POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED

DECEMBER 31, 2021 AND 2020

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

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

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Independent Auditors' Report

To Power Wind Health Industry Incorporated

Opinion

We have audited the accompanying parent company only balance sheets of Power Wind Health Industry Incorporated (the "Company") as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements, including the summary of significant accounting policies (collectively "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and cash flows for the years ended December 31, 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2021 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Net sales recognized by the Company amounted to NT$2,512,311 thousand for the year ended December 31, 2021. Due to the large number of fitness center members, the differences in each contract and commitment of rendering services to customers where revenue was recognized when performance obligations were satisfied, which led to complex calculation, we therefore determined revenue recognition a key audit matter.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy and testing the effectiveness of internal controls around revenue recognition, including reviewing contractual provisions and contract amounts, confirming the period for rendering of services and selecting courses to verify the condition of execution. In addition, through performing cut-off testing, reviewing analytical procedures and recalculating etc. to validate appropriateness of revenue recognition, we also assessed the adequacy of disclosures of operating revenue. Please refer to Note 6 to the parent company only financial statements.

Right-of-Use Assets and Lease Liabilities

The Company acquired right-of-use for sites of fitness center chains and recreational sports venues by leasing. As the completeness of acquisition of contracts, contract terms and conditions, all relevant facts and circumstances and the discount rate of the lease payments involved management's estimates and assumptions, and the amount of right-of-use assets and lease liabilities increased as business locations increased, we considered this a key audit matter.

Our audit procedures include but are not limited to testing the effectiveness of internal controls concerning the measurement of right-of-use assets and lease liabilities and reviewing the Company's existing lease contracts. We also identified the lease components within contracts and assessed the lease terms and the appropriateness of the discount rate which the lease payments adopted. Furthermore, we consider the appropriateness of disclosing the right-of-use assets and lease liabilities in Note 6 to the parent company only financial statements.

Responsibilities of Management and Those Charged with Governance for the Parent Company only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including Audit Committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/ Lee, Fang-Wen

/s/ Huang, Shih-Chieh

Ernst & Young, Taiwan

March 11, 2022

Notice to Readers

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

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2021	%	December 31, 2020	%
Current assets					
Cash and cash equivalents	4,6(1)	$770,332	10	$624,873	9
Notes receivable, net	4	245	-	-	-
Accounts receivable, net	4,6(2)	17,564	-	7,960	-
Inventories	4	13,507	-	6,167	-
Prepayments		12,251	-	13,332	-
Other financial assets, current	4,6(3),8	320,859	4	284,920	4
Other current assets	7	48,236	1	14,612	-
Total current assets		1,182,994	15	951,864	13
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4,6(4),12(8)	25,962	-	25,962	-
Investments accounted for using the equity method	4,6(5)	12,737	-	24,480	-
Property, plant and equipment	4,6(6),8	3,088,674	38	2,808,854	40
Right-of-use assets	4,6(18)	3,582,424	44	3,207,115	45
Intangible assets	4,6(7)	30,157	-	2,789	-
Deferred tax assets	4,6(22)	56,930	1	11,605	-
Other non-current assets	4,6(8)	114,972	2	104,252	2
Total non-current assets		6,911,856	85	6,185,057	87
Total Assets		$8,094,850	100	$7,136,921	100

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2021	%	December 31, 2020	%
Current liabilities					
Contract liabilities	4,6(17)	$592,110	7	$483,285	7
Notes payable		984	-	387	-
Accounts payable		476	-	838	-
Payables on equipment		68,192	1	33,954	-
Other payables	6(9)	290,446	4	293,370	4
Other payables - related parties	7	117	-	303	-
Current tax liabilities	4,6(22)	37,156	-	39,161	1
Lease liabilities, current	4,6(18)	446,567	5	388,932	5
Current portion of long-term liabilities	4,6(12),8	111,836	1	238,028	3
Other current liabilities		3,280	-	2,530	-
Total current liabilities		1,551,164	18	1,480,788	20
Non-current liabilities					
Financial liabilities at fair value through profit or loss, non-current	4,6(10),12(8)	2,463	-	-	-
Bonds payable	4,6(11)	377,230	5	-	-
Long-term loans	4,6(12),8	1,130,675	14	552,193	8
Provisions, non-current	4,6(14)	55,728	1	45,258	1
Lease liabilities, non-current	4,6(18)	3,320,304	41	2,934,970	41
Other non-current liabilities		880	-	460	-
Total non-current liabilities		4,887,280	61	3,532,881	50
Total liabilities		6,438,444	79	5,013,669	70
Equity	4,6(15&16)				
Share capital					
Common stock		774,703	10	737,343	10
Share capital awaiting retirement		(150)	-	(138)	-
Total share capital		774,553	10	737,205	10
Capital surplus		796,465	10	775,971	11
Retained earnings					
Legal reserve		214,637	3	174,623	2
Special reserve		29,364	-	64,682	1
(Accumulated losses) unappropriated earnings		(142,189)	(2)	400,135	6
Total retained earnings		101,812	1	639,440	9
Other components of equity		(13,623)	-	(29,364)	-
Treasury shares		(2,801)	-	-	-
Total equity		1,656,406	21	2,123,252	30
Total liabilities and equity		$8,094,850	100	$7,136,921	100

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Accounting	Notes	For the years ended December 31			
		2021	%	2020	%
Operating revenues	4,6(17)	$2,512,311	100	$3,544,413	100
Operating costs	4,6(13&16&18&19),7	(2,191,225)	(87)	(2,450,599)	(69)
Gross profit		321,086	13	1,093,814	31
Operating expenses	4,6(13&16&18&19),7				
Sales and marketing expenses		(40,825)	(2)	(41,952)	(1)
General and administrative expenses		(468,178)	(19)	(522,233)	(15)
Subtotal		(509,003)	(21)	(564,185)	(16)
Operating (loss) income		(187,917)	(8)	529,629	15
Non-operating income and expenses	4,6(5&20)				
Interest income		1,380	-	1,246	-
Other income		78,686	3	18,071	1
Other gains and losses		(3,987)	-	(447)	-
Finance costs		(76,313)	(3)	(63,018)	(2)
Investment income (loss) from investments accounted for using the equity method	4,6(5)	(1,502)	-	11,379	-
Subtotal		(1,736)	(0)	(32,769)	(1)
(Loss) income from continuing operations before income tax		(189,653)	(8)	496,860	14
Income tax income (expense)	4,6(22)	47,330	2	(95,815)	(3)
(Loss) profit from continuing operations		(142,323)	(7)	401,045	11
Net (loss) income		(142,323)	(7)	401,045	11
Other comprehensive (loss)					
Items that will not be reclassified to profit or loss					
Unrealized (losses) on investments in equity instruments measured at fair value through other comprehensive income	6(21)	-	-	(299)	-
Total other comprehensive (loss), net of tax		-	-	(299)	-
Total comprehensive income		$(142,323)	(7)	$400,746	11
(Loss) earnings per share (NTD)	6(23)				
Earnings per share - Basic		$(1.91)		$5.40	
Earnings per share - Diluted		$(1.91)		$5.24	

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
POWER WIND HEALTH INDUSTRY INCORPORATED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

						Retained earnings			Other components of equity			
Accounting	Common stock	Certificate of entitlement to new shares from convertible bonds	Subscribed stock	Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	(Accumulated losses) unappropriated earnings	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned rewards for employees	Treasury shares	Total
Balance as of January 1, 2020	$698,356	$2,575	$125	$(91)	$761,071	$127,610	$54,367	$470,441	$(8,403)	$(56,279)	$-	$2,049,772
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)
Stock dividends	35,132	-	-	-	-	-	-	(35,132)	-	-	-	-
Other changes in capital surplus												
Equity component of convertible bonds issued by the Company	-	-	-	-	(856)	-	-	-	-	-	-	(856)
Net income for the year ended December 31, 2020	-	-	-	-	-	-	-	401,045	-	-	-	401,045
Other comprehensive (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-	-	(299)	-	-	(299)
Total comprehensive income (loss)	-	-	-	-	-	-	-	401,045	(299)	-	-	400,746
Convertible bonds conversion	-	1,592	-	-	16,336	-	-	-	-	-	-	17,928
Conversion of certificate of entitlement to new shares from convertible bonds	4,167	(4,167)	-	-	-	-	-	-	-	-	-	-
Share-based payment transaction	(312)	-	(125)	(47)	(580)	-	-	209	-	34,498	-	33,643
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	-	-	(1,119)	1,119	-	-	-
Balance as of December 31, 2020	$737,343	$-	$-	$(138)	$775,971	$174,623	$64,682	$400,135	$(7,583)	$(21,781)	$-	$2,123,252
Balance as of January 1, 2021	$737,343	$-	$-	$(138)	$775,971	$174,623	$64,682	$400,135	$(7,583)	$(21,781)	$-	$2,123,252
Appropriation and distribution of 2020 retained earnings:												
Legal reserve	-	-	-	-	-	40,014	-	(40,014)	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(358,579)	-	-	-	(358,579)
Stock dividends	36,860	-	-	-	-	-	-	(36,860)	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	(35,318)	35,318	-	-	-	-
Other changes in capital surplus												
Equity component of convertible bonds issued by the Company	-	-	-	-	11,551	-	-	-	-	-	-	11,551
Net (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	(142,323)	-	-	-	(142,323)
Total comprehensive (loss)	-	-	-	-	-	-	-	(142,323)	-	-	-	(142,323)
Convertible bonds conversion	-	-	-	-	9,183	-	-	-	-	-	-	9,183
Conversion of certificate of entitlement to new shares from convertible bonds	688	-	-	-	-	-	-	-	-	-	-	688
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(2,801)	(2,801)
Share-based payment transaction	(188)	-	-	(12)	(240)	-	-	134	-	15,741	-	15,435
Balance as of December 31, 2021	$774,703	$-	$-	$(150)	$796,465	$214,637	$29,364	$(142,189)	$(7,583)	$(6,040)	$(2,801)	$1,656,406

The accompanying notes are an integral part of the parent company only financial statements.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the years ended December 31	
	2021	2020
Cash flows from operating activities:		
Net (loss) income before tax	$(189,653)	$496,860
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	871,873	814,038
Amortization	1,637	411
Net (gain) on financial assets and liabilities at fair value through profit or loss	(87)	(1)
Interest expense	76,313	63,018
Interest income	(1,380)	(1,246)
Compensation costs of share-based payment transaction	15,741	34,498
Share of loss (profit) of subsidiaries accounted for using the equity method	1,502	(11,379)
(Gain) on disposal and abandonment of property, plant and equipment	(69)	(81)
Property, plant and equipment transferred to expenses	6	200
Others	(13,939)	(3,006)
Changes in operating assets and liabilities:		
(Increase) Decrease in notes receivable	(245)	4
(Increase) Decrease in accounts receivable	(9,604)	2,125
(Increase) in inventories	(7,340)	(1,053)
Decrease (Increase) in prepayments	1,081	(3,269)
(Increase) Decrease in other current assets	(33,583)	13,936
(Increase) in other financial assets	(35,939)	(39,901)
Increase in contract liabilities	108,825	72,817
Increase (Decrease) in notes payable	597	(15)
(Decrease) in accounts payable	(362)	(537)
(Decrease) Increase in other payables	(8,104)	27,713
(Decrease) Increase in other payables - related parties	(186)	158
Increase (Decrease) in other current liabilities	750	(282)
Cash generated from operations	777,834	1,465,008
Interest received	1,380	1,246
Dividends received	10,241	8,990
Income tax paid	(41)	(124,872)
Net cash provided by operating activities	789,414	1,350,372
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	(720,473)	(675,933)
Proceeds from disposal of property, plant and equipment	132	95
Acquisition of intangible assets	(11,223)	(1,361)
Increase in other non-current assets	(10,720)	(24,932)
Net cash (used in) investing activities	(742,284)	(700,535)
Cash flows from financing activities:		
Proceeds from bonds issued	400,000	-
Proceeds from long-term loans	712,307	194,630
Repayments of long-term loans	(260,017)	(42,012)
Cash payments for the principal portion of lease liabilities	(383,311)	(368,963)
Increase in other non-current liabilities	420	90
Cash dividends	(358,579)	(377,981)
Payments to acquire treasury shares	(2,801)	-
Interest paid	(9,384)	(7,875)
Others	(306)	(855)
Net cash provided by (used in) financing activities	98,329	(602,966)
Net increase in cash and cash equivalents	145,459	46,871
Cash and cash equivalents at beginning of period	624,873	578,002
Cash and cash equivalents at end of period	$770,332	$624,873

The accompanying notes are an integral part of the parent company only financial statements.

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

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The parent company only financial statements of the Company for the years ended December 31, 2021 and 2020 were authorized for issue by the Board of Directors on March 11, 2022.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Company applied International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission (FSC) and became effective for annual periods beginning on or after January 1, 2021. Apart from the nature and impact of the new standard and amendment described below, the remaining new standards and amendments have no material impact on the Company:

The Company elected to early apply Covid-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by the FSC for annual periods beginning on or after January 1, 2021, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

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

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

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

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

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

The amendments updated 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 added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for 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.

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

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.

The abovementioned newly issued, revised, or amended standards and interpretations issued by the IASB and endorsed by the FSC have been applicable for annual periods beginning on or after January 1, 2022. The Company evaluated that the abovementioned amended standards and interpretations for annual periods beginning on January 1, 2022 has no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by the IASB
A	IFRS 10 "Consolidated Financial Statements" and amendments to IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures	To be determined by the IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2023
C	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 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 Company 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 Company's financial statements are summarized as follows:

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

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

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

B. *IFRS 17 “Insurance Contracts”*

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

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

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

C. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

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

D. 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.

E. 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.

F. 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 Company is currently evaluating the potential impact of the aforementioned Standards and Interpretations to the Company'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 parent company only financial statements of the Company for the years ended December 31, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial statements will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owner's equity presented in the parent company only financial statements will be same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity methods" in the parent company only financial statements and change in value will be adjusted.

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

(3) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(4) Cash and cash equivalents

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

(5) Financial instruments

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

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

A. Financial assets: recognition and measurement

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

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

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

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

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

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

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

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

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

Financial assets at fair value through other comprehensive income

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

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

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

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

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

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

Financial assets at fair value through profit or loss

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measured as follow:

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

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

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9.

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

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if:

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

E. Offsetting of financial instruments

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

(6) Derivative instrument

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

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

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

(7) Fair value measurement

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

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

The principal or the most advantageous market must be accessible to by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

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

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

(8) Inventories

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

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

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

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

(9) Investments accounted for using the equity method

Investment in subsidiaries

A subsidiary is an entity over which the Company has control.

Under the equity method, an investment in a subsidiary is initially recognized at cost. After the acquisition date, the carrying amount is adjusted to reflect the Company's share of profit or loss and other comprehensive income of the subsidiary. The Company recognizes its share of profit or loss and other comprehensive income of the subsidiary in profit or loss and other comprehensive income. Earning distributions received from the subsidiary reduce the carrying amount of the investment.

Unrealized gains or losses from downstream transactions between the Company and subsidiaries are eliminated in the Company's parent company only financial statements. Profits and losses from upstream and lateral transactions are recognized in the Company's parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

Financial statements of subsidiaries are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring subsidiaries' accounting policies into line with those used by the Company.

When changes in a subsidiary's equity are not caused by profit or loss or other comprehensive income, and such changes do not affect the Company's ownership percentage, the Company recognizes related changes in equity according to its ownership percentage. Changes in the Company's ownership interests in a subsidiary that do not result in the Company losing control over the subsidiary are accounted for as equity transactions. The difference between the carrying amount of the investment and the fair value of consideration paid or received is recognized directly in equity.

The Company ceases to use the equity method when it loses control over the subsidiary. The retained investment is measured and recognized at fair value. The difference between the carrying amount of the former subsidiary and the fair value of the remaining investment plus proceeds from disposal is recognized in profit or loss. If an investment in a subsidiary becomes an investment in a joint venture or vice versa, the Company continues to apply the equity method and does not remeasure the interest previously held.

The Company determines at each reporting date whether there is any objective evidence that the investments in subsidiaries are impaired. The difference between the recoverable amount and the carrying value of the subsidiary is recognized as an impairment loss in the statement of comprehensive income and the carrying amount of the investment is adjusted accordingly.

The subsidiary is incorporated in the parent company only financial statements under the equity method. The parent company only financial statements have been prepared in accordance with the Regulations. According to the Regulations Article 21 "The profit or loss during the period and other comprehensive income presented in parent company only financial statements shall be the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a consolidated basis, and the owners' equity presented in the parent company only financial statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a consolidated basis". These adjustments are mainly based on the consideration of the treatment of the consolidated financial statements of the investee subsidiaries in accordance with *IFRS 10 "Consolidated Financial Statements"* and the differences in the application of IFRS at different levels of reporting entities, and debits or credits are made to the "investments accounted for using the equity method", "share of investment income or loss from investments accounted subsidiaries, affiliated enterprises and joint ventures for using the equity method" or "share of investment other comprehensive income or loss from investments accounted subsidiaries, affiliated enterprises and joint ventures for using the equity method."

(10) Property, plant and equipment

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

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

Class of assets	Useful lives
Buildings	5～60 years
Business facilities	3～16 years
Leasehold improvements	3～15 years
Other equipment	3～12 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is recognized in profit or loss. The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(11) Leases

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

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

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

Company as a lessee

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

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

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

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

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

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

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

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

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

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

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

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

Company as a lessor

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

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

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

(12) Intangible assets

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

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

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

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

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

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

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

(13) Impairment of non-financial assets

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

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

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

(14) Provisions

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

Provision for decommissioning, restoration and rehabilitation costs

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

(15) Treasury shares

Own equity instruments (treasury shares) which are reacquired on market are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(16) Revenue recognition

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

Sale of goods

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

Rendering of services

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

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

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

(17) Borrowing costs

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

(18) Post-employment benefits

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

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

(19) Share-based payment transactions

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

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

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

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

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

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

When the Company approves the restricted stock plans for employees, its cost is based on the fair value of the equity instruments, which shall be measured at the grant date. The Company recognizes the salary expense with a corresponding increase in equity during the vesting period. On the grant date, the Company recognizes the employee unearned benefits, a transitional account, as the contra equity account on the balance sheet. As time goes by, it will be transferred to the salary expense.

(20) Income taxes

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

<u>Current income tax</u>

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

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

<u>Deferred tax</u>

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

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

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

(1) Fair value of financial instruments

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

(2) Share-based payment transactions

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

(3) Provision for decommissioning

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

(4) Income tax

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

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

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Cash on hand	$1,484	$1,343
Bank deposit	768,848	623,530
Total	$770,332	$624,873

(2) Notes and accounts receivable

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Notes receivable	$245	$—
Accounts receivable	17,564	7,960
Less: loss allowance	—	—
Total	$17,809	$7,960

Accounts receivable were not pledged.

Accounts receivable mainly from transactions with customers using credit cards as the payment method were not past due and not impairment. The objects of these accounts were mainly domestically well-known financial institutions, so the creditworthiness were all in good grades.

(3) Other financial assets, current

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Bank deposit	$320,859	$284,920

The use of other financial assets are mainly restricted because they serve as contract performance guarantee for fitness center members. For the pledge, please refer to Note 8.

(4) Financial assets at fair value through other comprehensive income, non-current

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

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

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

(5) Investments accounted for using the equity method

Investees	As at Dec. 31, 2021 Carrying amounts	Dec. 31, 2021 Percentage of ownership (%)	Dec. 31, 2020 Carrying amounts	Dec. 31, 2020 Percentage of ownership (%)
Subsidiaries:				
Bo Xin Health Industry Incorporated	$12,737	60.00%	$24,480	60.00%

The summarized financial information of the investment in the subsidiaries is as follows:

	For the years ended December 31 2021	2020
Profit or loss from continuing operations	$(1,502)	$11,379
Other comprehensive income (post-tax)	—	—
Total comprehensive income	$(1,502)	$11,379

The aforesaid subsidiary had no contingent liabilities or capital commitments and was not pledged as at December 31, 2021 and 2020.

(6) Property, plant and equipment

	As at Dec. 31, 2021	Dec. 31, 2020
Owner occupied property, plant and equipment	$3,088,674	$2,808,854

	Land	Buildings	Business facilities	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at Jan. 1, 2021	$597,576	$253,172	$2,103,357	$1,598,976	$131,781	$193,378	$4,878,240
Additions	93,024	123,543	292,943	173,060	23,996	48,145	754,711
Disposals	—	—	(20,624)	(26,861)	(2,609)	—	(50,094)
Other (Note)	—	—	—	10,102	—	—	10,102
Transfers	—	117,691	50,387	1,160	3,506	(190,527)	(17,783)
As at Dec. 31, 2021	$690,600	$494,406	$2,426,063	$1,756,437	$156,674	$50,996	$5,575,176
As at Jan. 1, 2020	$597,576	$253,172	$1,830,361	$1,306,178	$107,595	$169,761	$4,264,643
Additions	—	—	240,897	230,624	22,779	116,928	611,228
Disposals	—	—	(7,545)	—	(137)	—	(7,682)
Other (Note)	—	—	—	10,251	—	—	10,251
Transfers	—	—	39,644	51,923	1,544	(93,311)	(200)
As at Dec. 30, 2020	$597,576	$253,172	$2,103,357	$1,598,976	$131,781	$193,378	$4,878,240

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

Depreciation and impairment:							
As at Jan. 1, 2021	$—	$(46,070)	$(1,280,185)	$(660,199)	$(82,932)	$—	$(2,069,386)
Depreciation	—	(15,334)	(277,677)	(148,428)	(19,632)	—	(461,071)
Disposals	—	—	18,512	22,943	2,500	—	43,995
Transfers	—	—	—	—	—	—	—
As at Dec. 31, 2021	$—	$(61,404)	$(1,539,350)	$(785,684)	$(100,064)	$—	$(2,486,502)
As at Jan. 1, 2020	$—	$(35,689)	$(1,009,284)	$(524,415)	$(65,225)	$—	$(1,634,613)
Depreciation	—	(10,381)	(278,432)	(135,784)	(17,844)	—	(442,441)
Disposals	—	—	7,531	—	137	—	7,668
Transfers	—	—	—	—	—	—	—
As at Dec. 31, 2020	$—	$(46,070)	$(1,280,185)	$(660,199)	$(82,932)	$—	$(2,069,386)
Net carrying amount:							
As at Dec. 31, 2021	$690,600	$433,002	$886,713	$970,753	$56,610	$50,996	$3,088,674
As at Dec. 31, 2020	$597,576	$207,102	$823,172	$938,777	$48,849	$193,378	$2,808,854

Note: Provision for decommissioning, restoration and rehabilitation costs.

Capitalized borrowing costs of construction in progress for the years ended December 31, 2021 and 2020 were NT$70 thousand and NT$692 thousand. The capitalization rate of borrowing costs were 0.50%～1.50% and 0.50%～1.50% for the years ended December 31, 2021 and 2020.

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

(7) Intangible assets

A.

	Computer software
Cost:	
As at Jan. 1, 2021	$3,360
Addition - acquired separately	29,005
Derecognition	—
As at Dec. 31, 2021	$32,365
As at Jan. 1, 2020	$1,999
Addition - acquired separately	1,361
Derecognition	—
As at Dec. 31, 2020	$3,360
Amortization and impairment:	
As at Jan. 1, 2021	$(571)
Amortization	(1,637)
Derecognition	—
As at Dec. 31, 2021	$(2,208)

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

As at Jan. 1, 2020	$(160)
Amortization	(411)
Derecognition	—
As at Dec. 31, 2020	$(571)
Net carrying amount:	
As at Dec. 31, 2021	$30,157
As at Dec. 31, 2020	$2,789

B. Amortization expenses recognized for intangible assets are as follows:

	For the years ended December 31	
	2021	2020
Operating costs	$1,637	$411

C. The cost of computer software is expenses such as ERP, which is amortized over 5 to 10 years.

(8) Other non-current assets

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Refundable deposits	$114,972	$104,252

(9) Other payables

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Accrued salaries and bonuses	$102,049	$143,370
Accrued labor and health insurance	59,025	25,805
Accrued employee compensation	—	15,487
Business tax payable	8,946	16,694
Other	120,426	92,014
Total	$290,446	$293,370

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

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Designated financial liabilities at fair value through profit or loss		
Derivatives not designated as hedging relationship		
Embedded derivative		
Convertible bonds	$2,463	$—

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

(11) Bonds payable

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Domestic 2nd unsecured convertible bonds payable	$377,230	$–
Less: current portion	–	–
Net	$377,230	$–

A. Domestic unsecured convertible bonds payable

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Liability component:		
Principal amount	$390,100	$–
(Discounts) on bonds payable	(12,870)	–
Subtotal	377,230	–
Less: current portion	–	–
Net	$377,230	$–
Embedded derivative	$2,463	$–
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 and Terms of Put Option :

a. The Company may redeem the bonds, from the day following the issuance of the full three months (April 7, 2021) to the forty days before the expiry of the issuance period (November 27, 2023), at the principal amount of the bonds by cash if the closing price of the Company's 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.
c. The bondholders may request the Company to redeem all of or part of convertible bonds held by the bondholders at 102.01% of the par value of the bonds by November 27, 2022, which is 40 days before the put option date, January 6, 2023.

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

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$155.8 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture. The conversion price as of December 31, 2021 was NT$ 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 December 31, 2021.

(12)Long-term borrowings

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

Lenders	As at Dec. 31, 2021	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	$172,618	1.17	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	29,166	1.07	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.
Cathay United Bank secured long-term loan	185,590	1.07	Effective from October 7, 2019 to October 7, 2026, interest only payment for the first two years, and then the principal and interest are repaid monthly.
E.SUN Commercial Bank secured long-term loan	185,820	1.13	Effective from December 27, 2021 to December 27, 2036, interest only payment for the first two years, and then the principal and interest are repaid monthly.
Shin Kong Bank secured long-term loan	145,000	1.10	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.
E.SUN Commercial Bank unsecured long-term loan	152,750	0.50	Effective from November 3, 2020 to October 15, 2027, interest only payment for the first three years, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	28,000	1.25	Effective from April 17, 2020 to December 31, 2022, interest only payment for the first half year, and then the principal and interest are repaid monthly.
CTBC Bank unsecured long-term loan	80,250	0.60	Effective from November 3, 2020 to August 15, 2028, interest only payment for the first three years, and then the principal and interest are repaid monthly.
First Commercial Bank unsecured long-term loan	126,040	0.62	Effective from November 3, 2020 to October 15, 2030, interest only payment for the first three years, and then the principal and interest are repaid monthly.
Land Bank of Taiwan unsecured long-term loan	50,000	1.55	Effective from June 30, 2021 to June 30, 2024, interest only payment for the first year, and then the principal and interest are repaid monthly.
Bank of Taiwan unsecured long-term loan	40,000	1.25	Effective from August 25, 2021 to August 25, 2024, interest only payment for the first half year, and then the principal and interest are repaid monthly.
Taichung Commercial Bank unsecured long-term loan	47,277	1.39	Effective from October 13, 2021 to October 13, 2024, the principal and interest are repaid monthly.
Subtotal	1,242,511		
Less: current portion	(111,836)		
Total	$1,130,675		

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

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 December 13, 2021, 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		

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

(13) Post-employment benefits plan

The employee pension plan under the Labor Pension Act of the R.O.C. (“the Act”) is a defined contribution plan. For the defined contribution plan, the Company will make monthly contributions of no less than 6% of the monthly wages of the employees. The Company has made monthly contributions of 6% based on each individual employee’s salary or wage to employees’ pension accounts subject to the plan.

Expenses under the defined contribution plan for the years ended December 31, 2021 and 2020 were NT$50,258 thousand and NT$63,324 thousand, respectively.

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

(14) Provisions, non-current

	Decommissioning, restoration and rehabilitation costs
As at January 1, 2021	$45,258
Arising during the period	10,674
Decreasing during the period	(605)
Discount rate adjustment and unwinding of discount from the passage of time	401
As at December 31, 2021	$55,728
Current - December 31, 2021	$—
Non-current - December 31, 2021	$55,728
Current - December 31, 2020	$—
Non-current - December 31, 2020	45,258
As at December 31, 2020	$45,258

Decommissioning, restoration and rehabilitation costs

A provision has been recognized for decommissioning costs associated with the Company leasing the building for operating sports venues from owner. The Company is committed to decommissioning the site as a result of the construction of the beginning of the lease.

(15) Equities

A. Common stock

The Company's authorized capital were both NT$1,000,000 thousand as at December 31, 2021 and 2020, divided into both 100,000 thousand shares (each authorized capital included 5,000 thousand shares reserved for employee stock options), each at a par value of NT$10. The Company has issued NT$774,703 thousand, NT$737,343 thousand, divided into 77,470 thousand shares, 73,734 thousand shares as at December 31, 2021 and 2020, respectively.

The issue period of employee stock options expired on April 15, 2020. No employee exercised any employee stock options from January 1, 2020 to the expiry date of the issue period.

The Company's restricted stocks for employees' plan, in which 14 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.

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

The Company's domestic 2nd unsecured convertible bonds converted to 68 thousand shares for the year ended December 31, 2021. They have been approved by and registered with the competent authorities as at December 31, 2021.

The Company's domestic 1st unsecured convertible bonds converted to 159 thousand shares for the year ended December 31, 2020. They have been approved by and registered with the competent authorities as at December 31, 2020.

B. Capital surplus

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Restricted stocks for employees	245,157	245,412
Additional paid-in capital from common stock	160,822	160,807
Recognize due to issue of convertible bonds equity components - stock options	11,551	—
Additional paid-in capital from convertible bonds	377,354	368,171
Vested stock option	1,581	1,581
Total	$796,465	$775,971

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

C. Treasury shares

The Company reacquired 2,000 thousand shares of its share for selling to employees, which was resolved by the Board of Directors on May 16, 2021. At the end of the repurchased period, the Company reacquired 20 thousand treasury shares, whose average price was NT$140.06 per share, in total NT$2,801 thousand. The treasury shares held by the Company were NT$2,801 thousand as at December 31, 2021.

D. Retained earnings and dividend policy

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

a. Reserve for tax payments.
b. Offset accumulated losses in previous years, if any.
c. Legal reserve, which is 10% of leftover profits.
d. Allocation or reverse of special reserves as required by law or government authorities.

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

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 stockholders equity" for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from stockholders' equity. For any subsequent reversal of other net deductions from stockholders' equity, the amount reversed may be distributed from the special reserve.

The distribution of earnings and dividends for 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.

Note 2 : The Company 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.

For information about the accrual basis of the employees' compensation and directors' remuneration and the actual distributions, please refer to Note 6(19) for details.

(16) Share-based payment plans

A. As of December 31, 2021, the share-based payment plan agreed between the Company and employees is as follows:

Type of agreement	Grant date	Total number of options granted (in thousands)	Contract period (year)	Vesting conditions
Employee stock option plan	2014.04.03	1,900	6	Description a

a.Depending on the duration of the employee's continuous service (2～4 years), the optionee may exercise the options in accordance with the rates at 50%, 25% and 25%.
b.The Company uses the Black-Scholes option evaluation model to estimate the fair value of the options for the share-based payment transaction. The related information is as follows:

Type of agreement	Grant date	Exercise price (NT$)	Expected volatility (%)	Expected duration (year)	Expected dividend rate (%)	Risk-free interest rate (%)	Fair value per unit
Employee stock option plan	2014.04.03	4.71	36.26	6.00	0.00	1.36	3.98

B. The following table contains further details on the aforementioned share-based payment plan:

For the year ended December 31, 2021: None

	For the year ended December 31, 2020	
Employee Stock Option	Number of share options (in thousands)	Weighted-average exercise price of share options (NT$)
Outstanding at beginning of period	5	4.71
Granted	—	—
Exercised	—	—
Expired	(5)	—
Outstanding at end of period	—	—
Exercisable at end of period	—	—

C. 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.

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

Restrictions on the rights and vesting conditions of restricted stocks for employees are as follows:

a. Employees who deliver the restricted stocks to the Trust Depository during the vesting period may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, the restricted employee shares, excluding inheritance.
b. Stockholders' voting rights: They are executed by the Trust Depository according to relevant laws and regulations.
c. During the vesting period, the rights of dividends and bonuses, but the dividends of 1,567 thousand shares issued on October 7, 2016 and 88 thousand shares issued on January 25, 2017 must be deposited in a security trust account. For those who do not conform to the 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.

D. For the years ended December 31, 2021 and 2020, the Company incurred expenses of NT$15,741 thousand and NT$34,498 thousand for the share-based payment transactions.

(17) Operating revenues

	For the years ended December 31	
	2021	2020
Revenue of Fitness and recreational sports services	$1,473,914	$2,148,887
Revenue of Sports health services	943,641	1,239,761
Revenue of Joining fees	75,440	132,092
Others	19,541	23,978
Total	2,512,536	3,544,718
Less: sales return and sales discounts and allowances	(225)	(305)
Net operating revenues	$2,512,311	$3,544,413

Analysis of revenue from contracts with customers during the years ended December 31, 2021 and 2020 are as follows:

A. Disaggregation of revenue - Operation department

	For the years ended December 31	
	2021	2020
Sale of goods	$11,899	$12,608
Rendering of services	2,484,684	3,506,899
Others	15,728	24,906
Total	$2,512,311	$3,544,413

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

Timing of revenue recognition		
At a point in time	$977,729	$1,287,115
Over time	1,534,582	2,257,298
Total	$2,512,311	$3,544,413

B. Contract balances

Contract liabilities, current

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Rendering of services - Fitness	$80,122	$77,568
Rendering of services - Sports health etc.	432,824	347,416
Rendering of services - Joining fees (Initiation and processing fees included)	71,570	48,843
Rendering of services - Other	7,594	9,458
Total	$592,110	$483,285

The significant changes in the Company’s balances of contract liabilities for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31	
	2021	2020
The beginning balance transferred to revenue	$370,931	$375,905
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$479,756	$448,722

C. Transaction price allocated to unsatisfied performance obligations

The Company’s transaction price allocated to unsatisfied performance obligations amounted to NT$592,110 thousand and NT$483,285 thousand as at December 31, 2021 and 2020. The Company will recognize revenue as the Company satisfies its performance obligations over time that aligns with progress toward completion of a contract in the future. The estimate of the transaction price does not include any estimated amounts of variable consideration that are constrained.

D. Assets recognized from costs to obtain or fulfil a contract

None.

(18) Leases

Company as a lessee

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

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

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

A. Amounts recognized in the balance sheet

a. Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Buildings	$3,580,444	$3,203,065
Transportation equipment	588	2,039
Office equipment	1,392	2,011
Total	$3,582,424	$3,207,115

During the years ended December 31, 2021 and 2020, the Company's additions to right-of-use assets amounted to NT$759,908 thousand and NT$337,281 thousand.

b. Lease liabilities

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Lease liabilities	$3,766,871	$3,323,902
Current	$446,567	$388,932
Non-current	$3,320,304	$2,934,970

Please refer to Note 6(20) finance costs for the interest on lease liabilities recognized during the years ended December 31, 2021 and 2020 and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at December 31, 2021 and 2020.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31	
	2021	2020
Buildings	$408,732	$369,527
Transportation equipment	1,451	1,451
Office equipment	619	619
Total	$410,802	$371,597

C. Income and costs relating to leasing activities

	For the years ended December 31	
	2021	2020
The expenses relating to short-term leases	$768	$2,637
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	$13,084	$6,787
Income from subleasing right-of-use assets	$(5,652)	$(3,895)

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

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company recognized in other income for the the year ended December 31, 2021, were NT$17,773 thousand, to reflect changes in lease payments that arose from such rent concessions to which the Company has applied the practical expedient.

D. Cash outflow relating to leasing activities

During the years ended December 31, 2021 and 2020, the Company's total cash outflows for leases amounted to NT$451,658 thousand and NT$429,280 thousand.

E. Other information relating to leasing activities

Extension and termination options

Some of the Company's property rental agreements contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

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

Function / Nature	For the years ended December 31					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$1,047,786	106,335	$1,154,121	$1,311,515	141,819	$1,453,334
Labor and health insurance	$95,649	6,835	$102,484	$107,681	5,960	$113,641
Pension	$46,469	3,789	$50,258	$60,249	3,075	$63,324
Director's remuneration	$—	1,275	$1,275	$—	5,265	$5,265
Other employee benefits expense	$6,120	577	$6,697	$8,214	584	$8,798
Depreciation	$856,902	14,971	$871,873	$801,379	12,659	$814,038
Amortization	$—	1,637	$1,637	$—	411	$411

A. The number of the Company's employees were 1,569 and 1,654, including 5 non-employee directors as of December 31, 2021 and 2020, respectively.

B. Listed companies should disclose the following information:

a. The Company's average employee benefit expenses for the years ended December 31, 2021 and 2020 were NT$840 thousand and NT$994 thousand, respectively.

b. The Company's average salary expenses for the years ended December 31, 2021 and 2020 were NT$738 thousand and NT$881 thousand.

c. The Company's average salary expense adjustment for the year ended December 31, 2021 decreased by (16%).

d. The Company has established the Audit Committee in replace of supervisors. Therefore, there was no compensation to the supervisors.

e. The Company's employee remuneration includes monthly salary, performance bonus and year-end bonus. Salary is mainly based on market salaries, company operations and overall economic conditions, as well as formulating a competitive salary system taking into account the Company's competitiveness, internal fairness and legality. Performance bonuses are issued based on the Company's operating performance and assessing employees' personal performance to reward their contributions and encourage employees to continue their efforts. Year-end bonuses are distributed based on the Company's annual profitability.

According to the Articles of Incorporation, no less than 1% of profit of the current year is distributable as employees' compensation and no more than 3% of profit of the current year is distributable as remuneration to directors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the stockholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System (MOPS)" on the website of the TWSE.

Based on the accumulated loss as of the year ended December 31, 2021, the Company decided not to recognize the amounts of the employees' compensation and remuneration to directors.

Based on the profit of the year ended December 31, 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2020 to be 3% of profit of the year and 0.75% of profit of the year, respectively, recognized as employee benefits expense. Differences between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors would be recognized in profit or loss of the subsequent year. If the Board of Directors resolves to distribute employees' compensation in the form of stocks, the number of stocks distributed is calculated based on total employee compensation divided by the closing price of the day before the Board of Directors' meeting.

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

A resolution was passed at a Board of Directors' meeting held on March 15, 2021 to distribute NT$15,487 thousand and NT$3,872 thousand in cash as employees' compensation and remuneration to directors of 2020, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2020.

There are no significant differences between the actual amounts of employees' compensation and remuneration of directors paid in 2021 and the amount recognized in the financial statements for the year ended December 31, 2020.

(20) Non-operating income and expenses

A. Interest income

	For the years ended December 31	
	2021	2020
Financial assets at amortized cost - bank deposits	$1,380	$1,246

B. Other income

	For the years ended December 31	
	2021	2020
Rental income	$5,652	$3,895
Others	73,034	14,176
Total	$78,686	$18,071

C. Other gains and losses

	For the years ended December 31	
	2021	2020
Gain on disposal of property, plant and equipment	$69	$81
Gain on financial assets at fair value through profit or loss	87	1
Gain on lease modification	2,204	—
Others	(6,347)	(529)
Total	$(3,987)	$(447)

D. Finance costs

	For the years ended December 31	
	2021	2020
Interest on borrowings from bank	$(9,384)	$(7,875)
Interest on lease liabilities	(60,147)	(54,788)
Interest on bonds payable	(6,382)	(10)
Total interest expenses	(75,913)	(62,673)
Unwinding of discount on provisions	(400)	(345)
Total finance costs	$(76,313)	$(63,018)

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

(21) Components of other comprehensive income

For the year ended December 31, 2021: None.

For the year ended December 31, 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)

(22) Income tax

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

Income tax (income) expense recognized in profit or loss

	For the years ended December 31	
	2021	2020
Current income tax (income) expense:		
Current income tax charge	$ —	$96,901
Adjustments in respect of current income tax of prior years	(2,005)	(110)
Deferred tax (income):		
Deferred tax (income) relating to origination and reversal of temporary differences	(45,325)	(976)
Total income tax (income) expense	$(47,330)	$95,815

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

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

	For the years ended December 31	
	2021	2020
Accounting (loss) profit before tax from continuing operations	$(189,653)	$496,860
Tax at the domestic rates applicable to profits in the country concerned	$37,930	$99,372
Tax effect of expenses not deductible for tax purposes	—	56
Tax effect of deferred tax assets	(45,325)	(976)
Adjustments in respect of current income tax of prior years	(2,005)	(110)
Others	(37,930)	(2,527)
Total income tax (income) expense recognized in profit or loss	$(47,330)	$95,815

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

	For the year ended December 31, 2021			
	Beginning balance as at Jan. 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at Dec. 31, 2021
Temporary differences				
Unrealized rental expense	$6,612	$—	$—	$6,612
Decommissioning Costs	3,257	835	—	4,092
Others	1,736	(101)	—	1,635
Unused tax losses	—	44,591	—	44,591
Deferred tax income		$45,325	$—	
Net deferred tax assets	$11,605			$56,930
Reflected in balance sheet as follows:				
Deferred tax assets	$11,605			$56,930
Deferred tax liabilities	$—			$—

	For the year ended December 31, 2020			
	Beginning balance as at Jan. 1, 2020	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at Dec. 31, 2020
Temporary differences				
Unrealized rental expense	$6,612	$—	$—	$6,612
Decommissioning Costs	2,468	789	—	3,257
Others	1,549	187	—	1,736
Deferred tax income		$976	$—	
Net deferred tax assets	$10,629			$11,605
Reflected in balance sheet as follows:				
Deferred tax assets	$10,629			$11,605
Deferred tax liabilities	$—			$—

D. The assessment of income tax returns

As of December 31, 2021, the Company’s income tax returns for all the fiscal years up to 2019 have been assessed and approved by the R.O.C. Tax Authority.

(23) Earnings per share

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

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

	For the years ended December 31	
	2021	2020
Basic earnings (losses) per share		
Net (loss) income (in thousand NT$)	$(142,323)	$401,045
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	74,449	74,287
Basic (losses) earnings per share (NT$)	$(1.91)	$5.40
Diluted earnings (losses) per share		
Net (loss) income (in thousand NT$)	$(142,323)	$401,045
Interest expense from convertible bonds (in thousand NT$)	—	9
(Loss) profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$(142,323)	$401,054
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	74,449	74,287
Effect of dilution:		
Employee compensation - stock (in thousands)	—	98
Employee stock options (in thousands)	—(Note)	2,089
Convertible bonds (in thousands)	—(Note)	4
Weighted average number of ordinary shares outstanding after dilution (in thousands)	74,449	76,478
Diluted (losses) earnings per share (NT$)	$(1.91)	$5.24

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

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 Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Bo Xin Health Industry Incorporated (Bo Xin)	Subsidiary
Jiayong Investment Development Co., Ltd. (Jiayong Inv.)	Director
All directors and vice presidents or above	Key management personnel

Significant related party transactions

(1) Other receivable - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Subsidiary		
Bo Xin	$87	$79

(2) Other payables - related parties

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Subsidiary		
Bo Xin	$117	$303

(3) Rental income

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Other related party		
Jiayong Inv.	$76	$−

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

(4) Key management personnel compensation

	For the years ended December 31	
	2021	2020
Short-term employee benefits	$24,465	$32,123
Post-employment benefits	883	883
Share-based payment	3,428	6,569
Total	$28,776	$39,575

8. ASSETS PLEDGED AS COLLATERAL

	As at		
Items	Dec. 31, 2021	Dec. 31, 2020	Secured liabilities
Property, plant and equipment - land and buildings	$1,114,449	$899,586	Long-term loan
Other financial assets, current	331,257	284,920	Performance guarantee of fitness center
Total	$1,445,706	$1,184,506	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of December 31, 2021, the lease performance guarantee bills drawn by the Company for leasing sports venues amounted to NT$178,679 thousand.

(2) As of December 31, 2021, the total amount of the equipment and construction purchased under contracts was approximately NT$86,472 thousand, including approximately NT$35,024 thousand unpaid.

10. LOSSES DUE TO MAJOR DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

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

Financial Assets

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Financial assets at fair value through other comprehensive income	$25,962	$25,962
Financial assets at amortized cost		
Cash and cash equivalents (cash on hand not included)	768,848	623,530
Notes and accounts receivable	17,809	7,960
Other receivables (related parties included)	4,368	2,666
Other financial assets, current	320,859	284,920
Other non-current assets - refundable deposits	114,972	104,252
Subtotal	1,226,856	1,023,328
Total	$1,252,818	$1,049,290

Financial Liabilities

	As at	
	Dec. 31, 2021	Dec. 31, 2020
Financial liabilities at amortized cost		
Payables and other payables (related parties included)	$360,215	$328,852
Bonds payable	377,230	—
Long-term loans (current portion included)	1,242,511	790,221
Lease liabilities	3,766,871	3,323,902
Subtotal	5,746,827	$4,442,975
Financial liabilities at fair value through profit or loss		
Embedded derivative	2,463	—
Total	5,749,290	4,442,975

(2) Financial risk management objectives and policies

The Company's risk management objectives are to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on policy and risk preference.

The Company has followed the relevant regulations and established appropriate policies, procedures, and internal controls policies regarding financial risk management. According to the related rules and internal control policies, before the management team executes the significant financial activities, the proposal must be reviewed and resolved by the Board of Directors. When conducting financial management activities, the management team must comply with its financial risk management policies.

(3) Market risk

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

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

Interest rate risk

Interest rate risk is the risk that the fair value of future will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market interest rates relates primarily to its bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2021 and 2020 to decrease by NT$191 thousand and NT$118 thousand, respectively.

Equity price risk

The fair value of the Company’s unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The equity securities held by the Company are unlisted equity securities, so they are measured at fair value through other comprehensive income.

The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company’s senior management on a regular basis. The Company’s Board of Directors must review and approve all equity investment decisions.

(4) Credit risk management

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

The accounts receivable of the Company are mainly from transactions with customers using credit cards as the payment method. These receivables are mainly paid by domestically famous financial institutions, and the probability of occurrence of credit risk is extremely low, and the maximum amount of credit risk is its book value.

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

Credit risk from balances with banks and other financial instruments is managed by the Company's financial department in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and companies with good credit rating. Consequently, there is no significant credit risk for these counterparties.

(5) Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 6 years	Total
As at December 31, 2021					
Payables	$360,215	—	—	—	$360,215
Loans	$122,051	321,256	422,305	451,915	$1,317,527
Lease liabilities	$446,567	858,722	809,357	2,154,835	$4,269,481
Convertible bonds	$—	377,230	—	—	$377,230
As at December 31, 2020					
Payables	$328,852	—	—	—	$328,852
Loans	$242,976	145,662	111,400	295,710	$795,748
Lease liabilities	$388,932	740,792	680,663	1,797,613	$3,608,000

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

December 31, 2021	Maturities					
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	Total
Lease liabilities	$446,567	1,668,079	1,512,498	451,725	190,612	$4,269,481

December 31, 2020	Maturities					
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	Total
Lease liabilities	$388,932	1,421,455	1,333,436	416,739	47,438	$3,608,000

(6) Fair value of financial instruments

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

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

a. The carrying amounts of cash and cash equivalents, accounts receivable, refundable deposits, other current assets, accounts payable and other current liabilities approximate their fair value due to their short maturities.

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

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

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

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

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

B. Fair value of financial instruments measured at amortized cost

	Carrying amount as at	
Financial liabilities	Dec. 31, 2021	Dec. 31, 2020
Long-term loans (current portion included)	$1,242,511	$790,221
Bonds payable	$377,230	$—

	Fair value as at	
Financial liabilities	Dec. 31, 2021	Dec. 31, 2020
Long-term loans (current portion included)	$1,135,384	$742,635
Bonds payable	$387,920	$—

C. Fair value hierarchy for financial instruments

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

(7) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2021:

	Bonds	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2021	$—	$790,221	$3,323,902	$4,114,123
Cash flow	400,000	452,290	(383,311)	468,979
Non-cash movement	(22,770)	—	826,280	803,510
December 31, 2021	$377,230	$1,242,511	$3,766,871	$5,386,612

Reconciliation of liabilities for the year ended December 31, 2020:

	Bonds	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2020	$17,070	$637,603	$3,303,802	$3,958,475
Cash flow	—	152,618	(368,963)	(216,345)
Non-cash movement	(17,070)	—	389,063	371,993
December 31, 2020	$—	$790,221	$3,323,902	$4,114,123

(8) Fair value hierarchy

A. The definition of fair value hierarchy

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

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

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

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

B. Fair value hierarchy of the Company’s assets and liabilities

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

As at December 31, 2021:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	$ —	25,962	$ —	$25,962
Liabilities measured at fair value:				
Measured at fair value through profit or loss				
Embedded derivatives	$ —	$ —	$2,463	$2,463

As at December 31, 2020:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Investments in equity instruments measured at fair value through other comprehensive income	$ —	25,962	$ —	$25,962

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

Transfers between Level 1 and Level 2

For the years ended December 31, 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.

The details of changes in Level 3 of the repeatability fair value hierarchy

The reconciliation of the (assets) and liabilities at fair value, which are measured in Level 3 of the repeatability fair value hierarchy, from the beginning to the end of the period, is as follows:

	Liabilities At fair value through profit or loss Derivatives
Beginning balances as at January 1, 2021	$－
Amount recognized in profit or loss for the year ended December 31, 2021 (presented in “other profit or loss”)	(87)
Acquisition for the year ended December 31, 2021	2,550
Ending balances as at December 31, 2021	$2,463

Total gains and losses recognized in profit or loss for the year ended December 31, 2021 in the table above contain gains and losses related to liabilities on hand as at December 31, 2021 in the amount of NT$(87) thousands.

(9) Capital management

The primary objective of the Company’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the stockholders’ value. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions and reinvestments

A. Financing provided to others for the year ended December 31, 2021: None.
B. Endorsement/Guarantee provided to others for the year ended December 31, 2021: None.
C. Securities held as of December 31, 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 year ended December 31, 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 year ended December 31, 2021: Please refer to Attachment 2.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 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 year ended December 31, 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 year ended December 31, 2021: None.

I. Investees over whom the Company exercises significant influence or control directly or indirectly (excluding investment in Mainland China): Please refer to Attachment 3.

J. Financial instruments and derivative transactions: None.

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

(3) Information on major stockholders: Please refer to Attachment 4.

ATTACHMENT 1

Securities held as of December 31, 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 December 31, 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.

ATTACHMENT 2

Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock:

(In Thousands of New Taiwan Dollars)

Real estate acquired by	Name of properties	Date of events	Transaction amount	Payment status	Counter party	Relationship	Where counter party is a related party, details of prior transactions				Price reference	Purpose of acquisition and status of utilization	Other commitments
							Former holder of property	Relationship between former holder and acquirer of property	Date of transfer	Transaction amount			
Power Wind Health Industry Incorporated	Property	November 5, 2021	$182,400	Not applicable	Long Bon International Co., Ltd.	Non-related party	—	—	—	—	Market price and appraisal report	For business	—

ATTACHMENT 3

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 December 31, 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares (in thounds)	Percentage of ownership (%)	Carrying amount			
Power Wind Health Industry Incorporated	Bo Xin Health Industry Incorporated	Taipei City	Engaged in the business of recreational sports, fitness center and other sports services	$9,000	$9,000	900	60.00	$12,737	$(2,504)	$(1,502)	

ATTACHMENT 4

Information on 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 stockholders' refer to stockholders' precentage of ownership of 5% or above.

POWER WIND HEALTH INDUSTRY INCORPORATED

1. STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Cash on hand	$1,484	
Bank deposit		
Checking accounts	38,203	
Saving accounts	730,645	
Subtotal	768,848	
Total	$770,332	

POWER WIND HEALTH INDUSTRY INCORPORATED

2. STATEMENT OF NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Client name	Amount	Note
Notes receivable	$245	
Accounts receivable		
National Credit Card Center of R.O.C.	17,564	
Total	$17,809	

POWER WIND HEALTH INDUSTRY INCORPORATED

3. STATEMENT OF INVENTORIES, NET

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Costs	Net realizable value	Note
Goods	$13,507	$13,507	
Less: allowance for reduction	-		
Net amount	$13,507		

POWER WIND HEALTH INDUSTRY INCORPORATED

4. STATEMENT OF PREPAYMENTS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Prepaid expenses	$7,552	
Prepayment for purchases	128	
Input tax (VAT)	4,571	
Total	$12,251	

POWER WIND HEALTH INDUSTRY INCORPORATED

5. STATEMENT OF OTHER CURRENT ASSETS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Other receivable	$4,282	
Other receivable - related parties		
Bo Xin Health Industry Incorporated	87	
Temporary payments	43,826	
Others	41	
Total	$48,236	

POWER WIND HEALTH INDUSTRY INCORPORATED
6. STATEMENT OF EQUITY INSTRUMENT INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Investees	Beginning balance		Additions		Decrease		Unrealized (losses) from equity instruments investments measured at fair value through other comprehensive income	Ending balance		Collateral	Note
	Shares	Book value	Shares	Book value	Shares	Book value		Shares	Book value		
Taroko Development Corporation	900,000	$10,417	-	$-	-	$-	$-	900,000	$10,417	None	
Gomore Inc.	25,216,865	15,545	-	-	-	-	-	25,216,865	15,545	None	
Total		$25,962		$-		$-	$-		$25,962		

POWER WIND HEALTH INDUSTRY INCORPORATED
7. STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Investees	Beginning balance		Additions		Decrease		Investment income (loss) from investments accounted for using the equity method	Ending balance			Net equity		Valuation basis	Collateral	Note
	Shares	Book value	Shares	Book value	Shares	Book value		Shares	Percentage	Book value	Unit price	Total amount			
Bo Xin Health Industry Incorporated	900,000	$24,480		$-		$10,241	$(1,502)	900,000	60.00%	$12,737	-	$12,737	Equity method	None	(Note)

Note: Investments accounted for using the equity method decreased as a result of receiving cash dividend.

POWER WIND HEALTH INDUSTRY INCORPORATED
8. STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Beginning balance	Changes in the period			Ending balance	Note
		Additions	Disposals	Reclassifications		
Cost						
Buildings	$3,916,524	$874,839	$(114,931)	$-	$4,676,432	
Transportation equipment	4,667	-	-	-	4,667	
Computer equipment	3,094	-	-	-	3,094	
Total	$3,924,285	$874,839	$(114,931)	$-	$4,684,193	

POWER WIND HEALTH INDUSTRY INCORPORATED
9. STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Beginning balance	Changes in the period			Ending balance	Note
		Additions	Disposals	Reclassifications		
Depreciation						
Buildings	$713,459	$408,140	$(25,611)	$-	$1,095,988	
Transportation equipment	2,628	1,451	-	-	4,079	
Computer equipment	1,083	619	-	-	1,702	
Total	$717,170	$410,210	$(25,611)	$-	$1,101,769	

POWER WIND HEALTH INDUSTRY INCORPORATED
10. STATEMENT OF OTHER NON-CURRENT ASSETS
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Refundable deposits	1. Lease deposits	$108,169	
	2. Others	$6,803	
Total		$114,972	

POWER WIND HEALTH INDUSTRY INCORPORATED
11. STATEMENT OF CONTRACT LIABILITIES
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Contract liabilites	Rendering of services - Fitness	$80,122	
	Rendering of services - Sports health etc.	432,824	
	Rendering of services - Joining fees (Initiation and processing fees included)	71,570	
	Rendering of services - Other	7,594	
Total		$592,110	

POWER WIND HEALTH INDUSTRY INCORPORATED

12. STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Company A		$792	
Company B		132	
Company C		56	
Others (Note)		4	
Total		$984	

Note: The amount of each item in others does not exceed 5% of notes payable.

POWER WIND HEALTH INDUSTRY INCORPORATED

13. STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Company D		$134	
Company E		99	
Company F		47	
Company G		43	
Company H		39	
Company I		26	
Others (Note)		88	
Total		$476	

Note: The amount of each item in others does not exceed 5% of accounts payable.

POWER WIND HEALTH INDUSTRY INCORPORATED

14. STATEMENT OF PAYABLES ON EQUIPMENT

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Company J	Construction	$21,465	
Company D	Equipment	21,304	
Company K	Construction	7,833	
Company L	Equipment	5,693	
Others (Note)		11,897	
Total		$68,192	

Note: The amount of each item in others does not exceed 5% of payables on equipment.

POWER WIND HEALTH INDUSTRY INCORPORATED
15. STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Accrued salaries and bounses	$102,049	
Accrued labor and health insurance	59,025	
Accrued employee compensation	-	
Business tax payable	8,946	
Other	120,426	
Total	$290,446	

POWER WIND HEALTH INDUSTRY INCORPORATED
16. STATEMENT OF OTHER PAYABLES - RELATED PARTIES
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Supplier name	Amount	Note
Bo Xin Health Industry Incorporated	$117	

POWER WIND HEALTH INDUSTRY INCORPORATED
17. STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Contract period	Discount rates applied	Ending balance	Note
Buildings	2011.06.20～2045.09.30	1.63%	$3,766,871	
		Less: current portion	(446,567)	
		Lease liabilities, non-current	$3,320,304	

POWER WIND HEALTH INDUSTRY INCORPORATED
18. STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Temporary receipts	$1,009	
Receipts under custody	2,271	
Total	$3,280	

POWER WIND HEALTH INDUSTRY INCORPORATED
19. STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Bonds name	Trustee	Issuance date	Interest payment date	Interest rate	Amount					Repayment	Collateral	Note
					Total amount	Repayment or convertible amount	Ending balance	Unamortized premiums (discounts)	Carrying amount			
Domestic 2nd unsecured convertible bonds	SinoPac Securities Corporation	2021.01.06	-	0%	$400,000	-	$400,000	$(22,770)	$377,230	(Note)	None	-

Note: Please refer to Note 6(11) in notes to the parent company only financial statements.

POWER WIND HEALTH INDUSTRY INCORPORATED

20. STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Type	Creditor	Description	Amount	Contract period	Interest rates	Collateral	Note
Secured loans	Cathay United Bank	Effective from July 22, 2016 to July 22, 2031, the principal and interest are repaid monthly.	$172,618	2016.07.22～2031.07.22	1.17%	Land & Buildings	
Secured loans	Cathay United Bank	Effective from October 7, 2019 to October 7, 2026, the principal and interest are repaid monthly.	29,166	2019.10.07～2026.10.07	1.07%	Land & Buildings	
Secured loans	Cathay United Bank	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.	185,590	2019.10.07～2026.10.07	1.07%	Land & Buildings	
Secured loans	E.SUN Commercial Bank	Effective from December 27, 2021 to December 27, 2036, interest only payment for the first two years, and then the principal and interest are repaid monthly.	185,820	2021.12.27～2036.12.27	1.13%	Land & Buildings	
Secured loans	Shin Kong Bank	Effective from December 29, 2021 to December 29, 2036, the principal and interest are repaid monthly.	145,000	2021.12.29～2036.12.29	1.10%	Land & Buildings	
Unsecured loans	E.SUN Commercial Bank	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.	152,750	2020.11.03～2027.10.15	0.50%	None	
Unsecured loans	CTBC Bank	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.	28,000	2020.04.17～2022.12.31	1.25%	None	
Unsecured loans	CTBC Bank	Effective from November 3, 2020 to August 15, 2028, interest only payment for the first three year, and then the principal and interest are repaid monthly.	80,250	2020.11.03～2028.08.15	0.60%	None	
Unsecured loans	First Commercial Bank	Effective from November 3, 2020 to October 15, 2030, interest only payment for the first three year, and then the principal and interest are repaid monthly.	126,040	2020.11.03～2030.10.15	0.62%	None	
Unsecured loans	Land bank of taiwan	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.	50,000	2021.06.30～2024.06.30	1.55%	None	
Unsecured loans	Bank of Taiwan	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.	40,000	2021.08.25～2024.08.25	1.25%	None	
Unsecured loans	Taichung Commercial Bank	Effective from October 13, 2021 to October 13, 2024, the principal and interest are repaid monthly.	47,277	2021.10.13～2024.10.13	1.39%	None	
Subtotal			$1,242,511				
Less: current portion			(111,836)				
Total			$1,130,675				

POWER WIND HEALTH INDUSTRY INCORPORATED
21. STATEMENT OF PROVISIONS, NON-CURRENT
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Decommissioning, restoration and rehabilitation	$55,728	

POWER WIND HEALTH INDUSTRY INCORPORATED
22. STATEMENT OF OTHER NON-CURRENT LIABILITIES
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Guarantee deposits	$880	

POWER WIND HEALTH INDUSTRY INCORPORATED

23. STATEMENT OF OPERATING REVENUES

FOR THE YEAR ENDED DECEMBER 31,2021

(In Thousands of New Taiwan Dollars)

Item	Amount
Revenue of Fitness and recreational sports services	$1,473,914
Revenue of Sports health services	943,641
Revenue of Joining fees	75,440
Others	19,541
Total	2,512,536
Less: sales return and sales discounts and allowances	(225)
Net operating revenue	$2,512,311

POWER WIND HEALTH INDUSTRY INCORPORATED

24. STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount
Goods purchased	$15,605
Add: Inventories, beginning of year	6,167
Less: Inventories, end of year	(13,507)
Goods transferred	(5,258)
Costs of goods sold	3,007
Service costs	2,188,218
Total	$2,191,225

POWER WIND HEALTH INDUSTRY INCORPORATED

25. STATEMENT OF SERVICE COSTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Amount
Salary expense	$1,094,255
Depreciation	856,902
Utilities expense	124,561
Others (Note)	111,900
Total	$2,187,618

Note: The amount of each item in others does not exceed 5% of the account balance.

POWER WIND HEALTH INDUSTRY INCORPORATED

26. STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Item	Sales and marketing Expenses	General and administrative Expenses	Total
Salary expense	$7,946	$103,453	$111,399
Stationery supplies expense	2,110	2,923	5,033
Advertising expense	24,405	-	24,405
Cleaning supplies	-	148,635	148,635
Credit card charges	-	43,872	43,872
Repair and maintenance expense	1,939	44,213	46,152
Others (Note)	4,425	125,082	129,507
Total	$40,825	$468,178	$509,003

Note: The amount of each item in others does not exceed 5% of the account balance.