

**POWER WIND HEALTH INDUSTRY INCORPORATED
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE SIX-MONTH PERIODS ENDED
JUNE 30, 2023 AND 2022**

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.

Review Report of Independent Accountants

To Power Wind Health Industry Incorporated

Introduction

We have reviewed the accompanying consolidated balance sheets of Power Wind Health Industry Incorporated (the “Company”) and its subsidiaries as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2023 and 2022, changes in equity and cash flows for the six-month periods ended June 30, 2023 and 2022, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively “the consolidated financial statements”). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, “Review of Financial Information Performed by the Independent Auditor of the Entity” of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing of the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of June 30, 2023 and 2022, and its consolidated financial performance for the three-month and six-month periods ended June 30, 2023 and 2022, and its consolidated cash flows for the six-month periods ended June 30, 2023 and 2022, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” as endorsed and became effective by the Financial Supervisory Commission of the Republic of China.

/s/ Lee, Fang-Wen

/s/ Hung, Kuo-Sen

Ernst & Young, Taiwan

August 9, 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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2023, December 31, 2022 and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	June 30, 2023	%	December 31, 2022	%	June 30, 2022	%
Current assets							
Cash and cash equivalents	4,6(1)	\$767,095	8	\$835,544	9	\$849,530	10
Notes receivable, net	4	113	-	244	-	-	-
Accounts receivable, net	4,6(2)	21,022	-	12,635	-	23,850	-
Inventories	4	8,823	-	10,538	-	12,040	-
Prepayments		17,159	-	17,574	-	12,934	-
Other financial assets, current	4,6(3),8	384,456	4	376,240	4	305,467	4
Other current assets	4,7	61,959	1	69,723	1	63,983	1
Total current assets		1,260,627	13	1,322,498	14	1,267,804	15
Non-current assets							
Financial assets at fair value through other comprehensive income, non-current	4,6(4)	20,389	-	20,389	-	25,962	-
Property, plant and equipment	4,6(5),8	3,186,646	34	3,136,880	34	3,072,706	36
Right-of-use assets	4,6(17),7	4,823,311	51	4,651,612	50	4,014,031	47
Intangible assets	4,6(6)	49,160	1	48,519	1	29,565	-
Deferred tax assets	4,6(21)	34,575	-	38,903	-	40,223	-
Other non-current assets	4,6(7),7	137,264	1	125,310	1	126,084	2
Total non-current assets		8,251,345	87	8,021,613	86	7,308,571	85
Total assets		\$9,511,972	100	\$9,344,111	100	\$8,576,375	100

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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2023, December 31, 2022 and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	June 30, 2023	%	December 31, 2022	%	June 30, 2022	%
Current liabilities							
Short-term loans		\$10,000	-	\$-	-	\$-	-
Contract liabilities	4,6(16)	726,500	8	685,832	7	645,162	8
Notes payable		1,297	-	640	-	1,122	-
Notes payable - related parties	7	-	-	437	-	433	-
Accounts payable		4,451	-	1,700	-	1,870	-
Payables on equipment		59,926	1	129,508	1	54,042	1
Other payables	6(8)	415,318	4	304,410	3	358,783	4
Other payables - related parties	7	1,800	-	515	-	558	-
Current tax liabilities	4,6(21)	277	-	140	-	-	-
Lease liabilities, current	4,6(17)	592,110	6	531,107	6	476,088	6
Lease liabilities, current - related parties	4,6(17),7	-	-	-	-	16,341	-
Current bonds issued and current portion of non-current bonds issued	4,6(10)	95,793	1	383,611	4	-	-
Current portion of long-term liabilities	4,6(11),8	160,669	2	119,555	1	116,095	1
Other current liabilities		3,487	-	2,542	1	2,497	-
Total current liabilities		2,071,628	22	2,159,997	23	1,672,991	20
Non-current liabilities							
Financial liabilities at fair value through profit or loss, non-current	4,6(9)	1,913	-	435	-	2,658	-
Bonds payable	4,6(10)	280,511	3	-	-	380,407	4
Long-term loans	4,6(11),8	923,312	10	1,020,174	11	1,083,419	13
Provisions, non-current	4,6(13)	79,287	1	71,972	1	62,603	1
Lease liabilities	4,6(17)	4,513,412	47	4,374,169	47	3,736,241	43
Lease liabilities - related parties	4,6(17),7	-	-	-	-	886	-
Other non-current liabilities		5,936	-	6,713	-	880	-
Total non-current liabilities		5,804,371	61	5,473,463	59	5,267,094	61
Total liabilities		7,875,999	83	7,633,460	82	6,940,085	81
Equity attributable to the parent company	4,6(14&15)						
Share capital							
Common stock		794,434	8	794,484	8	774,554	9
Share capital awaiting retirement		(380)	-	(50)	-	(50)	-
Total share capital		794,054	8	794,434	8	774,504	9
Capital surplus		841,523	9	888,399	10	696,390	8
Retained earnings							
Legal reserve		95,290	1	88,189	1	88,189	1
Special reserve		14,268	-	13,623	-	13,623	-
Unappropriated earnings		6,191	-	71,010	1	67,140	1
Total retained earnings		115,749	1	172,822	2	168,952	2
Other components of equity		(120,579)	(1)	(152,140)	(2)	(10,379)	-
Treasury shares		(2,801)	-	(2,801)	-	(2,801)	-
Total equity attributable to the parent company		1,627,946	17	1,700,714	18	1,626,666	19
Non-controlling interests		8,027	-	9,937	-	9,624	-
Total equity		1,635,973	17	1,710,651	18	1,636,290	19
Total liabilities and equity		\$9,511,972	100	\$9,344,111	100	\$8,576,375	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 three-month and six-month periods ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Accounting	Notes	For the three-month periods ended June 30				For the six-month periods ended June 30			
		2023	%	2022	%	2023	%	2022	%
Operating revenues	4,6(16)	\$1,064,040	100	\$836,106	100	\$2,014,368	100	\$1,739,881	100
Operating costs	4,6(12&15&17&18),7	(803,805)	(76)	(644,738)	(77)	(1,567,053)	(78)	(1,302,789)	(75)
Gross profit		260,235	24	191,368	23	447,315	22	437,092	25
Operating expenses	4,6(12&15&17&18),7								
Sales and marketing expenses		(25,895)	(2)	(19,134)	(2)	(41,164)	(2)	(29,944)	(2)
General and administrative expenses		(186,347)	(17)	(154,754)	(19)	(354,607)	(17)	(293,389)	(17)
Subtotal		(212,242)	(19)	(173,888)	(21)	(395,771)	(19)	(323,333)	(19)
Operating income		47,993	5	17,480	2	51,544	3	113,759	6
Non-operating income and expenses	4,6(19),7								
Interest income		2,641	-	483	-	3,060	-	640	-
Other income		11,886	1	10,274	1	20,130	2	17,447	1
Other gains and losses		(617)	-	158	-	(10,875)	(1)	(2,124)	-
Finance costs		(27,369)	(3)	(22,549)	(2)	(52,554)	(3)	(43,756)	(2)
Subtotal		(13,459)	(2)	(11,634)	(1)	(40,239)	(2)	(27,793)	(1)
Income from continuing operations before income tax		34,534	3	5,846	1	11,305	1	85,966	5
Income tax (expense)	4,6(21)	(4,945)	-	(1,360)	-	(4,625)	(1)	(17,693)	(1)
Profit from continuing operations		29,589	3	4,486	1	6,680	-	68,273	4
Net income		29,589	3	4,486	1	6,680	-	68,273	4
Total other comprehensive, net of tax		-	-	-	-	-	-	-	-
Total comprehensive income		\$29,589	3	\$4,486	1	\$6,680	-	\$68,273	4
Net income attributable to:									
Stockholders of the parent		\$29,180	3	\$4,295	1	\$6,191	-	\$67,140	4
Non-controlling interests		409	-	191	-	489	-	1,133	-
		\$29,589	3	\$4,486	1	\$6,680	-	\$68,273	4
Comprehensive income attributable to:									
Stockholders of the parent		\$29,180	3	\$4,295	1	\$6,191	-	\$67,140	4
Non-controlling interests		409	-	191	-	489	-	1,133	-
		\$29,589	3	\$4,486	1	\$6,680	-	\$68,273	4
Earnings per share (NTD)	6(22)								
Earnings per share - Basic		\$0.39		\$0.06		\$0.08		\$0.90	
Earnings per share - Diluted		\$0.38		\$0.06		\$0.08		\$0.88	

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 six-month periods ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Accounting	Equity attributable to the parent company										Non-controlling interests	Total equity
	Common stock	Share capital awaiting retirement	Capital surplus	Retained earnings			Other components of equity		Treasury shares	Total		
				Legal reserve	Special reserve	Unappropriated earnings	Unrealized (losses) on financial assets measured at fair value through other comprehensive income	Unearned rewards for employees				
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)
Net income for the six-month period ended June 30, 2022	-	-	-	-	-	67,140	-	-	-	67,140	1,133	68,273
Total comprehensive income	-	-	-	-	-	67,140	-	-	-	67,140	1,133	68,273
Share-based payment transaction	(149)	100	(75)	-	-	-	-	3,244	-	3,120	-	3,120
Balance as of June 30, 2022	\$774,554	\$(50)	\$696,390	\$88,189	\$13,623	\$67,140	\$(7,583)	\$(2,796)	\$(2,801)	\$1,626,666	\$9,624	\$1,636,290
Balance as of January 1, 2023	\$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
Appropriation and distribution of 2022 retained earnings:												
Legal reserve	-	-	-	7,101	-	(7,101)	-	-	-	-	-	-
Special reserve	-	-	-	-	645	(645)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(63,264)	-	-	-	(63,264)	-	(63,264)
Other changes in capital surplus												
Due to recognition of equity component of convertible bonds issued	-	-	13,884	-	-	-	-	-	-	13,884	-	13,884
Cash dividends from capital surplus	-	-	(60,000)	-	-	-	-	-	-	(60,000)	-	(60,000)
Net income for the six-month period ended June 30, 2023	-	-	-	-	-	6,191	-	-	-	6,191	489	6,680
Total comprehensive income	-	-	-	-	-	6,191	-	-	-	6,191	489	6,680
Share-based payment transaction	(50)	(330)	(760)	-	-	-	-	31,561	-	30,421	-	30,421
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,399)	(2,399)
Balance as of June 30, 2023	\$794,434	\$(380)	\$841,523	\$95,290	\$14,268	\$6,191	\$(13,156)	\$(107,423)	\$(2,801)	\$1,627,946	\$8,027	\$1,635,973

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 six-month periods ended June 30, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the six-month periods ended June 30	
	2023	2022
Cash flows from operating activities:		
Net income before tax	\$11,305	\$85,966
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	533,966	489,300
Amortization	3,413	3,395
Net loss on financial assets and liabilities at fair value through profit or loss	10,088	195
Interest expense	52,554	43,756
Interest income	(3,060)	(640)
Compensation costs of share-based payment transaction	31,561	3,244
Loss (Gain) on disposal and abandonment of property, plant and equipment	787	(26)
Others	186	(571)
Changes in operating assets and liabilities:		
Decrease in notes receivable	131	245
(Increase) in accounts receivable	(8,387)	(5,578)
Decrease in inventories	1,631	2,202
Decrease (Increase) in prepayments	415	(419)
Decrease (Increase) in other current assets	7,764	(15,771)
(Increase) Decrease in other financial assets	(8,216)	25,790
Increase in contract liabilities	40,668	33,400
Increase in notes payable	657	123
(Decrease) Increase in notes payable - related parties	(437)	8
Increase in accounts payable	2,751	1,311
(Decrease) in other payables	(17,576)	(39,946)
(Decrease) Increase in other payables - related parties	(1,114)	189
Increase (Decrease) in other current liabilities	945	(841)
Cash generated from operations	660,032	625,332
Interest received	3,060	640
Income tax paid	(160)	(39,265)
Net cash provided by operating activities	<u>662,932</u>	<u>586,707</u>
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(370,755)	(226,372)
Proceeds from disposal of property, plant and equipment	16	26
Acquisition of intangible assets	(3,394)	(2,803)
Increase in other non-current assets	(11,954)	(3,475)
Net cash (used in) investing activities	<u>(386,087)</u>	<u>(232,624)</u>
Cash flows from financing activities:		
Increase in short-term loans	10,000	-
Proceeds from issuing bonds	300,000	-
Repayments from bonds issued	(299,399)	-
Repayments of long-term loans	(55,748)	(42,997)
Cash payments for the principal portion of lease liabilities	(248,567)	(211,497)
Decrease in other non-current liabilities	(825)	-
Interest paid	(49,615)	(40,342)
Others	(1,140)	(125)
Net cash (used in) financing activities	<u>(345,294)</u>	<u>(294,961)</u>
Net (Decrease) Increase in cash and cash equivalents	(68,449)	59,122
Cash and cash equivalents at beginning of period	835,544	790,408
Cash and cash equivalents at end of period	<u>\$767,095</u>	<u>\$849,530</u>

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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Six-Month Periods Ended June 30, 2023 and 2022

(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 shares 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 six-month periods ended June 30, 2023 and 2022 were authorized for issue by the Board of Directors on August 9, 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, 2023. 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 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 IAS 28 “Investments in Associates and Joint Ventures” - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by 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
F	International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)	January 1, 2023
G	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024

A. *IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”* - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

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

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

B. *IFRS 17 “Insurance Contracts”*

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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 “*Lease,*” 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.

F. International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)

The amendments introduced a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and targeted disclosure requirements for affected entities. An entity is not required to disclose the information required for any interim period ending on or before December 31, 2023.

G. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned standards and interpretations issued by the IASB have not yet endorsed by the FSC at the date when the Group’s financial statements were authorized for issue, and the actual effective dates are to be determined by the FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (E), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The consolidated financial statements of the Group for the six-month periods ended June 30, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”) and IAS 34 “Interim Financial Reporting” as endorsed and became effective 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

The same principles of consolidation have been applied in the Group’s consolidated financial statements for the six-month period ended June 30, 2023 as those applied in the Group’s consolidated financial statements for the year ended December 31, 2022. For the principles of consolidation, please refer to the Group’s consolidated financial statements for the year ended December 31, 2022.

The consolidated entities are listed as follows:

Investor	Subsidiary	Business nature	Percentage of Ownership		
			Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
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%	60.00%

(4) Other Significant Accounting Policies

The same accounting policies of consolidation have been applied in the Group’s consolidated financial statements for the six-month period ended June 30, 2023 as those applied in the Group’s consolidated financial statements for the year ended December 31, 2022. For the summary of significant accounting policies, please refer to the Group’s consolidated financial statements for the year ended December 31, 2022.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The same significant accounting judgments, estimates and assumptions have been applied in the Group's consolidated financial statements for the six-month period ended June 30, 2023 as those applied in the Group's consolidated financial statements for the year ended December 31, 2022. For significant accounting judgments, estimates and assumptions, please refer to the Group's consolidated financial statements for the year ended December 31, 2022.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Cash on hand	\$1,762	\$1,713	\$1,731
Bank deposits	765,333	833,831	847,799
Total	<u>\$767,095</u>	<u>\$835,544</u>	<u>\$849,530</u>

(2) Accounts receivable

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Accounts receivable	\$21,022	\$12,635	\$23,850
Less: loss allowance	—	—	—
Total	<u>\$21,022</u>	<u>\$12,635</u>	<u>\$23,850</u>

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		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Bank deposits	<u>\$384,456</u>	<u>\$376,240</u>	<u>\$305,467</u>

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		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Investments in equity instruments measured at fair value through other comprehensive income, non-current			
Unlisted companies stocks	<u>\$20,389</u>	<u>\$20,389</u>	<u>\$25,962</u>

Financial assets at fair value through other comprehensive income were not pledged.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Property, plant and equipment

	As at						
			Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022		
	Owner occupied property, plant and equipment		\$3,186,646	\$3,136,880	\$3,072,706		
	Land	Buildings	Business facilities	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
<u>Cost:</u>							
As at Jan. 1, 2023	\$690,600	\$494,969	\$2,724,934	\$2,044,570	\$179,972	\$15,207	\$6,150,252
Additions	—	—	151,189	115,595	12,879	21,510	301,173
Disposals	—	—	(7,672)	—	—	—	(7,672)
Other (Note)	—	—	—	7,010	—	—	7,010
Transfers	—	—	2,866	2,800	—	(6,326)	(660)
As at Jun. 30, 2023	\$690,600	\$494,969	\$2,871,317	\$2,169,975	\$192,851	\$30,391	\$6,450,103
As at Jan. 1, 2022	\$690,600	\$494,406	\$2,467,453	\$1,785,608	\$159,355	\$50,996	\$5,648,418
Additions	—	563	69,493	100,332	5,061	36,705	212,154
Disposals	—	—	(2,399)	—	—	—	(2,399)
Other (Note)	—	—	—	5,429	—	—	5,429
Transfers	—	—	26,867	1,147	3,187	(31,288)	(87)
As at Jun. 30, 2022	\$690,600	\$494,969	\$2,561,414	\$1,892,516	\$167,603	\$56,413	\$5,863,515
<u>Depreciation and impairment:</u>							
As at Jan. 1, 2023	\$—	\$(80,616)	\$(1,850,500)	\$(959,042)	\$(123,214)	\$—	\$(3,013,372)
Depreciation	—	(9,603)	(147,468)	(88,798)	(11,085)	—	(256,954)
Disposals	—	—	6,869	—	—	—	6,869
Transfers	—	—	—	—	—	—	—
As at Jun. 30, 2023	\$—	\$(90,219)	\$(1,991,099)	\$(1,047,840)	\$(134,299)	\$—	\$(3,263,457)
As at Jan. 1, 2022	\$—	\$(61,404)	\$(1,571,791)	\$(809,200)	\$(102,178)	\$—	\$(2,544,573)
Depreciation	—	(9,594)	(147,575)	(81,012)	(10,454)	—	(248,635)
Disposals	—	—	2,399	—	—	—	2,399
Transfers	—	—	—	—	—	—	—
As at Jun. 30, 2022	\$—	\$(70,998)	\$(1,716,967)	\$(890,212)	\$(112,632)	\$—	\$(2,790,809)
<u>Net carrying amount:</u>							
As at Jun. 30, 2023	\$690,600	\$404,750	\$880,218	\$1,122,135	\$58,552	\$30,391	\$3,186,646
As at Dec. 31, 2022	\$690,600	\$414,353	\$874,434	\$1,085,528	\$56,758	\$15,207	\$3,136,880
As at Jun. 30, 2022	\$690,600	\$423,971	\$844,447	\$1,002,304	\$54,971	\$56,413	\$3,072,706

Note: Provision for decommissioning, restoration and rehabilitation costs.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Intangible assets

	Computer software	Franchise	Total
<u>Cost:</u>			
As at Jan. 1, 2023	\$50,980	\$6,786	\$57,766
Addition - acquired separately	3,394	—	3,394
Derecognition	—	—	—
Transfers	660	—	660
As at Jun. 30, 2023	<u>\$55,034</u>	<u>\$6,786</u>	<u>\$61,820</u>
As at Jan. 1, 2022	\$32,365	\$—	\$32,365
Addition - acquired separately	2,803	—	2,803
Derecognition	—	—	—
As at Jun. 30, 2022	<u>\$35,168</u>	<u>\$—</u>	<u>\$35,168</u>
<u>Amortization and impairment:</u>			
As at Jan. 1, 2023	\$(9,035)	\$(212)	\$(9,247)
Amortization	(2,989)	(424)	(3,413)
Derecognition	—	—	—
As at Jun. 30, 2023	<u>\$(12,024)</u>	<u>\$(636)</u>	<u>\$(12,660)</u>
As at Jan. 1, 2022	\$(2,208)	\$—	\$(2,208)
Amortization	(3,395)	—	(3,395)
Derecognition	—	—	—
As at Jun. 30, 2022	<u>\$(5,603)</u>	<u>\$—</u>	<u>\$(5,603)</u>
<u>Net carrying amount:</u>			
As at Jun. 30, 2023	<u>\$43,010</u>	<u>\$6,150</u>	<u>\$49,160</u>
As at Dec. 31, 2022	<u>\$41,945</u>	<u>\$6,574</u>	<u>\$48,519</u>
As at Jun. 30, 2022	<u>\$29,565</u>	<u>\$—</u>	<u>\$29,565</u>

(7) Other non-current assets

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Refundable deposits	<u>\$137,264</u>	<u>\$125,310</u>	<u>\$126,084</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Other payables

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Accrued salaries and bonuses	\$120,008	\$104,697	\$96,380
Accrued labor and health insurance	32,056	24,514	24,135
Accrued employee compensation	1,285	947	—
Business tax payable	12,988	11,728	16,229
Accrued dividends	123,863	—	100,000
Other	125,118	162,524	122,039
Total	<u>\$415,318</u>	<u>\$304,410</u>	<u>\$358,783</u>

(9) Financial liabilities at fair value through profit or loss, non current

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Designated financial liabilities at fair value through profit or loss			
Derivatives not designated as hedging relationship			
Embedded derivative			
Convertible bonds	<u>\$1,913</u>	<u>\$435</u>	<u>\$2,658</u>

(10) Bonds payable

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Domestic 2 nd unsecured convertible bonds payable	\$95,793	\$383,611	\$380,407
Domestic 3 rd unsecured convertible bonds payable	280,511	—	—
Subtotal	<u>\$376,304</u>	<u>\$383,611</u>	<u>\$380,407</u>
Less: current portion	<u>(95,793)</u>	<u>(383,611)</u>	<u>—</u>
Net	<u>\$280,511</u>	<u>\$—</u>	<u>\$380,407</u>

A. Domestic 2nd unsecured convertible bonds payable

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Liability component:			
Principal amount	\$96,600	\$390,100	\$390,100
(Discounts) on bonds payable	(807)	(6,489)	(9,693)
Subtotal	<u>95,793</u>	<u>383,611</u>	<u>380,407</u>
Less: current portion	<u>(95,793)</u>	<u>(383,611)</u>	<u>—</u>
Net	<u>\$—</u>	<u>\$—</u>	<u>\$380,407</u>
Embedded derivative	<u>\$—</u>	<u>\$435</u>	<u>\$2,658</u>
Equity component	<u>\$2,860</u>	<u>\$11,551</u>	<u>\$11,551</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 June 30, 2023 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 NT\$9,900 thousand as at June 30, 2023, December 31, 2022 and June 30, 2022.

As of the put option date January 6, 2023 for the convertible corporate bonds, the bondholders of the convertible corporate bonds exercised their put option, resulting in an amount of NT\$293,500 thousand.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Domestic 3rd unsecured convertible bonds payable

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Liability component:			
Principal amount	\$300,000	\$—	\$—
(Discounts) on bonds payable	(19,489)	—	—
Subtotal	280,511	—	—
Less: current portion	—	—	—
Net	\$280,511	\$—	\$—
Embedded derivative	\$1,913	\$—	\$—
Equity component	\$13,884	\$—	\$—

On April 14, 2023, 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\$300,000 thousand

Period: April 14, 2023~April 14, 2026

Redemption Clauses and Terms of Put Option:

- The Company may redeem the bonds, from the day following the issuance of the full three months (July 15, 2023) to the forty days before the expiry of the issuance period (March 5, 2026), 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.
- 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.
- 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 March 5, 2025, which is 40 days before the put option date, April 14, 2025.

Terms of Exchange:

- Underlying Securities: Common stocks of the Company.
- Exchange Period: The bonds are exchangeable at any time on or after July 15, 2023 and prior to April 14, 2026 into common stocks of the Company.
- Conversion Price and Adjustment: The conversion price was originally NT\$150 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 June 30, 2023 was NT\$150 per share.
- Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

The bonds were not converted as at June 30, 2023.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Long-term loans

Details of long-term loans as at June 30, 2023, December 31, 2022 and June 30, 2022 were as follows:

Lenders	As at Jun. 30, 2023	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank-secured	\$145,600	1.83	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank-secured	40,000	1.73	Effective from June 1, 2022 to February 7, 2025, the principal and interest are repaid monthly.
Cathay United Bank-secured	25,757	1.73	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank-secured	163,897	1.73	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	185,820	1.90	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	131,928	1.93	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
Shin Kong Bank-secured	8,642	1.90	Effective from June 15, 2022 to June 15, 2029, the principal and interest are repaid monthly.
E.SUN Commercial Bank-unsecured	152,750	1.25	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	63,450	1.35	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	126,040	1.37	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	15,134	1.96	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	19,729	1.86	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	5,234	2.19	Effective from October 13, 2021 to October 13, 2024, the principal and interest are repaid monthly.
Subtotal	1,083,981		
Less: current portion	(160,669)		
Total	\$923,312		

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As at Dec. 31, 2022	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank-secured	\$154,606	1.58	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank-secured	50,000	1.48	Effective from June 1, 2022 to February 7, 2025, the principal and interest are repaid monthly.
Cathay United Bank-secured	26,893	1.48	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank-secured	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	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	136,184	1.49	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
Shin Kong Bank-secured	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	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	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	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	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	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	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	<u>\$1,020,174</u>		

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As at Jun. 30, 2022	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank-secured	\$163,612	1.17	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank-secured	28,029	1.07	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank-secured	178,359	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	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	140,542	1.10	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
Shin Kong Bank-secured	10,000	1.45	Effective from June 15, 2022 to June 15, 2029, the principal and interest are repaid monthly.
E.SUN Commercial Bank-unsecured	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	14,000	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	74,650	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	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	30,000	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	36,639	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	9,073	1.39	Effective from October 13, 2021 to October 13, 2024, the principal and interest are repaid monthly.
Cathay United Bank secured-unsecured	50,000	1.35	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.
Subtotal	<u>1,199,514</u>		
Less: current portion	<u>(116,095)</u>		
Total	<u><u>\$1,083,419</u></u>		

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Certain land and buildings are pledged as first priority security for secured bank loans with Cathay United Bank, E.SUN Commercial Bank and Shin Kong Bank, please refer to Note 8 for more details.

(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 three-month and six-month periods ended June 30, 2023 and 2022 were NT\$14,425 thousand and NT\$15,392 thousand, NT\$30,249 thousand and NT\$29,046 thousand, respectively.

(13) Provisions, non-current

	Decommissioning, restoration and rehabilitation costs
As at January 1, 2023	\$71,972
Arising during the period	7,010
Discount rate adjustment and unwinding of discount from the passage of time	305
As at June 30, 2023	<u>\$79,287</u>
As at January 1, 2022	\$56,937
Arising during the period	5,429
Discount rate adjustment and unwinding of discount from the passage of time	237
As at June 30, 2022	<u>\$62,603</u>

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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14) Equities

A. Common stock

The Company's authorized capital were all NT\$1,000,000 thousand as at June 30, 2023, December 31, 2022 and June 30, 2022, divided into all 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\$794,434 thousand, NT\$794,484 thousand and NT\$774,554 thousand, divided into 79,443 thousand shares, 79,448 thousand shares and 77,455 thousand shares as at June 30, 2023, December 31, 2022 and June 30, 2022, respectively.

The Company's domestic 2nd unsecured convertible bonds were not converted for the six-month periods ended June 30, 2023 and 2022.

The Company's domestic 3rd unsecured convertible bonds were not converted for the six-month periods ended June 30, 2023 and 2022.

B. Capital surplus

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Employee stock option	\$47	\$47	\$47
Restricted stocks for employees	436,330	437,090	245,082
Additional paid-in capital from common stock	775	60,775	60,775
Due to recognition of equity component of convertible bonds issued	16,744	11,551	11,551
Additional paid-in capital from convertible bonds	377,354	377,354	377,354
Vested stock option	1,581	1,581	1,581
Others	8,692	1	—
Total	\$841,523	\$888,399	\$696,390

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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Treasury shares

The treasury shares held by the Company were NT\$2,801 thousand, and the number of shares were 20 thousand as at June 30, 2023, December 31, 2022 and June 30, 2022.

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 other regulations 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.

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 distribution of earnings and dividends for 2022 was proposed in the stockholders' meeting held on May 31, 2023. The details of distribution are as follows:

	<u>Appropriation of earnings</u>	<u>Dividend per share (NT\$)</u>
	2022	2022 (Note)
Legal reserve	\$7,101	
Special reserve	\$645	
Cash dividend	\$63,264	\$0.80

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company resolved to distribute cash from capital surplus in the stockholders' meeting held on May 31, 2023. The total amount is NT\$60,000 thousand, NT\$0.76 per share.

Note: The Company bought back restricted stocks for employee departure and treasury shares, resulting in a decrease in the outstanding shares to 79,375 thousand shares.

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.

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.

E. Non-controlling interests

	For the six-month periods ended June 30	
	2023	2022
Beginning balance	\$9,937	\$8,491
Profit attributable to non-controlling interests	489	1,133
Change in non-controlling interests	(2,399)	—
Ending balance	\$8,027	\$9,624

(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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 three-month and six-month periods ended June 30, 2023 and 2022, the Company incurred expenses of NT\$15,496 thousand, NT\$1,222 thousand, NT\$31,561 thousand, and NT\$3,244 for the share-based payment transactions, respectively.

(16) Operating revenues

	For the three-month periods ended June 30	
	2023	2022
Revenue of Fitness and recreational sports services	\$614,366	\$479,436
Revenue of Sports health services	413,809	313,301
Revenue of Joining fees	27,415	37,329
Others	8,608	6,141
Total	1,064,198	836,207
Less: sales return and sales discounts and allowances	(158)	(101)
Net operating revenues	\$1,064,040	\$836,106

	For the six-month periods ended June 30	
	2023	2022
Revenue of Fitness and recreational sports services	\$1,167,531	\$998,352
Revenue of Sports health services	772,457	657,279
Revenue of Joining fees	59,019	72,153
Others	15,692	12,389
Total	2,014,699	1,740,173
Less: sales return and sales discounts and allowances	(331)	(292)
Net operating revenues	\$2,014,368	\$1,739,881

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Information on revenues from contracts with customers during the three-month and six-month periods ended June 30, 2023 and 2022 are as follows:

A. Disaggregation of revenue - Operation department

	For the three-month periods ended June 30	
	2023	2022
Sale of goods	\$5,937	\$4,075
Rendering of services	1,049,147	827,596
Others	8,956	4,435
Total	<u>\$1,064,040</u>	<u>\$836,106</u>
Timing of revenue recognition		
At a point in time	\$430,318	\$323,353
Over time	633,722	512,753
Total	<u>\$1,064,040</u>	<u>\$836,106</u>
	For the six-month periods ended June 30	
	2023	2022
Sale of goods	\$10,901	\$8,205
Rendering of services	1,986,914	1,722,291
Others	16,553	9,385
Total	<u>\$2,014,368</u>	<u>\$1,739,881</u>
Timing of revenue recognition		
At a point in time	\$802,812	\$678,044
Over time	1,211,556	1,061,837
Total	<u>\$2,014,368</u>	<u>\$1,739,881</u>

B. Contract balances

Contract liabilities, current

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Rendering of services - Fitness	\$136,361	\$166,251	\$102,550
Rendering of services - Sports health etc.	571,140	493,112	494,435
Rendering of services - Joining fees (Initiation and processing fees included)	11,925	19,407	40,356
Rendering of services - Others	7,074	7,062	7,821
Total	<u>\$726,500</u>	<u>\$685,832</u>	<u>\$645,162</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The significant changes in the Group's balances of contract liabilities for the six-month periods ended June 30, 2023 and 2022 are as follows:

	For the six-month periods ended June 30	
	2023	2022
Beginning balance	\$685,832	\$611,762
The beginning balance transferred to revenue	(442,820)	(396,889)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	483,488	430,289
Ending balance	<u>\$726,500</u>	<u>\$645,162</u>

C. Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations amounted to NT\$726,500 thousand and NT\$645,162 thousand as at June 30, 2023 and 2022, 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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The carrying amount of right-of-use assets

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Buildings	\$4,820,128	\$4,649,426	\$4,012,604
Transportation equipment	3,183	2,186	190
Office equipment	—	—	1,237
Total	<u>\$4,823,311</u>	<u>\$4,651,612</u>	<u>\$4,014,031</u>

During the six-month periods ended June 30, 2023 and 2022, the Group's additions to right-of-use assets amounted to NT\$306,110 thousand and NT\$638,413 thousand, respectively.

b. Lease liabilities

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Lease liabilities	<u>\$5,105,522</u>	<u>\$4,905,276</u>	<u>\$4,229,556</u>
Current	\$592,110	\$531,107	\$492,429
Non-current	\$4,513,412	\$4,374,169	\$3,737,127

Please refer to Note 6(19) finance costs for the interest on lease liabilities recognized during three-month and six-month periods ended June 30, 2023 and 2022 and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at June 30, 2023, December 31, 2022 and June 30, 2022.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended June 30	
	2023	2022
	Buildings	\$138,534
Transportation equipment	373	242
Office equipment	—	1
Total	<u>\$138,907</u>	<u>\$121,772</u>

	For the six-month periods ended June 30	
	2023	2022
	Buildings	\$276,346
Transportation equipment	666	605
Office equipment	—	155
Total	<u>\$277,012</u>	<u>\$240,665</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Income and costs relating to leasing activities

	For the three-month periods ended June 30	
	2023	2022
The expenses relating to short-term leases	\$1,633	\$194
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	\$2,803	\$2,963
(Income) from subleasing right-of-use assets	\$(3,012)	\$(7,005)

	For the six-month periods ended June 30	
	2023	2022
The expenses relating to short-term leases	\$2,859	\$714
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	\$5,503	\$5,836
(Income) from subleasing right-of-use assets	\$(5,370)	\$(4,635)

D. Cash outflow relating to leasing activities

During the six-month periods ended June 30, 2023 and 2022, the Group's total cash outflows for leases amounted to NT\$292,267 thousand and NT\$247,150 thousand, respectively.

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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(18) Summary statement of employee benefits, depreciation and amortization expenses by function is as follows:

Function Nature	For the three-month periods ended June 30					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$442,459	39,339	\$481,798	\$314,342	27,891	\$342,233
Labor and health insurance	\$28,260	2,095	\$30,355	\$26,904	1,823	\$28,727
Pension	\$13,303	1,122	\$14,425	\$14,312	1,080	\$15,392
Directors' remuneration	\$—	395	\$395	\$—	294	\$294
Other employee benefits expense	\$2,023	142	\$2,165	\$1,121	118	\$1,239
Depreciation	\$263,607	4,326	\$267,933	\$243,538	4,033	\$247,571
Amortization	\$212	1,328	\$1,540	\$—	2,449	\$2,449

Function Nature	For the six-month periods ended June 30					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$845,078	76,804	\$921,882	\$648,770	58,690	\$707,640
Labor and health insurance	\$56,584	4,162	\$60,746	\$53,210	3,717	\$56,927
Pension	\$27,993	2,256	\$30,249	\$26,899	2,147	\$29,046
Directors' remuneration	\$—	711	\$711	\$—	633	\$633
Other employee benefits expense	\$15,760	222	\$15,982	\$8,163	218	\$8,381
Depreciation	\$525,364	8,602	\$533,966	\$480,960	8,340	\$489,300
Amortization	\$424	2,989	\$3,413	\$—	3,395	\$3,395

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 Group's accumulated losses shall have been covered. The Group 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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company estimated the amounts of the employees' compensation and remuneration to directors for the period to be 3% and 0.75% of profit of the six-month period ended June 30, 2023, respectively, under the salaries. As such, employees' compensation and remuneration to directors for the six-month period ended June 30, 2023 amounted to NT\$1,226 thousand, and NT\$82 thousand, respectively.

In the Board of Directors' meeting held on February 21, 2023, the Company resolved to distribute NT\$902 thousand and NT\$0 thousand in cash as employees' compensation and remuneration to directors of 2022, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year of 2022.

(19) Non-operating income and expenses

A. Interest income

	For the three-month periods ended June 30	
	2023	2022
Financial assets at amortized cost - bank deposits	\$2,641	\$483

	For the six-month periods ended June 30	
	2023	2022
Financial assets at amortized cost - bank deposits	\$3,060	\$640

B. Other income

	For the three-month periods ended June 30	
	2023	2022
Rental income	\$3,012	\$2,265
Others	8,874	8,009
Total	\$11,886	\$10,274

	For the six-month periods ended June 30	
	2023	2022
Rental income	\$5,370	\$4,635
Others	14,760	12,812
Total	\$20,130	\$17,447

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Other gains and losses

	For the three-month periods ended June 30	
	2023	2022
(Loss) Gain on disposal of property, plant and equipment	\$(797)	\$26
Gain on financial assets at fair value through profit or loss	180	195
Others	—	(63)
Total	<u>\$(617)</u>	<u>\$158</u>

	For the six-month periods ended June 30	
	2023	2022
(Loss) Gain on disposal of property, plant and equipment	\$(787)	\$26
(Loss) on financial assets at fair value through profit or loss	(10,088)	(195)
Others	—	(1,955)
Total	<u>\$(10,875)</u>	<u>\$(2,124)</u>

D. Finance costs

	For the three-month periods ended June 30	
	2023	2022
Interest on borrowings from bank	\$(4,558)	\$(3,533)
Interest on lease liabilities	(20,517)	(17,303)
Interest on other non-current liabilities	(24)	—
Interest on bonds payable	(2,109)	(1,592)
Total interest expenses	(27,208)	(22,428)
Unwinding of discount on provisions	(161)	(121)
Total finance costs	<u>\$(27,369)</u>	<u>\$(22,549)</u>

	For the six-month periods ended June 30	
	2023	2022
Interest on borrowings from bank	\$(8,907)	\$(6,604)
Interest on lease liabilities	(40,708)	(33,738)
Interest on other non-current liabilities	(48)	—
Interest on bonds payable	(2,586)	(3,177)
Total interest expenses	(52,249)	(43,519)
Unwinding of discount on provisions	(305)	(237)
Total finance costs	<u>\$(52,554)</u>	<u>\$(43,756)</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(20) Components of other comprehensive income

For the three-month and six-month periods ended June 30, 2023 and 2022: None.

(21) Income tax

A. The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	For the three-month periods ended June 30	
	2023	2022
Current income tax expense (income):		
Current income tax charge	\$246	\$(3)
Deferred tax (income) :		
Deferred tax (income) relating to origination and reversal of temporary differences	(872)	(16,997)
Carry-back of losses	5,571	18,360
Total income tax expense	<u>\$4,945</u>	<u>\$1,360</u>

	For the six-month periods ended June 30	
	2023	2022
Current income tax expense:		
Current income tax charge	\$297	\$—
Deferred tax (income):		
Deferred tax (income) relating to origination and reversal of temporary differences	(1,243)	(667)
Carry-back of losses	5,571	18,360
Total income tax (income) expense	<u>\$4,625</u>	<u>\$17,693</u>

B. The assessment of income tax returns

As of June 30, 2023, the assessment of the income tax returns of the Company and subsidiaries is as follows:

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 2021
Subsidiary - Bo Xin Health Industry Incorporated	Assessed and approved up to 2021

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the six-month period attributable to common stockholders of the parent company by the weighted average number of common stocks outstanding during the six-month period.

Diluted earnings per share amounts are calculated by dividing the net profit for the six-month period attributable to common stockholders of the parent company by the weighted average number of common stocks outstanding during the six-month period 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 three-month periods ended June 30	
	2023	2022
<u>Basic earnings per share</u>		
Net income	\$29,180	\$4,295
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	74,485	74,485
Basic earnings per share (NT\$)	\$0.39	\$0.06
<u>Diluted earnings per share</u>		
Net income	\$29,180	\$4,295
Interest expense from convertible bonds	(Note)	(Note)
Profit attributable to common stockholders of the Company after dilution	\$29,180	\$4,295
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	74,485	74,485
Effect of dilution:		
Employee compensation - stock (in thousands)	1,510	—
Employee stock options (in thousands)	2	2,172
Convertible bonds (in thousands)	(Note)	(Note)
Weighted average number of common stocks outstanding after dilution (in thousands)	75,997	74,657
Diluted earnings per share (NT\$)	\$0.38	\$0.06

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the six-month periods ended June 30	
	2023	2022
<u>Basic earnings per share</u>		
Net income	\$6,191	\$67,140
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	74,485	74,485
Basic earnings per share (NT\$)	\$0.08	\$0.90
<u>Diluted earnings per share</u>		
Net income	\$6,191	\$67,140
Interest expense from convertible bonds	(Note)	(Note)
Profit attributable to common stockholders of the Company after dilution	\$6,191	\$67,140
Weighted average number of common stocks outstanding for basic earnings per share (in thousands)	74,485	74,485
Effect of dilution:		
Employee compensation - stock (in thousands)	1,510	—
Employee stock options (in thousands)	8	2,174
Convertible bonds (in thousands)	(Note)	(Note)
Weighted average number of common stocks outstanding after dilution (in thousands)	76,003	76,659
Diluted earnings per share (NT\$)	\$0.08	\$0.88

Note: 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 transactions 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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant related party transactions

(1) Notes payable - related parties

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Other related party	\$—	\$437	\$433

(2) Other payables - related parties

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Other related party	\$1,800	\$515	\$558

(3) Lease

As of June 30, 2023, December 31, 2022 and June 30, 2022, the security deposits paid to the related party for the lease of the business premises were NT\$0 thousand, NT\$7,588 thousand and NT\$7,588 thousand, respectively, under the refundable deposits. The management fee for the three-month and six-month periods ended June 30, 2023 and 2022 were NT\$0 thousand, NT\$1,232 thousand, NT\$0 thousand and NT\$2,448 thousand, respectively, under the operating expenses.

A. Right-of-use assets

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Other related party	\$—	\$—	\$16,207

B. Lease liabilities

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Other related party	\$—	\$—	\$17,227

C. Interest expenses

	For the three-month periods		For the six-month periods	
	ended June 30		ended June 30	
	2023	2022	2023	2022
Other related party	\$—	\$87	\$—	\$212

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Rental income

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
	Director	\$57	\$57	\$114

The rental price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party are comparable with third party, with monthly payments.

(4) Key management personnel compensation

	For the three-month periods ended June 30		For the six-month periods ended June 30	
	2023	2022	2023	2022
Short-term employee benefits	\$6,260	\$5,976	\$12,426	\$12,328
Post-employment benefits	224	197	440	418
Share-based payment	4,125	206	8,376	717
Total	\$10,609	\$6,379	\$21,242	\$13,463

(5) Other

As of June 30, 2023, December 31, 2022 and June 30, 2022, the lease performance guarantee bills of related parties drawn by the Group for leasing sports venues amounted were NT\$0 thousand, NT\$10,588 thousand and NT\$10,588 thousand, respectively.

8. ASSETS PLEDGED AS COLLATERAL

The Group has the following assets as collateral:

Items	As at			Secured liabilities
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022	
Property, plant and equipment - land and buildings	\$1,090,568	\$1,098,528	\$1,106,488	Long-term loan
Other financial assets, current	384,456	366,737	305,467	Performance guarantee of fitness center
Total	\$1,475,024	\$1,465,265	\$1,411,955	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of June 30, 2023, the lease performance guarantee bills drawn by the Group for leasing sports venues amounted to NT\$42,201 thousand.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) As of June 30, 2023, the total amount of the equipment and construction purchased under contracts was approximately NT\$116,470 thousand, including approximately NT\$56,871 thousand unpaid.

10. LOSSES DUE TO MAJOR DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial Assets

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Financial assets at fair value through other comprehensive income	\$20,389	\$20,389	\$25,962
Financial assets at amortized cost			
Cash and cash equivalents	765,333	833,831	847,799
Notes and accounts receivable	21,135	12,879	23,850
Other receivables	4,819	3,410	2,297
Other financial assets, current	384,456	376,240	305,467
Other non-current assets - refundable deposits	137,264	125,310	126,084
Subtotal	1,313,007	1,351,670	1,305,497
Total	\$1,333,396	\$1,372,059	\$1,331,459

Financial Liabilities

	As at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Financial liabilities at amortized cost			
Short-term loans	\$10,000	\$—	\$—
Payables and other payables (related party included)	492,792	437,210	416,808
Bonds payable (current portion included)	376,304	383,611	380,407
Long-term loans (current portion included)	1,083,981	1,139,729	1,199,514
Lease liabilities	5,105,522	4,905,276	4,229,556
Subtotal	7,068,599	6,865,826	6,226,285
Financial liabilities at fair value through profit or loss			
Embedded derivatives	1,913	435	2,658
Total	\$7,070,512	\$6,866,261	\$6,228,943

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(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 six-month periods ended June 30, 2023 and 2022 to increase/decrease by NT\$56 thousand and NT\$(46) 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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(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.

(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 June 30, 2023					
Payables	\$482,792	—	—	—	\$482,792
Loans	\$187,373	332,640	326,648	315,998	\$1,162,659
Lease liabilities	\$592,110	1,098,548	996,654	2,958,241	\$5,645,553
Convertible bonds	\$96,600	300,000	—	—	\$396,600
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
As at June 30, 2022					
Payables	\$416,808	—	—	—	\$416,808
Loans	\$126,952	350,157	386,071	407,874	\$1,271,054
Lease liabilities	\$492,429	914,966	864,195	2,467,777	\$4,739,367
Convertible bonds	\$—	390,100	—	—	\$390,100

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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:

	Maturities					Total
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	
As at June 30, 2023	\$592,110	2,095,202	1,735,340	771,654	451,247	\$5,645,553
As at December 31, 2022	\$531,107	2,005,473	1,722,367	752,542	491,760	\$5,503,249
As at June 30, 2022	\$492,429	1,779,161	1,516,555	549,952	401,270	\$4,739,367

(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 Group 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.
- 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.).

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- 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

Other than cash and cash equivalents, accounts receivables, accounts payable and other current liabilities whose carrying amount approximate their fair value, the fair value of the Group's financial assets and financial liabilities measured at amortized cost is listed in the table below:

	Carrying amounts as at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Financial liabilities:			
Long-term loans (current portion included)	\$1,083,981	\$1,139,729	\$1,199,514
Bonds payable (current portion included)	\$376,304	\$383,611	\$380,407
	Fair value as at		
	Jun. 30, 2023	Dec. 31, 2022	Jun. 30, 2022
Financial liabilities:			
Long-term loans (current portion included)	\$1,083,981	\$1,139,729	\$1,148,988
Bonds payable (current portion included)	\$381,139	\$397,876	\$389,080

C. Fair value hierarchy for financial instruments

Please refer to Note 12(8) for fair value hierarchy for financial instruments of the Group.

(7) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six-month period ended June 30, 2023:

	Short-term loan	Bonds payable	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2023	\$—	\$383,611	\$1,139,729	\$4,905,276	\$6,428,616
Cash flow	10,000	601	(55,748)	(248,567)	(293,714)
Non-cash movement	—	(7,908)	—	448,813	440,905
June 30, 2023	<u>\$10,000</u>	<u>\$376,304</u>	<u>\$1,083,981</u>	<u>\$5,105,522</u>	<u>\$6,575,807</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liabilities for the six-month period ended June 30, 2022:

	Bonds payable	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	—	(42,997)	(245,235)	(288,232)
Non-cash movement	3,177	—	671,580	674,757
June 30, 2022	\$380,407	\$1,199,514	\$4,229,556	\$5,809,477

(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:

As at June 30, 2023:

	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
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	\$—	—	1,913	\$1,913

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(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
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	\$—	—	435	\$435

As at June 30, 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	\$—	\$—	25,962	\$25,962
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Embedded derivatives	\$—	—	2,658	\$2,658

Transfers between Level 1 and Level 2

For the six-month periods ended June 30, 2023 and 2022, 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 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:

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	<u>Liabilities</u>
	<u>At fair value through profit or loss</u>
	<u>Derivatives</u>
As at January 1, 2023	\$435
Amount recognized in loss of 2023 (presented in “other gains or losses”)	10,088
Acquisition and issue of 2023	2,093
Disposals and pay off of 2023	(10,703)
As at June 30, 2023	<u>\$1,913</u>
	<u>Liabilities</u>
	<u>At fair value through profit or loss</u>
	<u>Derivatives</u>
As at January 1, 2022	\$2,463
Amount recognized in loss of 2022 (presented in “other gains or losses”)	195
As at June 30, 2022	<u>\$2,658</u>

Total gains and losses recognized in profit or (loss) for the six-month periods ended June 30, 2023 and 2022 in the table above contain loss related to liabilities on hand as at June 30, 2023 and 2022 in the amount of NT\$10,088 thousand and NT\$195 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 six-month period ended June 30, 2023: None.
- B. Endorsement/Guarantee provided to others for the six-month period ended June 30, 2023: None.
- C. Securities held as at June 30, 2023: 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 six-month period ended June 30, 2023: 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 six-month period ended June 30, 2023: 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 six-month period ended June 30, 2023: None.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

- 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 six-month period ended June 30, 2023: None.
- H. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2023: 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 six-month period ended June 30, 2023: 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 six-month periods ended June 30, 2023 and 2022, there was no income from a single customer that exceeded 10% of the Group's total revenue.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 1

Securities held as at June 30, 2023 (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 June 30, 2023				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 AND SUBSIDIARIES -(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 businesses and products	Initial investment		Investment as at June 30, 2023			Net income (loss) of investee company	Investment income (loss) 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	\$12,040	\$1,222	\$733	Note

Note: Aforementioned investment has been written off when preparing the consolidated financial statements.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

ATTACHMENT 3

Information on major stockholders :

Name (Note)	Shares	
	Number of shares (shares)	Percentage of ownership (%)
Jiayong Investment Development Co., Ltd.	21,751,989	27.38
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.