POWER WIND HEALTH INDUSTRY INCORPORATED

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE SIX-MONTH PERIODS ENDED

JUNE 30, 2021 AND 2020

Address: No. 238, Bo-ai 4th Rd., Zuoying Dist., Kaohsiung City, Taiwan (R.O.C.)

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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.

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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, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2021 and 2020, changes in equity and cash flows for the six-month periods ended June 30, 2021 and 2020, 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 Statement of Auditing Standards No. 65, "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 auditing standards generally accepted in 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, 2021 and 2020, and its consolidated financial performance for the three-month and six-month periods ended June 30, 2021 and 2020, and its consolidated cash flows for the six-month periods ended June 30, 2021 and 2020, 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/ Huang, Shih-Chieh

Ernst & Young, Taiwan

August 5, 2021

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2021, December 31, 2020 and June 30, 2020 (June 30, 2021 and 2020 are unaudited)

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	June 30, 2021	%	December 31, 2020	%	June 30, 2020	%
Current assets							
Cash and cash equivalents	4,6(1)	$1,250,782	15	$658,442	10	$682,065	10
Accounts receivable, net	4,6(2)	1	-	8,214	-	50,997	1
Accounts receivable - related parties	7	14	-	-	-	-	-
Inventories	4	12,443	-	6,311	-	3,632	-
Prepayments		15,919	-	13,855	-	15,732	-
Other financial assets, current	4,6(3),8	301,316	4	294,308	4	230,510	3
Other current assets	4,7	16,156	-	14,676	-	13,857	-
Total current assets		1,596,631	19	995,806	14	996,793	14
Non-current assets							
Financial assets at fair value through other comprehensive income, non-current	4,6(4)	25,962	-	25,962	-	25,962	-
Property, plant and equipment	4,6(5),8	2,886,763	35	2,832,522	39	2,855,719	39
Right-of-use assets	4,6(16),7	3,633,679	44	3,276,278	45	3,318,759	46
Intangible assets	4	3,462	-	2,789	-	3,044	-
Deferred tax assets	4	11,978	-	11,755	-	11,423	-
Other non-current assets	4,6(6),7	119,883	2	111,378	2	92,907	1
Total non-current assets		6,681,727	81	6,260,684	86	6,307,814	86
Total Assets		$8,278,358	100	$7,256,490	100	$7,304,607	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

June 30, 2021, December 31, 2020 and June 30, 2020 (June 30, 2021 and 2020 are unaudited)

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	June 30, 2021	%	December 31, 2020	%	June 30, 2020	%
Current liabilities							
Contract liabilities	4,6(15)	$553,345	7	$499,533	7	$498,345	7
Notes payable		1,425	-	400	-	391	-
Notes payable - related parties	7	424	-	419	-	415	-
Accounts payable		498	-	867	-	1,175	-
Payables on equipment		90,670	1	34,180	-	63,544	1
Other payables	6(7)	149,327	2	302,605	4	653,352	9
Other payables - related parties	7	5,121	-	420	-	5,103	-
Current tax liabilities	4	39,639	-	41,249	1	42,502	-
Lease liabilities, current	4,6(16)	421,366	5	388,932	5	384,660	6
Lease liabilities, current - related parties	4,6(16),7	38,661	-	38,271	1	37,252	-
Current portion of long-term liabilities	4,6(10),8	80,259	1	238,028	3	203,564	3
Other current liabilities		54,528	1	2,567	-	3,060	-
Total current liabilities		1,435,263	17	1,547,471	21	1,893,363	26
Non-current liabilities							
Financial liabilities at fair value through profit or loss, non-current	4,6(8)	3,286	-	-	-	-	-
Bonds payable	4,6(9)	383,573	5	-	-	-	-
Long-term loans	4,6(10),8	925,026	11	552,193	8	492,833	7
Provisions, non-current	4,6(12)	48,172	1	46,456	1	43,016	-
Lease liabilities, non-current	4,6(16)	3,312,342	40	2,934,970	40	2,939,146	40
Lease liabilities, non-current - related parties	4,6(16),7	16,612	-	35,368	-	54,052	1
Other non-current liabilities		460	-	460	-	280	-
Total non-current liabilities		4,689,471	57	3,569,447	49	3,529,327	48
Total liabilities		6,124,734	74	5,116,918	70	5,422,690	74
Equity attributable to the parent company	4,6(13&14)						
Share capital							
Common stock		737,190	9	737,343	10	702,402	10
Stock dividends to be distributed		-	-	-	-	35,132	-
Share capital awaiting retirement		(5)	-	(138)	-	(191)	-
Total share capital		737,185	9	737,205	10	737,343	10
Capital surplus		787,786	9	775,971	11	776,131	11
Retained earnings							
Legal reserve		174,623	2	174,623	2	174,623	2
Special reserve		64,682	1	64,682	1	64,682	1
Unappropriated earnings		400,926	5	400,135	6	164,109	2
Total retained earnings		640,231	8	639,440	9	403,414	5
Other components of equity		(19,018)	-	(29,364)	-	(45,892)	-
Treasury shares		(2,804)	-	-	-	-	-
Total equity attributable to the parent company		2,143,380	26	2,123,252	30	1,870,996	26
Non-controlling interests		10,244	-	16,320	-	10,921	-
Total equity		2,153,624	26	2,139,572	30	1,881,917	26
Total liabilities and equity		$8,278,358	100	$7,256,490	100	$7,304,607	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
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three-month and six-month periods ended June 30, 2021 and 2020
(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			
		2021	%	2020	%	2021	%	2020	%
Operating revenues	4,6(15)	$479,179	100	$833,452	100	$1,390,397	100	$1,706,859	100
Operating costs	4,6(11&14&16&17),7	(496,049)	(104)	(609,915)	(73)	(1,131,591)	(81)	(1,193,231)	(70)
Gross profit (loss)		(16,870)	(4)	223,537	27	258,806	19	513,628	30
Operating expenses	4,6(11&14&16&17),7								
Sales and marketing expenses		(10,097)	(2)	(13,219)	(2)	(20,937)	(2)	(23,359)	(1)
General and administrative expenses		(96,892)	(20)	(132,780)	(16)	(231,122)	(17)	(258,314)	(15)
Subtotal		(106,989)	(22)	(145,999)	(18)	(252,059)	(19)	(281,673)	(16)
Operating income (loss)		(123,859)	(26)	77,538	9	6,747	-	231,955	14
Non-operating income and expenses	4,6(18),7								
Interest income		413	-	320	-	643	-	558	-
Other income		27,675	6	6,183	1	29,866	2	9,133	-
Other gains and losses		(1,266)	-	(2)	-	(713)	-	(226)	-
Finance costs		(19,082)	(4)	(16,123)	(2)	(36,834)	(2)	(32,404)	(2)
Subtotal		7,740	2	(9,622)	(1)	(7,038)	-	(22,939)	(2)
Income (loss) from continuing operations before income tax		(116,119)	(24)	67,916	8	(291)	-	209,016	12
Income tax income (expense)	4,6(20)	25,191	5	(15,134)	(2)	1,833	-	(41,724)	(2)
Profit (loss) from continuing operations		(90,928)	(19)	52,782	6	1,542	-	167,292	10
Net income (loss)		(90,928)	(19)	52,782	6	1,542	-	167,292	10
Other comprehensive (loss)	6(19)								
Items that will not be reclassified to profit or loss									
Unrealized (loss) on investments in equity instruments measured at fair value through other comprehensive income		-	-	-	-	-	-	(299)	-
Total other comprehensive (loss), net of tax		-	-	-	-	-	-	(299)	-
Total comprehensive income		($90,928)	(19)	$52,782	6	$1,542	-	$166,993	10
Net income (loss) attributable to:									
Stockholders of the parent		($89,894)	(19)	$51,955	6	$791	-	$165,105	10
Non-controlling interests		(1,034)	-	827	-	751	-	2,187	-
		($90,928)	(19)	$52,782	6	$1,542	-	$167,292	10
Comprehensive income attributable to:									
Stockholders of the parent		($89,894)	(19)	$51,955	6	$791	-	$164,806	10
Non-controlling interests		(1,034)	-	827	-	751	-	2,187	-
		($90,928)	(19)	$52,782	6	$1,542	-	$166,993	10
Earnings (loss) per share (NTD)	6(21)								
Earnings per share - Basic		($1.21)		$0.70		$0.01		$2.22	
Earnings per share - Diluted		($1.21)		$0.68		$0.01		$2.16	

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
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the six-month periods ended June 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Accounting	Equity attributable to the parent company													Non-controlling interests	Total equity
							Retained earnings			Other components of equity					
	Common stock	Certificate of entitlement to new shares from convertible bonds	Subscribed stock	Stock dividends to be distributed	Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned rewards for employees	Treasury shares	Total		
Balance as of January 1, 2020	$698,356	$2,575	$125	$-	($91)	$761,071	$127,610	$54,367	$470,441	($8,403)	($56,279)	$-	$2,049,772	$14,727	$2,064,499
Appropriation and distribution of 2019 retained earnings															
Legal reserve	-	-	-	-	-	-	47,013	-	(47,013)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	10,315	(10,315)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	-	(377,981)	-	-	-	(377,981)	-	(377,981)
Stock dividends	-	-	-	35,132	-	-	-	-	(35,132)	-	-	-	-	-	-
Other changes in capital surplus															
Equity component of convertible bonds issued by the Company	-	-	-	-	-	(856)	-	-	-	-	-	-	(856)	-	(856)
Net income for the six-month period ended June 30, 2020	-	-	-	-	-	-	-	-	165,105	-	-	-	165,105	2,187	167,292
Other comprehensive (loss) for the six-month period ended June 30, 2020	-	-	-	-	-	-	-	-	-	(299)	-	-	(299)	-	(299)
Total comprehensive income (loss)	-	-	-	-	-	-	-	-	165,105	(299)	-	-	164,806	2,187	166,993
Convertible bonds conversion	-	1,592	-	-	-	16,336	-	-	-	-	-	-	17,928	-	17,928
Conversion of certificate of entitlement to new shares from convertible bonds	4,167	(4,167)	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment transaction	(121)	-	(125)	-	(100)	(420)	-	-	123	-	17,970	-	17,327	-	17,327
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,993)	(5,993)
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	(1,119)	1,119	-	-	-	-	-
Balance as of June 30, 2020	$702,402	$-	$-	$35,132	($191)	$776,131	$174,623	$64,682	$164,109	($7,583)	($38,309)	$-	$1,870,996	$10,921	$1,881,917
Balance as of January 1, 2021	$737,343	$-	$-	$-	($138)	$775,971	$174,623	$64,682	$400,135	($7,583)	($21,781)	$-	$2,123,252	$16,320	$2,139,572
Other changes in capital surplus															
Equity component of convertible bonds issued by the Company	-	-	-	-	-	11,845	-	-	-	-	-	-	11,845	-	11,845
Net income for the six-month period ended June 30, 2021	-	-	-	-	-	-	-	-	791	-	-	-	791	751	1,542
Total comprehensive income	-	-	-	-	-	-	-	-	791	-	-	-	791	751	1,542
Share-based payment transaction	(153)	-	-	-	133	(30)	-	-	-	-	10,346	-	10,296	-	10,296
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,827)	(6,827)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	(2,804)	(2,804)	-	(2,804)
Balance as of June 30, 2021	$737,190	$-	$-	$-	($5)	$787,786	$174,623	$64,682	$400,926	($7,583)	($11,435)	($2,804)	$2,143,380	$10,244	$2,153,624

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

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six-month periods ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the six-month periods ended June 30	
	2021	2020
Cash flows from operating activities:		
Net (loss) income before tax	($291)	$209,016
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	446,532	423,713
Amortization	287	156
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	680	(1)
Interest expense	36,834	32,404
Interest income	(643)	(558)
Compensation costs of share-based payment transaction	10,346	17,970
(Gain) on disposal and abandonment of property, plant and equipment	(12)	(41)
Property, plant and equipment transferred to expenses	-	200
Others	(6,479)	(1,767)
Changes in operating assets and liabilities:		
Decrease in notes receivable	-	4
Decrease (Increase) in accounts receivable	8,213	(40,406)
(Increase) in accounts receivable - related parties	(14)	-
(Increase) Decrease in inventories	(6,132)	1,617
(Increase) in prepayments	(2,064)	(5,542)
(Increase) Decrease in other current assets	(1,455)	14,666
(Increase) Decrease in other financial assets	(7,008)	22,293
Increase in contract liabilities	53,812	73,965
Increase (Decrease) in notes payable	1,025	(16)
Increase in notes payable - related parties	5	8
(Decrease) in accounts payable	(369)	(253)
(Decrease) Increase in other payables	(162,968)	1,818
(Decrease) Increase in other payables - related parties	(420)	4,705
Increase in other current liabilities	51,961	171
Cash generated from operations	421,840	754,122
Interest received	643	558
Income tax paid	(25)	(67,359)
Net cash provided by operating activities	422,458	687,321
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,596
Acquisition of property, plant and equipment	(226,387)	(443,546)
Proceeds from disposal of property, plant and equipment	20	48
Acquisition of intangible assets	(960)	(1,361)
Increase in other non-current assets	(8,505)	(7,000)
Net cash (used in) investing activities	(235,832)	(450,263)
Cash flows from financing activities:		
Proceeds from bonds issued	400,000	-
Proceeds from long-term loans	450,830	79,800
Repayments of long-term loans	(235,766)	(21,006)
Cash payments for the principal portion of lease liabilities	(205,057)	(198,698)
Decrease in other non-current liabilities	-	(90)
Interest paid	(4,243)	(4,200)
Change in non-controlling interests	-	(5,993)
Others	(50)	(643)
Net cash provided by (used in) financing activities	405,714	(150,830)
Net increase in cash and cash equivalents	592,340	86,228
Cash and cash equivalents at beginning of period	658,442	595,837
Cash and cash equivalents at end of period	$1,250,782	$682,065

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY OF ORGANIZATION

POWER WIND HEALTH INDUSTRY INCORPORATED ("the Company") was incorporated in Republic of China (R.O.C.) on October 4, 2005. The main activities are the business of membership-based fitness center chains, recreational sports venues and other sports services. The Company's common 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, 2021 and 2020 were authorized for issue by the Board of Directors on August 5, 2021.

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, 2021. The nature and the impact of each new standard and amendment have no material effect on the Group.

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

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by the IASB
A	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022

A. Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

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

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

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

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

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

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

d. Annual Improvements to IFRS Standards 2018 - 2020

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

Amendments to IFRS 9 "*Financial Instruments*"
The amendments clarify the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendments to Illustrative Examples Accompanying IFRS 16 "*Leases*"
The amendments to Illustrative Example 13 accompanying IFRS 16 modify the treatment of lease incentives relating to lessee's leasehold improvements.

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

This amendment that is applicable for annual periods beginning on or after January 1, 2022 has no material impact on the Group.

(3) Standards or Interpretations issued, revised or amended, by the IASB which are not endorsed by the FSC, but not yet adopted by the Group as at the date of issuance of the Group's financial statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by the IASB
A	IFRS 10 "Consolidated Financial Statements" and amendments to IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined by the IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2023
C	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
D	Disclosure Initiative - Accounting Policies (Amendments to IAS 1)	January 1, 2023
E	Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
F	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023

The Group will apply for Standards or Interpretations issued by the IASB but not yet endorsed by the FSC in future periods and the potential impacts arising from the adoption on the Group's financial statements are summarized as follows:

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

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

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

B. 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.

C. Disclosure Initiative - Accounting Policies (Amendments to IAS 1)

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

D. Definition of Accounting Estimates (Amendments to IAS 8)

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

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

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

The Group is currently evaluating the potential impact of the aforementioned Standards and Interpretations to the Group's financial position and performance, and the related impact will be disclosed when the evaluation is completed.

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, 2021 and 2020 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 stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

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

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

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

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

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

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

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

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

If the Company loses control of a subsidiary, it:

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

The consolidated entities are listed as follows:

Investor	Subsidiary	Business nature	Percentage of Ownership		
			Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
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) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it in its normal operating cycle.
B. The Group holds the asset primarily for the purpose of trading.
C. The Group expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial instruments

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

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

A. Financial assets: recognition and measurement

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

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

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

<u>Financial assets at amortized cost</u>

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

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

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

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

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

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

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

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

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

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
b. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   i. Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

Financial assets at fair value through profit or loss

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measured as follow:

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity instruments

<u>Classification between liabilities or equity</u>

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

<u>Equity instruments</u>

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

<u>Financial liabilities</u>

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

<u>Financial liabilities at fair value through profit or loss</u>

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

A financial liability is classified as held for trading if:

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

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

E. Offsetting of financial instruments

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

(7) Derivative instrument

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

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

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

(8) Fair value measurement

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

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

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

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

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

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

(9) Inventories

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

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:
Goods - Purchase cost on a first in, first out basis.

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

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

(10) Property, plant and equipment

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

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

Buildings	5～60 years
Business facilities	3～16 years
Leasehold improvements	3～15 years
Other equipment	3～12 years

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

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

(11) Leases

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

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

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

<u>Group as a lessee</u>

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

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

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

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

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

A. the amount of the initial measurement of the lease liability
B. any lease payments made at or before the commencement date, less any lease incentives received
C. any initial direct costs incurred by the lessee
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease

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

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

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

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

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

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Group has applied the practical expedient to all rent concessions that met the conditions for it.

<u>Group as a lessor</u>

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

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

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

(12) Intangible assets

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group’s intangible assets is as follows:

	Computer software
Useful lives	Finite (5～10 years)
Amortization method used	Amortized on a straight-line basis
Internally generated or externally acquired	Externally acquired

(13) Impairment of non-financial assets

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

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

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

(14) Provisions

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

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose from construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

(15) Revenue recognition

The Group's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Group's types of revenue are explained as follows:

Sale of goods

The Group sells merchandise. Sales are recognized when goods have been delivered to customers and customers have obtained the control.

Rendering of services

The Group provides sports training and other services. Such services are separately priced or negotiated, and provided based on contract periods. As the Group provides the sports training and other services over the contract period, the customers simultaneously receive and consume the benefits provided by the Group. Accordingly, commitment of rendering services to customers where revenue is recognized when performance obligations are satisfied.

Most of the contractual considerations of the Group are collected evenly throughout the contract periods. The consideration is received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

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

(16) Borrowing costs

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

(17) Post-employment benefits

All regular employees of the Group is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Group. Therefore, fund assets are not included in the Group's consolidated financial statements.

For the defined contribution plan, the Group will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

(18) Share-based payment transactions

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

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

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

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

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

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

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

(19) Income taxes

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

Current income tax

Current income tax liabilities (assets) for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

Undistributed earnings subject to income tax are recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Stockholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at the end of each reporting period and are recognized accordingly.

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

Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual effective income tax rate only includes current income tax. The recognition and measurement of deferred tax follows annual financial reporting requirements in accordance with *IAS 12 "Income Taxes"*. The Group recognizes the effect of change in tax rate for deferred taxes in full if the new tax rate is enacted by the end of the interim reporting period, by charging to profit or loss, other comprehensive income, or directly to equity.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

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

(1) Fair value of financial instruments

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(3) Provision for decommissioning

The Group estimates the provision for decommissioning liability including the discounted at a current pre-tax rate that reflects the specific risks. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows.

(4) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Cash on hand	$1,588	$1,450	$1,193
Bank deposit	1,249,194	656,992	680,872
Total	$1,250,782	$658,442	$682,065

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Accounts receivable

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Accounts receivable	$1	$8,214	$50,997
Less: loss allowance	—	—	—
Total	$1	$8,214	$50,997

Accounts receivable were not pledged.

Accounts receivable were conducted by means of credit card payment that were not past due and not impairment. The objects of these accounts were mainly domestic well-known financial institutions, so the creditworthiness were all in good grades.

(3) Other financial assets, current

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Bank deposit	$301,316	$294,308	$230,510

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

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Investments in equity instruments measured at fair value through other comprehensive income, non-current:			
Unlisted companies stocks	$25,962	$25,962	$25,962

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

(5) Property, plant and equipment

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Owner occupied property, plant and equipment	$2,886,763	$2,832,522	$2,855,719

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Business facilities	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at Jan. 1, 2021	$597,576	$253,172	$2,144,711	$1,627,917	$134,461	$193,378	$4,951,215
Additions	—	34,228	51,592	29,615	10,352	157,090	282,877
Disposals	—	—	(3,317)	—	—	—	(3,317)
Other (Note)	—	—	—	1,521	—	—	1,521
Transfers	—	117,691	29,295	1,160	3,507	(151,653)	—
As at Jun. 30, 2021	$597,576	$405,091	$2,222,281	$1,660,213	$148,320	$198,815	$5,232,296
As at Jan. 1, 2020	$597,576	$253,172	$1,871,340	$1,335,041	$110,138	$169,760	$4,337,027
Additions	—	—	179,915	148,130	12,533	67,323	407,901
Disposals	—	—	(2,449)	—	(137)	—	(2,586)
Other (Note)	—	—	—	7,000	—	—	7,000
Transfers	—	—	39,645	51,923	1,544	(93,310)	(198)
As at Jun. 30, 2020	$597,576	$253,172	$2,088,451	$1,542,094	$124,078	$143,773	$4,749,144
Depreciation and impairment:							
As at Jan. 1, 2021	$—	($46,070)	($1,308,872)	($678,932)	($84,819)	$—	($2,118,693)
Depreciation	—	(7,140)	(138,488)	(74,609)	(9,912)	—	(230,149)
Disposals	—	—	3,309	—	—	—	3,309
Transfers	—	—	—	—	—	—	—
As at Jun. 30, 2021	$—	($53,210)	($1,444,051)	($753,541)	($94,731)	$—	($2,345,533)
As at Jan. 1, 2020	$—	($35,689)	($1,034,086)	($538,406)	($66,911)	$—	($1,675,092)
Depreciation	—	(5,190)	(139,160)	(67,876)	(8,684)	—	(220,910)
Disposals	—	—	2,440	—	137	—	2,577
Transfers	—	—	—	—	—	—	—
As at Jun. 30, 2020	$—	($40,879)	($1,170,806)	($606,282)	($75,458)	$—	($1,893,425)
Net carrying amount:							
As at Jun. 30, 2021	$597,576	$351,881	$778,230	$906,672	$53,589	$198,815	$2,886,763
As at Dec. 31, 2020	$597,576	$207,102	$835,839	$948,985	$49,642	$193,378	$2,832,522
As at Jun. 30, 2020	$597,576	$212,293	$917,645	$935,812	$48,620	$143,773	$2,855,719

Note: Provision for decommissioning, restoration and rehabilitation costs.

Capitalized borrowing costs of construction in progress for the six-month periods ended June 30, 2021 and 2020 were NT$70 thousand and NT$345 thousand. The capitalization rate of borrowing costs were 0.50%～1.23% and 1.50% for the year ended June 30, 2021 and 2020.

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Other non-current assets

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Refundable deposits	$119,883	$111,378	$92,907

(7) Other payables

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Accrued salaries and bonuses	$32,691	$145,975	$124,297
Accrued labor and health insurance	38,076	26,285	23,883
Accrued employee compensation	15,745	15,722	24,835
Business tax payable	—	17,170	19,331
Accrued dividends	1,707	—	379,479
Other	61,108	97,453	81,527
Total	$149,327	$302,605	$653,352

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

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Designated financial liabilities at fair value through profit or loss			
Derivatives not designated as hedging relationship			
Embedded derivative			
Corporate bonds	$2,606	$—	$—
Evaluation on corporate bonds	680	—	—
Total	$3,286	$—	$—

(9) Bonds payable

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Domestic unsecured convertible bonds payable	$383,573	$–	$–
Less: current portion	—	–	–
Net	$383,573	$–	$–

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Domestic unsecured convertible bonds payable

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Liability component:			
Principal amount	$400,000	$—	$—
(Discounts) on bonds payable	(16,427)	—	—
Subtotal	383,573	—	—
Less: current portion	—	—	—
Net	$383,573	$—	$—
Embedded derivative	$3,286	$—	$—
Equity component	$11,845	$—	$—

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 ordinary shares). The terms of the bonds are as follows:

Issue Amount: NT$400,000 thousand

Period: January 6, 2021～January 6, 2024

Redemption Clauses:

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 ordinary shares 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.

Terms of Exchange:

a. Underlying Securities: Common shares 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 shares 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.
d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Long-term borrowings

Details of long-term loans as at June 30, 2021, December 31, 2020 and June 30, 2020 were as follows:

Lenders	As at Jun. 30, 2021	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	$181,625	1.17	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	32,000	1.07	Effective from October 7, 2019 to October 7, 2022, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	188,000	1.07	Effective from October 7, 2019 to October 7, 2026, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank secured long-term loan	202,760	1.13	Effective from May 7, 2021 to May 7, 2036, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank unsecured long-term loan	134,100	0.50	Effective from November 3, 2020 to October 15, 2027, interest only payment for the first three years, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	38,000	1.25	Effective from April 17, 2020 to December 31, 2022, interest only payment for the first half year, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	57,000	0.60	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.
First Commercial Bank unsecured long-term loan	121,800	0.62	Effective from November 3, 2020 to October 15, 2030, interest only payment for the first three years, and then the principal and interest are repaid monthly.
Land Bank of Taiwan unsecured long-term loan	50,000	1.55	Effective from June 30, 2021 to June 30, 2024, interest only payment for the first year, and then the principal and interest are repaid monthly.
Subtotal	1,005,285		
Less: current portion	(80,259)		
Total	$925,026		

Lenders	As at Dec. 31, 2020	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	$190,631	1.17	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	44,000	1.07	Effective from October 7, 2019 to October 7, 2022, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	188,000	1.07	Effective from October 7, 2019 to October 7, 2026, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank secured long-term loan	202,760	1.23	Effective from May 7, 2018 to May 8, 2022, interest is repaid monthly and the principle will be repayable upon maturity.
E.SUN Commercial Bank unsecured long-term loan	46,100	0.50	Effective from November 3, 2020 to October 15, 2027, interest only payment for the first three years, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	50,000	1.25	Effective from April 17, 2020 to December 31, 2022, interest only payment for the first half year, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	2,230	0.60	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.
First Commercial Bank unsecured long-term loan	66,500	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.
Subtotal	790,221		
Less: current portion	(238,028)		
Total	$552,193		

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	As at Jun. 30, 2020	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	$199,637	1.17	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	56,000	1.07	Effective from October 7, 2019 to October 7, 2022, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	188,000	1.07	Effective from October 7, 2019 to October 7, 2026, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank secured long-term loan	202,760	1.23	Effective from May 7, 2018 to May 8, 2022, interest is repaid monthly and the principle will be repayable upon maturity.
CTBC Bank unsecured long-term loan	50,000	1.38	Effective from April 17, 2020 to July 31, 2023, interest only payment for the first three years, and then the principal and interest are repaid monthly.
Subtotal	696,397		
Less: current portion	(203,564)		
Total	$492,833		

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

(11) 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, 2021 and 2020 were NT$14,675 thousand, NT$14,820 thousand, NT$31,770 thousand and NT$31,654 thousand, respectively.

(12)Provisions, non-current

	Decommissioning, restoration and rehabilitation costs
As at January 1, 2021	$46,456
Arising during the period	1,521
Discount rate adjustment and unwinding of discount from the passage of time	195
As at June 30, 2021	$48,172
Current - June 30, 2021	$—
Non-current - June 30, 2021	$48,172
Current - June 30, 2020	$—
Non-current - June 30, 2020	43,016
As at June 30, 2020	$43,016

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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.

(13) Equities

A. Common stock

The Company's authorized capital were all NT$1,000,000 thousand as at June 30, 2021, December 31, 2020 and June 30, 2020, 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$737,190 thousand, NT$737,343 thousand and NT$702,402 thousand, divided into 73,719 thousand shares, 73,734 thousand shares and 70,240 thousand shares as at June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

The Company's restricted stocks for employees' plan, in which 1 thousand shares expiry due to the employee departure before the vesting day, and were not yet registered and therefore were classified as changes preparation stock retired NT$5 thousand.

B. Capital surplus

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Employee stock option	$47	$47	$47
Restricted stocks for employees	245,382	245,412	245,584
Additional paid-in capital from common stock	160,760	160,760	160,748
Recognize due to issue of convertible bonds equity components - stock options	11,845	–	—
Additional paid-in capital from convertible bonds	368,171	368,171	368,171
Vested stock option	1,581	1,581	1,581
Total	$787,786	$775,971	$776,131

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

C. Treasury shares

The treasury shares held by the Company amounted to NT$2,804 thousand in 20 thousand shares as at June 30, 2021. The Company expected to bought back 2,000 thousand shares after obtaining approval from the Board of Directors held on May 16, 2021, at the price range of NT$120～NT$200 per share.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Retained earnings and dividend policy

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

a. Reserve for tax payments.
b. Offset accumulated losses in previous years, if any.
c. Legal reserve, which is 10% of leftover profits.
d. Allocation or reverse of special reserves as required by law or government 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 the same 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 serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the stockholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders equity" for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements 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 shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The distribution of earnings and dividends for 2020 and 2019 was approved by the stockholders' meeting held on July 5, 2021, and June 3, 2020, respectively. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2020	2019	2020 (Note 1)	2019 (Note 2)
Legal reserve	$40,014	$47,013		
(Reversal of) Special reserve	($35,318)	$10,315		
Cash dividend	$358,579	$377,981	$4.87	$5.38
Stock dividend	$36,860	$35,132	$0.50	$0.50

Note 1: The Company redeemed (bought back), cancelled restricted stocks for employee departure and repurchased treasury shares, resulting in a decrease in the outstanding shares to 73,698 thousand shares. Therefore, the Company adjusted the stockholder's dividend yield and payout ratio.

Note 2: The Company redeemed (bought back) and cancelled restricted stocks for employee departure, resulting in a decrease in the outstanding shares to 70,221 thousand shares. Therefore, the Company adjusted the stockholder's dividend yield and payout ratio.

Please refer to Note 6(17) for details on employees' compensation and remuneration to directors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

E. Non-controlling interests

	For the six-month periods ended June 30	
	2021	2020
Beginning balance	$16,320	$14,727
Profit attributable to non-controlling interests	751	2,187
Change in non-controlling interests	(6,827)	(5,993)
Ending balance	$10,244	$10,921

(14) 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.

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 vested conditions, the cash dividends, stock dividends, and cash(stocks) allocated from the capital reserve 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, 2021 and 2020, the Company incurred expenses of NT$3,899 thousand, NT$8,977 thousand, NT$10,346 thousand and NT$17,970 thousand for the share-based payment transactions.

(15) Operating revenues

	For the three-month periods ended June 30	
	2021	2020
Revenue of Fitness and recreational sports services	$288,705	$501,152
Revenue of Sports health services	175,900	290,810
Revenue of Joining fees	11,085	35,626
Others	3,511	5,943
Total	479,201	833,531
Less: sales return and sales discounts and allowances	(22)	(79)
Net operating revenues	$479,179	$833,452

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the six-month periods ended June 30	
	2021	2020
Revenue of Fitness and recreational sports services	$850,055	$1,051,903
Revenue of Sports health services	495,010	565,294
Revenue of Joining fees	34,897	78,333
Others	10,552	11,482
Total	1,390,514	1,707,012
Less: sales return and sales discounts and allowances	(117)	(153)
Net operating revenues	$1,390,397	$1,706,859

Analysis of revenue from contracts with customers during the three-month and six-month periods ended June 30, 2021 and 2020 are as follows:

A. Disaggregation of revenue - Operation department

	For the three-month periods ended June 30	
	2021	2020
Sale of goods	$2,065	$3,177
Rendering of services	474,368	824,979
Others	2,746	5,296
Total	$479,179	$833,452
Timing of revenue recognition		
At a point in time	$181,983	$301,722
Over time	297,196	531,730
Total	$479,179	$833,452

	For the six-month periods ended June 30	
	2021	2020
Sale of goods	$6,419	$6,183
Rendering of services	1,374,839	1,689,827
Others	9,139	10,849
Total	$1,390,397	$1,706,859
Timing of revenue recognition		
At a point in time	$514,104	$586,996
Over time	876,293	1,119,863
Total	$1,390,397	$1,706,859

B. Contract balances

Contract liabilities, current

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Rendering of services - Fitness	$86,465	$80,412	$94,449
Rendering of services - Sports health etc.	400,890	359,501	323,301
Rendering of services - Joining fees (Initiation and processing fees included)	58,099	50,162	72,384
Rendering of services - Other	7,891	9,458	8,211
Total	$553,345	$499,533	$498,345

(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, 2021 and 2020 are as follows:

	For the six-month periods ended June 30	
	2021	2020
The beginning balance transferred to revenue	$307,959	$315,166
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$361,771	$389,131

C. Transaction price allocated to unsatisfied performance obligations

The Group’s transaction price allocated to unsatisfied performance obligations amounted to NT$553,345 thousand and NT$498,345 thousand as at June 30, 2021 and 2020. 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.

(16) Leases

Group as a lessee

The Group leases various properties, including buildings, transportation equipment and office equipment. The lease terms range from 2 to 16 years.

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

A. Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Buildings	$3,360,664	$3,272,228	$3,313,674
Transportation equipment	1,314	2,039	2,765
Office equipment	1,701	2,011	2,320
Total	$3,633,679	$3,276,278	$3,318,759

During the six-month periods ended June 30, 2021 and 2020, the Group’s additions to right-of-use assets amounted to NT$573,784 thousand and NT$175,665 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. Lease liabilities

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Lease liabilities	$3,788,981	$3,397,541	$3,415,110
Current	$460,027	$427,203	$421,912
Non-current	$3,328,954	$2,970,338	$2,993,198

Please refer to Note 6(18) finance costs for the interest on lease liabilities recognized during three-month and six-month periods ended June 30, 2021 and 2020 and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at June 30, 2021, December 31, 2020 and June 30, 2020.

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	
	2021	2020
Buildings	$110,452	$101,327
Transportation equipment	363	363
Office equipment	155	154
Total	$110,970	$101,844

	For the six-month periods ended June 30	
	2021	2020
Buildings	$215,348	$201,768
Transportation equipment	726	726
Office equipment	309	309
Total	$216,383	$202,803

C. Income and costs relating to leasing activities

	For the three-month periods ended June 30	
	2021	2020
The expenses relating to short-term leases	$108	$121
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	$3,783	$1,383
Income from subleasing right-of-use assets	$1,479	$704

	For the six-month periods ended June 30	
	2021	2020
The expenses relating to short-term leases	$157	$406
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	$6,501	$2,721
Income from subleasing right-of-use assets	$2,985	$1,479

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group recognized in other income for the three-month and six-month periods ended June 30, 2021 and 2020, were NT$6,479 thousand, NT$1,624 thousand, NT$6,479 thousand and NT$1,767 thousand, respectively, to reflect changes in lease payments that arise from such rent concessions to which the Group has applied the practical expedient.

D. Cash outflow relating to leasing activities

During the six-month periods ended June 30, 2021 and 2020, the Group's total cash outflows for leases amounted to NT$205,057 thousand and NT$198,698 thousand.

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.

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

Function / Nature	For the three-month periods ended June 30					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$195,005	17,708	$212,713	$316,253	32,273	$348,526
Labor and health insurance	$27,329	1,392	$28,721	$25,613	1,444	$27,057
Pension	$13,603	1,072	$14,675	$14,083	737	$14,820
Director's remuneration	($34)	(566)	($600)	$27	856	$883
Other employee benefits expense	$2,190	187	$2,377	$2,258	137	$2,395
Depreciation	$222,990	3,393	$226,383	$211,734	3,165	$214,899
Amortization	$－	159	$159	$－	97	$97

Function / Nature	For the six-month periods ended June 30					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$526,805	52,262	$579,067	$615,148	67,554	$682,702
Labor and health insurance	$57,458	3,488	$60,946	$53,506	2,871	$56,377
Pension	$29,936	1,834	$31,770	$30,072	1,582	$31,654
Director's remuneration	$23	585	$608	$70	2,217	$2,287
Other employee benefits expense	$5,321	280	$5,601	$3,736	271	$4,007
Depreciation	$439,241	7,291	$446,532	$417,383	6,330	$423,713
Amortization	$－	287	$287	$－	156	$156

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Articles of Incorporation, no less than 1% of profit of the current year is distributable as employees' compensation and no more than 3% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' 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.

If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stock distributed is calculated based on total employee compensation divided by the closing price of the day before the Board of Directors' meeting. If there is a difference between the estimated distribution and the actual distribution the Board of Directors resolved, the Company will recognize the change as an adjustment in the profit or loss in the subsequent period.

Based on the accumulated loss as of the six-month period ended June 30, 2021, the Company decided not to recognize the amounts of the employees' compensation and remuneration to directors. The Company estimated the amounts of the employees' compensation and remuneration to directors for the six-month period ended June 30, 2020 to be 3% of profit of the six-month period and 0.75% of profit of the six-month period, respectively, under the salaries. As such, employees' compensation and remuneration to directors for the three-month and six-month period ended June 30, 2020 amounted to NT$1,991 thousand, NT$498 thousand, NT$6,320 thousand and NT$1,580 thousand, respectively.

No material differences existed between the estimated amount resolved by the Company's Board of Directors on March 15, 2021 and the distributed amount of the employees' compensation and remuneration to directors presented by the stockholders' meeting for the year ended December 31, 2020.

(18) Non-operating income and expenses

A. Interest income

	For the three-month periods ended June 30	
	2021	2020
Interest on bank deposits	$413	$320

	For the six-month periods ended June 30	
	2021	2020
Interest on bank deposits	$643	$558

B. Other income

	For the three-month periods ended June 30	
	2021	2020
Rental income	$1,479	$705
Others	26,196	5,478
Total	$27,675	$6,183

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the six-month periods ended June 30	
	2021	2020
Rental income	$2,985	$1,480
Others	26,881	7,653
Total	$29,866	$9,133

C. Other gains and losses

	For the three-month periods ended June 30	
	2021	2020
Gain on disposal of property, plant and equipment	$—	$41
(Loss) on financial assets at fair value through profit or loss	(1,320)	—
Others	54	(43)
Total	($1,266)	($2)

	For the six-month periods ended June 30	
	2021	2020
Gain on disposal of property, plant and equipment	$12	$41
(Loss) Gain on financial assets at fair value through profit or loss	(680)	1
Others	(45)	(268)
Total	($713)	($226)

D. Finance costs

	For the three-month periods ended June 30	
	2021	2020
Interest on borrowings from bank	($2,216)	($1,975)
Interest on lease liabilities	(15,162)	(14,060)
Interest on bonds payable	(1,605)	—
Total interest expenses	(18,983)	(16,035)
Unwinding of discount on provisions	(99)	(88)
Total finance costs	($19,082)	($16,123)

	For the six-month periods ended June 30	
	2021	2020
Interest on borrowings from bank	($4,243)	($4,200)
Interest on lease liabilities	(29,192)	(28,025)
Interest on bonds payable	(3,204)	(10)
Total interest expenses	(36,639)	(32,235)
Unwinding of discount on provisions	(195)	(169)
Total finance costs	($36,834)	($32,404)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(19) Components of other comprehensive income

For the three-month period ended June 30, 2021: None.

For the three-month period ended June 30, 2020: None.

For the six-month period ended June 30, 2021: None.

For the six-month period ended June 30, 2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Items that will not be reclassified to profit or loss:					
Unrealized (loss) on investments in equity instruments measured at fair value through other comprehensive income	($299)	–	($299)	–	($299)

(20) Income tax

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

Income tax expense (income) recognized in profit or loss

	For the three-month periods ended June 30	
	2021	2020
Current income tax expense:		
Current income tax charge	($23,210)	$13,899
Adjustments in respect of current income tax of prior periods	(2,005)	1,546
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	24	(311)
Total income tax (income) expense	($25,191)	$15,134

	For the six-month periods ended June 30	
	2021	2020
Current income tax expense:		
Current income tax charge	$395	$42,521
Adjustments in respect of current income tax of prior periods	(2,005)	(109)
Deferred tax (income):		
Deferred tax (income) relating to origination and reversal of temporary differences	(223)	(688)
Total income tax (income) expense	($1,833)	$41,724

B. The assessment of income tax returns

As of June 30, 2021, the assessment of the income tax returns of the Company and subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2019
Subsidiary - Bo Xin Health Industry Incorporated	Assessed and approved up to 2019

(21) Earnings per share

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

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

	For the three-month periods ended June 30	
	2021	2020
Basic earnings (losses) per share		
Net income (loss) (in thousand NT$)	($89,894)	$51,955
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	74,437	74,283
Basic earnings (losses) per share (NT$)	($1.21)	$0.70
Diluted earnings (losses) per share		
Net income (loss) (in thousand NT$)	($89,894)	$51,955
Interest expense from convertible bonds (in thousand NT$)	—	—
Profit (loss) attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	($89,894)	$51,955
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	74,437	74,283
Effect of dilution:		
Employee compensation - stock (in thousands)	—	11
Employee stock options (in thousands)	—	1,984
Convertible bonds (in thousands)	—	—
Weighted average number of ordinary shares outstanding after dilution (in thousands)	74,437	76,278
Diluted earnings (losses) per share (NT$)	($1.21)	$0.68

	For the six-month periods ended June 30	
	2021	2020
Basic earnings per share		
Net income (in thousand NT$)	$791	$165,105
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	74,437	74,283
Basic earnings per share (NT$)	$0.01	$2.22
Diluted earnings per share		
Net income (in thousand NT$)	$791	$165,105
Interest expense from convertible bonds (in thousand NT$)	—	9
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$791	$165,114
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	74,437	74,283
Effect of dilution:		
Employee compensation - stock (in thousands)	—	34
Employee stock options (in thousands)	2,128	1,987
Convertible bonds (in thousands)	—	7
Weighted average number of ordinary shares outstanding after dilution (in thousands)	76,565	76,311
Diluted earnings per share (NT$)	$0.01	$2.16

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

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transection 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.	Other related party
Pojen Hospital	The person in charge is the second-class relative of the chairman of the Company
All directors, supervisor and vice presidents or above	Key management personnel

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Significant related party transactions

(1) Revenues

	For the three-month periods ended June 30	
	2021	2020
Other related party		
Pojen Hospital	$13	$—

	For the six-month periods ended June 30	
	2021	2020
Other related party		
Pojen Hospital	$13	$—

The sales price of the goods sold by the Group to related parties is negotiated by both parties with reference to market conditions, and the payment term is 90 days from month end.

(2) Accounts receivable - related parties

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Other related party			
Pojen Hospital	$14	$—	$—

(3) Other receivables - related parties

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Other related party			
Giant Development Co., Ltd.	$647	$—	$—

(4) Notes payable - related parties

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Other related party			
Giant Development Co., Ltd.	$424	$419	$415

(5) Other payables - related parties

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Other related party			
Giant Development Co., Ltd.	$5,121	$420	$5,103

(6) Lease

As of June 30, 2021, December 31, 2020 and June 30, 2020, the security deposits paid to the related party for the lease of the business premises were NT$7,588 thousand, NT$7,078 thousand and NT$7,078 thousand, respectively, under the refundable deposits. The management fee for the three-month and six-month periods ended June 30, 2021 and 2020 were NT$1,133 thousand, NT$1,181 thousand, NT$2,333 thousand and NT$2,346 thousand, respectively, under the operating expenses.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Right-of-use assets

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Other related party			
Giant Development Co., Ltd.	$51,511	$69,162	$86,814

B. Lease liabilities

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Other related party			
Giant Development Co., Ltd.	$55,273	$73,639	$91,303

C. Interest expenses

	For the three-month periods ended June 30	
	2021	2020
Other related party		
Giant Development Co., Ltd.	$241	$386

	For the six-month periods ended June 30	
	2021	2020
Other related party		
Giant Development Co., Ltd.	$517	$807

(7) Key management personnel compensation

	For the three-month periods ended June 30	
	2021	2020
Short-term employee benefits	$4,778	$7,010
Post-employment benefits	220	221
Share-based payment	849	1,675
Total	$5,847	$8,906

	For the six-month periods ended June 30	
	2021	2020
Short-term employee benefits	$12,130	$14,569
Post-employment benefits	441	442
Share-based payment	2,337	3,349
Total	$14,908	$18,360

(8) Others

As of June 30, 2021, the lease performance guarantee bills drawn by the Group for leasing sports venues amounted to NT$18,235 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

8. ASSETS PLEDGED AS COLLATERAL

The Group has the following assets as collateral:

Items	As at Jun. 30, 2021	As at Dec. 31, 2020	As at Jun. 30, 2020	Secured liabilities
Property, plant and equipment - land and buildings	$939,017	$899,586	$885,930	Long-term loan
Other financial assets, current	301,316	294,308	230,510	Performance guarantee of fitness center
Total	$1,240,333	$1,193,894	$1,116,440	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of June 30, 2021, the lease performance guarantee bills drawn by the Group for leasing sports venues amounted to NT$61,314 thousand.

(2) As of June 30, 2021, the total amount of the equipment and construction purchased under contracts was approximately NT$283,715 thousand, which including approximately NT$81,751 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, 2021	As at Dec. 31, 2020	As at Jun. 30, 2020
Financial assets at fair value through other comprehensive income	$25,962	$25,962	$25,962
Financial assets at amortized cost			
Cash and cash equivalents	1,249,194	656,992	680,872
Notes and accounts receivable	15	8,214	50,997
Other receivables	6,053	2,703	1,888
Other financial assets, current	301,316	294,308	230,510
Other non-current assets - refundable deposits	119,883	111,378	92,907
Subtotal	1,676,461	1,073,595	1,057,174
Total	$1,702,423	$1,099,557	$1,083,136

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial Liabilities

	As at		
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
Financial liabilities at amortized cost			
Payables	$247,465	$338,891	$723,980
Bonds payable	383,573	—	—
Long-term loans (current portion included)	1,005,285	790,221	696,397
Lease liabilities	3,788,981	3,397,541	3,415,110
Total	$5,425,304	$4,526,653	$4,835,487

(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 established appropriate policies, procedures and internal controls for aforementioned financial risk management. Before entering into significant financial activities, approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market 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, 2021 and 2020 to decrease/increase by NT$545 thousand and NT$215 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 by cost.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 reviews and approves all equity investment decisions.

(4) Credit risk management

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

The accounts receivable of the Group mainly use credit card payment methods. These receivables are mainly paid by domestic 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, 2021					
Payables	$247,465	—	—	—	$247,465
Loans	$89,677	221,945	262,826	497,474	$1,071,922
Lease liabilities	$460,027	848,718	761,983	2,050,450	$4,121,178
Convertible bonds	$—	383,573	—	—	$383,573
As at December 31, 2020					
Payables	$338,891	—	—	—	$338,891
Loans	$242,976	145,662	111,400	295,710	$795,748
Lease liabilities	$427,203	776,489	680,663	1,797,613	$3,681,968
As at June 30, 2020					
Payables	$723,980	—	—	—	$723,980
Loans	$211,712	191,776	73,409	250,774	$727,671
Lease liabilities	$421,912	813,902	695,057	1,814,642	$3,745,513

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Notes:
1. Including cash flows resulted from short-term leases or leases of low-value assets.
2. Information about the maturities of lease liabilities is provided in the table below:

June 30, 2021	Maturities					
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	Total
Lease liabilities	$460,027	1,610,701	1,474,541	447,379	128,530	$4,121,178

December 31, 2020	Maturities					
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	Total
Lease liabilities	$427,203	1,457,152	1,333,436	416,739	47,438	$3,681,968

June 30, 2020	Maturities					
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	Total
Lease liabilities	$421,912	1,508,959	1,344,064	467,715	2,863	$3,745,513

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six-month period ended June 30, 2021:

	Bonds	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2021	$—	$790,221	$3,397,541	$4,187,762
Cash flow	400,000	215,064	(205,057)	410,007
Non-cash movement	(16,427)	—	596,497	580,070
June 30, 2021	$383,573	$1,005,285	$3,788,981	$5,177,839

Reconciliation of liabilities for the six-month period ended June 30, 2020:

	Bonds	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2020	$17,070	$637,603	$3,411,885	$4,066,558
Cash flow	—	58,794	(198,698)	(139,904)
Non-cash movement	(17,070)	—	201,923	184,853
June 30, 2020	$—	$696,397	$3,415,110	$4,111,507

(7) 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 carrying amounts of cash and cash equivalents, accounts receivables and accounts payable approximate their fair value due to their short maturities.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Fair value measurement hierarchy

A. The definition of fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, 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 measurement hierarchy of the Group's assets and liabilities

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

As at June 30, 2021:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	$—	25,962	—	$25,962
Liabilities measured at fair value:				
Measured at fair value through profit or loss				
Embedded derivatives	$—	3,286	—	$3,286

As at December 31, 2020:

	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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at June 30, 2020:

	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

Transfers between Level 1 and Level 2

For the six-month periods ended June 30, 2021 and 2020, there were no transfers between Level 1 and Level 2 for assets or liabilities measured at fair value on a recurring basis.

(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 at significant transactions and reinvestments

A. Financing provided to others for the six-month period ended June 30, 2021: None.
B. Endorsement/Guarantee provided to others for the six-month period ended June 30, 2021: None.
C. Securities held as of June 30, 2021: 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, 2021: 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, 2021: 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, 2021: None.
G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the six-month period ended June 30, 2021: 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, 2021: 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, 2021: None.

(2) Information on investments in mainland China: Not applicable.

(3) Information of 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, 2021 and 2020, 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 of June 30, 2021 (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 of June 30, 2021				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	$10,417	0.55	$10,417	
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 (Not including investment in Mainland China)

(In Thousands of New Taiwan Dollars)

Investor company	Investee company	Location	Main businesses and products	Initial investment		Investment as of June 30, 2021			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	$15,365	$1,877	$1,126	Note

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

ATTACHMENT 3

Information of major stockholders：

Name (Note)	Shares	
	Number of shares (shares)	Percentage of ownership (%)
Jiayong Investment Development Co., Ltd.	20,715,886	28.10
Yu, Zong-Jing	4,762,637	6.46
Chen, Shang-Yih	4,017,496	5.44

Note: Major shareholders refer to shareholders’ percentage of ownership of 5% or above.