

**POWER WIND HEALTH INDUSTRY INCORPORATED
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2021 AND 2020**

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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.

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 September 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2021 and 2020, changes in equity and cash flows for the nine-month periods ended September 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 September 30, 2021 and 2020, and its consolidated financial performance for the three-month and nine-month periods ended September 30, 2021 and 2020, and its consolidated cash flows for the nine-month periods ended September 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

November 3, 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.

CONSOLIDATED BALANCE SHEETS

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

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	September 30, 2021	%	December 31, 2020	%	September 30, 2020	%
Current assets							
Cash and cash equivalents	4,6(1)	\$674,591	9	\$658,442	10	\$377,082	6
Accounts receivable, net	4,6(2)	13,569	-	8,214	-	17,369	-
Inventories	4	14,037	-	6,311	-	4,062	-
Prepayments		18,668	-	13,855	-	11,589	-
Other financial assets, current	4,6(3),8	317,154	4	294,308	4	287,092	4
Other current assets	4,7	17,553	-	14,676	-	13,739	-
Total current assets		1,055,572	13	995,806	14	710,933	10
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	2,951,443	38	2,832,522	39	2,868,604	41
Right-of-use assets	4,6(16),7	3,713,502	47	3,276,278	45	3,377,793	48
Intangible assets	4	20,675	-	2,789	-	2,916	-
Deferred tax assets	4	12,195	-	11,755	-	11,530	-
Other non-current assets	4,6(6),7	120,891	2	111,378	2	99,083	1
Total non-current assets		6,844,668	87	6,260,684	86	6,385,888	90
Total Assets		\$7,900,240	100	\$7,256,490	100	\$7,096,821	100

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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	September 30, 2021	%	December 31, 2020	%	September 30, 2020	%
Current liabilities							
Contract liabilities	4,6(15)	\$570,771	7	\$499,533	7	\$516,363	7
Notes payable		1,508	-	400	-	404	-
Notes payable - related parties	7	424	-	419	-	419	-
Accounts payable		1,486	-	867	-	1,295	-
Payables on equipment		126,406	2	34,180	-	63,232	1
Other payables	6(7)	251,127	3	302,605	4	267,785	4
Other payables - related parties	7	5,633	-	420	-	532	-
Current tax liabilities	4	39,244	-	41,249	1	11,756	-
Lease liabilities, current	4,6(16)	436,185	6	388,932	5	395,989	6
Lease liabilities, current - related parties	4,6(16),7	38,814	-	38,271	1	37,761	-
Current portion of long-term liabilities	4,6(10),8	69,701	1	238,028	3	217,641	3
Other current liabilities		2,294	-	2,567	-	3,349	-
Total current liabilities		1,543,593	19	1,547,471	21	1,516,526	21
Non-current liabilities							
Financial liabilities at fair value through other comprehensive income, non-current	4,6(8)	2,268	-	-	-	-	-
Bonds payable	4,6(9)	375,652	5	-	-	-	-
Long-term loans	4,6(10),8	962,887	12	552,193	8	468,253	7
Provisions, non-current	4,6(12)	53,658	1	46,456	1	45,291	1
Lease liabilities, non-current	4,6(16)	3,407,190	43	2,934,970	40	3,010,229	42
Lease liabilities, non-current - related parties	4,6(16),7	7,012	-	35,368	-	44,754	1
Other non-current liabilities		460	-	460	-	460	-
Total non-current liabilities		4,809,127	61	3,569,447	49	3,568,987	51
Total liabilities		6,352,720	80	5,116,918	70	5,085,513	72
Equity attributable to the parent company	4,6(13&14)						
Share capital							
Common stock		774,045	10	737,343	10	737,343	10
Certificate of entitlement to new shares from convertible bonds		688	-	-	-	-	-
Share capital awaiting retirement		(150)	-	(138)	-	(115)	-
Total share capital		774,583	10	737,205	10	737,228	10
Capital surplus		796,450	10	775,971	11	775,959	11
Retained earnings							
Legal reserve		214,637	3	174,623	2	174,623	2
Special reserve		29,364	-	64,682	1	64,682	1
Unappropriated earnings		(255,520)	(3)	400,135	6	281,709	4
Total retained earnings		(11,519)	-	639,440	9	521,014	7
Other components of equity		(16,320)	-	(29,364)	-	(36,915)	-
Treasury shares		(2,801)	-	-	-	-	-
Total equity attributable to the parent company		1,540,393	20	2,123,252	30	1,997,286	28
Non-controlling interests		7,127	-	16,320	-	14,022	-
Total equity		1,547,520	20	2,139,572	30	2,011,308	28
Total liabilities and equity		\$7,900,240	100	\$7,256,490	100	\$7,096,821	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 nine-month periods ended September 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Accounting	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2021	%	2020	%	2021	%	2020	%
Operating revenues	4,6(15)	\$339,073	100	\$994,308	100	\$1,729,470	100	\$2,701,167	100
Operating costs	4,6(11&14&16&17),7	(497,688)	(147)	(693,391)	(70)	(1,629,279)	(94)	(1,886,622)	(70)
Gross profit (loss)		(158,615)	(47)	300,917	30	100,191	6	814,545	30
Operating expenses	4,6(11&14&16&17),7								
Sales and marketing expenses		(7,023)	(2)	(8,807)	(1)	(27,960)	(2)	(32,166)	(1)
General and administrative expenses		(112,093)	(33)	(133,263)	(13)	(343,215)	(20)	(391,577)	(15)
Subtotal		(119,116)	(35)	(142,070)	(14)	(371,175)	(22)	(423,743)	(16)
Operating income (loss)		(277,731)	(82)	158,847	16	(270,984)	(16)	390,802	14
Non-operating income and expenses	4,6(18),7								
Interest income		224	-	207	-	867	-	765	-
Other income		42,020	12	7,278	1	71,886	4	16,411	1
Other gains and losses		(4,569)	(1)	(191)	-	(5,282)	-	(417)	-
Finance costs		(19,984)	(6)	(16,500)	(2)	(56,818)	(3)	(48,904)	(2)
Subtotal		17,691	5	(9,206)	(1)	10,653	1	(32,145)	(1)
Income (loss) from continuing operations before income tax		(260,040)	(77)	149,641	15	(260,331)	(15)	358,657	13
Income tax income (expense)	4,6(20)	612	-	(28,940)	(3)	2,445	-	(70,664)	(3)
Profit (loss) from continuing operations		(259,428)	(77)	120,701	12	(257,886)	(15)	287,993	10
Net income (loss)		(259,428)	(77)	120,701	12	(257,886)	(15)	287,993	10
Other comprehensive (loss)	6(19)								
Items that will not be reclassified subsequently to profit or loss									
Unrealized (losses) 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		(\$259,428)	(77)	\$120,701	12	(\$257,886)	(15)	\$287,694	10
Net income (loss) attributable to:									
Stockholders of the parent		(\$256,311)	(76)	\$117,600	12	(\$255,520)	(15)	\$282,705	10
Non-controlling interests		(3,117)	(1)	3,101	-	(2,366)	-	5,288	-
		(\$259,428)	(77)	\$120,701	12	(\$257,886)	(15)	\$287,993	10
Comprehensive income attributable to:									
Stockholders of the parent		(\$256,311)	(76)	\$117,600	12	(\$255,520)	(15)	\$282,406	10
Non-controlling interests		(3,117)	(1)	3,101	-	(2,366)	-	5,288	-
		(\$259,428)	(77)	\$120,701	12	(\$257,886)	(15)	\$287,694	10
Earnings (loss) per share (NTD)	6(21)								
Earnings per share - Basic		(\$3.44)		\$1.58		(\$3.43)		\$3.81	
Earnings per share - Diluted		(\$3.44)		\$1.54		(\$3.43)		\$3.70	

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 nine-month periods ended September 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Accounting	Equity attributable to the parent company											Non-controlling interests	Total equity	
	Common stock	Certificate of entitlement to new shares from convertible bonds	Subscribed stock	Share capital awaiting retirement	Capital surplus	Retained earnings			Other components of equity		Treasury shares			Total
						Legal reserve	Special reserve	Unappropriated earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned rewards for employees				
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 nine-month period ended September 30, 2020	-	-	-	-	-	-	-	282,705	-	-	-	282,705	5,288	287,993
Other comprehensive (loss) for the nine-month period ended September 30, 2020	-	-	-	-	-	-	-	-	(299)	-	-	(299)	-	(299)
Total comprehensive income (loss)	-	-	-	-	-	-	-	282,705	(299)	-	-	282,406	5,288	287,694
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	(312)	-	(125)	(24)	(592)	-	-	123	-	26,947	-	26,017	-	26,017
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 September 30, 2020	\$737,343	\$-	\$-	(\$115)	\$775,959	\$174,623	\$64,682	\$281,709	(\$7,583)	(\$29,332)	\$-	\$1,997,286	\$14,022	\$2,011,308
Balance as of January 1, 2021	\$737,343	\$-	\$-	(\$138)	\$775,971	\$174,623	\$64,682	\$400,135	(\$7,583)	(\$21,781)	\$-	\$2,123,252	\$16,320	\$2,139,572
Appropriation and distribution of 2020 retained earnings:														
Legal reserve	-	-	-	-	-	40,014	-	(40,014)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(358,579)	-	-	-	(358,579)	-	(358,579)
Stock dividends	36,860	-	-	-	-	-	-	(36,860)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	(35,318)	35,318	-	-	-	-	-	-
Other changes in capital surplus														
Equity component of convertible bonds issued by the Company	-	-	-	-	11,551	-	-	-	-	-	-	11,551	-	11,551
Net (loss) for the nine-month period ended September 30, 2021	-	-	-	-	-	-	-	(255,520)	-	-	-	(255,520)	(2,366)	(257,886)
Total comprehensive (loss)	-	-	-	-	-	-	-	(255,520)	-	-	-	(255,520)	(2,366)	(257,886)
Convertible bonds conversion	-	688	-	-	9,183	-	-	-	-	-	-	9,871	-	9,871
Purchase of treasury shares	-	-	-	-	-	-	-	(2,801)	-	(2,801)	(2,801)	-	-	(2,801)
Share-based payment transaction	(158)	-	-	(12)	(255)	-	-	-	-	13,044	-	12,619	-	12,619
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(6,827)	(6,827)
Balance as of September 30, 2021	\$774,045	\$688	\$-	(\$150)	\$796,450	\$214,637	\$29,364	(\$255,520)	(\$7,583)	(\$8,737)	(\$2,801)	\$1,540,393	\$7,127	\$1,547,520

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 nine-month periods ended September 30, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the nine-month periods ended September 30	
	2021	2020
Cash flows from operating activities:		
Net (loss) income before tax	(\$260,331)	\$358,657
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	679,354	641,091
Amortization	909	284
Net (gain) on financial assets and liabilities at fair value through profit or loss	(282)	(1)
Interest expense	56,818	48,904
Interest income	(867)	(765)
Compensation costs of share-based payment transaction	13,044	26,947
(Gain) on disposal and abandonment of property, plant and equipment	(69)	(57)
Property, plant and equipment transferred to expenses	6	200
Others	(11,773)	(2,813)
Changes in operating assets and liabilities:		
Decrease in notes receivable	-	4
(Increase) in accounts receivable	(5,355)	(6,778)
(Increase) Decrease in inventories	(7,726)	1,187
(Increase) in prepayments	(4,813)	(1,399)
(Increase) Decrease in other current assets	(2,841)	14,784
(Increase) in other financial assets	(22,846)	(34,289)
Increase in contract liabilities	71,238	91,983
Increase (Decrease) in notes payable	1,108	(3)
Increase in notes payable - related parties	5	12
Increase (Decrease) in accounts payable	619	(133)
(Decrease) in other payables	(58,364)	(5,768)
Increase in other payables - related parties	92	134
(Decrease) Increase in other current liabilities	(273)	460
Cash generated from operations	447,653	1,132,641
Interest received	867	765
Income tax paid	(36)	(127,152)
Net cash provided by operating activities	448,484	1,006,254
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	(389,637)	(569,363)
Proceeds from disposal of property, plant and equipment	132	71
Acquisition of intangible assets	(4,023)	(1,361)
Increase in other non-current assets	(9,513)	(13,176)
Net cash (used in) investing activities	(403,041)	(582,233)
Cash flows from financing activities:		
Proceeds from bonds issued	400,000	-
Proceeds from long-term loans	490,970	79,800
Repayments of long-term loans	(248,603)	(31,509)
Cash payments for the principal portion of lease liabilities	(303,142)	(300,184)
Increase in other non-current liabilities	-	90
Cash dividends	(358,579)	(377,981)
Payments to acquire treasury shares	(2,801)	-
Interest paid	(6,714)	(6,069)
Change in non-controlling interests	-	(5,993)
Others	(425)	(930)
Net cash (used in) financing activities	(29,294)	(642,776)
Net increase (decrease) in cash and cash equivalents	16,149	(218,755)
Cash and cash equivalents at beginning of period	658,442	595,837
Cash and cash equivalents at end of period	\$674,591	\$377,082

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

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine-Month Periods Ended September 30, 2021 and 2020
(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 nine-month periods ended September 30, 2021 and 2020 were authorized for issue by the Board of Directors on November 3, 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

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

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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(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.

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

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 nine-month periods ended September 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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
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(3) Basis of consolidation

Preparation principle of consolidated financial statements

The same principles of consolidation have been applied in the Group's consolidated financial statements for the nine-month period ended September 30, 2021 as those applied in the Group's consolidated financial statements for the year ended December 31, 2020. For the principles of consolidation, please refer to the Group's consolidated financial statements for the year ended December 31, 2020.

The consolidated entities are listed as follows:

Investor	Subsidiary	Business nature	Percentage of Ownership		
			Sep. 30, 2021	Dec. 31, 2020	Sep. 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) Other Significant Accounting Policies

The same accounting policies of consolidation have been applied in the Group's consolidated financial statements for the nine-month period ended September 30, 2021 as those applied in the Group's consolidated financial statements for the year ended December 31, 2020. For the summary of significant accounting policies, please refer to the Group's consolidated financial statements for the year ended December 31, 2020.

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The same significant accounting judgments, estimates and assumptions have been applied in the Group's consolidated financial statements for the nine-month period ended September 30, 2021 as those applied in the Group's consolidated financial statements for the year ended December 31, 2020. For significant accounting judgments, estimates and assumptions, please refer to the Group's consolidated financial statements for the year ended December 31, 2020.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Cash on hand	\$1,312	\$1,450	\$1,377
Bank deposit	673,279	656,992	375,705
Total	\$674,591	\$658,442	\$377,082

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

(2) Accounts receivable

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Accounts receivable	\$13,569	\$8,214	\$17,369
Less: loss allowance	—	—	—
Total	\$13,569	\$8,214	\$17,369

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		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Bank deposit	\$317,154	\$294,308	\$287,092

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		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 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		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Owner occupied property, plant and equipment	\$2,951,443	\$2,832,522	\$2,868,604

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
(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
<u>Cost:</u>							
As at Jan. 1, 2021	\$597,576	\$253,172	\$2,144,711	\$1,627,917	\$134,461	\$193,378	\$4,951,215
Additions	—	34,724	209,576	140,065	16,439	81,059	481,863
Disposals	—	—	(17,297)	(27,433)	(2,609)	—	(47,339)
Other (Note)	—	—	—	7,508	—	—	7,508
Transfers	—	117,691	50,200	1,160	3,507	(187,330)	(14,772)
As at Sep. 30, 2021	\$597,576	\$405,587	\$2,387,190	\$1,749,217	\$151,798	\$87,107	\$5,378,475
As at Jan. 1, 2020	\$597,576	\$253,172	\$1,871,340	\$1,335,041	\$110,138	\$169,760	\$4,337,027
Additions	—	—	223,467	187,089	16,949	105,901	533,406
Disposals	—	—	(6,590)	—	(137)	—	(6,727)
Other (Note)	—	—	—	9,183	—	—	9,183
Transfers	—	—	39,645	51,923	1,544	(93,310)	(198)
As at Sep. 30, 2020	\$597,576	\$253,172	\$2,127,862	\$1,583,236	\$128,494	\$182,351	\$4,872,691
<u>Depreciation and impairment:</u>							
As at Jan. 1, 2021	\$—	(\$46,070)	(\$1,308,872)	(\$678,932)	(\$84,819)	\$—	(\$2,118,693)
Depreciation	—	(11,123)	(209,608)	(113,458)	(14,778)	—	(348,967)
Disposals	—	—	15,186	22,943	2,499	—	40,628
Transfers	—	—	—	—	—	—	—
As at Sep. 30, 2021	\$—	(\$57,193)	(\$1,503,294)	(\$769,447)	(\$97,098)	\$—	(\$2,427,032)
As at Jan. 1, 2020	\$—	(\$35,689)	(\$1,034,086)	(\$538,406)	(\$66,911)	\$—	(\$1,675,092)
Depreciation	—	(7,786)	(211,009)	(103,577)	(13,334)	—	(335,706)
Disposals	—	—	6,574	—	137	—	6,711
Transfers	—	—	—	—	—	—	—
As at Sep. 30, 2020	\$—	(\$43,475)	(\$1,238,521)	(\$641,983)	(\$80,108)	\$—	(\$2,004,087)
<u>Net carrying amount:</u>							
As at Sep. 30, 2021	\$597,576	\$348,394	\$883,896	\$979,770	\$54,700	\$87,107	\$2,951,443
As at Dec. 31, 2020	\$597,576	\$207,102	\$835,839	\$948,985	\$49,642	\$193,378	\$2,832,522
As at Sep. 30, 2020	\$597,576	\$209,697	\$889,341	\$941,253	\$48,386	\$182,351	\$2,868,604

Note: Provision for decommissioning, restoration and rehabilitation costs.

Capitalized borrowing costs of construction in progress for the nine-month periods ended September 30, 2021 and 2020 were NT\$70 thousand and NT\$511 thousand. The capitalization rate of borrowing costs were 0.50% ~ 1.23% and 1.23% ~ 1.50% for the year ended September 30, 2021 and 2020.

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

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

(6) Other non-current assets

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Refundable deposits	\$120,891	\$111,378	\$99,083

(7) Other payables

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Accrued salaries and bonuses	\$87,766	\$145,975	\$142,577
Accrued labor and health insurance	65,928	26,285	24,581
Accrued employee compensation	—	15,722	11,093
Business tax payable	—	17,170	4,442
Accrued dividends	1,707	—	—
Other	95,726	97,453	85,092
Total	\$251,127	\$302,605	\$267,785

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

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Designated financial liabilities at fair value through profit or loss			
Derivatives not designated as hedging relationship			
Embedded derivative			
Convertible bonds	\$2,268	\$—	\$—

(9) Bonds payable

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Domestic unsecured convertible bonds payable	\$375,652	\$—	\$—
Less: current portion	—	—	—
Net	\$375,652	\$—	\$—

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

A. Domestic unsecured convertible bonds payable

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Liability component:			
Principal amount	\$390,100	\$—	\$—
(Discounts) on bonds payable	(14,448)	—	—
Subtotal	375,652	—	—
Less: current portion	—	—	—
Net	\$375,652	\$—	\$—
Embedded derivative	\$2,268	\$—	\$—
Equity component	\$11,551	\$—	\$—

On January 6, 2021, the Company issued zero coupon domestic unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's 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. The conversion price as of September 30, 2021 was NT\$ 143.9 per share.
- d. Redemption on the Maturity Date: On the maturity date, the Company will redeem the bonds that remain outstanding at the principal amount.

The bonds already converted amounted to NT\$ 9,900 thousand as at September 30, 2021.

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

(10)Long-term borrowings

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

Lenders	As at Sep. 30, 2021	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	\$177,122	1.17	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	29,666	1.07	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	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	152,750	0.50	Effective from November 3, 2020 to October 15, 2027, interest only payment for the first three years, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	32,000	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	69,250	0.60	Effective from November 3, 2020 to August 15, 2028, interest only payment for the first three years, and then the principal and interest are repaid monthly.
First Commercial Bank unsecured long-term loan	126,040	0.62	Effective from November 3, 2020 to October 15, 2030, interest only payment for the first three years, and then the principal and interest are repaid monthly.
Land Bank of Taiwan unsecured long-term loan	50,000	1.55	Effective from June 30, 2021 to June 30, 2024, interest only payment for the first year, and then the principal and interest are repaid monthly.
Bank of Taiwan unsecured long-term loan	5,000	1.25	Effective from August 25, 2021 to August 25, 2024, interest only payment for the first half year, and then the principal and interest are repaid monthly.
Subtotal	1,032,588		
Less: current portion	(69,701)		
Total	\$962,887		

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		

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

Lenders	As at Sep. 30, 2020	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	\$195,134	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	50,000	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	685,894		
Less: current portion	(217,641)		
Total	\$468,253		

- 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 nine-month periods ended September 30, 2021 and 2020 were NT\$9,535 thousand, NT\$14,728 thousand, NT\$41,305 thousand and NT\$46,382 thousand, respectively.

(12) Provisions, non-current

	Decommissioning, restoration and rehabilitation costs
As at January 1, 2021	\$46,456
Arising during the period	7,508
Reducing during the period	(606)
Discount rate adjustment and unwinding of discount from the passage of time	300
As at September 30, 2021	\$53,658
Current - September 30, 2021	\$—
Non-current - September 30, 2021	\$53,658
Current - September 30, 2020	\$—
Non-current - September 30, 2020	45,291
As at September 30, 2020	\$45,291

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (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 September 30, 2021, December 31, 2020 and September 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\$774,045 thousand, NT\$737,343 thousand and NT\$737,343 thousand, divided into 77,405 thousand shares, 73,734 thousand shares and 73,734 thousand shares as at September 30, 2021, December 31, 2020 and September 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\$150 thousand.

B. Capital surplus

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Employee stock option	\$47	\$47	\$47
Restricted stocks for employees	245,157	245,412	245,412
Additional paid-in capital from common stock	160,760	160,760	160,748
Recognize due to issue of convertible bonds equity components - stock options	11,551	—	—
Additional paid-in capital from convertible bonds	377,354	368,171	368,171
Vested stock option	1,581	1,581	1,581
Total	<u>\$796,450</u>	<u>\$775,971</u>	<u>\$775,959</u>

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\$2,801 thousand of 20 thousand shares as at September 30, 2021, which were expected to be bought back to be transferred to employees in 2,000 thousand shares after obtaining approval at the Board of Directors held on May 16, 2021, at the price range of NT\$120~ NT\$200 per share.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
 (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 bought back and cancelled restricted stocks for employee departure and repurchased treasury shares, resulting in a decrease in the outstanding shares to 73,698 thousand shares. Therefore, the Company adjusted the stockholder's dividend yield and payout ratio.

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

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.

E. Non-controlling interests

	For the nine-month periods ended September 30	
	2021	2020
Beginning balance	\$16,320	\$14,727
(Loss) Profit attributable to non-controlling interests	(2,366)	5,288
Change in non-controlling interests	(6,827)	(5,993)
Ending balance	\$7,127	\$14,022

(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 nine-month periods ended September 30, 2021 and 2020, the Company incurred expenses of NT\$2,698 thousand, NT\$8,977 thousand, NT\$13,044 thousand and NT\$26,947 thousand for the share-based payment transactions.

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

(15) Operating revenues

	For the three-month periods ended September 30	
	2021	2020
Revenue of Fitness and recreational sports services	\$180,636	\$603,842
Revenue of Sports health services	134,455	352,918
Revenue of Joining fees	21,291	30,903
Others	2,749	6,729
Total	339,131	994,392
Less: sales return and sales discounts and allowances	(58)	(84)
Net operating revenues	<u>\$339,073</u>	<u>\$994,308</u>

	For the nine-month periods ended September 30	
	2021	2020
Revenue of Fitness and recreational sports services	\$1,030,691	\$1,655,745
Revenue of Sports health services	629,465	918,212
Revenue of Joining fees	56,188	109,236
Others	13,301	18,211
Total	1,729,645	2,701,404
Less: sales return and sales discounts and allowances	(175)	(237)
Net operating revenues	<u>\$1,729,470</u>	<u>\$2,701,167</u>

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

A. Disaggregation of revenue - Operation department

	For the three-month periods ended September 30	
	2021	2020
Sale of goods	\$1,729	\$3,883
Rendering of services	334,761	981,641
Others	2,583	8,784
Total	<u>\$339,073</u>	<u>\$994,308</u>

Timing of revenue recognition		
At a point in time	\$139,640	\$367,983
Over time	199,433	626,325
Total	<u>\$339,073</u>	<u>\$994,308</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
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	For the nine-month periods ended September 30	
	2021	2020
Sale of goods	\$8,148	\$10,066
Rendering of services	1,709,600	2,671,468
Others	11,722	19,633
Total	<u>\$1,729,470</u>	<u>\$2,701,167</u>
Timing of revenue recognition		
At a point in time	\$653,744	\$954,979
Over time	1,075,726	1,746,188
Total	<u>\$1,729,470</u>	<u>\$2,701,167</u>

B. Contract balances

Contract liabilities, current

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Rendering of services - Fitness	\$79,965	\$80,412	\$92,004
Rendering of services - Sports health etc.	425,777	359,501	362,864
Rendering of services - Joining fees (Initiation and processing fees included)	57,604	50,162	53,002
Rendering of services - Other	7,425	9,458	8,493
Total	<u>\$570,771</u>	<u>\$499,533</u>	<u>\$516,363</u>

The significant changes in the Group's balances of contract liabilities for the nine-month periods ended September 30, 2021 and 2020 are as follows:

	For the nine-month periods ended September 30	
	2021	2020
The beginning balance transferred to revenue	\$339,654	\$365,285
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	\$410,892	\$457,268

C. Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations amounted to NT\$570,771 thousand and NT\$516,363 thousand as at September 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.

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

(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		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Buildings	\$3,711,004	\$3,272,228	\$3,373,225
Transportation equipment	951	2,039	2,402
Office equipment	1,547	2,011	2,166
Total	<u>\$3,713,502</u>	<u>\$3,276,278</u>	<u>\$3,377,793</u>

During the nine-month periods ended September 30, 2021 and 2020, the Group's additions to right-of-use assets amounted to NT\$818,461 thousand and NT\$337,281 thousand.

b. Lease liabilities

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Lease liabilities	\$3,889,201	\$3,397,541	\$3,488,733
Current	\$474,999	\$427,203	\$433,750
Non-current	\$3,414,202	\$2,970,338	\$3,054,983

Please refer to Note 6(18) finance costs for the interest on lease liabilities recognized during three-month and nine-month periods ended September 30, 2021 and 2020 and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at September 30, 2021, December 31, 2020 and September 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 September 30	
	2021	2020
	Buildings	\$113,487
Transportation equipment	362	362
Office equipment	155	155
Total	<u>\$114,004</u>	<u>\$102,582</u>

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

	For the nine-month periods ended September 30	
	2021	2020
Buildings	\$328,835	\$303,833
Transportation equipment	1,088	1,088
Office equipment	464	464
Total	\$330,387	\$305,385

C. Income and costs relating to leasing activities

	For the three-month periods ended September 30	
	2021	2020
The expenses relating to short-term leases	\$124	\$89
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	\$3,398	\$1,384
Income from subleasing right-of-use assets	\$1,209	\$810

	For the nine-month periods ended September 30	
	2021	2020
The expenses relating to short-term leases	\$281	\$495
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	\$9,899	\$4,105
Income from subleasing right-of-use assets	\$4,194	\$2,290

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 nine-month periods ended September 30, 2021 and 2020, were NT\$10,883 thousand, NT\$1,046 thousand, NT\$17,362 thousand and NT\$2,813 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 nine-month periods ended September 30, 2021 and 2020, the Group's total cash outflows for leases amounted to NT\$303,142 thousand and NT\$300,184 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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
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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 September 30					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$212,360	24,534	\$236,894	\$382,082	35,645	\$417,727
Labor and health insurance	\$19,388	1,475	\$20,863	\$27,049	1,621	\$28,670
Pension	\$8,603	932	\$9,535	\$13,968	760	\$14,728
Director's remuneration	(\$23)	357	\$334	\$92	1,582	\$1,674
Other employee benefits expense	\$287	93	\$380	\$5,675	156	\$5,831
Depreciation	\$229,202	3,620	\$232,822	\$214,214	3,164	\$217,378
Amortization	\$—	622	\$622	\$—	128	\$128

Function Nature	For the nine-month periods ended September 30					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$739,165	76,796	\$815,961	\$997,230	103,199	\$1,100,429
Labor and health insurance	\$76,846	4,963	\$81,809	\$80,555	4,492	\$85,047
Pension	\$38,539	2,766	\$41,305	\$44,040	2,342	\$46,382
Director's remuneration	\$—	942	\$942	\$162	3,799	\$3,961
Other employee benefits expense	\$5,608	373	\$5,981	\$9,411	427	\$9,838
Depreciation	\$668,443	10,911	\$679,354	\$631,597	9,494	\$641,091
Amortization	\$—	909	\$909	\$—	284	\$284

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.

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)

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

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 nine-month period ended September 30, 2021, the Company decided to not 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 nine-month period ended September 30, 2020 to be 3% of profit of the nine-month period and 0.75% of profit of the nine-month period, respectively, under the salaries. As such, employees' compensation and remuneration to directors for the three-month and nine-month period ended September 30, 2020 amounted to NT\$4,611 thousand, NT\$1,153 thousand, NT\$10,931 thousand and NT\$2,733 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 September 30	
	2021	2020
Interest on bank deposits	\$224	\$207

	For the nine-month periods ended September 30	
	2021	2020
Interest on bank deposits	\$867	\$765

B. Other income

	For the three-month periods ended September 30	
	2021	2020
Rental income	\$1,209	\$810
Others	40,811	6,468
Total	\$42,020	\$7,278

	For the nine-month periods ended September 30	
	2021	2020
Rental income	\$4,194	\$2,290
Others	67,692	14,121
Total	\$71,866	\$16,411

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C. Other gains and losses

	For the three-month periods ended September 30	
	2021	2020
Gain on disposal of property, plant and equipment	\$57	\$16
Gain on financial assets at fair value through profit or loss	962	—
Gain on lease modification	447	—
Others	(6,035)	(207)
Total	<u>(\$4,569)</u>	<u>(\$191)</u>

	For the nine-month periods ended September 30	
	2021	2020
Gain on disposal of property, plant and equipment	\$69	\$57
Gain on financial assets at fair value through profit or loss	282	1
Gain on lease modification	447	—
Others	(6,080)	(475)
Total	<u>(\$5,282)</u>	<u>(\$417)</u>

D. Finance costs

	For the three-month periods ended September 30	
	2021	2020
Interest on borrowings from bank	(\$2,471)	(\$1,869)
Interest on lease liabilities	(15,808)	(14,539)
Interest on bonds payable	(1,600)	—
Total interest expenses	(19,879)	(16,408)
Unwinding of discount on provisions	(105)	(92)
Total finance costs	<u>(\$19,984)</u>	<u>(\$16,500)</u>

	For the nine-month periods ended September 30	
	2021	2020
Interest on borrowings from bank	(\$6,714)	(\$6,069)
Interest on lease liabilities	(45,000)	(42,564)
Interest on bonds payable	(4,804)	(10)
Total interest expenses	(56,518)	(48,643)
Unwinding of discount on provisions	(300)	(261)
Total finance costs	<u>(\$56,818)</u>	<u>(\$48,904)</u>

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

(19) Components of other comprehensive income

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

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

For the nine-month period ended September 30, 2021: None.

For the nine-month period ended September 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 September 30	
	2021	2020
Current income tax (income) expense:		
Current income tax charge	(\$395)	\$29,048
Adjustments in respect of current income tax of prior periods	—	—
Deferred tax (income):		
Deferred tax (income) relating to origination and reversal of temporary differences	(217)	(108)
Total income tax (income) expense	(\$612)	\$28,940
	For the nine-month periods ended September 30	
	2021	2020
Current income tax expense:		
Current income tax charge	\$—	\$71,569
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	(440)	(796)
Total income tax (income) expense	(\$2,445)	\$70,664

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

B. The assessment of income tax returns

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

	<u>The assessment of income tax returns</u>
The Company	Assessed and approved up to 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.

	<u>For the three-month periods ended September 30</u>	
	<u>2021</u>	<u>2020</u>
<u>Basic earnings (losses) per share</u>		
Net income (loss) (in thousand NT\$)	<u>(\$256,311)</u>	<u>\$117,600</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>74,437</u>	<u>74,286</u>
Basic earnings (losses) per share (NT\$)	<u>(\$3.44)</u>	<u>\$1.58</u>
<u>Diluted earnings (losses) per share</u>		
Net income (loss) (in thousand NT\$)	(\$256,311)	\$117,600
Interest expense from convertible bonds (in thousand NT\$)	—	—
Profit (loss) attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	<u>(\$256,311)</u>	<u>\$117,600</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	74,437	74,286
Effect of dilution:		
Employee compensation - stock (in thousands)	—	29
Employee stock options (in thousands)	—(Note)	2,032
Convertible bonds (in thousands)	—(Note)	—
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>74,437</u>	<u>76,347</u>
Diluted earnings (losses) per share (NT\$)	<u>(\$3.44)</u>	<u>\$1.54</u>

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
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	For the nine-month periods ended September 30	
	2021	2020
<u>Basic earnings (losses) per share</u>		
Net income (loss) (in thousand NT\$)	(\$255,520)	\$282,705
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	74,437	74,286
Basic earnings (losses) per share (NT\$)	(\$3.43)	\$3.81
<u>Diluted earnings (losses) per share</u>		
Net income (loss) (in thousand NT\$)	(\$255,520)	\$282,705
Interest expense from convertible bonds (in thousand NT\$)	—	9
Profit (loss) attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	(\$255,520)	\$282,714
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	74,437	74,286
Effect of dilution:		
Employee compensation - stock (in thousands)	—	70
Employee stock options (in thousands)	—(Note)	2,044
Convertible bonds (in thousands)	—(Note)	5
Weighted average number of ordinary shares outstanding after dilution (in thousands)	74,437	76,405
Diluted earnings (losses) per share (NT\$)	(\$3.43)	\$3.70

Note: Employee stock options and convertible bonds were anti-dilutive and were excluded from the computation of diluted earnings per share.

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

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transaction with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
Giant Development Co., Ltd.	Other related party
Pojen Hospital	The person in charge is the second-class relative of the chairman of the Company
Jiayong Investment Development Co., Ltd.	Director
All directors, supervisor and vice presidents or above	Key management personnel

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
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Significant related party transactions

(1) Revenues

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

	For the nine-month periods ended September 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) Notes payable - related parties

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

(3) Other payables - related parties

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Other related party Giant Development Co., Ltd.	\$5,633	\$420	\$532

(4) Lease

As of September 30, 2021, December 31, 2020 and September 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 nine-month periods ended September 30, 2021 and 2020 were NT\$1,132 thousand and NT\$1,198 thousand, NT\$3,465 thousand and NT\$3,544 thousand, respectively, under the operating expenses.

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

A. Right-of-use assets

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Other related party			
Giant Development Co., Ltd.	\$42,685	\$69,162	\$77,988

B. Lease liabilities

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Other related party			
Giant Development Co., Ltd.	\$45,826	\$73,639	\$82,515

C. Interest expenses

	For the three-month periods ended September 30	
	2021	2020
	Other related party	
Giant Development Co., Ltd.	\$206	\$355

	For the nine-month periods ended September 30	
	2021	2020
	Other related party	
Giant Development Co., Ltd.	\$723	\$1,162

D. Rental income

	For the three-month periods ended September 30	
	2021	2020
	Other related party	
Jiyong Investment Development Co., Ltd.	\$19	\$—

	For the nine-month periods ended September 30	
	2021	2020
	Other related party	
Jiyong Investment Development Co., Ltd.	\$19	\$—

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
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(5) Key management personnel compensation

	For the three-month periods ended September 30	
	2021	2020
Short-term employee benefits	\$5,918	\$7,748
Post-employment benefits	221	220
Share-based payment	546	1,675
Total	<u>\$6,685</u>	<u>\$9,643</u>

	For the nine-month periods ended September 30	
	2021	2020
Short-term employee benefits	\$18,048	\$22,317
Post-employment benefits	662	662
Share-based payment	2,883	5,024
Total	<u>\$21,593</u>	<u>\$28,003</u>

(6) Others

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

8. ASSETS PLEDGED AS COLLATERAL

The Group has the following assets as collateral:

Items	As at			Secured liabilities
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020	
Property, plant and equipment - land and buildings	\$936,038	\$899,586	\$901,453	Long-term loan
Other financial assets, current	317,154	294,308	287,092	Performance guarantee of fitness center
Total	<u>\$1,253,192</u>	<u>\$1,193,894</u>	<u>\$1,188,545</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- (1) As of September 30, 2021, the lease performance guarantee bills drawn by the Group for leasing sports venues amounted to NT\$60,114 thousand.
- (2) As of September 30, 2021, the total amount of the equipment and construction purchased under contracts was approximately NT\$148,857 thousand, which including approximately NT\$78,724 thousand unpaid.

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

10. LOSSES DUE TO MAJOR DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial Assets

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 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	673,279	656,992	375,705
Notes and accounts receivable	13,569	8,214	17,369
Other receivables	2,617	2,703	886
Other financial assets, current	317,154	294,308	287,092
Other non-current assets - refundable deposits	120,891	111,378	99,083
Subtotal	1,127,510	1,073,595	780,135
Total	<u>\$1,153,472</u>	<u>\$1,099,557</u>	<u>\$806,097</u>

Financial Liabilities

	As at		
	Sep. 30, 2021	Dec. 31, 2020	Sep. 30, 2020
Financial liabilities at amortized cost			
Payables	\$386,584	\$338,891	\$333,667
Bonds payable	375,652	—	—
Long-term loans (current portion included)	1,032,588	790,221	685,894
Lease liabilities	3,889,201	3,397,541	3,488,733
Total	<u>\$5,684,025</u>	<u>\$4,526,653</u>	<u>\$4,508,294</u>

(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.

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

(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 nine-month periods ended September 30, 2021 and 2020 to decrease/increase by NT\$42 thousand and NT\$23 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.

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.

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

(5) Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 6 years	Total
As at September 30, 2021					
Payables	\$386,584	—	—	—	\$386,584
Loans	\$79,796	237,323	279,016	503,492	\$1,099,627
Lease liabilities	\$474,999	843,553	788,512	2,191,333	\$4,298,397
Convertible bonds	\$—	375,652	—	—	\$375,652
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 September 30, 2020					
Payables	\$333,667	—	—	—	\$333,667
Loans	\$224,621	175,181	70,983	241,505	\$712,290
Lease liabilities	\$433,750	816,194	702,558	1,880,797	\$3,833,299

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:

September 30, 2021	Maturities					Total
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	
Lease liabilities	\$474,999	1,632,065	1,517,756	472,934	200,643	\$4,298,397
December 31, 2020	Maturities					Total
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	
Lease liabilities	\$427,203	1,457,152	1,333,436	416,739	47,438	\$3,681,968
September 30, 2020	Maturities					Total
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	
Lease liabilities	\$433,750	1,518,752	1,362,872	467,852	50,073	\$3,833,299

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES -(Continued)
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(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended September 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	242,367	(303,142)	339,225
Non-cash movement	(24,348)	—	794,802	770,454
September 30, 2021	<u>\$375,652</u>	<u>\$1,032,588</u>	<u>\$3,889,201</u>	<u>\$5,297,441</u>

Reconciliation of liabilities for the nine-month period ended September 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	—	48,291	(300,184)	(251,893)
Non-cash movement	(17,070)	—	377,032	359,962
September 30, 2020	<u>\$—</u>	<u>\$685,894</u>	<u>\$3,488,733</u>	<u>\$4,174,627</u>

(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.

(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.

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

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 September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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	\$—	2,268	—	\$2,268

As at December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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

As at September 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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 nine-month periods ended September 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.

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

(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 nine-month period ended September 30, 2021: None.
- B. Endorsement/Guarantee provided to others for the nine-month period ended September 30, 2021: None.
- C. Securities held as of September 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 nine-month period ended September 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 nine-month period ended September 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 nine-month period ended September 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 nine-month period ended September 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 nine-month period ended September 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 nine-month period ended September 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 nine-month periods ended September 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)
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ATTACHMENT 1

Securities held as of September 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 September 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 September 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	\$10,690	(\$5,915)	(\$3,549)	Note

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

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

ATTACHMENT 3

Information of major stockholders :

Name (Note)	Shares	
	Number of shares (shares)	Percentage of ownership (%)
Jiayong Investment Development Co., Ltd.	21,751,989	28.07
Yu, Zong-Jing	5,000,839	6.45
Chen, Shang-Yih	4,220,895	5.44

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