443,402	470,130	400,746	(142,323)	65,437
Comprehensive Income Attributable to Non-controlling Interests	-	-	-	-	-
Earnings per Share - Basic (NT$)	6.01	7.69	7.15	5.67	(1.91)

Note: The aforesaid financial information is audited by CPAs.

3. CPAs and Auditors' Opinions for the Past Five Fiscal Years

Year	Accounting Firm	CPAs	Auditors' Opinion
2018	Ernst & Young	Cheng-Chu Chen, Shih-Chieh Huang	Unqualified opinion
2019	Ernst & Young	Cheng-Chu Chen, Shih-Chieh Huang	Unqualified opinion
2020	Ernst & Young	Fang-Wen Lee, Shih-Chieh Huang	Unqualified opinion
2021	Ernst & Young	Fang-Wen Lee, Shih-Chieh Huang	Unqualified opinion
2022	Ernst & Young	Fang-Wen Lee, Guo-Sen Hung	Unqualified opinion

ii. Financial Analysis for the Past Five Fiscal Year

1. Financial Analysis (Consolidated) – IFRS adopted

Item \ Year		Financial Analysis for the Past Five Fiscal Year					From Jan. 1 to Mar. 31, 2023
		2018	2019	2020	2021	2022	
Financial Structure	Debts Ratio (%)	48.73	70.66	70.52	79.63	81.69	81.40
	Long-term Fund to Property, Plant, and Equipment (%)	107.83	101.93	96.69	104.16	89.58	88.00
Solvency	Current Ratio (%)	105.82	68.45	64.35	75.11	61.23	50.86
	Quick Ratio (%)	104.78	67.28	63.05	73.45	59.93	49.03
	Times Interest Earned (Times)	39.66	9.97	8.89	(Note 1)	1.98	0.08
Operating Ability	Average Collection Turnover (Times)	43.97	84.42	391.26	194.98	229.74	258.95
	Days Sales Outstanding	8.30	4.32	0.93	1.87	1.59	1.41
	Average Inventory Turnover (Times)	-	0.11	0.29	0.30	0.38	0.57
	Average Payment Turnover (Times)	557.10	1,070.23	1,298.33	1,241.36	1,166.76	673.35
	Average Inventory Turnover Days	-	3,318.18	1,258.62	1,216.66	960.52	640.35
	Property, Plant, and Equipment Turnover (Times)	1.61	1.48	1.34	0.88	1.16	1.21
	Total Assets Turnover (Times)	1.12	0.69	0.51	0.34	0.41	0.41

Item \ Year			Financial Analysis for the Past Five Fiscal Year					From Jan. 1 to Mar. 31, 2023
			2018	2019	2020	2021	2022	
Profitability	Return on Assets (%)		17.38	10.42	6.44	(1.06)	1.68	(0.12)
	Return on Equity (%)		32.33	25.96	19.44	(7.53)	4.29	(5.37)
	Operating Income	to Paid-in Capital Ratio (%)	90.24	92.58	74.78	(Note 2)	18.11	(Note 2)
	Pre-tax Income		90.45	85.31	68.97	(Note 3)	11.53	(Note 3)
	Net Margin (%)		15.19	13.52	11.11	(5.50)	2.01	(2.41)
	Earnings per Share (NT$)		7.69	7.15	5.67	(1.91)	0.95	(0.31)
Cash Flows	Cash Flow Ratio (%)		101.53	98.49	91.08	50.69	55.00	59.49
	Cash Flow Adequacy Ratio (%)		88.61	95.13	104.64	105.13	113.28	125.79
	Cash Flow Reinvestment Ratio (%)		20.22	24.08	22.74	8.56	19.93	20.71
Leverage	Operating Leverage		4.47	4.47	5.39	(Note 2)	19.13	204.31
	Financial Leverage		1.03	1.11	1.13	(Note 2)	2.83	(Note 2)

Explanations of changes in financial ratios over the past two fiscal years (those over 20% of changes):

The main reasons for material changes in financial ratios reaching 20%: In 2022, the impact of the pandemic on the fitness industry gradually reduced, and the Company continued to open new operating sites. As a result, the number of members increased, and there was growth in both revenues and profit. In addition, the net income turned from loss into profit in 2022.

(1) The average inventory turnover in 2022 increased compared to 2021, mainly due to the sales growth in 2022 caused the relative increase in cost of goods sold.
(2) The average inventory turnover days in 2022 decreased compared to 2021, mainly due to the increase in the average inventory turnover in 2022.
(3) The property, plant, and equipment turnover in 2022 increased compared to 2021, mainly due to the operating revenue growth in 2022.
(4) The total assets turnover in 2022 increased compared to 2021, mainly due to the operating revenue growth in 2022.
(5) The return on assets in 2022 increased compared to 2021, mainly due to the growth of operating revenue and profit in 2022, and net income turned from loss into profit.
(6) The return on equity in 2022 increased compared to 2021, mainly due to the growth of operating revenue and profit in 2022, and net income turned from loss into profit.

Item \ Year	Financial Analysis for the Past Five Fiscal Year					From Jan. 1 to Mar. 31, 2023
	2018	2019	2020	2021	2022	
(7) The net margin in 2022 increased compared to 2021, mainly due to net income turned from loss into profit in 2022. (8) The earnings per share in 2022 increased compared to 2021, mainly due to the growth of operating revenue and profit in 2022, and net income (loss) attributable to stockholders of the parent turned from loss into income. (9) The cash flow reinvestment ratio in 2022 increased compared to 2021, mainly due to the growth of profit in 2022, pre-tax income turned from loss into income and increased significantly, which significantly increased the net cash flow from operating activities, resulting in a significant increase in the ratio.						

Note 1: Based on the formula, net income before income tax and interest expenses was negative. Thus, times interest earned was not calculated.

Note 2: Based on the formula, operating income was negative. Thus, operating income to paid-in capital ratio was not calculated.

Note 3: Based on the formula, pre-tax income was negative. Thus, pre-tax income to paid-in capital ratio was not calculated.

2. Financial Analysis (Parent Company Only) – IFRS adopted

Item \ Year		Financial Analysis for the Past Five Fiscal Year				
		2018	2019	2020	2021	2022
Financial Structure	Debts Ratio (%)	48.61	70.25	70.25	79.54	81.73
	Long-term Fund to Property, Plant, and Equipment (%)	107.52	102.56	96.88	104.36	89.45
Solvency	Current Ratio (%)	102.46	69.59	64.28	76.26	59.93
	Quick Ratio (%)	101.40	68.38	62.96	74.60	58.66
	Times Interest Earned (Times)	38.17	10.06	8.88	(Note 1)	1.96
Operating Ability	Average Collection Turnover (Times)	43.52	84.14	392.75	194.99	230.03
	Days Sales Outstanding	8.39	4.34	0.93	1.87	1.59
	Average Inventory Turnover (Times)	-	0.09	0.29	0.31	0.39
	Average Payment Turnover (Times)	583.04	1,230.00	1,632.64	1,632.20	1,461.59
	Average Inventory Turnover Days	-	4,055.56	1,258.62	1,177.42	935.90

Item		Year: Financial Analysis for the Past Five Fiscal Year				
		2018	2019	2020	2021	2022
	Property, Plant, and Equipment Turnover (Times)	1.55	1.44	1.30	0.85	1.12
	Total Assets Turnover (Times)	1.09	0.68	0.51	0.33	0.40
Profitability	Return on Assets (%)	17.13	10.45	6.44	(1.07)	1.67
	Return on Equity (%)	31.73	25.84	19.22	(7.53)	4.23
	Operating Income to Paid-in Capital Ratio (%)	83.43	89.38	71.83	(Note 2)	17.55
	Pre-tax Income to Paid-in Capital Ratio (%)	86.93	83.77	67.39	(Note 3)	11.24
	Net Margin (%)	15.37	13.85	11.31	(5.67)	2.03
	Earnings per Share (NT$)	7.69	7.15	5.67	(1.91)	0.95
Cash Flows	Cash Flow Ratio (%)	101.72	100.19	91.19	50.89	54.04
	Cash Flow Adequacy Ratio (%)	86.11	92.61	101.58	102.13	110.27
	Cash Flow Reinvestment Ratio (%)	19.86	23.30	21.59	8.04	19.57
Leverage	Operating Leverage	4.63	4.45	5.40	(Note 2)	19.13
	Financial Leverage	1.03	1.12	1.14	(Note 2)	2.99

Explanations of changes in financial ratios over the past two fiscal years (those over 20% of changes):

The main reasons for material changes in financial ratios reaching 20%: In 2022, the impact of the pandemic on the fitness industry gradually reduced, and the Company continued to open new operating sites. As a result, the number of members increased, and there was growth in both revenues and profit. In addition, the net income turned from loss into profit in 2022.

(1) The average inventory turnover in 2022 increased compared to 2021, mainly due to the sales growth in 2022 caused the relative increase in cost of goods sold.
(2) The average inventory turnover days in 2022 decreased compared to 2021, mainly due to the increase in the average inventory turnover in 2022.
(3) The property, plant, and equipment turnover in 2022 increased compared to 2021, mainly due to the operating revenue growth in 2022.
(4) The total assets turnover in 2022 increased compared to 2021, mainly due to the operating revenue growth in 2022.

Item \ Year	Financial Analysis for the Past Five Fiscal Year				
	2018	2019	2020	2021	2022
(5) The return on assets in 2022 increased compared to 2021, mainly due to the growth of operating revenue and profit in 2022, and net income turned from loss into profit. (6) The return on equity in 2022 increased compared to 2021, mainly due to the growth of operating revenue and profit in 2022, and net income turned from loss into profit. (7) The net margin in 2022 increased compared to 2021, mainly due to net income turned from loss into profit in 2022. (8) The earnings per share in 2022 increased compared to 2021, mainly due to the growth of operating revenue and profit in 2022, and net income (loss) attributable to stockholders of the parent turned from loss into income. (9) The cash flow reinvestment ratio in 2022 increased compared to 2021, mainly due to the growth of profit in 2022, pre-tax income turned from loss into income and increased significantly, which significantly increased the net cash flow from operating activities, resulting in a significant increase in the ratio.					

Note 1: Based on the formula, net income before income tax and interest expenses was negative. Thus, times interest earned was not calculated.

Note 2: Based on the formula, operating income was negative. Thus, operating income to paid-in capital ratio was not calculated.

Note 3: Based on the formula, pre-tax income was negative. Thus, pre-tax income to paid-in capital ratio was not calculated.

* Formulas of financial analysis are as follows:

1. Financial Structure
   (1) Debts Ratio = Total liabilities / Total assets
   (2) Long-term fund to property, plant, and equipment = (Shareholders' equity + Noncurrent liabilities) / Net property, plant, and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick Ratio = (Current assests – Inventories – Prepaid expenses) / Current liabilities
   (3) Time interest earned = net income before tax and interest expenses / Interest expenses
3. Operating Ability
   (1) Average Collection Turnover = Net sales / Average trade receivables (including accounts receivable and notes receivable originated from operation) balance
   (2) Days sales outstanding = 365 / Average collection turnover
   (3) Average inventory turnover = Cost of goods sold / Average inventory
   (4) Average payment turnover = Cost of goods sold / Average trade payables (including accounts payable and notes payable originated from operation) balance
   (5) Average inventory turnover days = 365/ Average inventory turnover
   (6) Property, plant, and equipment turnover = Net sales / Average net property, plant, and equipment
   (7) Total assests turnover = Net sales / Average total assets
4. Profitability
   (1) Return on assets = (Net income + Interest expenses * (1- Effective tax rate)) / Average total assets
   (2) Return on equity = Net income / Average total equity

(3) Operating income to paid-in capital ratio = Operating income / Paid-in capital
(4) Pre-tax income to paid-in capital ratio = Pre-tax income / Paid-in capital
(5) Net margin = Net income / Net sales
(6) Earnings per share = (Net income attributable to the parent company – Preferred shares dividend) / Weighted average shares outstanding

5. Cash flows
(1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
(2) Cash flow adequacy ratio = Most recent 5-year net cash flow from operating activities / Most recent 5-year (Capital expenditure + Inventory additions + Cash dividend)
(3) Cash flow reinvestment ratio = (Net cash flow from operating activities – Cash dividend) / (Gross property, plant, and equipment + Long-term investments + Other non-current assets + Working Capital)

6. Leverage
(1) Operating Leverage = (Net sales – Variable costs and expenses) / Operating Income
(2) Financial Leverage = Operating Income / (Operating Income – Interest expenses)

iii. Audit Committee's Report for the Most Recent Year's Financial Statement

Please refer to Attachment 7 of this Annual Report.

iv. Consolidated Financial Statement Audited by CPAs for the Most Recent Fiscal Year

Please refer to Attachment 8 of this Annual Report.

v. Parent Company Only Financial Statement Audited by CPAs for the Most Recent Fiscal Year

Please refer to Attachment 9 of this Annual Report.

vi. If the Company or Its Affiliates Have Experienced Financial Difficulties in the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report, the Annual Report Shall Explain How Said Difficulties Will Affect the Company's Financial Situation

The Company or its affiliates did not experience financial difficulties in 2022 or during the current fiscal year up to the date of publication of the annual report.

VII. Review and Analysis of Financial Position and Financial Performance, and Risk Assessment

i. Financial Position

1. Main Reasons for Any Material Change in Assets, Liabilities, or Equity During the Past Two Fiscal Years

Unit: NT$ thousand; %

Year / Item	2021	2022	Discrepancy	
	Amount	Amount	Amount	Rate
Current Assets	1,215,129	1,322,498	107,369	8.84
Financial Assets Measured at Fair Value through Other Comprehensive Income	25,962	20,389	(5,573)	(21.47)
Property, Plant and Equipment	3,103,845	3,136,880	33,035	1.06
Other Non-current Assets	122,608	125,310	2,702	2.20
Total Assets	8,171,900	9,344,111	1,172,211	14.34
Current Liabilities	1,617,872	2,159,997	542,125	33.51
Non-current Liabilities	4,889,131	5,473,463	584,332	11.95
Total Liabilities	6,507,003	7,633,460	1,126,457	17.31
Share Capital	774,553	794,434	19,881	2.57
Capital Surplus	796,465	888,399	91,934	11.54
Retained Earnings	101,812	172,822	71,010	69.75
Other Components of Equity	(13,623)	(152,140)	(138,517)	1,016.79
Treasury Shares	(2,801)	(2,801)	-	-
Non-Controlling Interests	8,491	9,937	1,446	17.03
Total Equity	1,664,897	1,710,651	45,754	2.75

Explanations of material changes (Note):

(1) Current Assets:
Mainly due to Domestic 2nd Unsecured Convertible Corporate Bonds are due within one year, they are re-classified to current liabilities.

Item \ Year	2021	2022	Discrepancy	
	Amount	Amount	Amount	Rate
(2) Retained Earnings: Mainly due to the impact of the pandemic on the fitness industry gradually reduced, and the Company continued to open new operating sites in 2022, operating revenue and profit increased, and net income turned from loss into profit in 2022. Therefore, retained earnings increased. (3) Other Components of Equity: Mainly due to the employee unearned benefits of new restricted employee shares issued in 2022.				

Note: Material changes refer to those up to 20% of change and up to NT$10,000,000 of the amount of change.

2. Effects of Material Change in Financial Position During the Past Two Fiscal Years: There is no material effect on the financial operations.

3. Measures to Be Taken in Response: NA.

ii. Financial Performance

1. Main Reasons for Any Material Change in Operating Revenue, Operating Income, or Income Before Tax During the Past Two Fiscal Years

Unit: NT$ thousand; %

Item \ Year	2021	2022	Discrepancy	
	Amount	Amount	Amount	Rate
Operating Revenue	2,605,977	3,606,403	1,000,426	38.39
Operating Costs	2,277,284	2,776,888	499,604	21.94
Gross Profit	328,693	829,515	500,822	152.37
Operating Expenses	521,721	685,614	163,893	31.41
Operating (Loss) Income	(193,028)	143,901	336,929	(174.55)
Non-operating Income and Expenses	1,537	(52,291)	(53,828)	(3,502.15)
(Loss) Income From Continuing Operations Before Income Tax	(191,491)	91,610	283,101	(147.84)

Item \ Year	2021	2022	Discrepancy	
	Amount	Amount	Amount	Rate
Income Tax (Income) Expense	(48,166)	19,154	67,320	(139.77)
Net (Loss) Income	(143,325)	72,456	215,781	(150.55)

Explanations of material changes (Note):

1.Net operating revenue, gross profit, operating (loss) income, (loss) income from continuing operations before income tax, and net (loss) income:
Mainly due to the gradually reduced impact of the pandemic on the fitness industry, and the new operating sites in 2022, the number of members and operating revenue increased. Therefore, there was a material change in the above listed operating performance in two years.

2.Operating costs and operating expenses:
Mainly due to the operating revenue growth and new operating sites in 2022, thereby operating costs and operating expenses increased.

3.Non-operating income and expenses:
The main reason is that in 2021, the Company received government grants from Sports Administration, MOE and rent concessions for landlords. As the pandemic subsided, there was no such case in 2022. Therefore, other income decreased significantly in 2022. In addition, in 2022, the Central Bank raised interest rates, resulting in the relative increase in interest expenses of bank loans and lease liabilities.

4.Income tax (income) expense:
In 2021, income tax income was generated due to loss from continuing operations before income tax. In 2022, due to the growth of revenue and profit, it turned from loss into profit. Therefore, income tax expenses were incurred.

Note: Material changes refer to those up to 20% of change and up to NT$10,000,000 of the amount of change.

2. Provide a Sales Volume Forecast and the Basis Therefore

Based on the industrial environment and market supply and demand conditions, the Company conducts its site expansion plan, considering the site expansion progress and past operating performance. The Company sets annual sales targets, expands the market in stages to prepare for the future operational growth, and prudently evaluates the capital required for site expansion and operations.

3. The Effect Upon the Company's Future Financial Operations: None.

4. Measures to Be Taken in Response

The Company will continue to expand new operating sites, maintain the growing members, and effectively use financial funds to meet the needs of business growth.

iii. Cash Flow

1. Description and Analysis of Any Cash Flow Changes During the Most Recent Fiscal Year

Unit: NT$ thousand; %

Year / Item	2021	2022	Increase (Decrease)	
	Net Cash Inflow (Outflow)	Net Cash Inflow (Outflow)	Amount	Rate
Operating Activities	820,143	1,188,041	367,898	44.86
Investing Activities	(743,130)	(479,976)	263,154	(35.41)
Financing Activities	54,953	(662,929)	(717,882)	(1,306.36)
Total	131,966	45,136	(86,830)	(65.80)

<table>
<tr><td rowspan="2">Year / Item</td><td>2021</td><td>2022</td><td colspan="2">Increase (Decrease)</td></tr>
<tr><td>Net Cash Inflow (Outflow)</td><td>Net Cash Inflow (Outflow)</td><td>Amount</td><td>Rate</td></tr>
<tr><td colspan="5">Analysis of changes in cash flow:
(1) Increase in net cash inflow from operating activities:
Mainly due the impact of the pandemic on the fitness industry gradually reduced, and the Company continued to open new operating sites in 2022, the number of members and operating revenue increased. In addition, the openings of new sites in 2022 caused the increase in the related depreciation expense.
(2) Decrease in net cash outflow from investing activities:
Mainly due to the Company purchased the real estate located in Fitness Factory Taichung Zhongqing in 2021, there was more net cash outflow from investing activities in that year.
(3) Increase in net cash outflow from financing activities:
Mainly due to the issuance of Domestic 2nd Unsecured Convertible Corporate Bonds and long-term borrowings in 2021, there was more net cash outflow from financing activities in that year. In 2022, the Company did not issue bonds, and long-term borrowings decreased. In addition, the repayment of lease liabilities increased. Therefore, the net cash outflow from financing activities increased in 2022.</td></tr>
</table>

2. Corrective Measures to Be Taken in Response to Illiquidity

The Company did not have a shortage of cash flow during the most recent fiscal year.

3. Liquidity Analysis for the Coming Year

The Company expects good cash liquidity for the coming year, and there is no shortage of cash.

iv. The Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

The Company runs the business of membership-based fitness center chains and recreational sports venues. Its main business is providing members with facilities, equipment, courses, and other services for recreational sports, fitness, and amusement, which belongs to Sports Activities. The Company expands operating sites based on the industrial environment and market supply and demand conditions, which is an important driving force for constant growth of operation. With the new openings of operating sites, purchasing professional sports and fitness equipment is the major capital expenditures. In 2022, the Company opened "Fitness Factory" Taichung Fuke, New Taipei Longan, New Taipei Luzhou, Tainan Chongming, New Taipei Linkou, Changhua Jinma, New Taipei Xike, and Taichung Fengjia. The funds for site refurbishment and equipment purchases of New Taipei Xike and Taichung Fuke were mainly the funds raised from the issue of Domestic 2nd Unsecured Convertible Corporate Bonds and partly self-owned funds. The source of funds for the other sites was mainly self-owned funds and partly bank financing. It does not influence the Company's financial operations significantly.

v. The Company's Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/Losses Generated Thereby, the Plan for Improving Re-Investment Profitability, and Investment Plans for the Coming Year

1. Reinvestment Policy

   To ensure the constant growth of the main business, the Company has focused on reinvesting in sports-related industries in recent years. It implements the management of reinvestment business to generate resource synergies.

2. The Main Reasons for the Profits/Losses Generated Thereby and the Plan for Improving Re-Investment Profitability

Unit: NT$ thousand

Reinvestment Business	2022 Profits (Losses) From Investment	Main Reasons for the Profits or Losses	Improvement Plan
Bo Xin Health Industry Incorporated	2,170	Bo Xin is responsible for the operation of Fitness Factory Xinyi, the operating site of “Fitness Factory” in Taipei City. In the early stage of operation, the number of members did not reach the break-even point, resulting in losses. After the brand “Fitness Factory” is gradually trusted and recognized by consumers, the number of members has continued to grow. Bo Xin has been profitable since 2014, and its operating revenue grows year by year. However, the impact of the pandemic in 2021 resulted in a loss in operating results for that year. Later, as the vaccination rate gradually increased and the pandemic prevention measures were gradually loosened, it showed a single-quarter profit in 2021 Q4, and gradually resumed growing stably.	-

3. Investment Plans for the Coming Year: Depending on operating conditions of the reinvestment business.

vi. Risk Assessments

1. The Effect Upon the Company's Profits (Losses) Of Fluctuations in Interest and Exchange Rate and Changes in the Inflation Rate, and Response Measures to Be Taken in the Future

(1) Fluctuations in interest rate

The Company's interest income in 2022 and 2023 Q1 were NT$2,751 thousand and NT$419 thousand respectively, accounting for 0.08% and 0.04% of the net operating revenue respectively; the interest expenses in 2022 and 2023 Q1 were NT$93,066 thousand and NT$25,185 thousand respectively, accounting for 2.58% and 2.65% of the net operating revenue respectively. Therefore, changes in interest rates have not had a significant impact on the Company yet.

The Company evaluates the interest rates of bank loans regularly and keeps in close contact with the banks to obtain more favorable interest rates of loans. The interest rates are still stable. In addition, the Company's corporate finance is stable, and it has good creditworthiness. The capital planning is run on conservative and prudent principles. It is expected that fluctuations in future interest rates will not have a significant impact on the Company's overall operations.

(2) Fluctuations in exchange rate

The Company's main business is running fitness center chains. It recruits members and provides them with fitness equipment, courses, professional training courses with personal trainers, and other services. Currently, the Company only recruits members and provides services in Taiwan, so fluctuations in exchange rate does not have an impact on the Company's revenue. Besides, the Company purchases sports and fitness equipment from domestic agents and the transaction currency is New Taiwan Dollar (NT$). Therefore, fluctuations in exchange rate does not have a significant impact on the Company. In response to the risk of fluctuations in exchange rate on the cost of imported sports and fitness equipment, the Company will watch out for the information related to fluctuations in exchange rate, keep abreast of the trend in exchange rate in real time, and evaluate it to take practical hedging measures to reduce the impact of fluctuations in exchange rate on the Company's profit or loss.

(3) Changes in the inflation rate

In recent years, the overall economic environment has shown a trend of creeping inflation, which has not had an immediate significant impact on the Company so far. To reduce the impact of inflation on the Company's profit or loss, the Company watches out for the fluctuation in prices anytime, continues to maintain good interactive relationships with suppliers, and takes timely response measures.

2. The Company's Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; The Main Reasons for the Profits/Losses Generated Thereby; And Response Measures to Be Taken in the Future

The Company has made "Procedures for Acquisition and Disposal of Assets," "Loaning of Funds Operating Procedures," and "Making of Endorsements or Guarantees Operating Procedures." When the Company engages in investments, transactions, and loaning of funds due to business needs, it truly follows related managerial regulations. As of the Annual Report publication date, the Company has not engaged in high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, or derivatives transactions.

3. Research and Development Plans to Be Carried Out in the Future, and Further Expenditures Expected for Research and Development Plans

(1) Research and development plans to be carried out in the future

① Continue to introduce foreign high-specification and high-quality training equipment.

② Continue to develop professional training courses with personal trainers and aerobics training courses which meet customer needs.

③ The Company has had the ability to self-develop courses, and it proactively moves towards a professional certificate authority for personal trainer courses and aerobics courses.

(2) Further expenditures expected for research and development plans

Currently, the Company has allocated manpower to constantly introduce advanced training equipment and training courses which are in line with domestic and foreign industry trends. The Company keeps abreast of the market trend and understands customer needs. Also, it continues to develop new training equipment and training courses. In the future, the Company will continue to invest in R&D depending on the development progress and results. With the constant growth of revenue and profits, it is expected to invest a higher proportion of R&D expenses. In 2023, the related investment in R&D of new training and the compilation of courses is estimated to be NT$8,000 thousand.

4. Effect on the Company's Financial Operations of Important Policies Adopted and Changes in the Legal Environment at Home and Abroad, and Measures to Be Taken in Response

The Company's daily operations are handled in compliance with related domestic laws and regulations. In addition to irregularly collecting and evaluating the impact of important policies and changes in the legal environment at home and abroad on the Company's finances and business, the Company also consults related professionals to fully keep abreast of external information and take timely response measures. So far, the Company has not had any financial operations affected by important policies and changes in the legal environment at home and abroad.

5. Effect on the Company's Financial Operations of Developments in Science and Technology (Including Cyber Security Risks) As Well as Industrial Change, and Measures to Be Taken in Response

The Company keeps abreast of the changes in its industry and market trends at any time and watches out for related technological development and changes of sports science to launch sports and fitness equipment and courses which meet customer needs. In the most recent fiscal year and up to the annual report publication date, there were no major technology and industrial changes which could influence the Company's financial operations significantly.

In addition, according to the TWSE Letter Tai-Zheng-Shang-Yi-Zi No.1081800376, a description of cyber security risk assessment and analysis should be added to the annual report. If it is assessed as a major operational risk, the response measures must be disclosed:

Cyber Security Risk Assessment and Analysis and the Response Measures

The Company has built comprehensive network and computer related cyber security protective measures. However, there is still no guarantee that the computer management systems which control or maintain important functions such as the Company's operations and finances can completely prevent cyber attacks. Malicious hackers may try to attack the Company's network and computer management systems through computer viruses, destructive software, or ransomware. When the Company suffers from cyber attacks, its network and computer management systems may lose the Company's important data, and daily operations may also be affected. Such attacks may damage the Company's commitment to members or other stakeholders. Attacks may even cause the Company to get involved in related disputes and suffer losses due to compensation payment. They may even cause adverse effects on the Company's operating performance, brand reputation, and corporate value.

With the expansion of the Company's operations, the Company continues to review cyber security related bylaws to ensure their appropriateness and effectiveness. However, ever-changing cyber security threats make it still impossible to guarantee that the Company will be free from attacks or risks. Therefore, the countermeasures which the Company can take are as follows:

(1) By investing in management resources of cyber security, the Company establishes and constantly strengthens the cyber security protection network. Also, it conducts periodic reviews and makes reports of major abnormalities.
(2) Constantly optimize and improve various internal cyber security management mechanisms, and regularly conduct training courses of related cyber security knowledge such as sending and receiving emails to reduce the risk of employees accidentally opening malicious emails.
(3) Regularly perform system disaster recovery drills and report on the execution results.
(4) Implement remote data backup.
(5) Constantly update and implement standard operating procedures for daily operations and maintenance monitoring and troubleshooting according to the Company's operational indicators.
(6) Establish internal education and training courses. Publicize information security-related regulations for employees. Strengthen employees' awareness of information security and its related responsibilities.
(7) Appoint Information Security Officer and at least one information security personnel by year-end 2023.

The Company continues to evaluate and plan to improve the software and hardware required within the scope of cyber security management with related management measures to devote itself to cyber security protection and virus attack prevention to avoid possible business losses.

6. Effect on the Company's Crisis Management of Changes in the Company's Corporate Image, and Measures to Be Taken in Response

The Company always complies with related laws and regulations strictly. The Company values employees' professional integrity and discipline management and requires supervisors to lead by example. Until now, there have not been any incidents that affect the Company's corporate image. While pursuing revenue and profit growth and maximizing shareholders' equity, the Company also fulfills its corporate social responsibility, proactively promotes corporate governance, and strives to be a company worthy of customers', employees', and shareholders' trust.

7. Expected Benefits and Possible Risks Associated With Any Mergers and Acquisitions, and Mitigation Measures Being or to Be Taken

   In the most recent fiscal year and up to the annual report publication date, the Company has no ongoing mergers and acquisitions or plans for mergers and acquisitions. If there is a merger and acquisition plan in the future, a prudent attitude will be taken towards assessments. The Company will consider the synergy of the merger and truly protect shareholders' equity.

8. Expected Benefits and Possible Risks Associated With Any Plant Expansion, and Mitigation Measures Being or to Be Taken

   The Company runs the business of fitness centers and recreational sports venues. In the future, the Company will expand new sites according to market demand and operational goals to constantly provide new revenues and give profit growth momentum.

9. Risks Associated With Any Consolidation of Sales or Purchasing Operations, and Mitigation Measures Being or to Be Taken

   The Company's main business is providing members with facilities, equipment, courses, and other services for recreational sports, fitness, and amusement. There is no need to input raw materials in the service process. The main procurement item is sports equipment. The Company adheres to the concept of sustainable management and has built good relationships and interactions with many suppliers over the years. The supply status is good, so there is no risk of consolidation of purchasing operations. In terms of sales operations, the Company is in the sports and fitness industry. Its sales target is the general public, so there is no risk of consolidation of sales operations.

10. Effect Upon and Risk to the Company in the Event a Major Quantity of Shares Belonging to a Director or Shareholder Holding Greater Than a 10 Percent Stake in the Company Has Been Transferred or Has Otherwise Changed Hands, and Mitigation Measures Being or to Be Taken

    In the most recent fiscal year and up to the annual report publication date, there is not any director of the Company or shareholder holding greater than a 10 percent stake in the Company who has been transferred or has otherwise changed hands.

11. Effect Upon and Risk to Company Associated With Any Change in Governance Personnel or Top Management, and Mitigation Measures Being or to Be Taken

    In the most recent fiscal year and up to the annual report publication date, there is no change in the Company's governance personnel or top management.

12. Litigation or Non-contentious Matters: None.
13. Other Important Risks, and Mitigation Measures Being or to Be Taken: None.

vii. Other Important Matters: None.

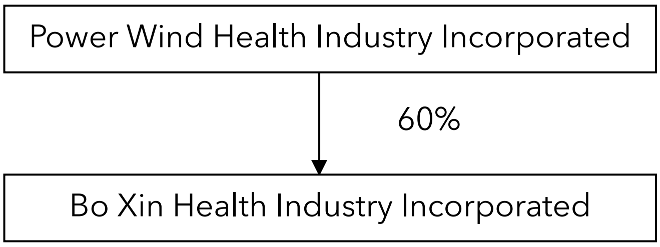
VIII. Special Items to Be Included

i. Information Related to the Company's Affiliates

1. Consolidated Business Reports Covering Affiliates

(1) The overview of Affiliates

① Organizational Chart of Affiliates (December 31, 2022)



② Information on Affiliates

As of December 31, 2022; Unit: NT$ thousand

Affiliate	Date of Establishment	Address	Paid in Capital	Main Business
Bo Xin Health Industry Incorporated	May 2, 2011	4F., No. 22, Songshou Rd., Xinyi Dist., Taipei City	15,000	Run the business of recreational fitness center and other sports services.

③ For companies presumed to have a relationship of control and subordination under Article 369-3 of Company Act, the information on the shareholders in common: None.

④ Industries covered by the business operated by the affiliates overall

Affiliate	Main Business	Mutual Dealings and Division of Work
Bo Xin Health Industry Incorporated	Run the business of recreational fitness center and other sports services.	Bo Xin specifically runs "Fitness Factory Xinyi." "Fitness Factory" is one of the brands of Power Wind Health Industry Incorporated. "Fitness Factory Xinyi" is in Xinyi Shopping District in Taipei City, and it is the first operating site of "Fitness Factory" in northern Taiwan.

⑤ Names of the directors, supervisors, and president of each affiliate and the details of their shareholding or capital contribution in such affiliate

Affiliate	Title	Name or Representative	Shareholding	
			Shares	%
Bo Xin Health Industry Incorporated	Chairperson	Power Wind Health Industry Incorporated Representative of Juristic Person Director: George Chen	900,000	60.00
	Director	Power Wind Health Industry Incorporated Representative of Juristic Person Director: John Chen		
	Director	Giant Development Co., Ltd. Representative of Juristic Person Director: Kai-Zheng Wang	450,000	30.00
	Supervisor	Xiu-Duan Zheng	-	-
	President	Allen Lin	-	-

(2) The overview of the operations of the affiliates

As of December 31, 2022; Unit: NT$ thousand

Affiliate	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Revenue	Operating Income	Net Income	Earnings per Share - Basic
Bo Xin Health Industry Incorporated	15,000	51,882	27,037	24,845	110,583	4,458	3,617	2.41

2. The Consolidated Financial Statements of the Affiliates

The consolidated financial statements of the affiliate of the Company are the Company's consolidated financial statements. Please refer to Attachment 8 of this Annual Report.

3. Affiliation Report: NA

ii. Status of a Private Placement of Securities the Company Carried Out During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

iii. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

iv. Other Matters That Require Additional Description: None.

IX. Any of the Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, Has Occurred During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

POWERWIND

Attachment 1.

Articles of Incorporation

Power Wind Health Industry Incorporated

Articles of Incorporation

Chapter 1 General Principles

Article 1: The Company is duly incorporated in accordance with Company Act, with the name of "柏文健康事業股份有限公司" and the English name of "Power Wind Health Industry Incorporated."

Article 2: The business scope of the Company shall be as follows:

1. J701040 Recreational Activities Grounds and Facilities.
2. J801030 Athletics and Recreational Sports Stadium.
3. J802010 Sporting Training.
4. JE01010 Rental and Leasing Business.
5. JZ99020 Bathhouses.
6. JZ99080 Beauty Shops.
7. JZ99110 Body Shaping Services.
8. I103060 Management Consulting Services.
9. F102030 Wholesale of Tobacco Products and Alcoholic Beverages.
10. F102040 Wholesale of Nonalcoholic Beverages.
11. F102170 Wholesale of Food and Grocery.
12. F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.
13. F108040 Wholesale of Cosmetics.
14. F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.
15. F203010 Retail sale of Food Products and Groceries.
16. F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products.
17. F208040 Retail Sale of Cosmetics.
18. F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles.
19. F401010 International Trade.
20. F501030 Coffee/Tea Shops and Bars.
21. F501060 Restaurants.
22. ZZ99999 All business items that are not prohibited or restricted by laws, except those that are subject to special approval.

Article 2-1: The Company may provide mutual guarantees with affiliated enterprises or peer group when necessary for its business.

Article 3: When the Company becomes a shareholder of limited liability in other companies, the total amount of its investments in such other companies is not restricted by Article 13 of Company Act, the provision of not exceeding forty percent of the amount of its own paid-up capital.

Article 4: The Company has its head office in Kaohsiung city and may, when necessary, set up branch offices in Taiwan and abroad after being resolved by the Board of Directors and approved by competent authority.

Chapter 2 Shares

Article 5: The total authorized capital of the Company shall be in the amount of NT$1,000,000,000, divided into 100,000,000 shares, at par value of NT$10, and is authorized to the Board of Directors to issue in installments.
The total authorized capital of the preceding paragraph shall retain 10,000,000 shares for the issuance of employee stock warrants.

Article 6: The share certificates of the Company shall be registered and issued with signature and seal specimen by three or more directors after being authenticated in accordance with laws. The Company may be exempted from printing any share certificate for the shares issued, but shall register with a centralized securities depositary enterprise.

Article 7: Assignment or transfer of shares shall not be registered within sixty days prior to the convening date of a regular Shareholders' Meeting, or within thirty days prior to the convening date of a special Shareholders' Meeting, or within five days prior to the record date set by the issuing company for distribution of dividends, bonus or other benefits.

Article 8: The handling of stock affairs of the Company, expect other provisions in applicable laws or securities regulations, shall be subject to "Regulations Governing the Administration of Shareholder Services of Public Companies" prescribed by competent authority.

Chapter 3 Shareholders' Meeting

Article 9: Shareholders' Meeting shall be of two kinds: regular meeting of shareholders and special meeting of shareholders. Regular meeting shall be held at least once every year within six months after the close of each fiscal year and convened by the Board of Directors in accordance with the laws. Special meeting shall be held when necessary in accordance with the laws.

Article 10: Being unable to attend a Shareholders' Meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company with signature and seal specimen and stating the scope of the proxy's authorization. Proxy appointment regulations shall in compliance with Article 177 of Company Act and "Regulations Governing the Use of Proxies for Attendance at

Shareholder Meetings of Public Companies" prescribed by competent authority.

Article 11: A chair of Shareholders' Meeting shall in accordance with Article 182-1 and Article 208, paragraph 3 of Company Act.

Article 12: Except in the circumstances otherwise provided for in applicable laws, a shareholder of the Company shall be entitled to one vote for each share held.

Article 13: Resolutions at a Shareholders' Meeting shall, unless otherwise provided for in Company Act, Securities and Exchange Act or other applicable laws, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

When the Company holds a Shareholders' Meeting, a shareholder shall exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the Shareholders' Meeting notice.

Chapter 4 Board of Directors and Audit Committee

Article 14: The Company shall set five to seven directors for a term of three years and eligible for re-election. The number of directors is authorized to the Board of Directors to decide. The total shares held by all directors shall be no less than the proportion prescribed by competent authority. Among the directors, independent directors shall not be fewer than two persons, and no less than one-fifths of directors' seats.

Directors election shall be adopted through the candidate nomination system, and to be elected from the directors' slate in a Shareholders' Meeting. The acceptance method, announcement and other matters related to the nomination of director candidates shall be in compliance with the related regulations of Company Act and Securities and Exchange Act.

The qualification, shareholding, restrictions on part-time job, assessment of independence and other matters to be complied with of independent directors shall be handled in compliance with competent authority.

In accordance with Article 14-4 of Securities and Exchange Act, the Company establishes an Audit Committee in lieu of a supervisor. Audit Committee composes of the entire number of independent directors, and shall not be fewer than three persons in number. One of whom shall be convener, and at least one of whom shall have accounting or financial expertise. Upon the date Audit Committee establishes, powers of a supervisor of the Company shall be exercised by Audit Committee. The responsibility, charter, exercise of power and other matters to be complied with of Audit

Committee shall be in accordance with Company Act, Securities and Exchange Act and other applicable laws.

Article 15: In case no election of new directors is effected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

Article 16: The Board of Directors is organized by directors and shall elect a chairperson from among the directors by a majority vote at a meeting attended by over two-thirds of the directors. The chairperson represents the Company externally and handles all the matters of the Company in compliance with the regulations, charter and resolutions of the Shareholders' Meeting and the Board of Directors.

Article 17: The Board of Directors shall be called once every quarter. The Company executes its business strategies and other matters in compliance with the resolutions of the Board of Directors. Except the first meeting of each newly elected Board of Directors is called in accordance with Article 203 of Company Act, a meeting of Board of Directors shall be called and chaired by the chairperson of the Company. When the chairperson is on leave or for any reason is unable to exercise the powers of the chairperson, the designation shall be handled in accordance with Article 208 of Company Act.

In emergency circumstances, a meeting may be called on shorter notice. Meeting notice of the Board of Directors may be effected by means of correspondence, E-mail or fax.

Article 18: Except as otherwise stated in Company Act, a resolution at the Board of Directors' meeting requires the approval of a majority of the directors present at the meeting, that shall be attended by a majority of all directors. When a director is not able to attend the meeting in person for any reason, he or she may appoint another director to attend the meeting in his or her place with a written proxy stating the scope of authorization with respect to the reasons for meeting. However, each director may accept a proxy from one person only.

If a meeting of Board of Directors is convened as a tele- or video-conference, a director who attends via television or video is deemed as attendance in person.

Article 19: Deleted.

Article 20: Deleted.

Article 21: Minutes shall be prepared of the discussions at Board of Directors' meeting with signature or seal of the chair; a copy of the minutes shall be distributed to each director within twenty days after the meeting. A meeting minutes shall record a summary of the essential points during the proceeding and the result for each proposal. The meeting minutes, attendance book and proxy shall be well preserved in the Company.

Article 22: A Board of Directors is authorized to determine the salary for all directors, taking into account the extent and value of the services provided for the management of the Company and the general pay levels in the industry.

Article 23: The Company may obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

Chapter 5 Managerial Officers

Article 24: The Company may appoint one or more CEO(s), president(s), vice president(s) or such other officers to meet its operational or managerial needs. The appointment, discharge and compensation shall be handled in accidence with Article 29 of Company Act.

Chapter 6 Accounting

Article 25: The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year. After the close of each fiscal year, the following reports shall be prepared by the Board of Directors:

1. Business report.
2. Financial Statements.
3. Proposal concerning the distribution of earnings or covering of losses.

All the documents shall be audited by Audit Committee within thirty days prior to the convening date of the regular Shareholders' Meeting and submitted to the regular Shareholders' Meeting for acceptance in accordance with the laws.

Article 26: If there is annual profit, the Company shall set aside no less than 1% of said profit as employees' compensation and a maximum of 3% of said profit as directors' remuneration; provided, however, that the Company shall have reserved a sufficient amount to offset its accumulated losses.

Employees' compensation of the preceding paragraph shall be distributed in the form of shares or cash, and employees qualified to receive such compensation may include those from affiliated company who meet the certain qualifications.

Article 26-1: If there shall be any surplus in final accounts, the Company shall firstly pay taxes, offset its accumulated losses, then set aside 10% of the remaining surplus as legal capital reserve. Where such legal capital reserve amounts to the total paid-in capital of the Company, this provision shall not apply. After above, the remaining surplus shall be set aside or reverse for special capital reserve in accordance with the laws. Any further remaining amounts shall be added to the unallocated surplus from the prior year as the distributable earnings available of the current year. The Board of

Directors shall draft a proposal to distribute the surplus, which shall be approved by a Shareholders' Meeting.

The distribution of dividends shall be made according to the business development, fund management and financial plans, meanwhile considering the interests of shareholders. The dividends to shareholders shall be in the form of cash or stock. More than (or equal to) 10% of the total amount of dividends shall be distributed by cash dividends.

Chapter 7 Supplementary Provisions

Article 27: Regarding the matters not provided for in the Articles of Incorporation, the Company Act and other relevant laws and regulations shall govern.

Article 28: The Articles of Incorporation were adopted on September 23, 2005.

The 1st amendments were made on December 23, 2005.
The 2nd amendments were made on January 24, 2006.
The 3rd amendments were made on November 30, 2006.
The 4th amendments were made on June 30, 2013.
The 5th amendments were made on October 31, 2014.
The 6th amendments were made on May 25, 2015.
The 7th amendments were made on June 6, 2016.

Power Wind Health Industry Incorporated

Chairperson: George Chen

Attachment 2.
Letter of Auditor’s Independence

安永聯合會計師事務所

80052 高雄市中正三路2號17樓
17F, No. 2, Zhongzheng 3rd Road
Kaohsiung City, Taiwan, R.O.C.

電話 Tel: 886 7 238 0011
傳真 Fax: 886 7 237 0198
ey.com/zh_tw

Auditor's Independence

The Board and Audit Committee
POWER WIND HEALTH INDUSTRY INC.

This letter represents our annual communication of independence to the auditing of 2023 consolidated financial statements in accordance with the Taiwan standards on auditing.

In accordance with the Taiwan standards on auditing, we shall provide communication that EY persons, EY and other member firms of EY have complied with the relevant Norm of Professional Ethics for Accountant regarding independence to Audit Committee and communicate anything that may reasonably be thought to bear on our independence or other matters, including actions taken.

In our professional judgment, we are not aware of any relationships or other matters between EY, other member firms and the Company that may reasonably be thought to bear on our independence.

This report is intended solely for the information and use of the Board, Audit Committee, management, and others within the Company and should not be used for any other purposes.

Yours very truly,

Lee, Fang-Wen

Hung, Kuo-Sen

Ernst & Young, Taiwan

February 21, 2023

POWERWIND

Attachment 3.
CPA Independence Assessment Report in the Most Recent Fiscal Year

Company Name:	Power Wind Health Industry Incorporated
Accounting Period:	Jan. 1 – Dec. 31, 2022

Description

1. The CPA Independence Assessment Procedure is formulated based on Certified Public Accountant Act, the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and Standards on Auditing.

2. According to the Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10 "Integrity, Objectivity, and Independence," the terms are defined as follows:

   Financial interest:

   An interest in an equity or other security, debenture, loan or other debt instrument of an entity, including rights and obligations to acquire such an interest and derivatives directly related to such interest.

   Direct financial interest:

   - Owned directly by and under the control of an individual or entity (including those managed on a discretionary basis by others); or
   - Beneficially owned through a collective investment vehicle, estate, trust or other intermediary over which the individual or entity has control, or the ability to influence investment decisions.

   Indirect financial interest:

   A financial interest beneficially owned through a collective investment vehicle, estate, trust or other intermediary over which the individual or entity has no control or ability to influence investment decisions.

   Family: A spouse (or equivalent) or dependent.

   Immediate family: Lineal, immediate affinity and sibling.

	CPA Independence Assessment Procedure	Compliance with requirements Yes	 No
1.	**Financial Interests**		
	(i) Do the members of the audit team of the accounting firm and their family not have direct financial interests or significant indirect financial interests in the Company?	✓	
	(ii) Do other partners of the accounting firm and their family not have direct financial interests or significant indirect financial interests in the Company?		
	(iii) Do the accounting firm and its affiliated companies not have direct financial interests or significant indirect financial interests in the Company?		

<table>
<tr><th colspan="2">CPA Independence Assessment Procedure</th><th>Compliance with requirements
Yes</th><th>No</th></tr>
<tr><td></td><td>Conclusion:
The members of the audit team of the accounting firm and their family, other partners of the accounting firm and their family, and the accounting firm and its affiliated companies do not have direct financial interests or significant indirect financial interests in the Company.</td><td></td><td></td></tr>
<tr><td>2.</td><td colspan="3">Loans and Guarantees (applying to non-financial industries)</td></tr>
<tr><td></td><td>Are there not mutual financing or guarantee activities between the Company and the firm, its affiliated companies, and the members of the audit team?

Conclusion:
There is not any mutual financing or guarantee activity between the Company and the firm, its affiliated companies, and the members of the audit team.</td><td>✓</td><td></td></tr>
<tr><td>3.</td><td colspan="3">Business Relationships</td></tr>
<tr><td></td><td>(i) Are there not close business relationships between the firm, its affiliated companies and the members of the audit team and the Company or the directors, supervisors, and managerial officers thereof? Such relationships include:
■ A strategic alliance in which there are material interests between the firm and the Company or any shareholder, director, supervisor, or managerial officer thereof who has control over the Company.
■ An alliance formed to mutually market the services or products of the firm or its affiliated companies and the services or products offered by the Company.
■ A relationship in which the firm or its affiliated companies and the Company mutually promote or sell the products or services of the other party to gain profits.
(ii) Does the Company sell goods or provide services to the firm, its affiliated companies, or the members of the audit team within the scope of normal business activities?

Conclusion:
There are not close business relationships between the accounting firm, its affiliated companies, and the members of the audit team and the Company, the directors, and managerial officers.
The Company runs the business of membership-based fitness center chains and recreational sports venues, providing customers with services of professional recreational sports and</td><td>✓</td><td></td></tr>
</table>

	CPA Independence Assessment Procedure	Compliance with requirements Yes	No
	fitness, amusement, aromatherapy, recreational sport of trampoline, bowling sport, etc. If the accounting firm, its affiliated companies, or the members of the audit team engage in recreational sports, fitness, amusement, and aromatherapy as members of the fitness centers operated by the Company or go to the recreational sports venues and the bowling alley operated by the Company, the Company sells goods or provides services within the scope of normal business activities.		
4.	**Family and Personal Relationships**		
	(i) Do the family of the audit team members not serve as a director, supervisor, or managerial officer of the Company or serve in a post where they may exert direct and significant influence on audit engagement, or have they been in the aforesaid positions during the audit period? (ii) Do the immediate family of the audit team members not serve as a director, supervisor, or managerial officer of the Company or serve in a post where they may exert direct and significant influence on audit engagement, or have they been in the aforesaid positions during the audit period?	✓	
	Conclusion: The family and immediate family of the audit team members have never served as a director, supervisor, or managerial officer of the Company or served in a post where they may exert direct and significant influence on audit engagement.		
5.	**Employment Relationships**		
	(i) Does the firm or any of the audit team members not serve as a director, supervisor, or managerial officer of the Company or serve in a post where the firm or the member may exert direct and significant influence on audit engagement? (ii) If any member of the audit team, CPA or former CPA of the firm is employed by the Company, please assess the influence of the following factors on the independence of the CPA: ■ The post in which he/she serves in the Company. ■ The period between the date of resignation from the firm and the date of employment in the Company. ■ The importance of the post in which he/she served in the firm. (iii) Is there not any member of the audit team who is known to be employed by the Company in the future? (iv) Do the CPAs or employees of the accounting firm or its	✓	

	CPA Independence Assessment Procedure	Compliance with requirements Yes	No
	affiliated companies not provide services for any director, supervisor, managerial officer, or equivalent post of the Company?		
	Conclusion: The CPAs, former CPAs, or employees of the accounting firm and its affiliated companies have never served as a director, supervisor, or any other positions of the Company, and they have never provided services for any director, supervisor, managerial officer, or equivalent post of the Company. None of the audit team members will be employed by the Company in the future.		
6.	**Gifts and Hospitality**		
	Does the Company offer gifts or preferential treatment that are not valuable to the members of the audit team in accordance with accepted social customs or business customs without any purpose or intention of influencing professional decisions or obtaining confidential information?	✓	
	Conclusion: The Company does not offer any gifts or preferential treatment to the members of the audit team.		
7.	**Job Rotation for CPAs**		
	Does the CPA serve as an engagement partner of the Company for less than seven years? Is the CPA reappointed as the engagement partner after at least two years following a job rotation?	✓	
	Conclusion: CPA Fang-Wen Lee, CPA Shih-Chieh Huang, and CPA Kuo-Sen Hung serve as engagement partners of the Company for less than seven years.		
8.	**Non-assurance Services**		
	Does the Company ask the CPA about the details of non-audit services he/she provides for the Company and about the influence thereof on his/her independence?	✓	
	Conclusion: Non-assurance services provided by CPAs to the Company include entity compliance and governance services and tax compliance services, etc., which do not affect the		

	CPA Independence Assessment Procedure	Compliance with requirements Yes	No
	independence.		
9.	**Letter of Auditor's Independence**		
	Obtainment of the CPAs' letter of Auditor's Independence to the Audit Committee (or an equivalent governance unit, if there is no Audit Committee).	✓	
	Conclusion: The Company has obtained the letter of Auditor's Independence.		

POWERWIND

Attachment 4.
Statement of Internal Control System

Power Wind Health Industry Incorporated

Statement of Internal Control System

Date: March 13, 2023

According to self-inspected results, the Company's internal control system of 2022 is stated in the following:

1. The Company understands the Board of Directors and managerial officers' responsibility to establish, implement, and maintain the Company's internal control system. The Company has established such system, intending to achieve objectives regarding effectiveness and efficiency (including profit, performance, and ensuring asset security, etc.) of operations, reliability, timeliness, transparency, and regulatory compliance of reporting, as well as compliance with applicable laws, regulations, and bylaws, providing reasonable guarantee.
2. The internal system has its intrinsic limits, no matter how complete the design, effective internal control can only provide reasonable guarantee for meeting the three aforementioned objectives; along with environmental and conditional changes, effectiveness of internal control regulations may change also. However, self-inspection mechanisms have been established into the Company's internal control system, the Company will take actions to fix a deficiency once it has been identified.
3. According to the "Regulations Governing Establishment of Internal Control Systems by Public Companies," (hereafter referred to as "the Regulations") regulating the criteria of the design and implementation of its internal control system. Intended for management and control processes, the Regulations' criteria for assessing internal control system are comprised of five elements: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, and 5. Monitoring activities. Every element is comprised of further constituents. Please refer to "the Regulations" for the aforementioned constituents.
4. The Company has assessed the effectiveness of the design and effectiveness of its internal control system according to the aforementioned internal control system criteria.
5. The assessment results show that as of December 31, 2022, the Company's internal control system (including supervision and management of its subsidiary), is effective in its design and implementation, meeting objectives including its effectiveness and

efficiency (including profit, performance, and ensuring asset security, etc.) of operations, reliability, timeliness, transparency, and regulatory compliance of reporting, as well as compliance with applicable laws, regulations, and bylaws, providing reasonable guarantee in achieving the aforementioned objectives.

6. This Statement will become the main content in the Company's Annual Report and its public announcements and will be made public. Contents described above containing fraudulent materials, undisclosed items, or other illegalities, will incur legal responsibility under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was approved by the directors attending the Company's Board of Directors meeting on March 13, 2023, among the 7 attendees, there were 0 dissenting opinions.

Power Wind Health Industry Incorporated

Chairperson: George Chen

President: Allen Lin

POWERWIND

Attachment 5.
Domestic 2nd Unsecured Convertible Corporate Bonds Issuance and Conversion Plan

Power Wind Health Industry Incorporated

Domestic 2nd Unsecured Convertible Corporate Bonds Issuance and Conversion Plan

1. Name of bond:

Power Wind Health Industry Incorporated (hereinafter referred to as "the Company") Domestic 2nd Unsecured Convertible Corporate Bonds (hereinafter referred to as "the convertible corporate bonds").

2. Issue date:

January 6, 2021 (hereinafter referred to as "the issue date").

3. The total amount issued and the par value per bond:

The par value per convertible corporate bond is NT$100 thousand. The total number of issued bonds is four thousand. Issued completely at par value of the convertible corporate bonds. The total amount issued is NT$400 million.

4. Period of issuance:

The period of the issuance is three years. The bonds are issued on January 6, 2021, and mature on January 6, 2024 (hereinafter referred to as "the maturity date").

5. Coupon rate:

The annual coupon rate of the convertible corporate bonds is 0%.

6. Dates and terms of repayment:

Except for bondholders of the convertible corporate bonds converting bonds into common shares of the Company in accordance with Article 10 of this plan, or exercising bondholders' sell-back rights in accordance with Article 19 of this plan, or the Company redeeming the bonds in advance in accordance with Article 18 of this plan, or the Company repurchasing the bonds for cancellation from securities market, the Company will repay the convertible corporate bonds held by bondholders at par value of the bonds in cash in one lump sum when the convertible corporate bonds mature.

7. The availability of collateral:

The convertible corporate bonds are unsecured. However, after the convertible corporate bonds are issued, if the Company additionally issues or privately places other secured corporate bonds with equity warrants or secured convertible corporate bonds, the convertible corporate bonds will set obligatory rights at the same level or collateral in the same order of the secured corporate bonds with equity warrants or the secured convertible corporate bonds accordingly.

8. Conversion object:

The Company's common shares. The Company will perform the conversion obligation by issuing new shares. The exchanged new shares will be delivered by book-entry transfer without printing physical bonds.

9. Conversion period:

Bondholders may, from the day following three months after the issue date of the convertible corporate bonds (April 7, 2021) to the maturity date (January 6, 2024), except for (1) during the statutory book closure period of common shares; (2) the period from fifteen business days before the book closure date for gratuitous distribution of stock dividends, book closure date for cash dividends, or subscription book closure date for cash capital increase, up until the record date for distribution of rights and interests; (3) the period from the record date for capital reduction to the day immediately before the trading day after replacement of shares and capital reduction; and (4) the period from the commencement date of stopping conversion (subscription) of handling the change in the par value of shares to the day immediately before the trading day after exchange and new issue of shares, at any time, through trading securities firms, inform Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC") to request the Company's stock transfer agent to convert the convertible corporate bonds they hold into the Company's common shares in accordance with the provisions in Articles 10, 11, 13, and 15 of this plan.

10. Procedures regarding the request for conversion:

(1) Bondholders fill out the "Application Form for Book-Entry Transfer of Conversion/Redemption/Sell-back of Convertible Corporate Bonds" (specify conversion) to the original trading securities firms, and the trading securities firms will apply to TDCC. After accepting the application, TDCC

will notify the Company's stock transfer agent electronically. The conversion will be effective upon delivery, and no application for revocation is allowed. The conversion procedures will be completed within five business days after delivery, and the Company's common shares will be directly transferred to the bondholders' TDCC accounts.

(2) When overseas Chinese and foreign nationals apply to convert the convertible corporate bonds they hold into common shares of the Company, TDCC will handle all distribution by way of book-entry transfer.

11. Conversion price and its adjustment:

(1) The determination of the conversion price

The determination of the conversion price of the convertible corporate bonds: December 28, 2020 is the record date for the determination of the conversion price. The base price will be the simple arithmetic average of the closing price of the Company's common shares either on the first, third, or fifth business day immediately before the record date (excluded), and then the base price shall be multiplied by 102.5% as the basis for calculating the conversion price (rounded up to the nearest tenth of one NTD). In case of ex-rights or ex-dividend before the record date for pricing, the closing price sampled and used to calculate the conversion price shall first be calculated as the price after ex-rights or ex-dividend. In case of ex-rights or ex-dividend, from the day after the conversion price is determined to the actual issue date, the conversion price shall be adjusted according to the conversion price adjustment formulas in paragraph (2) of this Article. According to the aforementioned method, the conversion price at the time of the issuance of the convertible corporate bonds is set at NT$155.8 per share.

(2) The adjustment of the conversion price

A. After the convertible corporate bonds are issued, except for the issuance (or private placement) of common shares upon conversion of all securities with conversion rights or subscription rights for common shares, or new shares issued as employees' remuneration, if there is any increase in the Company's issued (or privately placed) number of common shares (including but not limited to cash capital increase through public offering or private placement, capital increase by earnings, capital increase by capital surplus, merger or transfer of new shares issued by other companies, stock split, participation in overseas depositary receipts through cash capital increase, and due to changes in the par value of shares, an increase in issued common shares, etc.), the Company shall adjust the conversion price of the bonds according to the following formulas (rounded up to the nearest tenth of one NTD, adjusted downwards, and not adjusted upwards). The Company will announce it and request Taipei Exchange (hereinafter referred to as "TPEx") to approve it. The conversion price will be adjusted on the ex-rights record date of the issuance of new shares. (Note 1) (If there is an actual payment operation, it will be adjusted on the date when the full payment is paid).

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares (Note 2)} + \dfrac{\text{Paid purchase price per share (Note 3)} \times \text{Number of newly issued shares or privately placed shares}}{\text{Current price per share (Note 4)}}}{\text{Number of issued shares (Note 2)} + \text{Number of newly issued shares or privately placed shares}}$$

When the par value of shares changes

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued common shares before the par value of shares changes (Note 2)}}{\text{Number of issued common shares after the par value of shares changes}}$$

Note 1: If it is a stock split, it will be adjusted on the record date for split. If it is a merger or transfer of capital increase, it will be adjusted on the record date for merger or transfer. If it is a cash capital increase through book building or participation in overseas depositary receipts through cash capital increase, it will be adjusted on the date when the full payment is paid, since there is no ex-rights record date. If it is a private placement of common shares through cash capital increase, it will be adjusted on the delivery date of private placement of securities. If the issue price of new shares is changed after the ex-rights record date for new shares through cash capital increase, it will be readjusted based on the updated issue price of new shares. If the calculated adjusted conversion price is lower than the announced adjusted conversion price before the original ex-rights record date, the Company will announce it and request TPEx to approve it again.

Note 2: The number of issued shares refers to the total number of issued common shares (including public offering and private placement) minus the number of treasury shares repurchased by the Company but not canceled or transferred.

Note 3: The paid purchase price per share will be zero if it is a gratuitous distribution of shares or stock split. In the case of a merger and capital increase to issue new shares, the paid purchase price per share shall be the net worth per share multiplied by the share exchange ratio calculated based on the latest CPA-attested or reviewed financial statements of the eliminated company before the record date for merger. In the case of issuance of new shares for transfer of shares from other company, the paid purchase price per share will be the net worth per share multiplied by the share exchange ratio calculated based on the latest CPA-attested or reviewed financial statements of the transferee company.

Note 4:The current price per share shall be the simple arithmetic average of the closing price of common shares either on the first, third, or fifth business day immediately before the ex-rights record date, the record date for pricing, the record date for merger or split, or the delivery date of private placement of securities.

B. After the convertible corporate bonds are issued, if the Company distributes cash dividends for common shares, the conversion price shall be reduced according to the following formula on the ex-dividend record date (rounded up to the nearest tenth of one NTD, adjusted downwards, and not adjusted upwards). The Company will announce the adjusted conversion price and request TPEx to approve it. This conversion price reduction regulation does not apply to those who have requested conversion before the ex-dividend record date (excluded). The adjustment formula is as follows:

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \left(1 - \text{Proportion of cash dividends distributed per common shares to current price per share (Note)}\right)$$

Note: The current price per share is the simple arithmetic average of the closing price of common shares either on the first, third, or fifth business day immediately before the announced book closure and ex-dividend date for cash dividends.

C. After the convertible corporate bonds are issued, if the Company re-issues (or conducts private placement) of common shares upon conversion of all securities with conversion rights or subscription rights for common shares at a conversion or subscription price lower than the current price per share (Note 1), the Company shall adjust the conversion price of the convertible corporate bonds according to the following formula (rounded up to the nearest tenth of one NTD, adjusted downwards, and not adjusted upwards). The Company will announce it and request TPEx to approve it. The Company will adjust the conversion price on the aforementioned issuance date of securities or subscription rights for common shares, or the delivery date of private placement of securities:

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares (Note 2)} + \dfrac{\text{Conversion or subscription price of newly issued (or privately placed) securities or subscription rights for common shares} \times \text{Number of shares available for conversion or subscription of newly issued (or privately placed) securities or subscription rights for common shares}}{\text{Current price per share (Note 1)}}}{\text{Number of issued shares (Note 2)} + \text{Number of shares available for conversion or subscription of newly issued (or privately placed) securities or subscription rights for common shares}}$$

Note 1: The current price per share is the simple arithmetic average of the closing price of the Company's common shares either on the first, third, or fifth business day immediately before the record date for pricing or the delivery date of private placement of securities of re-issued (or private placement) of common shares upon conversion of all securities with conversion rights or subscription rights for common shares. If ex-rights or ex-dividends occur before the record date for pricing, the closing price sampled and used to calculate the conversion price shall first be calculated as the ex-rights or ex-dividend price.

Note 2: The number of issued shares refers to the total number of issued common shares (including public offering and private placement) minus the number of treasury shares repurchased by the Company but not canceled or transferred. If the reissuance (or private placement) of common shares upon conversion of all securities with conversion rights or subscription rights for common shares is paid by treasury shares, the number of shares available for conversion or subscription of newly issued (or privately placed) securities or subscription rights for common shares shall be deducted from the number of issued shares in the adjustment formula.

D. After the convertible corporate bonds are issued, if the reduction in the number of the Company's common shares is not caused by capital reduction through the cancellation of treasury shares, the adjusted conversion price shall be calculated according to the following formula (rounded up to the nearest tenth of one NTD). The Company will announce it and request TPEx to approve it. The price will be adjusted on the capital reduction base date. If the number of issued shares decreases due to a change in the par value of shares, it will be adjusted on the record day of new share exchange:

(A) Capital reduction to offset losses:

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued common shares before capital reduction (Note)}}{\text{Number of issued common shares after capital reduction}}$$

(B) Capital reduction with cash payment

$$\text{Adjusted conversion price} = (\text{Conversion price before adjustment - Cash refund per share}) \times \frac{\text{Number of issued common shares before capital reduction (Note)}}{\text{Number of issued common shares after capital reduction}}$$

(C) Change in par value per share:

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued common shares before change in par value per share (Note)}}{\text{Number of issued common shares after change in par value per share}}$$

Note: Refers to the number of issued shares refers to the total number of issued common shares (including public offering and private placement) minus the number of treasury shares repurchased by the Company but not canceled or transferred.

12. TPEx listing and delisting from TPEx of the convertible corporate bonds:

The Company applies to TPEx for TPEx listing of the convertible corporate bonds before the issue date, and TPEx listing will be terminated when all the bonds are converted into common shares or fully repurchased or repaid by the Company. The abovementioned matters will be announced by the Company after it requests the approval of TPEx.

13. TWSE listing of new shares after conversion:

If the convertible corporate bonds are converted into common shares of the Company, those common shares will be TWSE-listed and for trading upon the date of delivery. The abovementioned matters will be announced by the Company after it requests the approval of TWSE.

14. Registration of share capital change:

The Company shall announce the number of shares delivered due to the conversion of the convertible corporate bonds for the previous quarter within fifteen days of the end of each quarter, and complete registration of a paid-in capital change with the competent authority in which the Company is registered at least once each quarter.

15. Handling of the monetary amount of fractional shares when converting:

If there is a monetary amount of fractional shares when converting bonds into the Company's common shares, the Company will pay in cash after deducting the book-entry transfer handling charge of TDCC (rounded up to the nearest NTD).

16. Cash dividends and stock dividends in the conversion year:

(1) Cash dividends

A. Holders of the convertible corporate bonds who request for conversion from January 1 of that year to fifteen business days (excluded) before the Company's book closure date for cash dividends of that year may participate in the distribution of cash dividends of the previous year resolved in the shareholders' meeting of that year.

B. From the fifteenth business day (included) before the Company's book closure date for cash dividends of that year to the ex-dividend record date (included) of cash dividends, the conversion of the convertible corporate bonds is suspended.

C. Holders of the convertible corporate bonds who request for conversion from the day following the ex-dividend record date of cash dividends to December 31 (included) of that year shall not be entitled to the cash dividends of the previous year resolved in the shareholders' meeting of that year but may participate in the distribution of cash dividends of that year resolved in the next year's shareholders' meeting.

(2) Stock dividends

A. Holders of the convertible corporate bonds who request for conversion from January 1 of that year to fifteen business days (excluded) before the Company's book closure date for gratuitous distribution of stock dividends of that year may participate in the distribution of stock dividends of the previous year resolved in the shareholders' meeting of that year.

B. From the fifteenth business day (included) before the Company's book closure date for gratuitous distribution of stock dividends of that year to the ex-dividend record date (included) of gratuitous distribution of stock dividends, the conversion of the convertible corporate bonds is suspended.

C. Holders of the convertible corporate bonds who request for conversion from the day following the ex-dividend record date of gratuitous distribution of stock dividends to December 31 (included) of that year shall not be entitled to the stock dividends of the previous year resolved in the shareholders' meeting of that year but may participate in the distribution of stock dividends of that year resolved in the next year's shareholders' meeting.

17. Rights and obligations after conversion:

The rights and obligations of the common shares acquired by the holders of the convertible corporate bonds after the request for conversion becomes effective are the same as those of the common shares originally issued by the Company.

18. Redemption rights of the Company:

The Company may exercise the redemption rights of the convertible corporate bonds under the following circumstances:

(1) From the day following three months after the issue date of the convertible corporate bonds (April 7, 2021) until forty days before the expiry of the period of the issuance (November 27, 2023), if the closing price of the Company's common shares at TWSE is 30% (included) or higher than the conversion price for thirty consecutive business days, the Company may, within thirty business days thereafter, deliver expired-in-thirty-days "Redemption Notice" to the bondholders by registered mail. (The aforesaid period for redemption shall be calculated from the date the notice is delivered, and the expiry date of the period will be the record date for redemption. The aforesaid period cannot be the stop-converting period in Article 9) (With reference to the list of bondholders five business days

before the delivery of the "Redemption Notice." Bondholders who acquire the bonds after this specific date due to trading or through other means of transactions will be informed by the way of announcement) The redemption price is the par value of the bonds. The Company will redeem all bonds in cash, announce it, and request TPEx to approve it. The Company shall, within five business days after the record date for redemption, redeem the outstanding convertible corporate bonds in cash at the par value of the bonds.

(2) From the day following three months after the issue date of the convertible corporate bonds (April 7, 2021) until forty days before the expiry of the period of the issuance (November 27, 2023), if the outstanding balance of the convertible corporate bonds is less than 10% of the total amount issued, the Company may, at any time thereafter, deliver expired-in-thirty-days "Redemption Notice" to the bondholders by registered mail. (The aforesaid period for redemption shall be calculated from the date the notice is delivered, and the expiry date of the period will be the record date for redemption. The aforesaid period cannot be the stop-converting period in Article 9) (With reference to the list of bondholders five business days before the delivery of the "Redemption Notice." Bondholders who acquire the bonds after this specific date due to trading or through other means of transactions will be informed by the way of announcement) The redemption price is the par value of the bonds. The Company will redeem all bonds in cash, announce it, and request TPEx to approve it. The Company shall, within five business days after the record date for redemption, redeem the outstanding convertible corporate bonds in cash at the par value of the bonds.

(3) If a bondholder fails to reply in written form to the Company's stock transfer agent before the record date for redemption stated in the "Redemption Notice" (it will become effective since the time of receipt, and its postmark shall serve as proof if it is sent by mail) within five business days after the record date for redemption, the Company will redeem the convertible corporate bonds the bondholder hold in cash at the face value of the bonds.

19. Sell-back rights of bondholders

The date on which the convertible corporate bonds expire two years after the issue (January 6, 2023) is the record date for the holders to sell back the convertible corporate bonds in advance. The Company shall deliver an "Exercise of Sell-back Rights Notice" to bondholders by registered mail forty days before the record day for sell-back (November 27, 2022) (With reference to the list of bondholders five business days before the delivery of the "Exercise of Sell-back Rights Notice." Bondholders who acquire the bonds after this specific date due to trading or through other means of transactions will be informed by the way of announcement) and request TPEx to announce the exercise of the convertible corporate bondholders' sell-back rights. Bondholders may notify the Company's stock transfer agent in written form within forty days before the record day for sell-back (it will become effective since the time of receipt, and its postmark will serve as proof if it is sent by mail) and require the Company to redeem the convertible corporate bonds they hold in cash at 102.01% of the par value of the bonds (the real annual rate of return is 1%). The Company accepts sell-back requests and shall redeem the convertible corporate bonds in cash within five business days after the record day for sell-back. If the aforementioned date falls on a day when the stock exchange in Taipei city is closed, it will be postponed to the next business day.

20. All of the convertible corporate bonds that have been redeemed by the Company (including repurchased from securities market), repaid or converted will be canceled, and cannot be resold or reissued, and the conversion rights attached to them will also be expired.

21. The convertible corporate bonds and the common shares from conversion are all in registered form, and the change of share ownership, transaction registration, pledge, loss, etc. are all handled in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" and the relevant provisions of the Company Act. In addition, matters related to tax will be handled in accordance with the tax laws and regulations at that time.

22. For the convertible corporate bonds, Bank SinoPac Co., Ltd. is the trustee of the bondholders to check and supervise the Company's rights and responsibilities of the fulfillment of the issuance of the convertible corporate bonds on behalf of the bondholders. All bondholders who hold the convertible corporate bonds, whether they subscribe at the time of issuance or buy them halfway through the issuance, are bound by the regulations of the entrustment contract between the Company and the trustee, the rights and obligations of the trustee, and the issuance and conversion plan. Bondholders

authorize the trustee to be the sole agent for the entrusted matters, and the authorization cannot be revoked midway. As for the contents of the entrustment contract, bondholders may visit the Company or the trustee's business places anytime during business hours.

23. The Company appoints its stock transfer agent to handle the repayment and conversion matters of the convertible corporate bonds.

24. The Company does not print physical bonds for the issuance of the convertible corporate bonds in accordance with Article 8 of Securities and Exchange Act.

25. If there are any matters not covered in the Convertible Corporate Bonds Issuance and Conversion Plan, they will be handled in accordance with relevant laws and regulations.

POWERWIND

Attachment 6.

Domestic 3rd Unsecured Convertible Corporate Bonds Issuance and Conversion Plan

Power Wind Health Industry Incorporated

Domestic 3rd Unsecured Convertible Corporate Bonds Issuance and Conversion Plan

1. Name of bond:

Power Wind Health Industry Incorporated (hereinafter referred to as "the Company") Domestic 3rd Unsecured Convertible Corporate Bonds (hereinafter referred to as "the convertible corporate bonds").

2. Issue date:

April 14, 2023 (hereinafter referred to as "the issue date").

3. The total amount issued and the par value per bond:

The par value per convertible corporate bond is NT$100 thousand. The total number of issued bonds is three thousand. Issued completely at par value of the convertible corporate bonds. The total amount issued is NT$300 million.

4. Period of issuance:

The period of the issuance is three years. The bonds are issued on April 14, 2023, and mature on April 14, 2026 (hereinafter referred to as "the maturity date").

5. Coupon rate:

The annual coupon rate of the convertible corporate bonds is 0%.

6. Dates and terms of repayment:

Except for bondholders of the convertible corporate bonds converting bonds into common shares of the Company in accordance with Article 10 of this plan, or exercising bondholders' sell-back rights in accordance with Article 19 of this plan, or the Company redeeming the bonds in advance in accordance with Article 18 of this plan, or the Company repurchasing the bonds for cancellation from securities market, the Company will repay the convertible corporate bonds held by bondholders at par value of the bonds in cash in one lump sum within ten business days after the maturity of the convertible corporate bonds.

7. The availability of collateral:

The convertible corporate bonds are unsecured. However, after the convertible corporate bonds are issued, if the Company additionally issues or privately places other secured corporate bonds with equity warrants or secured convertible corporate bonds, the convertible corporate bonds will set obligatory rights at the same level or collateral in the same order of the secured corporate bonds with equity warrants or the secured convertible corporate bonds accordingly.

8. Conversion object:

The Company's common shares. The Company will perform the conversion obligation by issuing new shares. The exchanged new shares will be delivered by book-entry transfer without printing physical bonds.

9. Conversion period:

Bondholders may, from the day following three months after the issue date of the convertible corporate bonds (July 15, 2023) to the maturity date (April 14, 2026), except for (1) during the statutory book closure period of common shares; (2) the period from fifteen business days before the book closure date for gratuitous distribution of stock dividends, book closure date for cash dividends, or subscription book closure date for cash capital increase, up until the record date for distribution of rights and interests; (3) the period from the record date for capital reduction to the day immediately before the trading day after replacement of shares and capital reduction; and (4) the period from the commencement date of stopping conversion (subscription) of handling the change in the par value of shares to the day immediately before the trading day after exchange and new issue of shares, at any time, through trading securities firms, inform Taiwan Depository & Clearing Corporation (hereinafter referred to as "TDCC") to request the Company's stock transfer agent to convert the convertible corporate bonds they hold into the Company's common shares in accordance with the provisions in Articles 10, 11, 13, and 15 of this plan.

10. Procedures regarding the request for conversion:

(1) Bondholders fill out the "Application Form for Book-Entry Transfer of Conversion/Redemption/Sell-back of Convertible Corporate Bonds" (specify conversion) to the original trading securities firms, and the trading securities firms will apply to TDCC. After accepting the application, TDCC

will notify the Company's stock transfer agent electronically. The conversion will be effective upon delivery, and no application for revocation is allowed. The conversion procedures will be completed within five business days after delivery, and the Company's common shares will be directly transferred to the bondholders' TDCC accounts.

(2) When overseas Chinese and foreign nationals apply to convert the convertible corporate bonds they hold into common shares of the Company, TDCC will handle all distribution by way of book-entry transfer.

11. Conversion price and its adjustment:

(1) The determination of the conversion price

The determination of the conversion price of the convertible corporate bonds: April 6, 2023 is the record date for the determination of the conversion price. The base price will be the simple arithmetic average of the closing price of the Company's common shares either on the first, third, or fifth business day immediately before the record date (excluded), and then the base price shall be multiplied by 105.04% as the basis for calculating the conversion price (rounded up to the nearest tenth of one NTD). In case of ex-rights or ex-dividend before the record date for pricing, the closing price sampled and used to calculate the conversion price shall first be calculated as the price after ex-rights or ex-dividend. In case of ex-rights or ex-dividend, from the day after the conversion price is determined to the actual issue date, the conversion price shall be adjusted according to the conversion price adjustment formulas in paragraph (2) of this Article. According to the aforementioned method, the conversion price at the time of the issuance of the convertible corporate bonds is set at NT$150 per share.

(2) The adjustment of the conversion price

A. After the convertible corporate bonds are issued, except for the issuance (or private placement) of common shares upon conversion of all securities with conversion rights or subscription rights for common shares, or new shares issued as employees' remuneration, if there is any increase in the Company's issued (or privately placed) number of common shares (including but not limited to cash capital increase through public offering or private placement, capital increase by earnings, capital increase by capital surplus, merger or transfer of new shares issued by other companies, stock split, participation in overseas depositary receipts through cash capital increase, and due to changes in the par value of shares, an increase in issued common shares, etc.), the Company shall adjust the conversion price of the bonds according to the following formulas (rounded up to the nearest tenth of one NTD, adjusted downwards, and not adjusted upwards). The Company will announce it and request Taipei Exchange (hereinafter referred to as "TPEx") to approve it. The conversion price will be adjusted on the ex-rights record date of the issuance of new shares. (Note 1) (If there is an actual payment operation, it will be adjusted on the date when the full payment is paid). If the number of issued shares increases due to a change in the par value of shares, it will be adjusted on the record day of new share exchange.

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares (Note 2)} + \dfrac{\text{Paid purchase price per share (Note 3)} \times \text{Number of newly issued shares or privately placed shares}}{\text{Current price per share (Note 4)}}}{\text{Number of issued shares (Note 2)} + \text{Number of newly issued shares or privately placed shares}}$$

When the par value of shares changes

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued common shares before the par value of shares changes (Note 2)}}{\text{Number of issued common shares after the par value of shares changes}}$$

Note 1: If it is a stock split, it will be adjusted on the record date for split. If it is a merger or transfer of capital increase, it will be adjusted on the record date for merger or transfer. If it is a cash capital increase through book building or participation in overseas depositary receipts through cash capital increase, it will be adjusted on the date when the full payment is paid, since there is no ex-rights record date. If it is a private placement of common shares through cash capital increase, it will be adjusted on the delivery date of private placement of securities. If the issue price of new shares is changed after the ex-rights record date for new shares through cash capital increase, it will be readjusted based on the updated issue price of new shares and the current price per share (the record date for setting the updated issue price of new shares determined by the issuing company as the record date for setting the updated current price per share). If the calculated adjusted conversion price is lower than the announced adjusted conversion price before the original ex-rights record date, the Company will announce it and request TPEx to approve it again.

Note 2: The number of issued shares refers to the total number of issued common shares (including public offering and private placement) minus the number of treasury shares repurchased by the Company but not canceled or transferred.

Note 3: The paid purchase price per share will be zero if it is a gratuitous distribution of shares or stock split. In the case of a merger and capital increase to issue new shares, the paid purchase price per share shall be the net worth per share multiplied by the share exchange ratio calculated based on the latest CPA-attested or reviewed financial statements of the eliminated company before the record date for merger. In the case of issuance of new shares for transfer of shares from other company, the paid purchase price per share will be the net worth per share multiplied by the share exchange ratio calculated based on the latest CPA-attested or reviewed financial statements of the transferee company.

Note 4:The current price per share shall be the simple arithmetic average of the closing price of common shares either on the first, third, or fifth business day immediately before the ex-rights record date, the record date for pricing, the record date for merger or split, or the delivery date of private placement of securities.

B. After the convertible corporate bonds are issued, if the Company distributes cash dividends for common shares, the conversion price shall be reduced according to the following formula on the ex-dividend record date (rounded up to the nearest tenth of one NTD, adjusted downwards, and not adjusted upwards). The Company will announce the adjusted conversion price and request TPEx to approve it. This conversion price reduction regulation does not apply to those who have requested conversion before the ex-dividend record date (excluded). The adjustment formula is as follows:

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \text{(1 - Proportion of cash dividends distributed per common shares to current price per share (Note)}$$

Note: The current price per share is the simple arithmetic average of the closing price of common shares either on the first, third, or fifth business day immediately before the announced book closure and ex-dividend date for cash dividends.

C. After the convertible corporate bonds are issued, if the Company re-issues (or conducts private placement) of common shares upon conversion of all securities with conversion rights or subscription rights for common shares at a conversion or subscription price lower than the current price per share (Note 1), the Company shall adjust the conversion price of the convertible corporate bonds according to the following formula (rounded up to the nearest tenth of one NTD, adjusted downwards, and not adjusted upwards). The Company will announce it and request TPEx to approve it. The Company will adjust the conversion price on the aforementioned issuance date of securities or subscription rights for common shares, or the delivery date of private placement of securities:

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued shares (Note 2)} + \dfrac{\text{Conversion or subscription price of newly issued (or privately placed) securities or subscription rights for common shares} \times \text{Number of shares available for conversion or subscription of newly issued (or privately placed) securities or subscription rights for common shares}}{\text{Current price per share (Note 1)}}}{\text{Number of issued shares (Note 2)} + \text{Number of shares available for conversion or subscription of newly issued (or privately placed) securities or subscription rights for common shares}}$$

Note 1: The current price per share is the simple arithmetic average of the closing price of the Company's common shares either on the first, third, or fifth business day immediately before the record date for pricing or the delivery date of private placement of securities of re-issued (or private placement) of common shares upon conversion of all securities with conversion rights or subscription rights for common shares. If ex-rights or ex-dividends occur before the record date for pricing, the closing price sampled and used to calculate the conversion price shall first be calculated as the ex-rights or ex-dividend price.

Note 2: The number of issued shares refers to the total number of issued common shares (including public offering and private placement) minus the number of treasury shares repurchased by the Company but not canceled or transferred. If the reissuance (or private placement) of common shares upon conversion of all securities with conversion rights or subscription rights for common shares is paid by treasury shares, the number of shares available for conversion or subscription of newly issued (or privately placed) securities or subscription rights for common shares shall be deducted from the number of issued shares in the adjustment formula.

D. After the convertible corporate bonds are issued, if the reduction in the number of the Company's common shares is not caused by capital reduction through the cancellation of treasury shares, the adjusted conversion price shall be calculated according to the following formula (rounded up to the nearest tenth of one NTD). The Company will announce it and request TPEx to approve it. The price will be adjusted on the capital reduction base date. If the number of issued shares decreases due to a change in the par value of shares, it will be adjusted on the record day of new share exchange:

(A) Capital reduction to offset losses:

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued common shares before capital reduction (Note)}}{\text{Number of issued common shares after capital reduction}}$$

(B) Capital reduction with cash payment

$$\text{Adjusted conversion price} = [\text{Conversion price before adjustment} \times (1 - \text{Proportion of cash refund per share to the closing price on the last trading day before new shares replacement})] \times \frac{\text{Number of issued common shares before capital reduction (Note)}}{\text{Number of issued common shares after capital reduction}}$$

(C) Change in par value per share:

$$\text{Adjusted conversion price} = \text{Conversion price before adjustment} \times \frac{\text{Number of issued common shares before change in par value per share (Note)}}{\text{Number of issued common shares after change in par value per share}}$$

Note: Refers to the number of issued shares refers to the total number of issued common shares (including public offering and private placement) minus the number of treasury shares repurchased by the Company but not canceled or transferred.

12.TPEx listing and delisting from TPEx of the convertible corporate bonds:

The Company applies to TPEx for TPEx listing of the convertible corporate bonds before the issue date, and TPEx listing will be terminated when all the bonds are converted into common shares or fully repurchased or repaid by the Company. The abovementioned matters will be announced by the Company after it requests the approval of TPEx.

13. TWSE listing of new shares after conversion:

If the convertible corporate bonds are converted into common shares of the Company, those common shares will be TWSE-listed and for trading upon the date of delivery. The abovementioned matters will be announced by the Company after it requests the approval of TWSE.

14. Registration of share capital change:

The Company shall announce the number of shares delivered due to the conversion of the convertible corporate bonds for the previous quarter within fifteen days of the end of each quarter, and complete registration of a paid-in capital change with the competent authority in which the Company is registered at least once each quarter.

15. Handling of the monetary amount of fractional shares when converting:

If there is a monetary amount of fractional shares when converting bonds into the Company's common shares, the Company will pay in cash after deducting the book-entry transfer handling charge of TDCC (rounded up to the nearest NTD).

16. Cash dividends and stock dividends in the conversion year:

(1) Cash dividends

A. Holders of the convertible corporate bonds who request for conversion from January 1 of that year to fifteen business days (excluded) before the Company's book closure date for cash dividends of that year may participate in the distribution of cash dividends of the previous year resolved in the shareholders' meeting of that year.

B.From the fifteenth business day (included) before the Company's book closure date for cash dividends of that year to the ex-dividend record date (included) of cash dividends, the conversion of the convertible corporate bonds is suspended.

C. Holders of the convertible corporate bonds who request for conversion from the day following the ex-dividend record date of cash dividends to December 31 (included) of that year shall not be entitled to the cash dividends of the previous year resolved in the shareholders' meeting of that year, but may participate in the distribution of cash dividends of that year resolved in the next year's shareholders' meeting.

(2) Stock dividends

A. Holders of the convertible corporate bonds who request for conversion from January 1 of that year to fifteen business days (excluded) before the Company's book closure date for gratuitous distribution of stock dividends of that year may participate in the distribution of stock dividends of the previous year resolved in the shareholders' meeting of that year.

B. From the fifteenth business day (included) before the Company's book closure date for gratuitous distribution of stock dividends of that year to the ex-dividend record date (included) of gratuitous distribution of stock dividends, the conversion of the convertible corporate bonds is suspended.

C. Holders of the convertible corporate bonds who request for conversion from the day following the ex-dividend record date of gratuitous distribution of stock dividends to December 31 (included) of that year shall not be entitled to the stock dividends of the previous year resolved in the shareholders' meeting of that year but may participate in the distribution of stock dividends of that year resolved in the next year's shareholders' meeting.

17. Rights and obligations after conversion:

The rights and obligations of the common shares acquired by the holders of the convertible corporate bonds after the request for conversion becomes effective are the same as those of the common shares originally issued by the Company.

18. Redemption rights of the Company:

The Company may exercise the redemption rights of the convertible corporate bonds under the following circumstances:

(1) From the day following three months after the issue date of the convertible corporate bonds (July 15, 2023) until forty days before the expiry of the period of the issuance (March 5, 2026), if the closing price of the Company's common shares at TWSE is 30% (included) or higher than the conversion price for thirty consecutive business days, the Company may, within thirty business days thereafter, deliver expired-in-thirty-days "Redemption Notice" to the bondholders by registered mail. (The aforesaid period for

redemption shall be calculated from the date the notice is delivered, and the expiry date of the period will be the record date for redemption. The aforesaid period cannot be the stop-converting period in Article 9) (With reference to the list of bondholders five business days before the delivery of the "Redemption Notice." Bondholders who acquire the bonds after this specific date due to trading or through other means of transactions will be informed by the way of announcement) The redemption price is the par value of the bonds. The Company will redeem all bonds in cash, announce it, and request TPEx to approve it. The Company shall, within five business days after the record date for redemption, redeem the outstanding convertible corporate bonds in cash at the par value of the bonds.

(2) From the day following three months after the issue date of the convertible corporate bonds (July 15, 2023) until forty days before the expiry of the period of the issuance (March 5, 2026), if the outstanding balance of the convertible corporate bonds is less than 10% of the total amount issued, the Company may, at any time thereafter, deliver expired-in-thirty-days "Redemption Notice" to the bondholders by registered mail. (The aforesaid period for redemption shall be calculated from the date the notice is delivered, and the expiry date of the period will be the record date for redemption. The aforesaid period cannot be the stop-converting period in Article 9) (With reference to the list of bondholders five business days before the delivery of the "Redemption Notice." Bondholders who acquire the bonds after this specific date due to trading or through other means of transactions will be informed by the way of announcement) The redemption price is the par value of the bonds. The Company will redeem all bonds in cash, announce it, and request TPEx to approve it. The Company shall, within five business days after the record date for redemption, redeem the outstanding convertible corporate bonds in cash at the par value of the bonds.

(3) If a bondholder fails to reply in written form to the Company's stock transfer agent before the record date for redemption stated in the "Redemption Notice" (it will become effective since the time of receipt, and its postmark shall serve as proof if it is sent by mail) within five business days after the record date for redemption, the Company will redeem the convertible corporate bonds the bondholder hold in cash at the face value of the bonds.

(4) If the Company exercises the redemption right for the convertible corporate bonds, the deadline for bondholders to request conversion is the second business day after the day when the convertible corporate bonds are terminated from TPEx trading.

19. Sell-back rights of bondholders

The date on which the convertible corporate bonds expire two years after the issue (April 14, 2025) is the record date for the holders to sell back the convertible corporate bonds in advance. The Company shall deliver an “Exercise of Sell-back Rights Notice” to bondholders by registered mail forty days before the record day for sell-back (March 5, 2025) (With reference to the list of bondholders five business days before the delivery of the “Exercise of Sell-back Rights Notice.” Bondholders who acquire the bonds after this specific date due to trading or through other means of transactions will be informed by the way of announcement) and request TPEx to announce the exercise of the convertible corporate bondholders’ sell-back rights. Bondholders may notify the Company’s stock transfer agent in written form within forty days before the record day for sell-back (it will become effective since the time of receipt, and its postmark will serve as proof if it is sent by mail) and require the Company to redeem the convertible corporate bonds they hold in cash at 102.01% of the par value of the bonds (the real annual rate of return is 1%). The Company accepts sell-back requests and shall deliver the payment to the bondholders by remittance or checks within five business days after the record day for sell-back. The postage or remittance fee will be deducted from the repayment. If the aforementioned date falls on a day when the stock exchange in Taipei city is closed, it will be postponed to the next business day.

20. All of the convertible corporate bonds that have been redeemed by the Company (including repurchased from securities market), repaid or converted will be canceled, and cannot be resold or reissued, and the conversion rights attached to them will also be expired.

21. The convertible corporate bonds and the common shares from conversion are all in registered form, and the change of share ownership, transaction registration, pledge, loss, etc. are all handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” and the relevant provisions of the Company Act. In addition, matters related to tax will be handled in accordance with the tax laws and regulations at that time.

22. For the convertible corporate bonds, Bank SinoPac Co., Ltd. is the trustee of the bondholders to check and supervise the Company's rights and responsibilities of the fulfillment of the issuance of the convertible corporate bonds on behalf of the bondholders. All bondholders who hold the convertible corporate bonds, whether they subscribe at the time of issuance or buy them halfway through the issuance, are bound by the regulations of the entrustment contract between the Company and the trustee, the rights and obligations of the trustee, and the issuance and conversion plan. Bondholders authorize the trustee to be the sole agent for the entrusted matters, and the authorization cannot be revoked midway. As for the contents of the entrustment contract, bondholders may visit the Company or the trustee's business places anytime during business hours.

23. The Company appoints its stock transfer agent to handle the repayment and conversion matters of the convertible corporate bonds.

24. The Company does not print physical bonds for the issuance of the convertible corporate bonds in accordance with Article 8 of Securities and Exchange Act.

25. If there are any matters not covered in the Convertible Corporate Bonds Issuance and Conversion Plan, they will be handled in accordance with relevant laws and regulations.

POWERWIND

Attachment 7.
Audit Committee's Review Report on 2022 Financial Statements

Power Wind Health Industry Incorporated

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2022 Business Report, Financial Statements, and earnings distribution proposal. Of these items, the Financial Statements have been duly audited by independent auditors, Fang-Wen Lee and Kuo-Sen Hung, of Ernst & Young, and an audit report has been issued. The Business Report, Financial Statements, and earnings distribution proposal mentioned above have been reviewed and determined to be correct and accurate by Audit Committee. In accordance with Article 14-4 of Securities and Exchange Act and Article 219 of Company Act, we hereby submit this report. Please review.

To
2023 Annual Shareholders' Meeting
of Power Wind Health Industry Incorporated

Power Wind Health Industry Incorporated

Chairperson of Audit Committee: Shang-Pao Yeh

March 13, 2023

POWERWIND

Attachment 8.
2022 Consolidated Financial Statements with Report of Independent Accountants

POWER WIND HEALTH INDUSTRY INCORPORATED

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED

DECEMBER 31, 2022 AND 2021

Address: No. 238, Bo-ai 4th Rd., Zuoying Dist., Kaohsiung City, Taiwan (R.O.C.)

Telephone: 886-7-348-8000

The reader is advised that these consolidated 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.

安永聯合會計師事務所

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17F, No. 2, Zhongzheng 3rd Road
Kaohsiung City, Taiwan, R.O.C.

電話 Tel: 886 7 238 0011
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Independent Auditors' Report

To Power Wind Health Industry Incorporated

Opinion

We have audited the accompanying consolidated balance sheets of Power Wind Health Industry Incorporated (the "Company") and its subsidiaries as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively "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 Company and its subsidiaries as of December 31, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations developed by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC) as endorsed and became effective 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 the Standards on Auditing of 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.

Revenue Recognition

Net sales recognized by the Company and its subsidiaries amounted to NT$3,606,403 thousand for the year ended December 31, 2022. Due to the large number of fitness center members, the differences in each contract and commitment of rendering services to customers where revenue was recognized when performance obligations were satisfied, which led to complex calculation, we therefore determined revenue recognition a key audit matter.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy and testing the effectiveness of internal controls around revenue recognition, including reviewing contractual provisions and contract amounts, confirming the period for rendering of services and selecting courses to verify the condition of execution. In addition, through performing cut-off testing, reviewing analytical procedures and recalculating etc. to validate appropriateness of revenue recognition, we also assessed the adequacy of disclosures of operating revenue. Please refer to Note 6 to the consolidated financial statements.

Right-of-Use Assets and Lease Liabilities

The Company and its subsidiaries acquired right-of-use for sites of fitness center chains and recreational sports venues by leasing. As the completeness of acquisition of contracts, contract terms and conditions, all relevant facts and circumstances and the discount rate of the lease payments involved management's estimates and assumptions, and the amount of right-of-use assets and lease liabilities increased as business locations increased, we considered this a key audit matter.

Our audit procedures included, but not limited to, testing the effectiveness of internal controls concerning the measurement of right-of-use assets and lease liabilities and reviewing the Company and its subsidiaries' existing lease contracts. We also identified the lease components within contracts and assessed the lease terms and the appropriateness of the discount rate which the lease payments adopted. Furthermore, we consider the appropriateness of disclosing the right-of-use assets and lease liabilities in Note 6 to the consolidated financial statements.

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 IFRS, IAS, Interpretations developed by the IFRIC or the former SIC as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing of 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 the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other

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

/s/ Lee, Fang-Wen

/s/ Hung, Kuo-Sen

Ernst & Young, Taiwan

February 21, 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 review 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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2022	%	December 31, 2021	%
Current assets					
Cash and cash equivalents	4,6(1)	$835,544	9	790,408	10
Notes receivable, net	4	244	-	245	-
Accounts receivable, net	4,6(2)	12,635	-	18,272	-
Inventories	4	10,538	-	14,242	-
Prepayments		17,574	-	12,515	-
Other financial assets, current	4,6(3),8	376,240	4	331,257	4
Other current assets		69,723	1	48,190	1
Total current assets		1,322,498	14	1,215,129	15
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4,6(4)	20,389	-	25,962	-
Property, plant and equipment	4,6(5),8	3,136,880	34	3,103,845	38
Right-of-use assets	4,6(17),7	4,651,612	50	3,616,283	44
Intangible assets	4,6(6)	48,519	1	30,157	-
Deferred tax assets	4,6(21)	38,903	-	57,916	1
Other non-current assets	4,6(7),7	125,310	1	122,608	2
Total non-current assets		8,021,613	86	6,956,771	85
Total Assets		$9,344,111	100	$8,171,900	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2022	%	December 31, 2021	%
Current liabilities					
Contract liabilities	4,6(16)	$685,832	7	$611,762	8
Notes payable		640	-	999	-
Notes payable - related parties	7	437	-	425	-
Accounts payable		1,700	-	559	-
Payables on equipment		129,508	1	68,347	1
Other payables	6(8)	304,410	3	298,729	4
Other payables - related parties	7	515	-	369	-
Current tax liabilities	4,6(21)	140	-	39,243	-
Lease liabilities, current	4,6(17)	531,107	6	446,568	5
Lease liabilities, current - related parties	4,6(17),7	-	-	35,697	-
Current bonds issued and current portion of non-current bonds issued	4,6(10)	383,611	4	-	-
Current portion of long-term liabilities	4,6(11),8	119,555	1	111,836	1
Other current liabilities		2,542	1	3,338	-
Total current liabilities		2,159,997	23	1,617,872	19
Non-current liabilities					
Financial liabilities at fair value through profit or loss, non-current	4,6(9)	435	-	2,463	-
Bonds payable	4,6(10)	-	-	377,230	5
Long-term loans	4,6(11),8	1,020,174	11	1,130,675	14
Provisions, non-current	4,6(13)	71,972	1	56,937	-
Lease liabilities	4,6(17)	4,374,169	47	3,320,304	41
Lease liabilities - related parties	4,6(17),7	-	-	642	-
Other non-current liabilities		6,713	-	880	-
Total non-current liabilities		5,473,463	59	4,889,131	60
Total liabilities		7,633,460	82	6,507,003	79
Equity attributable to the parent company	4,6(14&15)				
Share capital					
Common stock		794,484	8	774,703	10
Share capital awaiting retirement		(50)	-	(150)	-
Total share capital		794,434	8	774,553	10
Capital surplus		888,399	10	796,465	10
Retained earnings					
Legal reserve		88,189	1	214,637	3
Special reserve		13,623	-	29,364	-
Unappropriated earnings (Accumulated losses)		71,010	1	(142,189)	(2)
Total retained earnings		172,822	2	101,812	1
Other components of equity		(152,140)	(2)	(13,623)	-
Treasury shares		(2,801)	-	(2,801)	-
Total equity attributable to the parent company		1,700,714	18	1,656,406	21
Non-controlling interests	4,6(14)	9,937	-	8,491	-
Total equity		1,710,651	18	1,664,897	21
Total liabilities and equity		$9,344,111	100	$8,171,900	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

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

Accounting	Notes	For the years ended December 31			
		2022	%	2021	%
Operating revenues	4,6(16)	$3,606,403	100	$2,605,977	100
Operating costs	4,6(12&15&17&18),7	(2,776,888)	(77)	(2,277,284)	(87)
Gross profit		829,515	23	328,693	13
Operating expenses	4,6(12&15&17&18),7				
Sales and marketing expenses		(61,169)	(2)	(40,984)	(2)
General and administrative expenses		(624,445)	(17)	(480,737)	(18)
Subtotal		(685,614)	(19)	(521,721)	(20)
Operating income (loss)		143,901	4	(193,028)	(7)
Non-operating income and expenses	4,6(19),7				
Interest income		2,751	-	1,445	-
Other income		39,011	1	81,297	3
Other gains and losses		(987)	-	(3,991)	-
Finance costs		(93,066)	(2)	(77,214)	(3)
Subtotal		(52,291)	(1)	1,537	-
Income (loss) from continuing operations before income tax		91,610	3	(191,491)	(7)
Income tax (expense) income	4,6(21)	(19,154)	(1)	48,166	2
Profit (loss) from continuing operations		72,456	2	(143,325)	(5)
Net income (loss)		72,456	2	(143,325)	(5)
Other comprehensive (loss)					
Items that will not be reclassified to profit or loss					
Unrealized (losses) on investments in equity instruments measured at fair value through other comprehensive income	6(20)	(5,573)	-	-	-
Total other comprehensive (loss), net of tax		(5,573)	-	-	-
Total comprehensive income (loss)		$66,883	2	$(143,325)	(5)
Net income (loss) attributable to:					
Stockholders of the parent		$71,010	2	$(142,323)	(5)
Non-controlling interests		1,446	-	(1,002)	-
		$72,456	2	$(143,325)	(5)
Comprehensive income attributable to:					
Stockholders of the parent		$65,437	2	$(142,323)	(5)
Non-controlling interests		1,446	-	(1,002)	-
		$66,883	2	$(143,325)	(5)
Earnings (loss) per share (NTD)	6(22)				
Earnings (loss) per share - Basic		$0.95		$(1.91)	
Earnings (loss) per share - Diluted		$0.94		$(1.91)	

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

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

	Equity attributable to the parent company											
				Retained earnings			Other components of equity					
Accounting	Common stock	Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	(Accumulated losses) Unappropriated earnings	Unrealized (losses) on financial assets measured at fair value through other comprehensive income	Unearned rewards for employees	Treasury shares	Total	Non-controlling interests	Total equity
Balance as of January 1, 2021	$737,343	$(138)	$775,971	$174,623	$64,682	$400,135	$(7,583)	$(21,781)	$-	$2,123,252	$16,320	$2,139,572
Appropriation and distribution of 2020 retained earnings:												
Legal reserve	-	-	-	40,014	-	(40,014)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(358,579)	-	-	-	(358,579)	-	(358,579)
Stock dividends	36,860	-	-	-	-	(36,860)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(35,318)	35,318	-	-	-	-	-	-
Other changes in capital surplus												
Due to recognition of equity component of convertible bonds issued	-	-	11,551	-	-	-	-	-	-	11,551	-	11,551
Net (loss) for the year ended December 31, 2021	-	-	-	-	-	(142,323)	-	-	-	(142,323)	(1,002)	(143,325)
Other comprehensive (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)	-	-	-	-	-	(142,323)	-	-	-	(142,323)	(1,002)	(143,325)
Conversion of convertible bonds	-	-	9,183	-	-	-	-	-	-	9,183	-	9,183
Conversion of certificates of bonds to share	688	-	-	-	-	-	-	-	-	688	-	688
Purchase of treasury shares	-	-	-	-	-	-	-	-	(2,801)	(2,801)	-	(2,801)
Share-based payment transactions	(188)	(12)	(240)	-	-	134	-	15,741	-	15,435	-	15,435
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,827)	(6,827)
Balance as of December 31, 2021	$774,703	$(150)	$796,465	$214,637	$29,364	$(142,189)	$(7,583)	$(6,040)	$(2,801)	$1,656,406	$8,491	$1,664,897
Balance as of January 1, 2022	$774,703	$(150)	$796,465	$214,637	$29,364	$(142,189)	$(7,583)	$(6,040)	$(2,801)	$1,656,406	$8,491	$1,664,897
Appropriation and distribution of 2021 retained earnings:												
Legal reserve used to offset losses	-	-	-	(126,448)	-	126,448	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	(15,741)	15,741	-	-	-	-	-	-
Other changes in capital surplus												
Cash dividends from capital surplus	-	-	(100,000)	-	-	-	-	-	-	(100,000)	-	(100,000)
Other changes in capital surplus	-	-	1	-	-	-	-	-	-	1	-	1
Net income for the year ended December 31, 2022	-	-	-	-	-	71,010	-	-	-	71,010	1,446	72,456
Other comprehensive (loss) for the year ended December 31, 2022	-	-	-	-	-	-	(5,573)	-	-	(5,573)	-	(5,573)
Total comprehensive income (loss)	-	-	-	-	-	71,010	(5,573)	-	-	65,437	1,446	66,883
Share-based payment transactions	19,781	100	191,933	-	-	-	-	(132,944)	-	78,870	-	78,870
Balance as of December 31, 2022	$794,484	$(50)	$888,399	$88,189	$13,623	$71,010	$(13,156)	$(138,984)	$(2,801)	$1,700,714	$9,937	$1,710,651

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the years ended December 31	
	2022	2021
Cash flows from operating activities:		
Net income (loss) before tax	$91,610	$(191,491)
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	1,002,857	915,940
Amortization	7,039	1,637
Net (gain) on financial assets and liabilities at fair value through profit or loss	(2,028)	(87)
Interest expense	93,066	77,214
Interest income	(2,751)	(1,445)
Compensation costs of share-based payment transaction	19,169	15,741
(Gain) on disposal and abandonment of property, plant and equipment	(28)	(69)
Property, plant and equipment transferred to expenses	355	6
Others	(688)	(15,580)
Changes in operating assets and liabilities:		
Decrease (Increase) in notes receivable	1	(245)
Decrease (Increase) in accounts receivable	5,637	(10,058)
Decrease (Increase) in inventories	3,704	(7,931)
(Increase) Decrease in prepayments	(5,059)	1,340
(Increase) in other current assets	(13,917)	(33,473)
(Increase) in other financial assets	(52,571)	(36,949)
Increase in contract liabilities	74,070	112,229
(Decrease) Increase in notes payable	(359)	599
Increase in notes payable - related parties	12	6
Increase (Decrease) in accounts payable	1,141	(308)
Increase (Decrease) in other payables	4,781	(9,056)
Increase (Decrease) in other payables - related parties	146	(51)
(Decrease) in provisions	(651)	-
(Decrease) Increase in other current liabilities	(796)	771
(Decrease) in other operating liabilities	(178)	-
Cash generated from operations	1,224,562	818,740
Interest received	2,751	1,445
Income tax paid	(39,272)	(42)
Net cash provided by operating activities	1,188,041	820,143
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(460,751)	(720,809)
Proceeds from disposal of property, plant and equipment	118	132
Acquisition of intangible assets	(16,641)	(11,223)
Increase in other non-current assets	(2,702)	(11,230)
Net cash (used in) investing activities	(479,976)	(743,130)
Cash flows from financing activities:		
Proceeds from bonds issued	-	400,000
Proceeds from long-term loans	62,200	712,307
Repayments of long-term loans	(164,982)	(260,017)
Cash payments for the principal portion of lease liabilities	(505,426)	(419,860)
Increase in other non-current liabilities	105	420
Cash dividends	(99,999)	(358,579)
Payments to acquire treasury shares	-	(2,801)
Interest paid	(14,528)	(9,384)
Change in non-controlling interests	-	(6,827)
Others	59,701	(306)
Net cash (used in) provided by financing activities	(662,929)	54,953
Net increase in cash and cash equivalents	45,136	131,966
Cash and cash equivalents at beginning of period	790,408	658,442
Cash and cash equivalents at end of period	$835,544	$790,408

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY OF ORGANIZATION

POWER WIND HEALTH INDUSTRY INCORPORATED ("the Company") was incorporated in Republic of China (R.O.C.) on October 4, 2005. The main activities are the business of membership-based fitness center chains, recreational sports venues and other sports services. The Company's common stocks were publicly listed on the Taipei Exchange (TPEx) on March 10, 2016 and started to list on the Taiwan Stock Exchange Corporation (TWSE) on March 15, 2019. The Company's registered office and the main administration departments are at No.238, Bo-ai 4th Rd., Zuoying Dist., Kaohsiung City, Taiwan (R.O.C.).

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and subsidiaries ("the Group") for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on February 21, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Group applied International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission (FSC) and became effective for annual periods beginning on or after January 1, 2022. The nature and the impact of each new standard and amendment have no material effect on the Group.

(2) Standards or Interpretations issued, revised or amended, by the International Accounting Standards Board (IASB) which are endorsed by the FSC, but not yet adopted by the Group as at the date of issuance of the Group's financial statements are listed below.

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce the definition of accounting estimates and include 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 "Income Taxes"* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned new, revised, and amended standards and interpretations were issued by the IASB and endorsed by the FSC so that they are applicable for annual periods beginning on or after January 1, 2023. As the Group is currently determining the potential impact of the standards and interpretations, all other standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by the IASB which are not endorsed by the FSC, but not yet adopted by the Group as at the date of issuance of the Group's financial statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by the IASB
A	IFRS 10 "Consolidated Financial Statements" and amendments to IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined by the IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2023
C	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
D	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
E	Non-current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024

A. *IFRS 10 "Consolidated Financial Statements"* and amendments to *IAS 28 "Investments in Associates and Joint Ventures"* - Sale or Contribution of Assets between an Investor and its Associates 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 associates 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 associates or joint ventures are recognized in full.

IFRS 10 was also amended so that the gains or losses 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 associates or joint ventures are recognized only to the extent of the unrelated investors' interests in the associates or joint ventures.

B. *IFRS 17 "Insurance Contracts"*

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

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

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 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 January 1, 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 "Leases,"* 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 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 the IASB have not yet endorsed by the FSC, and the actual effective dates are to be determined by the FSC. As the Group is currently determining the potential impact of the standards and interpretations, all other 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 December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), IFRSs, IASs, IFRIC and SIC, which are endorsed by the FSC.

(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 (“NT$”) unless otherwise specified.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Company 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 Company controls an investee if and only if the Company 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
C. the ability to use its power over the investee to affect its returns

When the Company directly or indirectly has less than a majority of the voting or similar rights of an investee, the Company 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. voting rights and potential voting rights

The Company re-assesses whether or not it still 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 Company 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 losses in profit or loss; and
F. recognizes the parent’s share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

			Percentage of Ownership	
Investor	Subsidiary	Business nature	Dec. 31, 2022	Dec. 31, 2021
The Company	Bo Xin Health Industry Incorporated	Engaged in the business of recreational sports and fitness center and other sports services	60.00％	60.00％

(4) 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.
B. The Group holds the asset primarily for the purpose of trading.
C. The Group expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or 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 current when:

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

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) 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 assets: recognition and measurement

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

The Group classifies 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 assets.

Financial assets at amortized cost

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

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

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

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

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

Financial assets at fair value through other comprehensive income

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

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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described 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 instruments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instruments, 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 at fair value through other comprehensive income on the balance sheet. Dividends on such investments are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investments.

Financial assets at fair value through profit or loss

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

Such financial assets are measured at fair value, 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 investments in debt instruments measured at fair value through other comprehensive income and financial assets at amortized cost. The loss allowance on investments in debt instruments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

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

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

The loss allowance is measured as follow:

a. At an amount equal to twelve-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For accounts receivable 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 financial asset have expired.
b. the Group has transferred the financial 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 instruments

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. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9.

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 are classified as financial liabilities at fair value through profit or loss or financial liabilities 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 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 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 at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a 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 financial liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities at amortized cost include payables 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 transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

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 between 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.

(7) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as 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 cash flow and the Group’s net investments in foreign subsidiaries hedges, which is recognized in either profit or loss or equity according to types of hedges used.

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

(8) Fair value measurement

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

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

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

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

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

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

(9) Inventories

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

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:
Goods - Purchase cost on a first in, first out basis.

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.

(10) 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:

Class of assets	Useful lives
Buildings	5～60 years
Business facilities	3～16 years
Leasehold improvements	3～15 years
Other equipment	3～12 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 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.

(11) 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 throughout the period of use whether the Group has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset
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, maximising 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 paid 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
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
D. asset, restoring the site on which it is located or restoring the underlying asset tan estimate of costs to be incurred by the lessee in dismantling and removing the underlying 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 asset 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.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group has applied the practical expedient to all rent concessions that met the conditions for it.

Group as a lessor

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

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

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

(12) 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, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is 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 asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software
Useful lives	Finite (5～10 years)
Amortization method used	Amortized on a straight-line basis
Internally generated or externally acquired	Externally acquired

Franchise

Franchises are granted for periods ranging between 4 and 8 years and may be renewed at little or no cost to the Group.

(13) 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.

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

(14) Provisions

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

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose from construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

(15) Treasury shares

Own equity instruments (treasury shares) which are reacquired on market are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(16) Revenue recognition

The Group’s revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Group’s types of revenue are explained as follows:

Sale of goods

The Group sells merchandise. Sales are recognized when goods have been delivered to customers and customers have obtained the control.

Rendering of services

The Group provides sports training and other services. Such services are separately priced or negotiated, and provided based on contract periods. As the Group provides the sports training and other services over the contract period, the customers simultaneously receive and consume the benefits provided by the Group. Accordingly, commitment of rendering services to customers where revenue is recognized when performance obligations are satisfied.

Most of the contractual considerations of the Group are collected evenly throughout the contract periods. The consideration is received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

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

(17) Borrowing costs

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.

(18) 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 to match the grant on a systematic basis to the costs that are intended to compensate.

(19) Post-employment benefits

All regular employees of the Group is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Group. Therefore, fund assets are not included in the Group’s consolidated financial statements.

For the defined contribution plan, the Group will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

(20) Share-based payment transactions

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

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

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

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

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

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

When the Group approves the restricted stock plans for employees, its cost is based on the fair value of the equity instruments, which shall be measured at the grant date. The Group recognizes the salary expense with a corresponding increase in equity during the vesting period. On the grant date, the Group recognizes the employee unearned benefits, a transitional account, as the contra equity account on the balance sheet. As time goes by, it will be transferred to the salary expense.

(21) Income taxes

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

Current income tax

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, 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 in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

Undistributed earnings subject to income tax are recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Stockholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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 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 interests in joint arrangements, 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 end of the reporting period. 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 the end of each reporting period and are recognized accordingly.

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. 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 affected in future periods.

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.

(1) 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.

(2) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(3) Provision for decommissioning

The Group estimates the provision for decommissioning liability including the discounted at a current pre-tax rate that reflects the specific risks. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows.

(4) 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.

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.

(5) Determination of lessees’ incremental borrowing rates

In determining a lessee’s incremental borrowing rate used in discounting lease payments, the Group mainly takes into account risk-free interest rates in the market, the estimated lessee’s risk premium and secured status in a similar economic environment.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Cash on hand	$1,713	$1,591
Bank deposit	833,831	788,817
Total	$835,544	$790,408

(2) Accounts receivable

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Accounts receivable	$12,635	$18,272
Less: loss allowance	—	—
Total	$12,635	$18,272

Accounts receivable were not pledged.

Accounts receivable mainly from transactions with customers using credit cards as the payment method were not past due and not impairment based on collection from domestically well-known financial institutions with high-level credit ratings.

(3) Other financial assets, current

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Bank deposit	$376,240	$331,257

The use of other financial assets are mainly restricted because they serve as contract performance guarantee for fitness center members. For the pledge, please refer to Note 8.

(4) Financial assets at fair value through other comprehensive income, non-current

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Investments in equity instruments measured at fair value through other comprehensive income, non-current		
Unlisted companies stocks	$20,389	$25,962

Financial assets at fair value through other comprehensive income were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Property, plant and equipment

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Owner occupied property, plant and equipment	$3,136,880	$3,103,845

	Land	Buildings	Business facilities	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at Jan. 1, 2022	$690,600	$494,406	$2,467,453	$1,785,608	$159,355	$50,996	$5,648,418
Additions		563	234,056	258,291	17,785	11,217	521,912
Disposals	—	—	(19,923)	(15,744)	(355)	—	(36,022)
Other (Note)	—	—	—	16,668	—	—	16,668
Transfers	—	—	43,348	(253)	3,187	(47,006)	(724)
As at Dec. 31, 2022	$690,600	$494,969	$2,724,934	$2,044,570	$179,972	$15,207	$6,150,252
As at Jan. 1, 2021	$597,576	$253,172	$2,144,711	$1,627,917	$134,461	$193,378	$4,951,215
Additions	93,024	123,543	292,979	173,290	23,996	48,145	754,977
Disposals	—	—	(20,624)	(27,433)	(2,609)	—	(50,666)
Other (Note)	—	—	—	10,674	—	—	10,674
Transfers	—	117,691	50,387	1,160	3,507	(190,527)	(17,782)
As at Dec. 31, 2021	$690,600	$494,406	$2,467,453	$1,785,608	$159,355	$50,996	$5,648,418
Depreciation and impairment:							
As at Jan. 1, 2022	$—	$(61,404)	$(1,571,791)	$(809,200)	$(102,178)	$—	$(2,544,573)
Depreciation	—	(19,212)	(296,774)	(166,202)	(21,390)	—	(503,578)
Disposals	—	—	19,922	15,744	354	—	36,020
Transfers	—	—	(1,857)	616	—	—	(1,241)
As at Dec. 31, 2022	$—	$(80,616)	$(1,850,500)	$(959,042)	$(123,214)	$—	$(3,013,372)
As at Jan. 1, 2021	$—	$(46,070)	$(1,308,872)	$(678,932)	$(84,819)	$—	$(2,118,693)
Depreciation	—	(15,334)	(281,430)	(153,211)	(19,859)	—	(469,834)
Disposals	—	—	18,511	22,943	2,500	—	43,954
Transfers	—	—	—	—	—	—	—
As at Dec. 31, 2021	$—	$(61,404)	$(1,571,791)	$(809,200)	$(102,178)	$—	$(2,544,573)
Net carrying amount:							
As at Dec. 31, 2022	$690,600	$414,353	$874,434	$1,085,528	$56,758	$15,207	$3,136,880
As at Dec. 31, 2021	$690,600	$433,002	$895,662	$976,408	$57,177	$50,996	$3,103,845

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note: Provision for decommissioning, restoration and rehabilitation costs.

Capitalized borrowing costs of construction in progress for the years ended December 31, 2021 was NT$70 thousand. The capitalization rate of borrowing costs was 0.50%～1.23% for 2021.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(6) Intangible assets

	Computer software	Franchise	Total
Cost:			
As at Jan. 1, 2022	$32,365	$—	$32,365
Addition - acquired separately	18,615	6,786	25,401
Derecognition	—	—	—
As at Dec. 31, 2022	$50,980	$6,786	$57,766
As at Jan. 1, 2021	$3,360	$—	$3,360
Addition - acquired separately	29,005	—	29,005
Derecognition	—	—	—
As at Dec. 31, 2021	$32,365	$—	$32,365
Amortization and impairment:			
As at Jan. 1, 2022	$(2,208)	$—	$(2,208)
Amortization	(6,827)	(212)	(7,039)
Derecognition	—	—	—
As at Dec. 31, 2022	$(9,035)	$(212)	$(9,247)
As at Jan. 1, 2021	$(571)	$—	$(571)
Amortization	(1,637)	—	(1,637)
Derecognition	—	—	—
As at Dec. 31, 2021	$(2,208)	$—	$(2,208)
Net carrying amount:			
As at Dec. 31, 2022	$41,945	$6,574	$48,519
As at Dec. 31, 2021	$30,157	$—	$30,157

(7) Other non-current assets

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Refundable deposits	$125,310	$122,608

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Other payables

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Accrued salaries and bonuses	$104,697	$103,927
Accrued labor and health insurance	24,514	60,141
Accrued employee compensation	947	—
Business tax payable	11,728	9,052
Accrued franchises fees, current	900	—
Other	161,624	125,609
Total	$304,410	$298,729

(9) Financial liabilities at fair value through profit or loss, non-current

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Designated financial liabilities at fair value through profit or loss		
Derivatives not designated as hedging relationship		
Embedded derivative		
Convertible bonds	$435	$2,463

(10) Bonds payable

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Domestic 2nd unsecured convertible bonds payable	$383,611	$377,230
Less: current portion	(383,611)	—
Net	$—	$377,230

A. Domestic unsecured convertible bonds payable

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Liability component:		
Principal amount	$390,100	$390,100
(Discounts) on bonds payable	(6,489)	(12,870)
Subtotal	383,611	377,230
Less: current portion	(383,611)	—
Net	$—	$377,230
Embedded derivative	$435	$2,463
Equity component	$11,551	$11,551

On January 6, 2021, the Company issued zero coupon domestic unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer’s common stocks). The terms of the bonds are as follows:

Issue Amount: NT$400,000 thousand

Period: January 6, 2021～January 6, 2024

Redemption Clauses and Terms of Put Option:

a. The Company may redeem the bonds, from the day following the issuance of the full three months (April 7, 2021) to the forty days before the expiry of the issuance period (November 27, 2023), at the principal amount of the bonds by cash if the closing price of the Company’s common stocks on TWSE for a period of 30 consecutive trading days, is at least 130% of the conversion price.
b. The Company may redeem the bonds, in whole, at the principal amount if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.
c. The bondholders may request the Company to redeem all of or part of convertible bonds held by the bondholders at 102.01% of the par value of the bonds by November 27, 2022, which is 40 days before the put option date, January 6, 2023.

Terms of Exchange:

a. Underlying Securities: Common stocks of the Company.
b. Exchange Period: The bonds are exchangeable at any time on or after April 7, 2021 and prior to January 6, 2024 into common stocks of the Company.
c. Conversion Price and Adjustment: The conversion price was originally NT$155.8 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture. The conversion price as of December 31, 2022 was NT$142.4 per share.
d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

The bonds already converted amounted to both NT$9,900 thousand as at December 31, 2022 and 2021.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11)Long-term borrowings

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

Lenders	As at Dec. 31, 2022	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	$154,606	1.58	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	50,000	1.48	Effective from June 1, 2022 to February 7, 2025, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	26,893	1.48	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	171,128	1.48	Effective from October 7, 2019 to October 7, 2026, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank secured long-term loan	185,820	1.65	Effective from December 27, 2021 to December 27, 2036, interest only payment for the first two years, and then the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	136,184	1.49	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	9,319	1.45	Effective from June 15, 2022 to June 15, 2029, the principal and interest are repaid monthly.
E.SUN Commercial Bank unsecured long-term loan	152,750	1.00	Effective from November 3, 2020 to October 15, 2027, interest only payment for the first three years, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	69,050	1.10	Effective from November 3, 2020 to August 15, 2028, interest only payment for the first three years, and then the principal and interest are repaid monthly.
First Commercial Bank unsecured long-term loan	126,040	1.12	Effective from November 3, 2020 to October 15, 2030, interest only payment for the first three years, and then the principal and interest are repaid monthly.
Land Bank of Taiwan unsecured long-term loan	22,595	1.83	Effective from June 30, 2021 to June 30, 2024, interest only payment for the first year, and then the principal and interest are repaid monthly.
Bank of Taiwan unsecured long-term loan	28,184	1.73	Effective from August 25, 2021 to August 25, 2024, interest only payment for the first half year, and then the principal and interest are repaid monthly.
Taichung Commercial Bank unsecured long-term loan	7,160	1.94	Effective from October 13, 2021 to October 13, 2024, the principal and interest are repaid monthly.
Subtotal	1,139,729		
Less: current portion	(119,555)		
Total	$1,020,174		

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As at Dec. 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	$172,618	1.17	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	29,166	1.07	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	185,590	1.07	Effective from October 7, 2019 to October 7, 2026, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank secured long-term loan	185,820	1.13	Effective from December 27, 2021 to December 27, 2036, interest only payment for the first two years, and then the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	145,000	1.10	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
E.SUN Commercial Bank unsecured long-term loan	152,750	0.50	Effective from November 3, 2020 to October 15, 2027, interest only payment for the first three years, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	28,000	1.25	Effective from April 17, 2020 to December 31, 2022, interest only payment for the first half year, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	80,250	0.60	Effective from November 3, 2020 to August 15, 2028, interest only payment for the first three years, and then the principal and interest are repaid monthly.
First Commercial Bank unsecured long-term loan	126,040	0.62	Effective from November 3, 2020 to October 15, 2030, interest only payment for the first three years, and then the principal and interest are repaid monthly.
Land Bank of Taiwan unsecured long-term loan	50,000	1.55	Effective from June 30, 2021 to June 30, 2024, interest only payment for the first year, and then the principal and interest are repaid monthly.
Bank of Taiwan unsecured long-term loan	40,000	1.25	Effective from August 25, 2021 to August 25, 2024, interest only payment for the first half year, and then the principal and interest are repaid monthly.
Taichung Commercial Bank unsecured long-term loan	47,277	1.39	Effective from October 13, 2021 to October 13, 2024, the principal and interest are repaid monthly.
Subtotal	1,242,511		
Less: current portion	(111,836)		
Total	$1,130,675		

Certain land and buildings are pledged as first priority security for secured bank loans with Cathay United Bank and E.SUN Commercial Bank, please refer to Note 8 for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12) Post-employment benefits plan

The employee pension plan under the Labor Pension Act of the R.O.C. ("the Act") is a defined contribution plan. For the defined contribution plan, the Group will make monthly contributions of no less than 6% of the monthly wages of the employees. The Group has made monthly contributions of 6% based on each individual employee's salary or wage to employees' pension accounts subject to the plan.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT$56,550 thousand and NT$51,147 thousand, respectively.

(13)Provisions, non-current

	Decommissioning, restoration and rehabilitation costs
As at January 1, 2022	$56,937
Arising during the period	16,668
Using during the period	(651)
Decreasing during the period	(1,473)
Discount rate adjustment and unwinding of discount from the passage of time	491
As at December 31, 2022	$71,972
As at January 1, 2021	$46,456
Arising during the period	10,674
Decreasing during the period	(605)
Discount rate adjustment and unwinding of discount from the passage of time	412
As at December 31, 2021	$56,937

Decommissioning, restoration and rehabilitation costs

A provision has been recognized for decommissioning costs associated with the Group leasing the building for operating sports venues from the owner. The Group is committed to decommissioning the site as a result of the construction of the beginning of the lease.

(14) Equities

A. Common stock

The Company's authorized capital were both NT$1,000,000 thousand as at December 31, 2022 and 2021, divided into both 100,000 thousand shares (each authorized capital included 5,000 thousand shares reserved for employee stock options), each at a par value of NT$10. The Company has issued NT$794,484 thousand, NT$774,703 thousand, divided into 79,448 thousand shares, 77,470 thousand shares as at December 31, 2022 and 2021, respectively.

The Company's domestic 2nd unsecured convertible bonds converted to 68 thousand shares for the year ended December 31, 2021. They have been approved by and registered with the competent authorities. No bonds converted in 2022.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Capital surplus

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Employee share options	$47	$47
Restricted stocks for employees	437,090	245,157
Additional paid-in capital from common stock	60,775	160,775
Due to recognition of equity component of convertible bonds issued	11,551	11,551
Additional paid-in capital from convertible bonds	377,354	377,354
Vested stock option	1,581	1,581
Others	1	—
Total	$888,399	$796,465

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 stockholders in proportion to the number of shares being held by each of them.

C. Treasury shares

The Company reacquired 2,000 thousand shares of its share for selling to employees, which was resolved by the Board of Directors on May 16, 2021. At the end of the repurchased period, the Company reacquired 20 thousand treasury shares, whose average price was NT$140.06 per share, in total NT$2,801 thousand. The treasury shares held by the Company were both NT$2,801 thousand as at December 31, 2022 and 2021.

D. Retained earnings and dividend policy

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

a. Reserve for tax payments.
b. Offset accumulated losses in previous years, if any.
c. Legal reserve, which is 10% of leftover profits.
d. Allocation or reverse of special reserves as required by law or competent authorities.
e. The remaining net profits and the retained earnings from previous years will be allocated as stockholders’ dividend. The Board of Directors will prepare a distribution proposal and submit it to the stockholders’ meeting for review and approval by a resolution.

To consider the Company’s future capital requirements and interest of the stockholders’ demand for cash inflows, after the annual accounts, if the Company has surpluses, the annual cash dividend will not be less than 10% of the total cash and stock dividends in the current year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company Act, the company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the company. When a 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 stockholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from stockholders' equity" for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from stockholders' equity. For any subsequent reversal of other net deductions from stockholders' equity, the amount reversed may be distributed from the special reserve.

The Company's 2021 loss off-setting proposal was resolved by the stockholders' meeting held on June 1, 2022. The legal reserve, NT$126,448 thousand, is used to offset the loss in 2021, and the capital surplus, NT$100,000 thousand, is used to distribute cash at NT$1.29 per share.

The distribution of earnings and dividends for 2020 was resolved by the stockholders' meeting held on July 5, 2021. The details of distribution are as follows:

	Appropriation of earnings	Dividend per share (NT$)
	2020	2020 (Note)
Legal reserve	$40,014	
(Reversal of) Special reserve	$(35,318)	
Cash dividend	$358,579	$4.87
Stock dividend	$36,860	$0.50

Note: The Company bought back and cancelled restricted stocks for employee departure and repurchased treasury shares, resulting in a decrease in the outstanding shares to 73,698 thousand shares. Therefore, the Company adjusted the stockholder's dividend yield and payout ratio.

For information on the accrual basis of the employees' compensation and directors' remuneration and the actual distributions, please refer to Note 6(18) for details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

E. Non-controlling interests

	For the years ended December 31	
	2022	2021
Beginning balance	$8,491	$16,320
Profit (Loss) attributable to non-controlling interests	1,446	(1,002)
Change in non-controlling interests	–	(6,827)
Ending balance	$9,937	$8,491

(15) Share-based payment plans

A. Restricted stocks plan for employees

The Company issued restricted stocks for employees on October 7, 2016 at NT$25 per share in the amount of NT$15,670 thousand, totalling 1,567 thousand shares. The share price at grant date was NT$101.50 per share. On January 25, 2017, the Company issued restricted stocks for employees at NT$25 per share in the amount of NT$880 thousand, totalling 88 thousand shares. The share price at grant date was NT$81.80 per share. On January 2, 2018, the Company issued restricted stocks for employees at NT$25 per share in the amount of NT$3,900 thousand, totalling 390 thousand shares. The share price at grant date was NT$161.00 per share. On April 30, 2019, the Company issued restricted stocks for employees at NT$25 per share in the amount of NT$3,800 thousand, totalling 380 thousand shares. The share price at grant date was NT$199.00 per share. On October 7, 2022, the Company issued restricted stocks for employees at NT$30 per share in the amount of NT$20,000 thousand, totalling 2,000 thousand shares. The share price at grant date was NT$117.50 per share.

Restrictions on the rights and vesting conditions of restricted stocks for employees are as follows:

a. Employees who deliver the restricted stocks to the Trust Depository during the vesting period may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, the restricted employee shares, excluding inheritance.
b. Stockholders' voting rights: They are executed by the Trust Depository according to relevant laws and regulations.
c. During the vesting period, the rights of dividends and bonuses, but the dividends of 1,567 thousand shares issued on October 7, 2016 and 88 thousand shares issued on January 25, 2017 must be deposited in a security trust account. For those who do not conform to the vesting conditions, the cash dividends, stock dividends, and cash (stocks) allocated from the capital surplus are allocated to the Company, and the Company redeems the cash according to relevant regulations and cancels the shares according to law.

B. For the years ended December 31, 2022 and 2021, the Company incurred expenses of NT$19,169 thousand and NT$15,741 thousand for the share-based payment transactions, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(16) Operating revenues

	For the years ended December 31	
	2022	2021
Revenue of Fitness and recreational sports services	$2,019,613	$1,527,565
Revenue of Sports health services	1,419,292	980,977
Revenue of Joining fees	139,996	77,360
Others	28,106	20,307
Total	3,607,007	2,606,209
Less: sales return and sales discounts and allowances	(604)	(232)
Net operating revenues	$3,606,403	$2,605,977

Information on revenues from contracts with customers during the years ended December 31, 2022 and 2021 are as follows:

A. Disaggregation of revenue - Operation department

	For the years ended December 31	
	2022	2021
Sale of goods	$19,260	$12,658
Rendering of services	3,562,840	2,577,591
Others	24,303	15,728
Total	$3,606,403	$2,605,977

Timing of revenue recognition		
At a point in time	$1,469,677	$1,015,824
Over time	2,136,726	1,590,153
Total	$3,606,403	$2,605,977

B. Contract balances

Contract liabilities, current

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Rendering of services - Fitness	$166,251	$84,107
Rendering of services - Sports health etc.	493,112	446,826
Rendering of services - Joining fees (Initiation and processing fees included)	19,407	73,236
Rendering of services - Others	7,062	7,593
Total	$685,832	$611,762

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

	For the years ended December 31	
	2022	2021
The beginning balance transferred to revenue	$508,846	$383,999
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$582,917	$496,228

C. Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations amounted to NT$685,832 thousand and NT$611,762 thousand as at December 31, 2022 and 2021, respectively. The Group will recognize revenue as the Group satisfies its performance obligations over time that aligns with progress toward completion of a contract in the future. The estimate of the transaction price does not include any estimated amounts of variable consideration that are constrained.

D. Assets recognized from costs to obtain or fulfil a contract

None.

(17) Leases

Group as a lessee

The Group leases various properties, including buildings, transportation equipment and office equipment. The lease terms range from 2 to 24 years.

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

A. Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Buildings	$4,649,426	$3,614,303
Transportation equipment	2,186	588
Office equipment	–	1,392
Total	$4,651,612	$3,616,283

During the years ended December 31, 2022 and 2021, the Group's additions to right-of-use assets amounted to NT$1,534,116 thousand and NT$759,908 thousand, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. Lease liabilities

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Lease liabilities	$4,905,276	$3,803,211
Current	$531,107	$482,265
Non-current	$4,374,169	$3,320,946

Please refer to Note 6(19) finance costs for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021 and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at December 31, 2022 and 2021.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31	
	2022	2021
Buildings	$497,784	$444,036
Transportation equipment	1,340	1,451
Office equipment	155	619
Total	$499,279	$446,106

C. Income and costs relating to leasing activities

	For the years ended December 31	
	2022	2021
The expenses relating to short-term leases	$6,168	$768
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	$10,582	$13,194
(Income) from subleasing right-of-use assets	$(9,515)	$(5,757)

During the years ended December 31, 2022 and 2021, the rent concessions arising as a direct consequence of the Covid-19 pandemic amounted to NT$3,130 thousand and NT$19,413 thousand, respectively, which are recognized in other income to reflect the variable lease payments arising from the application of the practical expedient.

D. Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Group’s total cash outflows for leases amounted to NT$584,359 thousand and NT$489,101 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

E. Other information relating to leasing activities

Extension and termination options

Some of the Group's property rental agreements contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(18) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function / Nature	For the years ended December 31					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$1,422,892	126,457	$1,549,349	$1,082,341	106,335	$1,188,676
Labor and health insurance	$104,466	7,635	$112,101	$97,519	6,835	$104,354
Pension	$52,204	4,346	$56,550	$47,358	3,789	$51,147
Directors' remuneration	$－	1,285	$1,285	$－	1,275	$1,275
Other employee benefits expense	$12,262	611	$12,873	$6,247	578	$6,825
Depreciation	$983,912	18,945	$1,002,857	$900,969	14,971	$915,940
Amortization	$212	6,827	$7,039	$－	1,637	$1,637

According to the Articles of Incorporation, no less than 1% of profit of the current year is distributable as employees' compensation and no more than 3% of profit of the current year is distributable as remuneration to directors. 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 stockholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System (MOPS)" on the website of the TWSE.

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Since there was a loss as of the year ended December 31, 2021, the Company decided not to recognize the amounts of the employees' compensation and remuneration to directors.

After the loss offset, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2022 to be 1% and 0% of profit of the year, NT$902 thousand and NT$0 thousand, respectively. Difference between the estimated amount and the actual distribution of the employees compensation and remuneration to directors would be recognized in profit or loss in the subsequent year. If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stock distributed is calculated based on total employee compensation divided by the closing price of the day before the Board of Directors' meeting.

(19) Non-operating income and expenses

A. Interest income

	For the years ended December 31	
	2022	2021
Financial assets at amortized cost - bank deposits	$2,751	$1,445

B. Other income

	For the years ended December 31	
	2022	2021
Rental income	$9,515	$5,757
Others	29,496	75,540
Total	$39,011	$81,297

C. Other gains and losses

	For the years ended December 31	
	2022	2021
Gain on disposal of property, plant and equipment	$28	$69
Gain on financial assets at fair value through profit or loss	2,028	87
Gain on lease modification	—	2,205
Others	(3,043)	(6,352)
Total	$(987)	$(3,991)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended December 31	
	2022	2021
Interest on borrowings from bank	$(14,477)	$(9,384)
Interest on lease liabilities	(71,698)	(61,036)
Interest on other non-current liabilities	(20)	—
Interest on bonds payable	(6,381)	(6,382)
Total interest expenses	(92,576)	(76,802)
Unwinding of discount on provisions	(490)	(412)
Total finance costs	$(93,066)	$(77,214)

(20) Components of other comprehensive income

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Unrealized (loss) on investments in equity instruments measured at fair value through other comprehensive income	$(5,573)	$—	$(5,573)	$—	$(5,573)

For the year ended December 31, 2021: None.

(21) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31	
	2022	2021
Current income tax expense (income):		
Current income tax charge	$141	$—
Adjustments in respect of current income tax of prior years	—	(2,005)
Deferred tax expense (income):		
Deferred tax (income) relating to origination and reversal of temporary differences	(1,004)	(46,161)
Deferred tax expense relating to origination and reversal of tax loss and tax credit	20,017	—
Total income tax expense (income)	$19,154	$(48,166)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Reconciliation between tax expense (income) and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31	
	2022	2021
Accounting profit (loss) before tax from continuing operations	$91,610	$(191,491)
Tax at the domestic rates applicable to profits in the country concerned	$18,756	$—
Tax effect of expenses not deductible for tax purposes	55	—
Tax effect of deferred tax assets	648	(46,161)
Adjustments in respect of current income tax of prior years	—	(2,005)
Others	(305)	—
Total income tax expense (income) recognized in profit or loss	$19,154	$(48,166)

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

	For the year ended December 31, 2022			
	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized rental expense	$6,612	$—	$—	$6,612
Decommissioning Costs	4,286	923	—	5,209
Others	1,635	81	—	1,717
Unused tax losses	45,383	(20,017)	—	25,365
Deferred tax income		$(19,013)	$—	
Net deferred tax assets	$57,916			$38,903
Reflected in balance sheet as follows:				
Deferred tax assets	$57,916			$38,903
Deferred tax liabilities	$—			$—

	For the year ended December 31, 2021			
	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized rental expense	$6,612	$—	$—	$6,612
Decommissioning Costs	3,407	879	—	4,286
Others	1,736	(101)	—	1,635
Unused tax losses	—	45,383	—	45,383
Deferred tax income		$46,161	$—	
Net deferred tax assets	$11,755			$57,916
Reflected in balance sheet as follows:				
Deferred tax assets	$11,755			$57,916
Deferred tax liabilities	$—			$—

D. The following table contains information on the unused tax losses of the Group:

		Unused tax losses as of		
Year	Tax losses for the period	Dec. 31, 2022	Dec. 31, 2021	Expiration year
2021	$226,915	$126,827	$226,915	2031

E. The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company and subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2020
Subsidiary - Bo Xin Health Industry Incorporated	Assessed and approved up to 2020

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to common stockholders of the parent company by the weighted average number of common stocks outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to common stockholders of the parent company by the weighted average number of common stocks outstanding during the year plus the weighted average number of common stocks that would be issued on conversion of all the dilutive potential common stocks into common stocks.

	For the years ended December 31	
	2022	2021
Basic earnings (loss) per share		
Net income (loss)	$71,010	$(142,323)
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	74,485	74,449
Basic earnings (loss) per share (NT$)	$0.95	$(1.91)
Diluted earnings (loss) per share		
Net income (loss)	$71,010	$(142,323)
Interest expense from convertible bonds	(Note)	(Note)
Profit (Loss) attributable to common stockholders of the Company after dilution	$71,010	$(142,323)
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	74,485	74,449
Effect of dilution:		
Employee compensation - stock (in thousands)	8	—
Employee stock options (in thousands)	663	(Note)
Convertible bonds (in thousands)	(Note)	(Note)
Weighted average number of common stocks outstanding after dilution (in thousands)	74,156	74,449
Diluted earnings (loss) per share (NT$)	$0.94	$(1.91)

Note: Employee stock options and convertible bonds were anti-dilutive and excluded from the computation of diluted earnings per share.

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

7. RELATED PARTY TRANSACTIONS

Information on the related parties that had transcations with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Giant Development Co., Ltd. (Giant)	Other related party
Jiayong Investment Development Co., Ltd. (Jiayong Inv.)	Director
All directors and vice presidents or above	Key management personnel

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant related party transactions

(1)Notes payable - related parties

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Other related party		
Giant	$437	$425

(2) Other payables - related parties

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Other related party		
Giant	$515	$369

(3) Lease

As of December 31, 2022 and 2021, the security deposits paid to the related party for the lease of the business premises were NT$7,588 thousand and NT$7,588 thousand, respectively, under the refundable deposits. The management fees for the years ended December 31, 2022 and 2021 were NT$4,948 thousand and NT$4,678 thousand, respectively, under the operating expenses.

A. Right-of-use assets

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Other related party		
Giant	$－	$42,685

B. Lease liabilities

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Other related party		
Giant	$－	$36,339

C. Interest expenses

	For the years ended December 31	
	2022	2021
Other related party		
Giant	$321	$889

D. Rental income

	For the years ended December 31	
	2022	2021
Other related party		
Jiayong Inv.	$229	$76

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Key management personnel compensation

	For the years ended December 31	
	2022	2021
Short-term employee benefits	$24,438	$24,465
Post-employment benefits	813	883
Share-based payment	4,960	3,428
Total	$30,211	$28,776

(5) Others

As of December 31, 2022, the lease performance guarantee bills of related parties drawn by the Group for leasing sports venues amounted to NT$10,588 thousand.

8. ASSETS PLEDGED AS COLLATERAL

The Group has the following assets as collateral:

	As at		
Items	Dec. 31, 2022	Dec. 31, 2021	Secured liabilities
Property, plant and equipment - land and buildings	$1,098,528	$1,114,449	Long-term loan
Other financial assets, current	366,737	331,257	Performance guarantee of fitness center
Total	$1,465,265	$1,445,706	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of December 31, 2022, the lease performance guarantee bills drawn by the Group for leasing sports venues amounted to NT$54,434 thousand.

(2) As of December 31, 2022, the total amounts of the equipment and construction purchased under contracts was approximately NT$131,330 thousand, including approximately NT$75,584 thousand unpaid.

10. LOSSES DUE TO MAJOR DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

On January 6, 2023 (put option date), the bondholders requested the Company to redeem 1,856 bonds at 102.01% of the par value of the bonds, which amounted about NT$190,249 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12. OTHERS

(1) Categories of financial instruments

Financial Assets

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Financial assets at fair value through other comprehensive income	$20,389	$25,962
Financial assets at amortized cost		
Cash and cash equivalents	833,831	788,817
Notes and accounts receivable	12,879	18,517
Other receivables	3,410	4,323
Other financial assets, current	376,240	331,257
Other non-current assets - refundable deposits	125,310	122,608
Subtotal	1,351,670	1,265,522
Total	$1,372,059	$1,291,484

Financial Liabilities

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Financial liabilities at amortized cost		
Payables and other payables (related party included)	$437,210	$369,428
Bonds payable	383,611	377,230
Long-term loans (current portion included)	1,139,729	1,242,511
Lease liabilities	4,905,276	3,803,211
Subtotal	6,865,826	5,792,380
Financial liabilities at fair value through profit or loss		
Embedded derivatives	435	2,463
Total	$6,866,261	$5,794,843

(2) Financial risk management objectives and policies

The Group’s risk management objectives are 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 policy and risk preference.

The Group has followed the relevant regulations and established appropriate policies, procedures, and internal controls policies regarding financial risk management. According to the related rules and internal control policies, before the management team executes the significant financial activities, the proposal must be reviewed and resolved by the Board of Directors. When conducting financial management activities, the management team must comply with its financial risk management policies.

(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 risks comprise interest rate risk and other price risk (such as equity instruments).

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

Interest rate risk

Interest rate risk is the risk that the fair value of future 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 its bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2022 and 2021 to increase by NT$70 thousand and decrease by NT$121 thousand, respectively.

Equity price risk

The fair value of the Group’s unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The equity securities held by the Group are unlisted equity securities, so they are measured at fair value through other comprehensive income.

The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group’s senior management on a regular basis. The Group’s Board of Directors must review and approve all equity investment decisions.

(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 accounts receivable) and from its financing activities (primarily for bank deposits and other financial instruments).

The accounts receivable of the Group are mainly from transactions with customers using credit cards as the payment method. These receivables are mainly paid by domestically famous financial institutions, and the probability of occurrence of credit risk is extremely low, and the maximum amount of credit risk is its book value.

Credit risk from balances with banks and other financial instruments is managed by the Group’s financial department in accordance with the Group’s policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and companies with good credit rating. Consequently, there is no significant credit risk for these counterparties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 6 years	Total
As at December 31, 2022					
Payables	$437,210	—	—	—	$437,210
Loans	$133,213	366,604	377,790	397,541	$1,275,148
Lease liabilities	$531,107	1,029,201	976,272	2,966,669	$5,503,249
Convertible bonds	$390,100	—	—	—	$390,100

	Less than 1 year	2 to 3 years	4 to 5 years	More than 6 years	Total
As at December 31, 2021					
Payables	$369,428	—	—	—	$369,428
Loans	$122,051	321,256	422,305	451,915	$1,317,527
Lease liabilities	$482,265	858,722	809,357	2,154,834	$4,305,178
Convertible bonds	$—	377,230	—	—	$377,230

Notes:
1. Including cash flows resulting from short-term leases or leases of low-value assets.
2. Information on the maturities of lease liabilities is provided in the table below:

December 31, 2022	Maturities					
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	Total
Lease liabilities	$531,107	2,005,473	1,722,367	752,542	491,760	$5,503,249

December 31, 2021	Maturities					
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	Total
Lease liabilities	$482,265	1,668,079	1,512,497	451,725	190,612	$4,305,178

(6) Fair value of financial instruments

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

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

a. The carrying amounts of cash and cash equivalents, accounts receivable, refundable deposits, other current assets, accounts payable and other current liabilities approximate their fair value due to their short maturities.

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

c. Fair value of equity instruments without market quotations (for example, 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, bank loans, bonds payable and other non-current liabilities without market quotations is determined based on the counterparty prices or valuation method. The valuation method uses Discounted Cash Flow (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 (for example, yield curves published by the TPEx, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. The fair value of option-based derivative financial instruments is obtained using 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

	Carrying amounts as at	
Financial liabilities	Dec. 31, 2022	Dec. 31, 2021
Long-term loans (current portion included)	$1,139,729	$1,242,511
Bonds payable	$383,611	$377,230

	Fair value as at	
Financial liabilities	Dec. 31, 2022	Dec. 31, 2021
Long-term loans (current portion included)	$1,139,729	$1,135,384
Bonds payable	$397,876	$387,920

C. Fair value hierarchy for financial instruments

Please refer to Note 12(8) for fair value hierarchy for financial instruments of the Group.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022:

	Bonds	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2022	$377,230	$1,242,511	$3,803,211	$5,422,952
Cash flow	—	(102,782)	(505,426)	(608,208)
Non-cash movement	6,381	—	1,607,491	1,613,872
December 31, 2022	$383,611	$1,139,729	$4,905,276	$6,428,616

Reconciliation of liabilities for the year ended December 31, 2021:

	Bonds	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2021	$—	$790,221	$3,397,541	$4,187,762
Cash flow	400,000	452,290	(419,860)	432,430
Non-cash movement	(22,770)	—	825,530	802,760
December 31, 2021	$377,230	$1,242,511	$3,803,211	$5,422,952

(8) Fair value hierarchy

A. The definition of fair value hierarchy

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

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 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 hierarchy of the Group’s assets and liabilities measured at fair value on a recurring basis is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	$—	$—	$20,389	$20,389

	Level 1	Level 2	Level 3	Total
Liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	$—	$—	$435	$435

As at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Investments in equity Instruments measured at fair value through other comprehensive income	$—	$—	$25,962	$25,962

	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	$—	$—	$2,463	$2,463

Transfers between Level 1 and Level 2

For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 for assets or liabilities measured at fair value on a recurring basis.

The details of changes in Level 3 of the repeatability fair value hierarchy

The reconciliation of the (assets) and liabilities at fair value, which are measured in Level 3 of the repeatability fair value hierarchy, from the beginning to the end of the period, is as follows:

	Liabilities
	At fair value through profit or loss
	Derivatives
As at January 1, 2022	$2,463
Amount recognized in (profit) for the year ended December 31, 2022 (presented in “other gains or losses”)	(2,028)
Acquisition for the year ended December 31, 2022	—
As at December 31, 2022	$435

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Liabilities
	At fair value through profit or loss
	Derivatives
Acquisition for the year ended December 31, 2021	$2,550
Amount recognized in (profit) for the year ended December 31, 2021 (presented in "other profit or loss")	(87)
As at December 31, 2021	$2,463

Total gains and losses recognized in profit or (loss) for the year ended December 31, 2022 and 2021 in the table above contain gains related to liabilities on hand as at December 31, 2022 and 2021 in the amount of NT$2,028 thousand and NT$87 thousand, respectively.

(9) 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 to support its business and maximize the stockholders' value. To maintain or adjust the capital structure, the Group may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions and reinvestments

A. Financing provided to others for the year ended December 31, 2022: None.
B. Endorsement/Guarantee provided to others for the year ended December 31, 2022: None.
C. Securities held as at December 31, 2022: Please refer to Attachment 1.
D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.
E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.
F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.
G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2022: None.
H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2022: None.
I. Investees over whom the Group exercises significant influence or control directly or indirectly (excluding investment in mainland China): Please refer to Attachment 2.
J. Financial instruments and derivative transactions: None.
K. Other: Intercompany relationships and significant intercompany transactions for the year ended December 31, 2022: None.

(2) Information on investments in mainland China: Not applicable.

(3) Information on major stockholders: Please refer to Attachment 3.

14. SEGMENT INFORMATION

The Group is engaged in the business of recreational sports and fitness centers. The services it provides are all related to recreational sports and fitness. Therefore, it is considered as a single operating department.

Regional information

The Group operates mainly in Taiwan.

Important customer information

For the years ended December 31, 2022 and 2021, there was no income from a single customer that exceeded 10% of the Group’s total revenue.

ATTACHMENT 1

Securities held as at December 31, 2022 (Excluding subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As at December 31, 2022				Note
				Number of shares (in thousands)	Carrying amount (Note 2)	Percentage of ownership (%)	Fair value	
Power Wind Health Industry Incorporated	Taroko Development Corporation	—	Financial assets at fair value through other comprehensive income, non-current	900	$4,844	0.55	$4,844	
Power Wind Health Industry Incorporated	Gomore Inc.	—	Financial assets at fair value through other comprehensive income, non-current	25,217	$15,545	5.04	$15,545	

Note 1: Marketable securities refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of *IFRS 9 "Financial Instruments."*

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value.

ATTACHMENT 2

Names, locations and related information of investee companies (Excluding investment in mainland China):

(In Thousands of New Taiwan Dollars)

Investor company	Investee company	Location	Main business and products	Initial investment		Investment as at December 31, 2022			Net income of investee company	Investment income recognized	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Carrying amount			
Power Wind Health Industry Incorporated	Bo Xin Health Industry Incorporated	Taipei City	Engaged in the business of recreational sports, fitness center and other sports services	$9,000	$9,000	900	60.00	$14,907	$3,617	$2,170	Note

Note: Aforementioned investment has been written off when preparing the consolidated financial statements.

ATTACHMENT 3

Information on major stockholders：

Name (Note)	Shares	
	Number of shares (shares)	Percentage of ownership (%)
Jiayong Investment Development Co., Ltd.	21,751,989	27.37
Yu, Zong-Jing	5,000,839	6.29
Chen, Shang-Yih	4,220,895	5.31

Note: Major stockholders refer to stockholders' percentage of ownership of 5% or above.

Attachment 9.
2022 Parent Company Only
Financial Statements with Report of
Independent Accountants
(excluding the statements of major
accounting items)

POWER WIND HEALTH INDUSTRY INCORPORATED
PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021

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Independent Auditors' Report

To Power Wind Health Industry Incorporated

Opinion

We have audited the accompanying parent company only balance sheets of Power Wind Health Industry Incorporated (the "Company") as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies (collectively "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company only Financial Statements* section of our report. We are independent of the Company 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 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Net sales recognized by the Company amounted to NT$3,495,820 thousand for the year ended December 31, 2022. Due to the large number of fitness center members, the differences in each contract and commitment of rendering services to customers where revenue was recognized when performance obligations were satisfied, which led to complex calculation, we therefore determined revenue recognition a key audit matter.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy and testing the effectiveness of internal controls around revenue recognition, including reviewing contractual provisions and contract amounts, confirming the period for rendering of services and selecting courses to verify the condition of execution. In addition, through performing cut-off testing, reviewing analytical procedures and recalculating etc. to validate appropriateness of revenue recognition, we also assessed the adequacy of disclosures of operating revenue. Please refer to Note 6 to the parent company only financial statements.

Right-of-Use Assets and Lease Liabilities

The Company acquired right-of-use for sites of fitness center chains and recreational sports venues by leasing. As the completeness of acquisition of contracts, contract terms and conditions, all relevant facts and circumstances and the discount rate of the lease payments involved management's estimates and assumptions, and the amount of right-of-use assets and lease liabilities increased as business locations increased, we considered this a key audit matter.

Our audit procedures included, but not limited to, testing the effectiveness of internal controls concerning the measurement of right-of-use assets and lease liabilities and reviewing the Company's existing lease contracts. We also identified the lease components within contracts and assessed the lease terms and the appropriateness of the discount rate which the lease payments adopted. Furthermore, we consider the appropriateness of disclosing the right-of-use assets and lease liabilities in Note 6 to the parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Parent Company only Financial Statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

/s/ Lee, Fang-Wen

/s/ Hung, Kuo-Sen

Ernst & Young, Taiwan

February 21, 2023

Notice to Readers

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2022	%	December 31, 2021	%
Current assets					
Cash and cash equivalents	4,6(1)	$810,629	9	$770,332	10
Notes receivable, net	4	244	-	245	-
Accounts receivable, net	4,6(2)	12,342	-	17,564	-
Inventories	4	9,860	-	13,507	-
Prepayments		17,108	-	12,251	-
Other financial assets, current	4,6(3),8	366,737	4	320,859	4
Other current assets	7	62,284	1	48,236	1
Total current assets		1,279,204	14	1,182,994	15
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4,6(4),12(8)	20,389	-	25,962	-
Investments accounted for using the equity method	4,6(5)	14,907	-	12,737	-
Property, plant and equipment	4,6(6),8	3,128,955	34	3,088,674	38
Right-of-use assets	4,6(18)	4,651,612	50	3,582,424	44
Intangible assets	4,6(7)	48,519	1	30,157	-
Deferred tax assets	4,6(22)	38,665	-	56,930	1
Other non-current assets	4,6(8)	125,292	1	114,972	2
Total non-current assets		8,028,339	86	6,911,856	85
Total Assets		$9,307,543	100	$8,094,850	100

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2022	%	December 31, 2021	%
Current liabilities					
Contract liabilities	4,6(17)	$668,284	7	$592,110	7
Notes payable		636	-	984	-
Accounts payable		1,579	-	476	-
Payables on equipment		129,369	2	68,192	1
Other payables	6(9)	297,757	3	290,446	4
Other payables - related parties	7	185	-	117	-
Current tax liabilities	4,6(22)	-	-	37,156	-
Lease liabilities, current	4,6(18)	531,107	6	446,567	5
Current bonds issued and current portion of non-current bonds issued	4,6(11)	383,611	4	-	-
Current portion of long-term liabilities	4,6(12),8	119,555	1	111,836	1
Other current liabilities		2,505	-	3,280	-
Total current liabilities		2,134,588	23	1,551,164	18
Non-current liabilities					
Financial liabilities at fair value through profit or loss, non-current	4,6(10),12(8)	435	-	2,463	-
Bonds payable	4,6(11)	-	-	377,230	5
Long-term loans	4,6(12),8	1,020,174	11	1,130,675	14
Provisions, non-current	4,6(14)	70,750	1	55,728	1
Lease liabilities	4,6(18)	4,374,169	47	3,320,304	41
Other non-current liabilities		6,713	-	880	-
Total non-current liabilities		5,472,241	59	4,887,280	61
Total liabilities		7,606,829	82	6,438,444	79
Equity	4,6(15&16)				
Share capital					
Common stock		794,484	8	774,703	10
Share capital awaiting retirement		(50)	-	(150)	-
Total share capital		794,434	8	774,553	10
Capital surplus		888,399	10	796,465	10
Retained earnings					
Legal reserve		88,189	1	214,637	3
Special reserve		13,623	-	29,364	-
Unappropriated earnings(Accumulated losses)		71,010	1	(142,189)	(2)
Total retained earnings		172,822	2	101,812	1
Other components of equity		(152,140)	(2)	(13,623)	-
Treasury shares		(2,801)	-	(2,801)	-
Total equity		1,700,714	18	1,656,406	21
Total liabilities and equity		$9,307,543	100	$8,094,850	100

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

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

Accounting	Notes	For the years ended December 31			
		2022	%	2021	%
Operating revenues	4,6(17)	$3,495,820	100	$2,512,311	100
Operating costs	4,6(13&16&18&19),7	(2,685,665)	(77)	(2,191,225)	(87)
Gross profit		810,155	23	321,086	13
Operating expenses	4,6(13&16&18&19),7				
Sales and marketing expenses		(60,861)	(2)	(40,825)	(2)
General and administrative expenses		(609,851)	(17)	(468,178)	(19)
Subtotal		(670,712)	(19)	(509,003)	(21)
Operating income (loss)		139,443	4	(187,917)	(8)
Non-operating income and expenses	4,6(5&20)				
Interest income		2,657	-	1,380	-
Other income		38,724	1	78,686	3
Other gains and losses		(986)	-	(3,987)	-
Finance costs		(92,732)	(2)	(76,313)	(3)
Investment income (loss) from investments accounted for using the equity method	4,6(5)	2,170	-	(1,502)	-
Subtotal		(50,167)	(1)	(1,736)	-
Income (loss) from continuing operations before income tax		89,276	3	(189,653)	(8)
Income tax (expense) income	4,6(22)	(18,266)	(1)	47,330	1
Profit (loss) from continuing operations		71,010	2	(142,323)	(7)
Net income (loss)		71,010	2	(142,323)	(7)
Other comprehensive (loss)					
Items that will not be reclassified to profit or loss					
Unrealized (losses) on investments in equity instruments measured at fair value through other comprehensive income	6(21)	(5,573)	-	-	-
Total other comprehensive (loss), net of tax		(5,573)	-	-	-
Total comprehensive income (loss)		$65,437	2	$(142,323)	(7)
Earnings (loss) per share (NTD)	6(23)				
Earnings (loss) per share - Basic		$0.95		$(1.91)	
Earnings (loss) per share - Diluted		$0.94		$(1.91)	

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
POWER WIND HEALTH INDUSTRY INCORPORATED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

				Retained earnings			Other components of equity			
Accounting	Common stock	Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	(Accumulated losses) Unappropriated earnings	Unrealized (losses) on financial assets measured at fair value through other comprehensive income	Unearned rewards for employees	Treasury shares	Total
Balance as of January 1, 2021	$737,343	$(138)	$775,971	$174,623	$64,682	$400,135	$(7,583)	$(21,781)	$-	$2,123,252
Appropriation and distribution of 2020 retained earnings:										
Legal reserve	-	-	-	40,014	-	(40,014)	-	-	-	-
Cash dividends	-	-	-	-	-	(358,579)	-	-	-	(358,579)
Stock dividends	36,860	-	-	-	-	(36,860)	-	-	-	-
Reversal of special reserve	-	-	-	-	(35,318)	35,318	-	-	-	-
Other changes in capital surplus										
Due to recognition of equity component of convertible bonds issued	-	-	11,551	-	-	-	-	-	-	11,551
Net (loss) for the year ended December 31, 2021	-	-	-	-	-	(142,323)	-	-	-	(142,323)
Other comprehensive (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)	-	-	-	-	-	(142,323)	-	-	-	(142,323)
Conversion of convertible bonds	-	-	9,183	-	-	-	-	-	-	9,183
Conversion of certificates of bonds to share	688	-	-	-	-	-	-	-	-	688
Purchase of treasury shares	-	-	-	-	-	-	-	-	(2,801)	(2,801)
Share-based payment transactions	(188)	(12)	(240)	-	-	134	-	15,741	-	15,435
Balance as of December 31, 2021	$774,703	$(150)	$796,465	$214,637	$29,364	$(142,189)	$(7,583)	$(6,040)	$(2,801)	$1,656,406
Balance as of January 1, 2022	$774,703	$(150)	$796,465	$214,637	$29,364	$(142,189)	$(7,583)	$(6,040)	$(2,801)	$1,656,406
Appropriation and distribution of 2021 retained earnings:										
Legal reserve used to offset losses	-	-	-	(126,448)		126,448	-	-	-	-
Reversal of special reserve	-	-	-	-	(15,741)	15,741	-	-	-	-
Other changes in capital surplus										
Cash dividends from capital surplus	-	-	(100,000)	-	-	-	-	-	-	(100,000)
Other changes in capital surplus	-	-	1	-	-	-	-	-	-	1
Net income for the year ended December 31, 2022	-	-	-	-	-	71,010	-	-	-	71,010
Other comprehensive (loss), net of tax for the year ended December 31, 2022	-	-	-	-	-	-	(5,573)	-	-	(5,573)
Total comprehensive income (loss)	-	-	-	-	-	71,010	(5,573)	-	-	65,437
Share-based payment transactions	19,781	100	191,933	-	-	-	-	(132,944)	-	78,970
Balance as of December 31, 2022	$794,484	$(50)	$888,399	$88,189	$13,623	$71,010	$(13,156)	$(138,984)	$(2,801)	$1,700,714

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the years ended December 31	
	2022	2021
Cash flows from operating activities:		
Net income (loss) before tax	$89,276	$(189,653)
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	961,142	871,873
Amortization	7,039	1,637
Net (gain) on financial assets and liabilities at fair value through profit or loss	(2,028)	(87)
Interest expense	92,732	76,313
Interest income	(2,657)	(1,380)
Compensation costs of share-based payment transaction	19,169	15,741
Share of (profit) loss of subsidiaries accounted for using the equity method	(2,170)	1,502
(Gain) on disposal and abandonment of property, plant and equipment	(28)	(69)
Property, plant and equipment transferred to expenses	355	6
Others	(688)	(13,939)
Changes in operating assets and liabilities:		
Decrease (Increase) in notes receivable	1	(245)
Decrease (Increase) in accounts receivable	5,222	(9,604)
Decrease (Increase) in inventories	3,647	(7,340)
(Increase) Decrease in prepayments	(4,857)	1,081
(Increase) in other current assets	(14,048)	(33,583)
(Increase) in other financial assets	(45,878)	(35,939)
Increase in contract liabilities	76,174	108,825
(Decrease) Increase in notes payable	(348)	597
Increase (Decrease) in accounts payable	1,103	(362)
Increase (Decrease) in other payables	6,411	(8,104)
Increase (Decrease) in other payables - related parties	68	(186)
(Decrease) in provisions	(651)	－
(Decrease) Increase in other current liabilities	(775)	750
(Decrease) in other operating liabilities	(178)	－
Cash generated from operations	1,188,033	777,834
Interest received	2,657	1,380
Dividends received	－	10,241
Income tax paid	(37,157)	(41)
Net cash provided by operating activities	1,153,533	789,414
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(460,036)	(720,473)
Proceeds from disposal of property, plant and equipment	30	132
Acquisition of intangible assets	(16,641)	(11,223)
Increase in other non-current assets	(10,320)	(10,720)
Net cash (used in) investing activities	(486,967)	(742,284)
Cash flows from financing activities:		
Proceeds from bonds issued	－	400,000
Proceeds from long-term loans	62,200	712,307
Repayments of long-term loans	(164,982)	(260,017)
Cash payments for the principal portion of lease liabilities	(468,818)	(383,311)
Increase in other non-current liabilities	105	420
Cash dividends	(99,999)	(358,579)
Payments to acquire treasury shares	－	(2,801)
Interest paid	(14,476)	(9,384)
Others	59,701	(306)
Net cash (used in) provided by financing activities	(626,269)	98,329
Net increase in cash and cash equivalents	40,297	145,459
Cash and cash equivalents at beginning of period	770,332	624,873
Cash and cash equivalents at end of period	$810,629	$770,332

The accompanying notes are an integral part of the parent company only financial statements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY OF ORGANIZATION

POWER WIND HEALTH INDUSTRY INCORPORATED (“the Company”) was incorporated in Republic of China (R.O.C.) on October 4, 2005. The main activities are the business of membership-based fitness center chains, recreational sports venues and other sports services. The Company’s common stocks were publicly listed on the Taipei Exchange (TPEx) on March 10, 2016 and started to list on the Taiwan Stock Exchange Corporation (TWSE) on March 15, 2019. The Company’s registered office and the main administration office are at No.238, Bo-ai 4th Rd., Zuoying Dist., Kaohsiung City, Taiwan (R.O.C.).

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 were authorized for issue by the Board of Directors on February 21, 2023.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Company applied International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission (FSC) and became effective for annual periods beginning on or after January 1, 2022. The nature and the impact of each new standard and amendment have no material effect on the Company.

(2) Standards or interpretations issued, revised or amended, by the International Accounting Standards Board (“IASB”) which are endorsed by the FSC, but not yet adopted by the Company as at the date of issuance of the Company’s financial statements are listed below.

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Disclosure Initiative - Accounting Policies (Amendments to IAS 1)

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

B. Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce the definition of accounting estimates and include 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 "Income Taxes"* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned new, revised, and amended standards and interpretations were issued by the IASB and endorsed by the FSC so that they are applicable for annual periods beginning on or after January 1, 2023. As the Company is currently determining the potential impact of the standards and interpretations, all other standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by the IASB which are not endorsed by the FSC, and not yet adopted by the Company as at the date of issuance of the Company's financial statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by the IASB
A	IFRS 10 "Consolidated Financial Statements" and amendments to IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined by the IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2023
C	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
D	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
E	Non-current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024

A. *IFRS 10 "Consolidated Financial Statements"* and amendments to *IAS 28 "Investments in Associates and Joint Ventures"* - Sale or Contribution of Assets between an Investor and its Associates 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 are recognized in full.

IFRS 10 was also amended so that the gains or losses 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 associates or joint ventures are recognized only to the extent of the unrelated investors' interests in the associates or joint ventures.

B. *IFRS 17 "Insurance Contracts"*

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

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

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 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 January 1, 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 "Leases,"* 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 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 the IASB have not yet endorsed by the FSC, and the actual effective dates are to be determined by the FSC. As the Company is currently determining the potential impact of the standards and interpretations, all other standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial statements will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owner's equity presented in the parent company only financial statements will be same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity methods" in the parent company only financial statements and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise specified.

(3) Current and non-current distinction

An asset is classified as current when:

A. The Company expects to realize the asset, or intends to sell or consume it in its normal operating cycle.
B. The Company holds the asset primarily for the purpose of trading.
C. The Company expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or 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 current when:

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

All other liabilities are classified as non-current.

(4) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(5) Financial instruments

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

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

A. Financial assets: recognition and measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

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

a. the Company's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial assets.

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

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

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

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

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

a. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets at fair value through other comprehensive income

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

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

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

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity instruments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instruments, 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 at fair value through other comprehensive income on the balance sheet. Dividends on such investments are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investments.

Financial assets at fair value through profit or loss

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measured as follow:

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9.

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 are classified as financial liabilities at fair value through profit or loss or financial liabilities 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 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 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 at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a 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 Company is provided internally on that basis to the key management personnel.

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

Financial liabilities at amortized cost

Financial liabilities at amortized cost include payables 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 transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

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 between 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.

(6) Derivative instrument

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

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

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

(7) Fair value measurement

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

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

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

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

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

(8) Inventories

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

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:
Goods - Purchase cost on a first in, first out basis.

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.

(9) Investments accounted for using the equity method

Investment in subsidiaries

A subsidiary is an entity over which the Company has control.

Under the equity method, an investment in a subsidiary is initially recognized at cost. After the acquisition date, the carrying amount is adjusted to reflect the Company's share of profit or loss and other comprehensive income of the subsidiary. The Company recognizes its share of profit or loss and other comprehensive income of the subsidiary in profit or loss and other comprehensive income. Earning distributions received from the subsidiary reduce the carrying amount of the investment.

Unrealized gains or losses from downstream transactions between the Company and subsidiaries are eliminated in the Company's parent company only financial statements. Profits and losses from upstream and lateral transactions are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

Financial statements of subsidiaries are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring subsidiaries' accounting policies into line with those used by the Company.

When changes in a subsidiary's equity are not caused by profit or loss or other comprehensive income, and such changes do not affect the Company's ownership percentage, the Company recognizes related changes in equity according to its ownership percentage. Changes in the Company's ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of consideration paid or received is recognized directly in equity.

The Company ceases to use the equity method when it loses control over the subsidiary. The retained investment is measured and recognized at fair value. The difference between the carrying amount of the former subsidiary and the fair value of the remaining investment plus proceeds from disposal is recognized in profit or loss. If an investment in a subsidiary becomes an investment in a joint venture or vice versa, the Company continues to apply the equity method and does not remeasure the interest previously held.

The Company determines at each reporting date whether there is any objective evidence that the investments in subsidiaries are impaired. The difference between the recoverable amount and the carrying value of the subsidiary is recognized as an impairment loss in the statement of comprehensive income and the carrying amount of the investment is adjusted accordingly.

The subsidiary is incorporated in the parent company only financial statements under the equity method. The parent company only financial statements have been prepared in accordance with the Regulations. According to the Regulations Article 21 “The profit or loss during the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners’ equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis.” These adjustments are mainly based on the consideration of the treatment of the consolidated financial statements of the investee subsidiaries in accordance with *IFRS 10 “Consolidated Financial Statements”* and the differences in the application of IFRS at different levels of reporting entities, and debits or credits are made to the “investments accounted for using the equity method,” “share of investment income or loss from investments accounted subsidiaries, affiliated enterprises and joint ventures for using the equity method” or “share of investment other comprehensive income or loss from investments accounted subsidiaries, affiliated enterprises and joint ventures for using the equity method.”

(10) Property, plant and equipment

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

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

Class of assets	Useful lives
Buildings	5～60 years
Business facilities	3～16 years
Leasehold improvements	3～15 years
Other equipment	3～12 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 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.

(11) Leases

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

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

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

Company as a lessee

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

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

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

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

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

A. the amount of the initial measurement of the lease liability
B. any lease payments made at or before the commencement date, less any lease incentives received
C. any initial direct costs incurred by the lessee
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

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

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

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

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

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

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company has applied the practical expedient to all rent concessions that met the conditions for it.

Company as a lessor

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

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

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

(12) 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, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is 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 asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

	Computer software
Useful lives	Finite (5～10 years)
Amortization method used	Amortized on a straight-line basis
Internally generated or externally acquired	Externally acquired

Franchises

Franchises are granted for periods ranging between 4 and 8 years and may be renewed at little or no cost to the Company.

(13) Impairment of non-financial assets

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

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

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

(14) Provisions

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

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose from construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

(15) Treasury shares

Own equity instruments (treasury shares) which are reacquired on market are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(16) Revenue recognition

The Company's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follows:

Sale of goods

The Company sells merchandise. Sales are recognized when goods have been delivered to customers and customers have obtained the control.

Rendering of services

The Company provides sports training and other services. Such services are separately priced or negotiated, and provided based on contract periods. As the Company provides the sports training and other services over the contract period, the customers simultaneously receive and consume the benefits provided by the Company. Accordingly, commitment of rendering services to customers where revenue is recognized when performance obligations are satisfied.

Most of the contractual considerations of the Company are collected evenly throughout the contract periods. The consideration is received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

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

(17) Borrowing costs

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.

(18) 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 to match the grant on a systematic basis to the costs that are intended to compensate.

(19) Post-employment benefits

All regular employees of the Company is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company 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.

(20) Share-based payment transactions

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

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

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

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

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

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

When the Company approves the restricted stock plans for employees, its cost is based on the fair value of the equity instruments, which shall be measured at the grant date. The Company recognizes the salary expense with a corresponding increase in equity during the vesting period. On the grant date, the Company recognizes the employee unearned benefits, a transitional account, as the contra equity account on the balance sheet. As time goes by, it will be transferred to the salary expense.

(21) Income taxes

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

Current income tax

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, 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 in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

Undistributed earnings subject to income tax are recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Stockholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. 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 affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

(1) 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.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(3) Provision for decommissioning

The Company estimates the provision for decommissioning liability including the discounted at a current pre-tax rate that reflects the specific risks. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows.

(4) 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.

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.

(5) Determination of lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, the Company mainly takes into account risk-free interest rates in the market, the estimated lessee's risk premium and secured status in a similar economic environment.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Cash on hand	$1,604	$1,484
Bank deposit	809,025	768,848
Total	$810,629	$770,332

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Notes and accounts receivable

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Notes receivable	$244	$245
Accounts receivable	12,342	17,564
Less: loss allowance	—	—
Total	$12,586	$17,809

Accounts receivable were not pledged.

Accounts receivable mainly from transactions with customers using credit cards as the payment method were not past due and not impairment based on collection from domestically well-known financial institutions with high-level credit ratings.

(3) Other financial assets, current

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Bank deposit	$366,737	$320,859

The use of other financial assets are mainly restricted because they serve as contract performance guarantee for fitness center members. For the pledge, please refer to Note 8.

(4) Financial assets at fair value through other comprehensive income, non-current

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Investments in equity instruments measured at fair value through other comprehensive income, non-current		
Unlisted companies stocks	$20,389	$25,962

Financial assets at fair value through other comprehensive income were not pledged.

(5) Investments accounted for using the equity method

	As at			
	Dec. 31, 2022		Dec. 31, 2021	
Investees	Carrying amounts	Percentage of ownership	Carrying amounts	Percentage of ownership
Subsidiaries:				
Bo Xin Health Industry Incorporated	$14,907	60.00％	$12,737	60.00％

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The summarized financial information of the investment in the subsidiaries is as follows:

	For the years ended December 31	
	2022	2021
Profit or loss from continuing operations	$2,170	$(1,502)
Other comprehensive income (post-tax)	—	—
Total comprehensive income	$2,170	$(1,502)

The aforesaid subsidiary had no contingent liabilities or capital commitments and was not pledged as at December 31, 2022 and 2021.

(6) Property, plant and equipment

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Owner occupied property, plant and equipment	$3,128,955	$3,088,674

	Land	Buildings	Business facilities	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at Jan. 1, 2022	$690,600	$494,406	$2,426,063	$1,756,437	$156,674	$50,996	$5,575,176
Additions	—	563	233,756	274,650	17,784	11,216	537,969
Disposals	—	—	(18,416)	(15,745)	(354)	—	(34,515)
Other (Note)	—	—	—	1,147	—	—	1,147
Transfers	—	—	43,348	(1,400)	3,187	(47,005)	(1,870)
As at Dec. 31, 2022	$690,600	$494,969	$2,684,751	$2,015,089	$177,291	$15,207	$6,077,907
As at Jan. 1, 2021	$597,576	$253,172	$2,103,357	$1,598,976	$131,781	$193,378	$4,878,240
Additions	93,024	123,543	292,943	173,060	23,996	48,145	754,711
Disposals	—	—	(20,624)	(26,861)	(2,609)	—	(50,094)
Other (Note)	—	—	—	10,102	—	—	10,102
Transfers	—	117,691	50,387	1,160	3,506	(190,527)	(17,783)
As at Dec. 31, 2021	$690,600	$494,406	$2,426,063	$1,756,437	$156,674	$50,996	$5,575,176
Depreciation and impairment:							
As at Jan. 1, 2022	$—	$(61,404)	$(1,539,350)	$(785,684)	$(100,064)	$—	$(2,486,502)
Depreciation	—	(19,212)	(293,384)	(161,962)	(21,164)	—	(495,722)
Disposals	—	—	18,415	15,744	354	—	34,513
Transfers	—	—	(1,857)	616	—	—	(1,241)
As at Dec. 31, 2022	$—	$(80,616)	$(1,816,176)	$(931,286)	$(120,874)	$—	$(2,948,952)
As at Jan. 1, 2021	$—	$(46,070)	$(1,280,185)	$(660,199)	$(82,932)	$—	$(2,069,386)
Depreciation	—	(15,334)	(277,677)	(148,428)	(19,632)	—	(461,071)
Disposals	—	—	18,512	22,943	2,500	—	43,955
Transfers	—	—	—	—	—	—	—
As at Dec. 31, 2021	$—	$(61,404)	$(1,539,350)	$(785,684)	$(100,064)	$—	$(2,486,502)
Net carrying amount:							
As at Dec. 31, 2022	$690,600	$414,353	$868,575	$1,083,803	$56,417	$15,207	$3,128,955
As at Dec. 31, 2021	$690,600	$433,002	$886,713	$970,753	$56,610	$50,996	$3,088,674

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note: Provision for decommissioning, restoration and rehabilitation costs.

Capitalized borrowing costs of construction in progress for the years ended December 31, 2021 was NT$70 thousand. The capitalization rate of borrowing costs was 0.50%～1.50% for 2021.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(7) Intangible assets

	Computer Software	Franchise	Total
Cost:			
As at Jan. 1, 2022	$32,365	$—	$32,365
Addition - acquired separately	18,615	6,786	25,401
Derecognition	—	—	—
As at Dec. 31, 2022	$50,980	$6,786	$57,766
As at Jan. 1, 2021	$3,360	$—	$3,360
Addition - acquired separately	29,005	—	29,005
Derecognition	—	—	—
As at Dec. 31, 2021	$32,365	$—	$32,365
Amortization and impairment:			
As at Jan. 1, 2022	$(2,208)	$—	$(2,208)
Amortization	(6,827)	(212)	(7,039)
Derecognition	—	—	—
As at Dec. 31, 2022	$(9,035)	$(212)	$(9,247)
As at Jan. 1, 2021	$(571)	$—	$(571)
Amortization	(1,637)	—	(1,637)
Derecognition	—	—	—
As at Dec. 31, 2021	$(2,208)	$—	$(2,208)
Net carrying amount:			
As at Dec. 31, 2022	$41,945	$6,574	$48,519
As at Dec. 31, 2021	$30,157	$—	$30,157

(8) Other non-current assets

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Refundable deposits	$125,292	$114,972

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9) Other payables

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Accrued salaries and bonuses	$103,304	$102,049
Accrued labor and health insurance	24,206	59,025
Accrued employee compensation	902	—
Business tax payable	11,728	8,946
Accrued franchises fees, current	900	—
Other	156,717	120,426
Total	$297,757	$290,446

(10) Financial liabilities at fair value through profit or loss, non-current

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Designated financial liabilities at fair value through profit or loss		
Derivatives not designated as hedging relationship		
Embedded derivative		
Convertible bonds	$435	$2,463

(11) Bonds payable

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Domestic 2nd unsecured convertible bonds payable	$383,611	$377,230
Less: current portion	(383,611)	—
Net	$—	$377,230

A. Domestic unsecured convertible bonds payable

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Liability component:		
Principal amount	$390,100	$390,100
(Discounts) on bonds payable	(6,489)	(12,870)
Subtotal	383,611	377,230
Less: current portion	(383,611)	—
Net	$—	$377,230
Embedded derivative	$435	$2,463
Equity component	$11,551	$11,551

On January 6, 2021, the Company issued zero coupon domestic unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's common stocks). The terms of the bonds are as follows:

Issue Amount: NT$400,000 thousand

Period: January 6, 2021～January 6, 2024

Redemption Clauses and Terms of Put Option :

a. The Company may redeem the bonds, from the day following the issuance of the full three months (April 7, 2021) to the forty days before the expiry of the issuance period (November 27, 2023), at the principal amount of the bonds by cash if the closing price of the Company's common stocks on TWSE for a period of 30 consecutive trading days, is at least 130% of the conversion price.
b. The Company may redeem the bonds, in whole, at the principal amount if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.
c. The bondholders may request the Company to redeem all of or part of convertible bonds held by the bondholders at 102.01% of the par value of the bonds by November 27, 2022, which is 40 days before the put option date, January 6, 2023.

Terms of Exchange:

a. Underlying Securities: Common stocks of the Company.
b. Exchange Period: The bonds are exchangeable at any time on or after April 7, 2021 and prior to January 6, 2024 into common stocks of the Company.
c. Conversion Price and Adjustment: The conversion price was originally NT$155.8 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture. The conversion price as of December 31, 2022 was NT$142.4 per share.
d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

The bonds already converted amounted to both NT$9,900 thousand as at December 31, 2022 and 2021.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(12) Long-term borrowings

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

Lenders	As at Dec. 31, 2022	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	$154,606	1.58	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	50,000	1.48	Effective from June 1, 2022 to February 7, 2025, interest only payment for the first half year, and then the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	26,893	1.48	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	171,128	1.48	Effective from October 7, 2019 to October 7, 2026, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank secured long-term loan	185,820	1.65	Effective from December 27, 2021 to December 27, 2036, interest only payment for the first two years, and then the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	136,184	1.49	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	9,319	1.45	Effective from June 15, 2022 to June 15, 2029, the principal and interest are repaid monthly.
E.SUN Commercial Bank unsecured long-term loan	152,750	1.00	Effective from November 3, 2020 to October 15, 2027, interest only payment for the first three years, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	69,050	1.10	Effective from November 3, 2020 to August 15, 2028, interest only payment for the first three years, and then the principal and interest are repaid monthly.
First Commercial Bank unsecured long-term loan	126,040	1.12	Effective from November 3, 2020 to October 15, 2030, interest only payment for the first three years, and then the principal and interest are repaid monthly.
Land Bank of Taiwan unsecured long-term loan	22,595	1.83	Effective from June 30, 2021 to June 30, 2024, interest only payment for the first year, and then the principal and interest are repaid monthly.
Bank of Taiwan unsecured long-term loan	28,184	1.73	Effective from August 25, 2021 to August 25, 2024, interest only payment for the first half year, and then the principal and interest are repaid monthly.
Taichung Commercial Bank unsecured long-term loan	7,160	1.94	Effective from October 13, 2021 to October 13, 2024, the principal and interest are repaid monthly.
Subtotal	1,139,729		
Less: current portion	(119,555)		
Total	$1,020,174		

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As at Dec. 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	$172,618	1.17	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	29,166	1.07	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	185,590	1.07	Effective from October 7, 2019 to October 7, 2026, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank secured long-term loan	185,820	1.13	Effective from December 27, 2021 to December 27, 2036, interest only payment for the first two years, and then the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	145,000	1.10	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
E.SUN Commercial Bank unsecured long-term loan	152,750	0.50	Effective from November 3, 2020 to October 15, 2027, interest only payment for the first three years, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	28,000	1.25	Effective from April 17, 2020 to December 31, 2022, interest only payment for the first half year, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	80,250	0.60	Effective from November 3, 2020 to August 15, 2028, interest only payment for the first three years, and then the principal and interest are repaid monthly.
First Commercial Bank unsecured long-term loan	126,040	0.62	Effective from November 3, 2020 to October 15, 2030, interest only payment for the first three years, and then the principal and interest are repaid monthly.
Land Bank of Taiwan unsecured long-term loan	50,000	1.55	Effective from June 30, 2021 to June 30, 2024, interest only payment for the first year, and then the principal and interest are repaid monthly.
Bank of Taiwan unsecured long-term loan	40,000	1.25	Effective from August 25, 2021 to August 25, 2024, interest only payment for the first half year, and then the principal and interest are repaid monthly.
Taichung Commercial Bank unsecured long-term loan	47,277	1.39	Effective from October 13, 2021 to October 13, 2024, the principal and interest are repaid monthly.
Subtotal	1,242,511		
Less: current portion	(111,836)		
Total	$1,130,675		

Certain land and buildings are pledged as first priority security for secured bank loans with Cathay United Bank and E.SUN Commercial Bank, please refer to Note 8 for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Post-employment benefits plan

The employee pension plan under the Labor Pension Act of the R.O.C. (“the Act”) is a defined contribution plan. For the defined contribution plan, the Company will make monthly contributions of no less than 6% of the monthly wages of the employees. The Company has made monthly contributions of 6% based on each individual employee’s salary or wage to employees’ pension accounts subject to the plan.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT$55,719 thousand and NT$50,258 thousand, respectively.

(14) Provisions, non-current

	Decommissioning, restoration and rehabilitation costs
As at January 1, 2022	$55,728
Arising during the period	16,668
Using during the period	(651)
Decreasing during the period	(1,473)
Discount rate adjustment and unwinding of discount from the passage of time	478
As at December 31, 2022	$70,750
As at January 1, 2021	$45,258
Arising during the period	10,674
Decreasing during the period	(605)
Discount rate adjustment and unwinding of discount from the passage of time	401
As at December 31, 2021	$55,728

Decommissioning, restoration and rehabilitation costs

A provision has been recognized for decommissioning costs associated with the Company leasing the building for operating sports venues from owner. The Company is committed to decommissioning the site as a result of the construction of the beginning of the lease.

(15) Equities

A. Common stock

The Company’s authorized capital were both NT$1,000,000 thousand as at December 31, 2022 and 2021, divided into both 100,000 thousand shares (each authorized capital included 5,000 thousand shares reserved for employee stock options), each at a par value of NT$10. The Company has issued NT$794,484 thousand, NT$774,703 thousand, divided into 79,448 thousand shares, 77,470 thousand shares as at December 31, 2022 and 2021, respectively.

The Company’s domestic 2nd unsecured convertible bonds converted to 68 thousand shares for the year ended December 31, 2021. They have been approved by and registered with the competent authorities. No bonds converted in 2022.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Capital surplus

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Employee share options	$47	$47
Restricted stocks for employees	437,090	245,157
Additional paid-in capital from common stock	60,775	160,775
Due to recognition of equity component of convertible bonds issued	11,551	11,551
Additional paid-in capital from convertible bonds	377,354	377,354
Vested stock option	1,581	1,581
Others	1	–
Total	$888,399	$796,465

According to the Company Act, the capital surplus shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital surplus 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 stockholders in proportion to the number of shares being held by each of them.

C. Treasury shares

The Company reacquired 2,000 thousand shares of its share for selling to employees, which was resolved by the Board of Directors on May 16, 2021. At the end of the repurchased period, the Company reacquired 20 thousand treasury shares, whose average price was NT$140.06 per share, in total NT$2,801 thousand. The treasury shares held by the Company were both NT$2,801 thousand as at December 31, 2022 and 2021.

D. Retained earnings and dividend policy

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

a. Reserve for tax payments.
b. Offset accumulated losses in previous years, if any.
c. Legal reserve, which is 10% of leftover profits.
d. Allocation or reverse of special reserves as required by law or competent authorities.
e. The remaining net profits and the retained earnings from previous years will be allocated as stockholders' dividend. The Board of Directors will prepare a distribution proposal and submit it to the stockholders' meeting for review and approval by a resolution.

To consider the Company's future capital requirements and interest of the stockholders' demand for cash inflows, after the annual accounts, if the Company has surpluses, the annual cash dividend will not be less than 10% of the total cash and stock dividends in the current year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company Act, the company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the company. When a 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 stockholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from stockholders’ equity” for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from stockholders’ equity. For any subsequent reversal of other net deductions from stockholders’ equity, the amount reversed may be distributed from the special reserve.

The Company’s 2021 loss off-setting proposal was resolved by the stockholders’ meeting held on June 1, 2022. The legal reserve, NT$126,448 thousand, is used to offset the loss in 2021, and the capital surplus, NT$100,000 thousand, is used to distribute cash at NT$1.29 per share.

The distribution of earnings and dividends for 2020 was resolved by the stockholders’ meeting held on July 5, 2021. The details of distribution are as follows:

	Appropriation of earnings	Dividend per share (NT$)
	2020	2020 (Note)
Legal reserve	$40,014	
(Reversal of) Special reserve	$(35,318)	
Cash dividend	$358,579	$4.87
Stock dividend	$36,860	$0.50

Note: The Company bought back and cancelled restricted stocks for employee departure and repurchased treasury shares, resulting in a decrease in the outstanding shares to 73,698 thousand shares. Therefore, the Company adjusted the stockholder’s dividend yield and payout ratio.

For information on the accrual basis of the employees’ compensation and directors’ remuneration and the actual distributions, please refer to Note 6(19) for details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(16) Share-based payment plans

A. Restricted stocks plan for employees

The Company issued restricted stocks for employees on October 7, 2016 at NT$25 per share in the amount of NT$15,670 thousand, totalling 1,567 thousand shares. The share price at grant date was NT$101.50 per share. On January 25, 2017, the Company issued restricted stocks for employees at NT$25 per share in the amount of NT$880 thousand, totalling 88 thousand shares. The share price at grant date was NT$81.80 per share. On January 2, 2018, the Company issued restricted stocks for employees at NT$25 per share in the amount of NT$3,900 thousand, totalling 390 thousand shares. The share price at grant date was NT$161.00 per share. On April 30, 2019, the Company issued restricted stocks for employees at NT$25 per share in the amount of NT$3,800 thousand, totalling 380 thousand shares. The share price at grant date was NT$199.00 per share. On October 7, 2022, the Company issued restricted stocks for employees at NT$30 per share in the amount of NT$20,000 thousand, totalling 2,000 thousand shares. The share price at grant date was NT$117.50 per share.

Restrictions on the rights and vesting conditions of restricted stocks for employees are as follows:

a. Employees who deliver the restricted stocks to the Trust Depository during the vesting period may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, the restricted employee shares, excluding inheritance.
b. Stockholders' voting rights: They are executed by the Trust Depository according to relevant laws and regulations.
c. During the vesting period, the rights of dividends and bonuses, but the dividends of 1,567 thousand shares issued on October 7, 2016 and 88 thousand shares issued on January 25, 2017 must be deposited in a security trust account. For those who do not conform to the vesting conditions, the cash dividends, stock dividends, and cash (stocks) allocated from the capital surplus are allocated to the Company, and the Company redeems the cash according to relevant regulations and cancels the shares according to law.

B. For the years ended December 31, 2022 and 2021, the Company incurred expenses of NT$19,169 thousand and NT$15,741 thousand for the share-based payment transactions, respectively.

(17) Operating revenues

	For the years ended December 31	
	2022	2021
Revenue of Fitness and recreational sports services	$1,956,147	$1,473,914
Revenue of Sports health services	1,375,070	943,641
Revenue of Joining fees	137,108	75,440
Others	27,082	19,541
Total	3,496,407	2,512,536
Less: sales return and sales discounts and allowances	(587)	(225)
Net operating revenues	$3,495,820	$2,512,311

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information on revenues from contracts with customers during the years ended December 31, 2022 and 2021 are as follows:

A. Disaggregation of revenue - Operation department

	For the years ended December 31	
	2022	2021
Sale of goods	$18,253	$11,899
Rendering of services	3,453,264	2,484,684
Others	24,303	15,728
Total	$3,495,820	$2,512,311
Timing of revenue recognition		
At a point in time	$1,424,449	$977,729
Over time	2,071,371	1,534,582
Total	$3,495,820	$2,512,311

B. Contract balances

Contract liabilities, current

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Rendering of services - Fitness	$161,511	$80,122
Rendering of services - Sports health etc.	480,805	432,824
Rendering of services - Joining fees (Initiation and processing fees included)	18,906	71,570
Rendering of services - Others	7,062	7,594
Total	$668,284	$592,110

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

	For the years ended December 31	
	2022	2021
The beginning balance transferred to revenue	$492,158	$370,931
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$568,332	$479,756

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations amounted to NT$668,284 thousand and NT$592,110 thousand as at December 31, 2022 and 2021, respectively. The Company will recognize revenue as the Company satisfies its performance obligations over time that aligns with progress toward completion of a contract in the future. The estimate of the transaction price does not include any estimated amounts of variable consideration that are constrained.

D. Assets recognized from costs to obtain or fulfil a contract

None.

(18) Leases

Company as a lessee

The Company leases various properties, including buildings, transportation equipment and office equipment. The lease terms range from 2 to 24 years.

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

A. Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Buildings	$4,649,426	$3,580,444
Transportation equipment	2,186	588
Office equipment	–	1,392
Total	$4,651,612	$3,582,424

During the years ended December 31, 2022 and 2021, the Company's additions to right-of-use assets amounted to NT$1,534,116 thousand and NT$759,908 thousand, respectively.

b. Lease liabilities

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Lease liabilities	$4,905,276	$3,766,871
Current	$531,107	$446,567
Non-current	$4,374,169	$3,320,304

Please refer to Note 6(20) finance costs for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021 and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at December 31, 2022 and 2021.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31	
	2022	2021
Buildings	$463,925	$408,732
Transportation equipment	1,340	1,451
Office equipment	155	619
Total	$465,420	$410,802

C. Income and costs relating to leasing activities

	For the years ended December 31	
	2022	2021
The expenses relating to short-term leases	$3,879	$768
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	$10,525	$13,084
(Income) from subleasing right-of-use assets	$(9,325)	$(5,652)

During the year ended December 31, 2021, the rent concessions arising as a direct consequence of the Covid-19 pandemic amounted to NT$3,130 thousand, which are recognized in other income to reflect the variable lease payments arising from the application of the practical expedient.

D. Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Company's total cash outflows for leases amounted to NT$545,274 thousand and NT$451,658 thousand.

E. Other information relating to leasing activities

Extension and termination options

Some of the Company's property rental agreements contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(19) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function / Nature	For the years ended December 31					
	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$1,384,675	126,457	$1,511,132	$1,047,786	106,335	$1,154,121
Labor and health insurance	$102,794	7,635	$110,429	$95,649	6,835	$102,484
Pension	$51,373	4,346	$55,719	$46,469	3,789	$50,258
Directors' remuneration	$－	1,285	$1,285	$－	1,275	$1,275
Other employee benefits expense	$11,990	596	$12,586	$6,120	577	$6,697
Depreciation	$942,197	18,945	$961,142	$856,902	14,971	$871,873
Amortization	$212	6,827	$7,039	$－	1,637	$1,637

Note:

A. The number of the Company's employees were 1,495 and 1,569, including 5 non-employee directors as of December 31, 2022 and 2021, respectively.

B. Listed companies should disclose the following information:

a. The Company's average employee benefit expenses for the years ended December 31, 2022 and 2021 were NT$1,134 thousand and NT$840 thousand, respectively.

b. The Company's average salary expenses for the years ended December 31, 2022 and 2021 were NT$1,014 thousand and NT$738 thousand.

c. The Company's average salary expense adjustment for the year ended December 31, 2022 increased by 37%.

d. The Company has established the Audit Committee in replace of supervisors. Therefore, there was no compensation to supervisors.

e. The Company's employee remuneration includes monthly salary, performance bonus and year-end bonus. Salary is mainly based on market salaries, company operations and overall economic conditions, as well as formulating a competitive salary system taking into account the Company's competitiveness, internal fairness and legality. Performance bonuses are issued based on the Company's operating performance and assessing employees' personal performance to reward their contributions and encourage employees to continue their efforts. Year-end bonuses are distributed based on the Company's annual profitability.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Articles of Incorporation, no less than 1% of profit of the current year is distributable as employees' compensation and no more than 3% of profit of the current year is distributable as remuneration to directors. 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 stockholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System (MOPS)" on the website of the TWSE.

Since there was a loss as of the year ended December 31, 2021, the Company decided not to recognize the amounts of the employees' compensation and remuneration to directors.

After the loss offset, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2022 to be 1% and 0% of profit of the year, NT$902 thousand and NT$0 thousand, respectively. Difference between the estimated amount and the actual distribution of the employees compensation and remuneration to directors would be recognized in profit or loss in the subsequent year. If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stocks distributed is calculated based on total employee compensation divided by the closing price of the day before the Board of Directors' meeting.

(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31	
	2022	2021
Financial assets at amortized cost - bank deposits	$2,657	$1,380

B. Other income

	For the years ended December 31	
	2022	2021
Rental income	$9,325	$5,652
Others	29,399	73,034
Total	$38,724	$78,686

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Other gains and losses

	For the years ended December 31	
	2022	2021
Gain on disposal of property, plant and equipment	$28	$69
Gain on financial assets at fair value through profit or loss	2,028	87
Gain on lease modification	–	2,204
Others	(3,042)	(6,347)
Total	$(986)	$(3,987)

D. Finance costs

	For the years ended December 31	
	2022	2021
Interest on borrowings from bank	$(14,476)	$(9,384)
Interest on lease liabilities	(71,377)	(60,147)
Interest on other non-current liabilities	(20)	–
Interest on bonds payable	(6,381)	(6,382)
Total interest expenses	(92,254)	(75,913)
Unwinding of discount on provisions	(478)	(400)
Total finance costs	$(92,732)	$(76,313)

(21) Components of other comprehensive (loss) income

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Unrealized (loss) on investments in equity instruments measured at fair value through other comprehensive income	$(5,573)	$–	$(5,573)	$–	$(5,573)

For the year ended December 31, 2021: None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31	
	2022	2021
Current income tax (income):		
Current income tax charge	$—	$—
Adjustments in respect of current income tax of prior years	—	(2,005)
Deferred tax (income):		
Deferred tax (income) relating to origination and reversal of temporary differences	(960)	(734)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	19,226	(44,591)
Total income tax expense (income)	$18,266	$(47,330)

B. Reconciliation between tax expense (income) and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31	
	2022	2021
Accounting profit (loss) before tax from continuing operations	$89,276	$(189,653)
Tax at the domestic rates applicable to profits in the country concerned	$17,855	$—
Tax effect of expenses not deductible for tax purposes	55	—
Tax effect of deferred tax assets	648	(45,325)
Adjustments in respect of current income tax of prior years	—	(2,005)
Others	(292)	—
Total income tax expense (income) recognized in profit or loss	$18,266	$(47,330)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

	For the year ended December 31, 2022			
	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized rental expense	$6,612	$—	$—	$6,612
Decommissioning costs	4,092	879	—	4,971
Others	1,635	82	—	1,717
Unused tax losses	44,591	(19,226)	—	25,365
Deferred tax income		$(18,265)	$—	
Net deferred tax assets	$56,930			$38,665
Reflected in balance sheet as follows:				
Deferred tax assets	$56,930			$38,665
Deferred tax liabilities	$—			$—

	For the year ended December 31, 2021			
	Beginning balance	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance
Temporary differences				
Unrealized rental expense	$6,612	$—	$—	$6,612
Decommissioning costs	3,257	835	—	4,092
Others	1,736	(101)	—	1,635
Unused tax losses	—	44,591	—	44,591
Deferred tax income		$45,325	$—	
Net deferred tax assets	$11,605			$56,930
Reflected in balance sheet as follows:				
Deferred tax assets	$11,605			$56,930
Deferred tax liabilities	$—			$—

D. The following table contains information on the unused tax losses of the Company:

		Unused tax losses as of		
Year	Tax losses for the period	Dec. 31, 2022	Dec. 31, 2021	Expiration year
2021	$222,954	$126,827	$222,954	2031

E. The assessment of income tax returns

As of December 31, 2022, the Company’s income tax returns for all the fiscal years up to 2020 have been assessed and approved by the R.O.C. Tax Authority.

(23) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to common stockholders of the parent company by the weighted average number of common stocks outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to common stockholders of the parent company by the weighted average number of common stocks outstanding during the year plus the weighted average number of common stocks that would be issued on conversion of all the dilutive potential common stocks into common stocks.

	For the years ended December 31	
	2022	2021
Basic earnings (loss) per share		
Net income (loss)	$71,010	$(142,323)
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	74,485	74,449
Basic earnings (loss) per share (NT$)	$0.95	$(1.91)
Diluted earnings (loss) per share		
Net income (loss)	$71,010	$(142,323)
Interest expense from convertible bonds	(Note)	(Note)
Profit (loss) attributable to common stockholders of the Company after dilution	$71,010	$(142,323)
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	74,485	74,449
Effect of dilution:		
Employee compensation - stock (in thousands)	8	—
Employee stock options (in thousands)	663	(Note)
Convertible bonds (in thousands)	(Note)	(Note)
Weighted average number of common stocks outstanding after dilution (in thousands)	75,156	74,449
Diluted earnings (loss) per share (NT$)	$0.94	$(1.91)

Note: Employee stock options and convertible bonds were anti-dilutive and excluded from the computation of diluted earnings per share.

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7. RELATED PARTY TRANSACTIONS

Information on the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Bo Xin Health Industry Incorporated (Bo Xin)	Subsidiary
Jiayong Investment Development Co., Ltd. (Jiayong Inv.)	Director
All directors and vice presidents or above	Key management personnel

Significant related party transactions

(1) Other receivable - related parties

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Subsidiary		
Bo Xin	$222	$87

(2) Other payables - related parties

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Subsidiary		
Bo Xin	$185	$117

(3) Rental income

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Other related party		
Jiayong Inv.	$229	$76

(4) Key management personnel compensation

	For the years ended December 31	
	2022	2021
Short-term employee benefits	$24,438	$24,465
Post-employment benefits	813	883
Share-based payment	4,960	3,428
Total	$30,211	$28,776

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. ASSETS PLEDGED AS COLLATERAL

The Company has the following assets as collateral:

Items	As at Dec. 31, 2022	As at Dec. 31, 2021	Secured liabilities
Property, plant and equipment - land and buildings	$1,098,528	$1,114,449	Long-term loan
Other financial assets, current	366,737	331,257	Performance guarantee of fitness center
Total	$1,465,265	$1,445,706	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of December 31, 2022, the lease performance guarantee bills drawn by the Company for leasing sports venues amounted to NT$40,546 thousand.

(2) As of December 31, 2022, the total amount of the equipment and construction purchased under contracts was approximately NT$131,330 thousand, including approximately NT$75,584 thousand unpaid.

10. LOSSES DUE TO MAJOR DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

On January 6, 2023 (put option date), the bondholders requested the Company to redeem 1,856 bonds at 102.01% of the par value of the bonds, which amounted about NT$190,249 thousand.

12. OTHERS

(1) Categories of financial instruments

Financial Assets

	As at Dec. 31, 2022	As at Dec. 31, 2021
Financial assets at fair value through other comprehensive income	$20,389	$25,962
Financial assets at amortized cost		
Cash and cash equivalents (cash on hand excluded)	809,025	768,848
Notes and accounts receivable	12,586	17,809
Other receivables (related parties included)	3,593	4,368
Other financial assets, current	366,737	320,859
Other non-current assets - refundable deposits	125,292	114,972
Subtotal	1,317,233	1,226,856
Total	$1,337,622	$1,252,818

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial Liabilities

	As at	
	Dec. 31, 2022	Dec. 31, 2021
Financial liabilities at amortized cost		
Payables and other payables (related parties included)	$429,526	$360,215
Bonds payable (current portion included)	383,611	377,230
Long-term loans (current portion included)	1,139,729	1,242,511
Lease liabilities	4,905,276	3,766,871
Subtotal	6,858,142	5,746,827
Financial liabilities at fair value through profit or loss		
Embedded derivative	435	2,463
Total	$6,858,177	$5,749,290

(2) Financial risk management objectives and policies

The Company's risk management objectives are to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on policy and risk preference.

The Company has followed the relevant regulations and established appropriate policies, procedures, and internal controls policies regarding financial risk management. According to the related rules and internal control policies, before the management team executes the significant financial activities, the proposal must be reviewed and resolved by the Board of Directors. When conducting financial management activities, the management team must comply with its financial risk management policies.

(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 risks comprise interest rate risk and other price risk (such as equity instruments).

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

Interest rate risk

Interest rate risk is the risk that the fair value of future will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to its bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2022 and 2021 to increase by NT$36 thousand and decrease NT$191 thousand, respectively.

Equity price risk

The fair value of the Company’s unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The equity securities held by the Company are unlisted equity securities, so they are measured at fair value through other comprehensive income.

The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company’s senior management on a regular basis. The Company’s Board of Directors must review and approve all equity investment decisions.

(4) Credit risk management

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

The accounts receivable of the Company are mainly from transactions with customers using credit cards as the payment method. These receivables are mainly paid by domestically famous financial institutions, and the probability of occurrence of credit risk is extremely low, and the maximum amount of credit risk is its book value.

Credit risk from balances with banks and other financial instruments is managed by the Company’s financial department in accordance with the Company’s policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and companies with good credit rating. Consequently, there is no significant credit risk for these counterparties.

(5) Liquidity risk management

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 6 years	Total
As at December 31, 2022					
Payables	$429,526	—	—	—	$429,526
Loans	$133,213	366,604	377,790	397,541	$1,275,148
Lease liabilities	$531,107	1,029,201	976,272	2,966,669	$5,503,249
Convertible bonds	$390,100	—	—	—	$390,100
As at December 31, 2021					
Payables	$360,215	—	—	—	$360,215
Loans	$122,051	321,256	422,305	451,915	$1,317,527
Lease liabilities	$446,567	858,722	809,357	2,154,835	$4,269,481
Convertible bonds	$—	390,100	—	—	$390,100

Notes:
1. Including cash flows resulting from short-term leases or leases of low-value assets.
2. Information on the maturities of lease liabilities is provided in the table below:

December 31, 2022	Maturities					
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	Total
Lease liabilities	$531,107	2,005,473	1,722,367	752,542	491,760	$5,503,249

December 31, 2021	Maturities					
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	Total
Lease liabilities	$446,567	1,668,079	1,512,498	451,725	190,612	$4,269,481

(6) Fair value of financial instruments

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

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

a. The carrying amounts of cash and cash equivalents, accounts receivable, refundable deposits, other current assets, accounts payable and other current liabilities approximate their fair value due to their short maturities.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

c. Fair value of equity instruments without market quotations (for example, 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, bank loans, bonds payable and other non-current liabilities without market quotations determined based on the counterparty prices or valuation method. The valuation method uses Discounted Cash Flow (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 (for example, yield curves published by the TPEx, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.).

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. The fair value of option-based derivative financial instruments is obtained using 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

	Carrying amount as at	
Financial liabilities	Dec. 31, 2022	Dec. 31, 2021
Long-term loans (current portion included)	$1,139,729	$1,242,511
Bonds payable	$383,611	$377,230

	Fair value as at	
Financial liabilities	Dec. 31, 2022	Dec. 31, 2021
Long-term loans (current portion included)	$1,139,729	$1,242,511
Bonds payable	$397,876	$387,920

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Fair value hierarchy for financial instruments

Please refer to Note 12(8) for fair value hierarchy for financial instruments of the Company.

(7) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2022:

	Bonds	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2022	$377,230	$1,242,511	$3,766,871	$5,386,612
Cash flow	—	(102,782)	(468,818)	(571,600)
Non-cash movement	6,381	—	1,607,223	1,613,604
December 31, 2022	$383,611	$1,139,729	$4,905,276	$6,428,616

Reconciliation of liabilities for the year ended December 31, 2021:

	Bonds	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2021	$—	$790,221	$3,323,902	$4,114,123
Cash flow	400,000	452,290	(383,311)	468,979
Non-cash movement	(22,770)	—	826,280	803,510
December 31, 2021	$377,230	$1,242,511	$3,766,871	$5,386,612

(8) Fair value hierarchy

A. The definition of fair value hierarchy

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

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

As at December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	$－	－	20,389	$20,389

	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	$－	－	435	$435

As at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	$－	－	25,962	$25,962

	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	$－	－	2,463	$2,463

Transfers between Level 1 and Level 2

For the years ended December 31, 2022 and 2021, there were no transfers between Level 1 and Level 2 for assets or liabilities measured at fair value on a recurring basis.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The details of changes in Level 3 of the repeatability fair value hierarchy

The reconciliation of the (assets) and liabilities at fair value, which are measured in Level 3 of the repeatability fair value hierarchy, from the beginning to the end of the period, is as follows:

	Liabilities
	At fair value through profit or loss
	Derivatives
As at January 1, 2022	$2,463
Amount recognized in (profit) for the year ended December 31, 2022 (presented in "other gains or losses")	(2,028)
Acquisition for the year ended December 31, 2022	—
As at December 31, 2022	$435

	Liabilities
	At fair value through profit or loss
	Derivatives
Acquisition for the year ended December 31, 2021	$2,550
Amount recognized in (profit) for the year ended December 31, 2021 (presented in "other profit or loss")	(87)
As at December 31, 2021	$2,463

Total gains and losses recognized in profit or (loss) for the year ended December 31, 2022 and 2021 in the table above contain gains related to liabilities on hand as at December 31, 2022 and 2021 in the amount of NT$2,028 thousand and NT$87 thousand, respectively.

(9) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the stockholders' value. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions and reinvestments

A. Financing provided to others for the year ended December 31, 2022: None.
B. Endorsement/Guarantee provided to others for the year ended December 31, 2022: None.
C. Securities held as at December 31, 2022: Please refer to Attachment 1.
D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2022: None.

I. Investees over whom the Company exercises significant influence or control directly or indirectly (excluding investment in mainland China): Please refer to Attachment 2.

J. Financial instruments and derivative transactions: None.

(2) Information on investments in mainland China: Not applicable.

(3) Information on major stockholders: Please refer to Attachment 3.

ATTACHMENT 1

Securities held as at December 31, 2022 (Excluding subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer	General ledger account	As at December 31, 2022				Note
				Number of shares (in thousands)	Carrying amount (Note 2)	Percentage of ownership (%)	Fair value	
Power Wind Health Industry Incorporated	Taroko Development Corporation	—	Financial assets at fair value through other comprehensive income, non-current	900	$4,844	0.55	$4,844	
Power Wind Health Industry Incorporated	Gomore Inc.	—	Financial assets at fair value through other comprehensive income, non-current	25,217	$15,545	5.04	$15,545	

Note 1: Marketable securities refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of *IFRS 9 "Financial Instruments."*

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value.

POWER WIND HEALTH INDUSTRY INCORPORATED - (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 2

Names, locations and related information of investee companies (Excluding investment in mainland China):

(In Thousands of New Taiwan Dollars)

Investor company	Investee company	Location	Main business and products	Initial investment		Investment as at December 31, 2022			Net income of investee company	Investment income recognized	Note
				Ending balance	Beginning balance	Number of shares (in thousands)	Percentage of ownership (%)	Carrying amount			
Power Wind Health Industry Incorporated	Bo Xin Health Industry Incorporated	Taipei City	Engaged in the business of recreational sports, fitness center and other sports services	$9,000	$9,000	900	60.00	$14,907	$3,617	$2,170	

ATTACHMENT 3

Information on major stockholders：

Name (Note)	Shares	
	Number of shares (shares)	Percentage of ownership (%)
Jiayong Investment Development Co., Ltd.	21,751,989	27.37
Yu, Zong-Jing	5,000,839	6.29
Chen, Shang-Yih	4,220,895	5.31

Note: Major stockholders refer to stockholders precentage of ownership of 5% or above.

Power Wind Health Industry Incorporated

Chairperson: George Chen

POWER WIND
HEALTH INDUSTRY INC.

Stock Code / 8462.TW

健身工廠 FITNESS FACTORY

Sklub 兒童體適能俱樂部

人體工房

KILL ZONE 鐳射戰場

BOWLING · KITCHEN & BAR

Crazy Jump 肖跳 TRAMPOLINE PARK

LaLiga Football Schools Taiwan

高雄市立楠梓足球場
Nanzih Football Stadium

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