POWER WIND HEALTH INDUSTRY INCORPORATED
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2019 AND 2018

Address: No. 102 Bo-ai 3rd Rd, Zuoying Dist, Kaohsiung City, Taiwan, R.O.C.

Telephone: 886-7-345-3838

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

安永聯合會計師事務所

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

Tel: 886 7 238 0011
Fax: 886 7 237 0198
www.ey.com/taiwan

Review Report of Independent Accountants

To Power Wind Health Industry Incorporated

Introduction

We have reviewed the accompanying consolidated balance sheets of Power Wind Health Industry Incorporated (the "Company") and its subsidiaries as of September 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2019 and 2018, changes in equity and cash flows for the nine-month periods ended September 30, 2019 and 2018, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of September 30, 2019 and 2018, its consolidated financial performance for the three-month and nine-month periods ended September 30, 2019 and 2018, and its consolidated cash flows for the nine-month periods ended September 30, 2019 and 2018, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Emphasis of Matter - Applying for New Accounting Standards

We draw attention to Note 3 of the consolidated financial statements, which describes the Company and its subsidiaries applied for the International Financial Reporting Standard 16, "Leases" starting from January 1, 2019, and elected not to restate the consolidated financial statements for prior periods. Our conclusion is not modified in respect of this matter.

/s/ Chen, Cheng-Chu

/s/ Huang, Shih-Chieh

Ernst & Young, Taiwan

November 7, 2019

Notice to Readers

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2019, December 31, 2018 and September 30, 2018 (September 30, 2019 and 2018 are unaudited)

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	September 30, 2019	%	December 31, 2018	%	September 30, 2018	%
Current assets							
Cash and cash equivalents	4,6(1)	$512,992	8	$714,810	23	$565,359	19
Accounts receivable, net	4,6(2)	56,714	1	72,963	2	68,932	2
Current tax assets	4	465	-	-	-	-	-
Inventories, net	4	6,812	-	-	-	-	-
Prepayments		8,816	-	9,021	-	8,657	-
Other financial assets, current	4,6(3),8	133,735	2	114,157	4	103,827	4
Other current assets		31,160	-	8,898	-	16,430	1
Total current assets		750,694	11	919,849	29	763,205	26
Non-current assets							
Financial assets at fair value through profit or loss, non-current	4,6(8)	15	-	-	-	-	-
Financial assets measured at fair value through other comprehensive income and loss, non-current	4,6(4)	27,857	-	12,312	1	12,312	1
Property, plant and equipment	4,6(5),8	2,303,850	34	2,102,841	67	2,050,683	70
Right-of-use assets	4,6(16),7	3,560,349	53	-	-	-	-
Intangible assets	4	1,899	-	-	-	-	-
Deferred tax assets	4	12,998	-	12,306	-	10,783	-
Other non-current assets	4,6(6),7	84,629	2	89,533	3	84,696	3
Total non-current assets		5,991,597	89	2,216,992	71	2,158,474	74
Total assets		$6,742,291	100	$3,136,841	100	$2,921,679	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30, 2019, December 31, 2018 and September 30, 2018 (September 30, 2019 and 2018 are unaudited)

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	September 30, 2019	%	December 31, 2018	%	September 30, 2018	%
Current liabilities							
Contract liabilities	4,6(15)	$450,135	7	$417,521	14	$472,977	16
Notes payable		238	-	464	-	378	-
Notes payable - related parties	7	407	-	230	-	230	-
Accounts payable		1,245	-	1,515	-	1,611	-
Payables on equipment		48,116	1	66,648	2	21,946	1
Other payables	6(7)	236,818	4	274,982	9	241,768	8
Other payables - related parties	7	585	-	357	-	488	-
Current tax liabilities	4,6(20)	39,015	-	71,527	2	46,124	2
Lease liabilities, current	4,6(16)	374,492	6	-	-	-	-
Lease liabilities, current - related parties	4,6(16),7	35,329	-	-	-	-	-
Current portion of long-term liabilities	4,6(10),7,8	162,772	2	33,325	1	40,472	1
Other current liabilities		2,748	-	2,680	-	2,852	-
Total current liabilities		1,351,900	20	869,249	28	828,846	28
Non-current liabilities							
Financial liabilities at fair value through profit or loss, non-current	4,6(8)	-	-	22	-	348	-
Bonds payable	4,6(9)	44,398	1	276,214	9	280,365	10
Long-term loans	4,6(10),7,8	211,422	3	353,403	11	357,907	12
Provisions, non-current	4,6(12)	33,483	-	28,885	1	27,590	1
Deferred tax liabilities		717	-	685	-	621	-
Lease liabilities, non-current	4,6(16)	3,117,550	47	-	-	-	-
Lease liabilities, non-current - related parties	4,6(16),7	80,781	1	-	-	-	-
Other non-current liabilities		370	-	90	-	90	-
Total non-current liabilities		3,488,721	52	659,299	21	666,921	23
Total liabilities		4,840,621	72	1,528,548	49	1,495,767	51
Equity attributable to the parent company	4,6(13),6(14)						
Capital							
Common stock		681,696	10	611,636	20	603,548	21
Certificate of entitlement to new shares from convertible bonds		16,761	-	503	-	8,394	-
Subscribed stock		25	-	175	-	125	-
Preparation stock number shares retired		(126)	-	(389)	-	(300)	-
Total capital		698,356	10	611,925	20	611,767	21
Additional paid-in capital		736,343	11	521,359	16	514,406	17
Retained earnings							
Legal reserve		127,610	2	83,210	2	83,210	3
Special reserve		54,367	1	55,446	2	55,446	2
Unappropriated earnings		348,236	5	371,395	12	209,310	7
Total retained earnings		530,213	8	510,051	16	347,966	12
Other components of equity		(76,851)	(1)	(54,367)	(2)	(63,512)	(2)
Total equity attributable to the parent company		1,888,061	28	1,588,968	50	1,410,627	48
Non-controlling interests		13,609	-	19,325	1	15,285	1
Total equity		1,901,670	28	1,608,293	51	1,425,912	49
Total liabilities and equity		$6,742,291	100	$3,136,841	100	$2,921,679	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three-month and nine-month periods ended September 30, 2019 and 2018

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

Accounting	Notes	For the three-month periods ended September 30				For the nine-month periods ended September 30			
		2019	%	2018	%	2019	%	2018	%
Operating revenues	4,6(15)	$898,119	100	$803,651	100	$2,613,850	100	$2,162,979	100
Operating costs	4,6(11),6(14),6(16),6(17),7	(612,164)	(68)	(550,009)	(68)	(1,775,022)	(68)	(1,488,293)	(69)
Gross profit		285,955	32	253,642	32	838,828	32	674,686	31
Operating expenses	4,6(11),6(14),6(16),6(17),7								
Sales and marketing expenses		(10,488)	(1)	(8,215)	(1)	(24,605)	(1)	(24,354)	(1)
General and administrative expenses		(115,076)	(13)	(99,029)	(12)	(328,087)	(12)	(285,678)	(13)
Subtotal		(125,564)	(14)	(107,244)	(13)	(352,692)	(13)	(310,032)	(14)
Operating income		160,391	18	146,398	19	486,136	19	364,654	17
Non-operating income and expenses	4,6(18),7								
Other income		2,277	-	2,848	-	5,708	-	7,256	-
Other gains and losses		(248)	-	(117)	-	250	-	2,565	-
Finance costs		(16,788)	(2)	(3,612)	-	(50,066)	(2)	(10,954)	(1)
Subtotal		(14,759)	(2)	(881)	-	(44,108)	(2)	(1,133)	(1)
Income from continuing operations before income tax		145,632	16	145,517	19	442,028	17	363,521	16
Income tax expense	4,6(20)	(29,125)	(3)	(29,109)	(4)	(88,531)	(3)	(71,644)	(3)
Profit from continuing operations		116,507	13	116,408	15	353,497	14	291,877	13
Net income		116,507	13	116,408	15	353,497	14	291,877	13
Other comprehensive (loss)									
Items that will not be reclassified subsequently to profit or loss									
Unrealized gains or losses on financial assets at fair value through other comprehensive (loss)	6(19)	-	-	-	-	-	-	(603)	-
Total other comprehensive (loss), net of tax		-	-	-	-	-	-	(603)	-
Total comprehensive income		$116,507	13	$116,408	15	$353,497	14	$291,274	13
Net income attributable to:									
Stockholders of the parent		$115,003	13	$113,056	15	$347,956	14	$282,280	13
Non-controlling interests		1,504	-	3,352	-	5,541	-	9,597	-
		$116,507	13	$116,408	15	$353,497	14	$291,877	13
Comprehensive income attributable to:									
Stockholders of the parent		$115,003	13	$113,056	15	$347,956	14	$281,677	13
Non-controlling interests		1,504	-	3,352	-	5,541	-	9,597	-
		$116,507	13	$116,408	15	$353,497	14	$291,274	13
Earnings per share (NTD)	6(21)								
From continuing operations									
Earnings per share-Basic		$1.74		$1.76		$5.32		$4.40	
Earnings per share-Diluted		$1.67		$1.69		$5.07		$4.23	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine-month periods ended September 30, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company												
						Retained Earnings			Other Components of Equity				
Accounting	Common Stock	Certificate of Entitlement to New Shares from Convertible Bonds	Subscribed Stock	Preparation stock number shares retired	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gains or Losses on Financial Assets Measured at Fair Value through Other Comprehensive (Loss)	Unearned rewards for employees	Total	Non-Controlling Interests	Total Equity
Balance as of January 1, 2018	$475,990	$-	$3,640	($92)	$361,402	$55,850	$94,443	$273,628	$-	($55,446)	$1,209,415	$13,045	$1,222,460
Impact of retroactive applications	-	-	-	-	-	-	-	(71,471)	(7,800)	-	(79,271)	-	(79,271)
Adjusted balance as of January 1, 2018	$475,990	-	$3,640	(92)	361,402	55,850	94,443	202,157	(7,800)	(55,446)	1,130,144	13,045	1,143,189
Appropriation and distribution of 2017 retained earnings													
Legal reserve	-	-	-	-	-	27,360	-	(27,360)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	-	(165,292)	-	-	(165,292)	-	(165,292)
Stock dividends	119,973	-	-	-	-	-	-	(119,973)	-	-	-	-	-
Reversal of special reverse	-	-	-	-	-	-	(38,997)	38,997	-	-	-	-	-
Other changes in capital surplus													
Equity component of convertible bonds issued by the Company	-	-	-	-	14,497	-	-	-	-	-	14,497	-	14,497
Net income for the nine-month periods ended September 30, 2018	-	-	-	-	-	-	-	282,280	-	-	282,280	9,597	291,877
Other comprehensive income, net of tax for the nine-month periods ended September 30, 2018	-	-	-	-	-	-	-	-	(603)	-	(603)	-	(603)
Total comprehensive income (loss)	-	-	-	-	-	-	-	282,280	(603)	-	281,677	9,597	291,274
From share of changes in equities of subsidiaries	-	-	-	-	-	-	-	(1,524)	-	-	(1,524)	(1,016)	(2,540)
Convertible bonds conversion	-	8,394	-	-	94,157	-	-	-	-	-	102,551	-	102,551
Share-based payment transaction	7,585	-	(3,515)	(208)	44,350	-	-	25	-	337	48,574	-	48,574
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(6,341)	(6,341)
Balance as of September 30, 2018	$603,548	$8,394	$125	($300)	$514,406	$83,210	$55,446	#REF!	($8,403)	($55,109)	#REF!	#REF!	#REF!
Balance as of January 1, 2019	$611,636	$503	$175	($389)	$521,359	$83,210	$55,446	$371,395	($8,403)	($45,964)	$1,588,968	$19,325	$1,608,293
Appropriation and distribution of 2018 retained earnings													
Legal reserve	-	-	-	-	-	44,400	-	(44,400)	-	-	-	-	-
Cash dividends	-	-	-	-	(61,338)	-	-	(266,736)	-	-	(328,074)	-	(328,074)
Stock dividends	61,338	-	-	-	-	-	-	(61,338)	-	-	-	-	-
Reversal of special reverse	-	-	-	-	-	-	(1,079)	1,079	-	-	-	-	-
Other changes in capital surplus													
Equity component of convertible bonds issued by the Company	-	-	-	-	(11,954)	-	-	-	-	-	(11,954)	-	(11,954)
Net income for the nine-month period ended September 30, 2019	-	-	-	-	-	-	-	347,956	-	-	347,956	5,541	353,497
Total comprehensive income	-	-	-	-	-	-	-	347,956	-	-	347,956	5,541	353,497
Convertible bonds conversion	-	21,651	-	-	225,712	-	-	-	-	-	247,363	-	247,363
Conversion of certificate of entitlement to new shares from convertible bonds	5,393	(5,393)	-	-	-	-	-	-	-	-	-	-	-
Share-based payment transaction	3,329	-	(150)	263	62,564	-	-	280	-	(22,484)	43,802	-	43,802
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(11,257)	(11,257)
Balance as of September 30, 2019	$681,696	$16,761	$25	($126)	$736,343	$127,610	$54,367	$348,236	($8,403)	($68,448)	$1,888,061	$13,609	$1,901,670

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine-month periods ended September 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the nine-month periods ended September 30	
	2019	2018
Cash flows from operating activities:		
Net income before tax	$442,028	$363,521
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	578,086	251,021
Amortization	100	-
Net (gain) of financial assets and liabilities at fair value through profit or loss	(159)	(3,107)
Interest expense	50,066	10,954
Interest income	(783)	(360)
Compensation costs of share-based payment transaction	34,989	46,554
(Gain) Loss on disposal and abandonment of property, plant and equipment	(491)	60
Property, plant and equipment transferred to expenses	1,684	-
Changes in operating assets and liabilities:		
Decrease (Increase) in accounts receivable	16,249	(4,886)
(Increase) in inventories	(6,812)	-
(Increase) Decrease in prepayments	(1,669)	2,246
(Increase) in other current assets	(22,262)	(10,733)
(Increase) in other financial assets	(19,578)	(31,627)
Increase in contract liabilities	32,614	42,197
(Decrease) in notes payable	(226)	(2,797)
Increase in notes payable - related parties	177	7
(Decrease) in accounts payable	(270)	(50)
(Decrease) Increase in other payables	(5,089)	23,990
Increase in other payables - related parties	228	225
Increase in other current liabilities	68	808
Cash generated from operations	1,098,950	688,023
Interest received	783	360
Income tax paid	(122,168)	(72,480)
Net cash provided by operating activities	977,565	615,903
Cash flows from investing activities:		
Acquisition of financial assets at fair value through comprehamsive income or loss	(15,545)	(715)
Acquisition of property, plant and equipment	(507,697)	(732,457)
Proceeds from disposal of property, plant and equipment	539	3,543
Acquisition of intangible assets	(1,999)	-
Increase in other non-current assets - others	(8,908)	-
Decrease in other non-current assets - others	-	16,718
Net cash used in investing activities	(533,610)	(712,911)
Cash flows from financing activities:		
Proceeds from bonds issued	-	400,000
Proceeds from long-term loans	16,288	144,760
Repayments of long-term loans	(28,822)	(47,426)
Cash payments for the principal portion of the lease liability	(298,557)	-
Increase in other non-current assets	280	-
Decrease in other non-current assets	-	(580)
Cash dividends	(328,074)	(165,292)
Employee share options	91	2,827
Interest paid	(4,444)	(4,217)
Change in non-controlling interests	(11,257)	(6,341)
Others	8,722	(806)
Net cash (used in) provided by financing activities	(645,773)	322,925
Net (decrease) increase in cash and cash equivalents	(201,818)	225,917
Cash and cash equivalents at beginning of period	714,810	339,442
Cash and cash equivalents at end of period	$512,992	$565,359

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

1. HISTORY AND 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 chain sports and fitness centers, leisure sports venues and other sports services. The Company's common shares were publicly listed on Taipei Exchange (TPEx) on March 10, 2016 and started to list on Taiwan Stock Exchange Corporation (TWSE) on March 15, 2019. The Company's registered office and the main business location is at No.102, Boai 3rd Road, Zuoying Dist. Kaohsiung City, Taiwan (R.O.C.).

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

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the nine-month periods ended September 30, 2019 and 2018 were authorized for issue by the Board of Directors on November 11, 2019.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Group applied International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2019. The nature and the impact of each new standard and amendment have no material effect on the Group. Apart from the potential impact of the standards and interpretations which is described below, all other standards and interpretations have no material impact on the Group's financial position and performance.

A. IFRS 16"Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

The Group followed the transition provision in IFRS 16 and the date of initial application was January 1, 2019. The impacts arising from the adoption of IFRS 16 are summarized as follows:

a. Please refer to Note 4 for the accounting policies before or after January 1, 2019.

b. For the definition of a lease, the Group elected not to reassess whether a contract was, or contained, a lease on January 1, 2019. The Group was permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4. That is, for contracts entered into (or changed) on or after January 1, 2019, the Group need to assess whether contacts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that 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. The Group assessed most of the contracts are, or contain, leases and has no significant impact arised.

c. The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognized the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

i. Leases previously classified as operating leases

For leases that were previously classified as operating leases applying IAS 17, the Group measured and recognized those leases as lease liability on January 1, 2019 at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate on January 1, 2019, and; the Group chose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee’s incremental borrowing rate on January 1, 2019; or
(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before January 1, 2019.

On January 1, 2019, the Group’s right-of-use asset and lease liability increased by NT$3,232,535 thousand and NT$3,249,924 thousand, respectively.

Besides, on January 1, 2019, for leases that were previously classified as operating leases applying IAS 17 and those who have paid the rent in full, the Group reclassified the long-term rental prepayment of NT$15,686 thousand to the right-of-use asset.

ii. Please refer to Note 4 and Note 6 for additional disclosure of lessee and lessor which required by IFRS 16.

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

iii. As at January 1, 2019, the impacts arising from the adoption of IFRS 16 are summarized as follows:

(i) The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized in the balance sheet on January 1, 2019 was 1.63%.

(ii) The explanation for the difference of NT$101,413 thousand between: (1) operating lease commitments disclosed applying IAS 17 as at December 31, 2018, discounted using the incremental borrowing rate on January 1, 2019; and (2) lease liabilities recognized in the balance sheet as at January 1, 2019 is summarized as follows:

Operating lease commitments disclosed applying IAS 17 as at December 31, 2018	$3,148,511
Discounted using the incremental borrowing rate on January 1, 2019	$2,695,634
Add: the carrying value of lease payables as at December 31, 2018	33,075
Less: adjustment to leases that meet and elect to account in the same way as short-term leases	(1,861)
Add: adjustments to the options to extend or terminate the lease that is reasonably certain to exercise	523,076
The carrying value of lease liabilities recognized as at January 1, 2019	$3,249,924

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
B	Definition of Material (Amendments to IAS 1 and 8)	January 1, 2020

A. *Definition of a Business* (Amendments to IFRS 3)

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is material; and narrow the definitions of a business and of outputs; etc.

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

B. *Definition of a Material* (Amendments to IAS 1 and 8)

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2020. The Group is currently evaluating the potential impact of the aforementioned standards and interpretations to the Group's financial position and performance, and the related impact will be disclosed when the evaluation is completed.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2021
C	Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	January 1, 2020

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

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

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

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) *Statement of Compliance*

The consolidated financial statements of the Group for the nine-month periods ended September 30, 2019 and 2018 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by the FSC.

(2) *Basis of Preparation*

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

(3) *Basis of Consolidation*

Preparation principle of consolidated financial statement

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

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

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

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

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

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

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

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

If the Group loses control of a subsidiary, it:

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

The consolidated entities are listed as follows:

			Percentage of Ownership		
Investor	Subsidiary	Business nature	Sep. 30, 2019	Dec. 31, 2018	Sep. 31, 2018
The Company	Bo Xin Health Industry Incorporated	Engaged in the business of leisure sports and fitness centers and other sports services	60.00％	60.00％	60.00％

(4) *Current and non-current distinction*

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(5) *Cash and cash equivalents*

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

(6) *Financial instruments*

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

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

A. Financial instruments: Recognition and Measurement

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

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

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

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured 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 is 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 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:

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

Financial asset measured 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 as below:

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

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

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, 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 measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is measures as follow:

a. At an amount equal to twelve-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
d. For lease receivables arising from transactions within the scope of IFRS 16 (before January 1, 2019: IAS 17), the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

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

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

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.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured 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 as 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 or repurchasing 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 as at fair value through profit or loss when doing so results in more relevant information, because either:

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

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

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans 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 fees or transaction costs.

Derecognition of financial liabilities

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

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 in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

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

(7) *Derivative instrument*

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

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

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

(8) *Fair value measurement*

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

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

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

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

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

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

(9) *Inventories*

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

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

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

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

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

(10) *Property, plant and equipment*

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

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

Buildings and facilities	7～25 years
Business facilities	3～16 years
Leasehold improvements	3～15 years
Right-of-use assets/leased assets (note)	2～16 years
Other improvements	3～12 years

Note: The Group reclassified the lease assets to right-of-use assets after the adoption of IFRS 16 from 1 January 2019.

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 on 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 accounting policy from January 1, 2019 as follow:

For contracts entered on or after January 1, 2019, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, 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

The Group elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

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

Group as a lessee

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

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

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

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

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

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

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

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

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

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

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

Group as a lessor

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

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

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

The accounting policy before January 1, 2019 as follow:

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(12) *Intangible assets*

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

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

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

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

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

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

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

(13) *Impairment of non-financial assets*

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

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

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

(14) *Provisions*

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

Provision for decommissioning, restoration and rehabilitation costs

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

(15) *Revenue recognition*

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

Sale of goods

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

Rendering of services

The Group provides sports training and other services. Such services are separately priced or negotiated, and provided based on contract periods. As the Group provides the sports training and other services over the contract period, the customers simultaneously receive and consume the benefits provided by the Group. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized by straight-line method over the contract period.

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

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

(16) *Borrowing costs*

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

(17) *Post-employment benefits*

All regular employees of the Company and its domestic subsidiaries are 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 and its domestic subsidiaries. Therefore fund assets are not included in the Group's consolidated financial statements.

For the defined contribution plan, the Company and its domestic subsidiaries 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.

(18) *Share-based payment transactions*

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

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

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

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

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

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

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

(19) *Income taxes*

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

Current income tax

Current income tax assets and liabilities 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 is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date 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 reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require 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 assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

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

(1) Fair value of financial instruments

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

(2) Share-based payment transactions

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

(3) Provision for decommissioning

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

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

(4) Income tax

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

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Cash on hand	$1,350	$1,191	$1,468
Bank deposit	511,642	713,474	563,891
Cash in transit	—	145	—
Total	$512,992	$714,810	$565,359

(2) Trade receivables

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Trade receivables	$56,714	$72,963	$68,932
Less: allowance for doubtful debts	—	—	—
Total	$56,714	$72,963	$68,932

Trade receivables were not pledged.

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

(3) Other financial assets - current

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Bank deposit	$133,735	$114,157	$103,827

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Please refer to Note 8 for more details on other financial assets under pledge.

(4) Financial assets at fair value through other comprehensive income

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Equity instrument investments measured at fair value through other comprehensive income - non-current:			
Unlisted companies stocks	$27,857	$12,312	$12,312

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

(5) Property, plant and equipment

	As at		
	Sep. 30, 2019	Dec. 31, 2018 (Note)	Sep. 30, 2018 (Note)
Owner occupied property, plant and equipment	$2,303,850		

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

A. Owner occupied property, plant and equipment (applicable under IFRS 16 requirements)

	Land	Buildings and facilities	Business facilities	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at Jan. 1, 2019	$341,593	$182,577	$1,597,616	$1,138,560	$89,854	$44,552	$3,394,752
Additions	—	1,457	143,640	131,516	15,850	196,702	489,165
Disposals	—	—	(2,625)	—	—	(13)	(2,638)
Other (Note 1)	—	—	—	4,381	—	—	4,381
Transfers	—	—	23,910	6,519	1,330	(38,639)	(6,880)
As at Sep. 30, 2019	$341,593	$184,034	$1,762,541	$1,280,976	$107,034	$202,602	$3,878,780
Depreciation and impairment:							
As at Jan. 1, 2019	$—	($26,248)	($793,183)	($421,183)	($51,297)	$—	($1,291,911)
Depreciation	—	(6,846)	(186,019)	(86,259)	(11,681)	—	(290,805)
Disposals	—	—	2,590	—	—	—	2,590
Transfers	—	—	5,196	—	—	—	5,196
As at Sep. 30, 2019	$—	($33,094)	($971,416)	($507,442)	($62,978)	$—	($1,574,930)
Net carrying amount as at:							
Sep. 30, 2019	$341,593	$150,940	$791,125	$773,534	$44,056	$202,602	$2,303,850

Note 1: Provision for decommissioning, restoration and rehabilitation costs.
Note 2: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate

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prior periods in accordance with the transition provision in IFRS 16.

B. Property, plant and equipment leased out under operating leases (applicable under IFRS 16 requirements)

	Land	Buildings and facilities	Business facilities	Leasehold improvements	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at Jan. 1, 2018	$133,677	$180,363	$1,251,767	$835,204	$104,254	$104,923	$2,610,188
Additions	207,916	—	50,900	45,570	462	351,907	656,755
Disposals	—	—	(9,684)	—	(1,371)	(2,793)	(13,848)
Other (Note)	—	—	—	5,817	—	—	5,817
Transfers	—	(384)	229,833	152,294	(16,909)	(364,834)	—
As at Sep. 30, 2018	$341,593	$179,979	$1,522,816	$1,038,885	$86,436	$89,203	$3,258,912
Depreciation and impairment:							
As at Jan. 1, 2018	$—	($17,570)	($561,862)	($321,112)	($66,909)	$—	($967,453)
Depreciation	—	(6,601)	(161,473)	(72,791)	(10,156)	—	(251,021)
Disposals	—	—	8,927	—	1,318	—	10,245
Transfers	—	157	(27,736)	(388)	27,967	—	—
As at Sep. 30, 2018	$—	($24,014)	($742,144)	($394,291)	($47,780)	$—	($1,208,229)
Net carrying amount as at:							
Dec. 31, 2018	$341,593	$156,329	$804,433	$717,377	$38,557	$44,552	$2,102,841
Sep. 30, 2018	$341,593	$155,965	$780,672	$644,594	$38,656	$89,203	$2,050,683

Note: Provision for decommissioning, restoration and rehabilitation costs.

Capitalized borrowing costs of construction in progress for the nine-month periods ended September 30, 2019 and 2018 are NT$36 thousand and NT$0 thousand. The capitalization rate of borrowing costs is 1.5% for the year ended December 31, 2019.

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

(6) Other non-current assets

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Refundable deposits	$84,629	$75,721	$70,301
Other non-current assets - other	—	13,812	14,395
Total	$84,629	$89,533	$84,696

(7) Other payables

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Accrued salaries and bonuses	$123,608	$140,991	$126,078
Accrued labor and health insurance	23,842	22,949	22,705
Accrued Employee compensation	13,673	17,219	11,344
Business tax payable	9,761	14,883	7,373
Other	65,934	78,940	74,268
Total	$236,818	$274,982	$241,768

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

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Designated financial liabilities at fair value through profit or loss:			
Derivatives not designated as hedging relationship			
Embedded derivative			
Corporate bonds	$402	$2,547	$3,455
Evaluation on Corporate bond	(417)	(2,525)	(3,107)
Total	($15)	$22	$348

(9) Bonds payable

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Domestic unsecured convertible bonds	$44,398	$276,214	$280,365
Less: current portion	—	—	—
Net	$44,398	$276,214	$280,365

A. Unsecured domestic convertible bonds payable

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Liability component:			
Principal amount	$45,800	$290,300	$296,500
(Discounts) on bonds payable	(1,402)	(14,086)	(16,135)
Subtotal	44,398	276,214	280,365
Less: current portion	—	—	—
Net	$44,398	$276,214	$280,365
Embedded derivative	($15)	$22	$348
Equity component	$2,239	$14,194	$14,497

On January 22, 2018, the Company issued zero coupon 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 22, 2018 ~ January 22, 2021

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Redemption clauses:

a. The Company may redeem the bonds, from the day following the issuance of the full three months (April 23, 2018) to the day before the expiry of the issuance period (December 13, 2020), at the principal amount of the bonds by cash if the closing price of the Company's ordinary shares on Taipei Exchange (TPEx) for a period of 30 consecutive trading days, is at least 130% of the conversion price.
b. The Company may redeem the bonds, in whole, at the principal amount if at least 90% in principal amount of the bonds has already been exchanged, redeemed, purchased or cancelled.

Terms of Exchange:

a. Underlying Securities: Common shares of the Company
b. Exchange Period: The bonds are exchangeable at any time on or after April 23, 2018 and prior to January 22, 2021 into common shares of the Company.
c. Conversion Price and Adjustment: The conversion price was originally NT$156.8 per share. The conversion price will be subject to adjustments upon the occurrence of certain events set out in the indenture. The conversion price as of September 30, 2019 is NT$109.9 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$354,200 thousand as at September 30, 2019.

(10) Long-term borrowings

Details of long-term loans are as follows:

Lenders	As at Sep. 30, 2019	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	$213,146	1.63	Effective from July 22, 2016 to July 22, 2031, principle is repaid in 180 months with interests paid monthly.
E.SUN Commercial Bank secured long-term loan	144,760	1.50	Effective from May 7, 2018 to May 7, 2020, interest is repaid monthly and the principle will be repayable upon maturity.
E.SUN Commercial Bank secured long-term loan	7,072	1.50	Effective from June 21, 2019 to June 21, 2021, interest is repaid monthly and the principle will be repayable upon maturity.
E.SUN Commercial Bank secured long-term loan	2,320	1.50	Effective from July 19, 2019 to July 19, 2021, interest is repaid monthly and the principle will be repayable upon maturity.
E.SUN Commercial Bank secured long-term loan	2,176	1.50	Effective from August 9, 2019 to August 9, 2021, interest is repaid monthly and the principle will be repayable upon maturity.
E.SUN Commercial Bank secured long-term loan	4,720	1.50	Effective from September 12, 2019 to September 12, 2021, interest is repaid monthly and the principle will be repayable upon maturity.
Subtotal	374,194		
Less: current portion	(162,772)		
Total	$211,422		

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Lenders	As at Dec. 31, 2018	Interest Rate (%)	Maturity date and terms of repayment
Taipei Fubon Commercial Bank unsecured long-term loan	$299	2.05	Effective from December 30, 2015 to January 28, 2019, principle is repaid in 36 months with interests paid monthly.
Cathay United Bank secured long-term loan	226,655	1.63	Effective from July 22, 2016 to July 22, 2031, principle is repaid in 180 months with interests paid monthly.
KGI Bank unsecured long-term loan	15,014	2.03	Effective from September 20, 2016 to September 20, 2019, principle is repaid in 36 months with interests paid monthly.
E.SUN Commercial Bank secured long-term loan	144,760	1.50	Effective from May 7, 2018 to May 7, 2020, interest is repaid monthly and the principle will be repayable upon maturity.
Subtotal	386,728		
Less: current portion	(33,325)		
Total	$353,403		

Lenders	As at Sep. 30, 2018	Interest Rate (%)	Maturity date and terms of repayment
Taipei Fubon Commercial Bank unsecured long-term loan	$1,638	2.05	Effective from September 29, 2015 to January 28, 2019, principle is repaid in 36 months with interests paid monthly.
First Bank unsecured long-term loan	810	1.90	Effective from November 6, 2015 to November 6, 2018, principle is repaid in 36 months with interests paid monthly.
Cathay United Bank secured long-term loan	231,159	1.63	Effective from July 22, 2016 to July 22, 2031, principle is repaid in 180 months with interests paid monthly.
KGI Bank unsecured long-term loan	20,012	2.03	Effective from September 20, 2016 to September 20, 2019, principle is repaid in 36 months with interests paid monthly.
E.SUN Commercial Bank secured long-term loan	144,760	1.50	Effective from May 7, 2018 to May 7, 2020, interest is repaid monthly and the principle will be repayable upon maturity.
Subtotal	398,379		
Less: current portion	(40,472)		
Total	$357,907		

A. Secured bank loans are provided by major managers for joint guarantees, please refer to Note 7 for more details.
B. Certain land and buildings are pledged as first priority security for secured bank loans with Cathay United Bank, please refer to Note 8 for more details.
C. Certain land and buildings are pledged as first priority security for secured bank loans with E.SUN Commercial Bank, please refer to Note 8 for more details.

(11) Post-employment benefits plan

Expenses under the defined contribution plan for the three-month and nine-month periods ended September 30, 2019 and 2018 are NT$16,254 thousand, NT$14,740 thousand, NT$49,174 thousand and NT$40,364 thousand, respectively.

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(12)Provisions-non-current

	Decommissioning, restoration and rehabilitation
As at Jan. 1, 2019	$28,885
Arising during the period	4,381
Discount rate adjustment and unwinding of discount from the passage of time	217
As at Sep. 30, 2019	$33,483
Current－Sep. 30, 2019	$－
Non-current－Sep. 30, 2019	$33,483
Current－Sep. 30, 2018	$－
Non-current－Sep. 30, 2018	27,590
Sep. 30, 2018	$27,590

Decommissioning, restoration and rehabilitation

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

(13) Equities

A. Common stock

The Company’s authorized capital were all NT$1,000,000 thousand as at September 30, 2019, December 31, 2018 and September 30, 2018, divided into all 100,000 thousand shares (each authorized capital included 5,000 thousand shares reserved for employee stock options), each at a par value of NT$10. The Company has issued NT$681,696 thousand, NT$611,636 thousand and NT$603,548 thousand, divided into 68,170 thousand shares, 61,164 thousand shares and 60,355 thousand shares as at September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

The Company’s employees exercised 18 thousand shares of employee stock options, in which 15 thousand shares have been approved by and registered with the competent authorities and 3 thousand shares were not yet registered. The aforementioned shares which were not yet registrated were classified as capital collected in advance in the amount of NT$25 thousand for the nine-month period ended September 30, 2019.

The Company’s restricted stocks for employees’ plan, in which 13 thousand shares expiry due to the employee departure before the vesting day, and were not yet registrated and therefore were classified as changes preparation stock retired NT$ 126 thousand.

The Company’s first domestic unsecured convertible bonds converted to 2,165 thousand shares for the nine-month period ended September 30, 2019, in which NT$16,761 thousand were not yet registered and classified as bond certificate as at September 30, 2019.

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B. Capital surplus

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Employee stock option	$117	$203	$251
Restricted stocks for employees	246,154	183,581	182,023
Additional paid-in capital from common stock	160,728	221,989	221,918
Recognize due to issue of convertible bonds equity components - stock options	2,239	14,194	14,497
Additional paid-in capital from convertible bonds	325,545	99,832	94,157
Vested stock option	1,560	1,560	1,560
Total	$736,343	$521,359	$514,406

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 shareholders in proportion to the number of shares being held by each of them.

C. 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. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock.
d. Allocation or reverse of special reserves as required by law or government authorities.
e. The remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

To consider the company's future capital requirements and interest of the shareholders' 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 the 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 shareholders.

The distribution of earnings and dividends for 2018 and 2017 was approved by the stockholders' meeting held on May 30, 2019 and June 1, 2018, respectively. The details of distribution are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2018	2017	2018(Note1)	2017 (Note2)
Legal reserve	$44,400	$27,360		
Special reserve	($1,079)	($38,997)		
Cash dividend	$266,736	$165,292	$4.30	$3.42
Stock dividend	$61,338	$119,973	$0.99	$2.48

The Company approved to distribute NT$61,338 thousand in capital surplus with NT$0.99 per share by the stockholders' meeting held on May 30, 2019.

Note1: The Company recovered (bought back) and cancelled restricted stocks for employee departure, issued new shares after employees exercised employee stock options and new restricted employee stocks and creditors requested to exchange convertible bonds, resulting in an increase in the outstanding shares to 62,036 thousand shares. Therefore, the Company adjusted the shareholder's dividend yield and rationing ratio.

Note2: The Company recovered (bought back) restricted stocks for employee departure and issued new shares after employees exercised employee stock options, resulting in an increase in the outstanding shares to 48,357 thousand shares. Therefore, the Company adjusted the shareholder's dividend yield and rationing ratio.

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

D. Non-controlling interests

	For the nine-month periods ended September 30	
	2019	2018
Beginning balance	$19,325	$13,045
Profit attributable to non-controlling interests	5,541	9,597
Impacts applied retroactively	—	(1,016)
Change in non-controlling interests	(11,257)	(6,341)
Ending balance	$13,609	$15,285

(14) Share-based payment plans

A. As of September 30, 2019, the share-based payment plans agreed between the Company and its employees is as follows:

Type of agreement	Grant date	Total number of options granted (in thousands)	Contract period (year)	Vesting conditions
Issuance of Common Stock to retain employee rights	2013.07.22	500	—	Immediately Vesting
Employee stock option plan	2014.04.03	1,900	6	Description a
Issuance of Common Stock to retain employee rights	2014.12.01	220	—	Immediately Vesting
Issuance of Common Stock to retain employee rights	2016.03.03	465	—	Immediately Vesting

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
Issuance of Common Stock to retain employee rights	2013.07.22	10.00	38.13	0.24	0.00	1.36	2.55
Employee stock option plan	2014.04.03	4.71	36.26	6.00	0.00	1.36	3.98
Issuance of Common Stock to retain employee rights	2014.12.01	64.50	31.60	0.06	0.00	1.36	0.83
Issuance of Common Stock to retain employee rights	2016.03.03	72.00	31.55	0.02	0.00	1.13	7.28

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

For the nine-month period ended September 30, 2019

Employee Stock Option	Number of share options (in thousands)	Weighted-average exercise price of share options (NT$)	Exercise price range (NT$)	Weighted-average residual contract period	Average stock price during execution (NT$)
Outstanding at beginning of period	35	$5.28			
Granted	—	—			
Exercised	(18)	$5.20			$213.33
Expired	—	—			
Outstanding at end of period	17	$4.71	$4.71	0.5 year	
Exercisable at end of period	17	$4.71			

For the nine-month period ended September 30, 2018

Employee Stock Option	Number of share options (in thousands)	Weighted-average exercise price of share options (NT$)	Exercise price range (NT$)	Weighted-average residual contract period	Average stock price during execution (NT$)
Outstanding at beginning of period	476	$6.71			
Granted	—	—			
Exercised	(424)	$6.67			$166.74
Expired	—	—			
Outstanding at end of period	52	$5.28	$5.28	1.5 years	
Exercisable at end of period	52	$5.28			

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

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.

Restriction on the rights and vesting conditions of restricted stocks for employees is as follows:

a. During the vesting period, employees may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted employee shares, excluding inheritance.
b. Shareholders' voting rights: It is 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 capital allocated to the capital reserve (stocks) are allocated to the company, and the company recovers the cash according to relevant regulations and cancels the shares according to law.

D. For the three-month and nine-month periods ended September 30, 2019 and 2018, the Company incurred expenses of NT$14,173 thousand, NT$15,477 thousand, NT$34,989 and NT$46,554 for the share-based payment transactions.

(15) Operating revenue

	For the three-month periods ended September 30	
	2019	2018
Leisure sports and entertainment service revenue	$560,215	$476,128
Sports health service revenue	289,727	281,998
Entrance fee revenue	40,998	38,011
Other	7,303	7,559
Total	898,243	803,696
Less: sales return and sales discounts and allowances	(124)	(45)
Net operating revenue	$898,119	$803,651

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

	For the nine-month periods ended September 30	
	2019	2018
Leisure sports and entertainment service revenue	$1,625,064	$1,318,804
Sports health service revenue	854,286	715,102
Entrance fee revenue	115,063	107,478
Other	19,652	21,789
Total	2,614,065	2,163,173
Less: sales return and sales discounts and allowances	(215)	(194)
Net operating revenue	$2,613,850	$2,162,979

Analysis of revenue from contracts with customers during the three-month and nine-month periods ended September 30, 2019 and 2018 are as follows:

A. Disaggregation of revenue–Operating Department

	For the three-month periods ended September 30	
	2019	2018
Sale of goods	$4,345	$4,373
Rendering of services	884,297	790,766
Other	9,477	8,512
Total	$898,119	$803,651
Timing of revenue recognition		
At a point in time	$13,822	$12,885
Over time	884,297	790,766
Total	$898,119	$803,651

	For the nine-month periods ended September 30	
	2019	2018
Sale of goods	$11,218	$12,142
Rendering of services	2,579,650	2,131,074
Other	22,982	19,763
Total	$2,613,850	$2,162,979
Timing of revenue recognition		
At a point in time	$34,200	$31,905
Over time	2,579,650	2,131,074
Total	$2,613,850	$2,162,979

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

B. Contract balances

Contract liablilities - current

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Rendering of services－Leisure sports	$129,727	$89,252	$96,102
Rendering of services－Sports health etc.	225,685	236,468	281,880
Rendering of services－Entrance & Service fee	85,767	90,060	94,929
Rendering of services－Other	8,956	1,741	66
Total	$450,135	$417,521	$472,977

The significant changes in the Group’s balances of contract liabilities for the nine-month periods ended September 30, 2019 and 2018 are as follows:

	For the nine-month periods ended September 30	
	2019	2018
The opening balance transferred to revenue	$388,768	$408,714
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$421,382	$450,911

C. Transaction price allocated to unsatisfied performance obligations

The Group’s transaction price allocated to unsatisfied performance obligations amounted to NT$450,135 thousand and NT$472,977 thousand as at September 30, 2019 and 2018. The Group will recognize revenue as the Group satisfies its performance obligations over time that aligns with progress toward completion of a contract in the future. The estimate of the transaction price does not include any estimated amounts of variable consideration that are constrained.

D. Assets recognized from costs to fulfil a contract

None.

(16) Leases

A. Group as a lessee (applicable to the disclosure requirement under IFRS 16)

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

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

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

a. Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As at		
	Sep. 30, 2019	Dec. 31, 2018 (Note)	Sep. 30, 2018 (Note)
Buildings and facilities	$3,553,613		
Transportation equipment	3,952		
Office equipment	2,784		
Total	$3,560,349		

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

During the nine-month period ended September 30, 2019, the Group's additions to right-of-use assets amounting to NT$615,095 thousand.

ii. Lease liabilities

	As at		
	Sep. 30, 2019	Dec. 31, 2018 (Note)	Sep. 30, 2018 (Note)
Lease liabilities	$3,608,152		
Current	$409,821		
Non-current	$3,198,331		

Please refer to Note 6(18) for the interest on lease liabilities recognized during the nine-month period ended September 30, 2019 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at September 30, 2019.

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the three-month periods ended September 30	
	2019	2018 (Note)
Buildings and facilities	$100,266	
Transportation equipment	405	
Office equipment	155	
Total	$100,826	

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

	For the nine-month periods ended September 30	
	2019	2018 (Note)
Buildings and facilities	$286,031	
Transportation equipment	941	
Office equipment	309	
Total	$287,281	

c. Income and costs relating to leasing activities

	For the three-month periods ended September 30	
	2019	2018 (Note)
The expenses relating to short-term leases	$284	
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	$948	
Income from subleasing right-of-use assets	$805	

	For the nine-month periods ended September 30	
	2019	2018 (Note)
The expenses relating to short-term leases	$3,030	
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	$2,184	
Income from subleasing right-of-use assets	$1,991	

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

d. Cash outflow relating to leasing activities

During the nine-month period ended September 30, 2019, the Group's total cash outflows for leases amounting to NT$298,557 thousand.

e. Other information relating to leasing activities

Extension and termination options

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

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

B. Operating lease commitments - Group as a lessee (applicable to the disclosure requirement in IAS 17)

The Group leases business premises on operating leases with an average life of 7 to 15 years.

Future minimum rentals payable under non-cancellable operating leases as at December 31, 2018 and September 30, 2018 are as follows:

	As at	
	Dec. 31, 2018	Sep. 30, 2018
Less than one year	$382,894	$376,044
More than one year and less than five years	1,528,426	1,513,124
More than five years	1,237,191	1,267,481
Total	$3,148,511	$3,156,649

Operating lease expenses recognized are as follows:

	For the three-month period ended September 30, 2018	For the nine-month period ended September 30, 2018
Minimum lease payments	$83,467	$228,460

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

	For the three-month periods ended September 30					
	2019			2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$323,946	32,338	$356,284	$299,118	28,540	$327,658
Labor and health insurance	$26,657	1,345	$28,002	$24,629	1,191	$25,820
Pension	$15,644	610	$16,254	$13,854	886	$14,740
Director's remuneration	$47	1,456	$1,503	$108	1,353	$1,461
Other employee benefits expense	$4,023	164	$4,187	$3,483	338	$3,821
Depreciation	$196,554	3,208	$199,762	$88,895	—	$88,895
Amortization	$—	60	$60	$—	—	$—

	For the nine-month periods ended September 30					
	2019			2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$947,032	87,796	$1,034,828	$802,997	80,934	$883,931
Labor and health insurance	$81,070	3,838	$84,908	$66,925	3,887	$70,812
Pension	$47,296	1,878	$49,174	$37,824	2,540	$40,364
Director's remuneration	$177	4,357	$4,534	$308	3,335	$3,643
Other employee benefits expense	$16,446	747	$17,193	$11,809	2,056	$13,865
Depreciation	$568,894	9,192	$578,086	$251,021	—	$251,021
Amortization	$—	100	$100	$—	—	$—

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

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

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

Based on the profit of the nine-month period ended September 30, 2019, the Company estimated the amounts of the employees' compensation and remuneration to directors for the nine-month period ended September 30, 2019 to be 3% of profit of the current nine-month period and 0.75% of profit of the current nine-month period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the three-month and nine-month periods ended September 30, 2019 amounted to NT$4,468 thousand, NT$1,117 thousand, NT$ 13,497 thousand and NT$3,374 thousand, respectively. The Company estimated the amounts of the employees' compensation and remuneration to directors for the nine-month period ended September 30, 2018 to be 3% of profit of the nine-month period and 0.75% of profit of the current nine-month period, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the three-month and nine-month periods ended September 30, 2018, amounted to NT$4,334 thousand, NT$1,083 thousand, NT$ 10,883 thousand and NT$2,720 thousand, respectively.

No material differences existed between the estimated amount resolved by Company's Board of Directors on March 12, 2019 and the distributed amount of the employee compensation and remuneration to directors presented by the stockholders' meeting for the year ended December 31, 2018.

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, 2017.

(18) Non-operating income and expenses

A. Other income

	For the three-month periods ended September 30	
	2019	2018
Rental income	$805	$1,061
Interest income	217	63
Others	1,255	1,724
Total	$2,277	$2,848

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

	For the nine-month periods ended September 30	
	2019	2018
Rental income	$1,991	$4,190
Interest income	783	360
Others	2,934	2,706
Total	$5,708	$7,256

B. Other gains and losses

	For the three-month periods ended September 30	
	2019	2018
(Loss) on disposal of property, plant and equipment	$—	($60)
Gain on financial assets at fair value through profit or loss	—	27
(Loss) on disposal of investment	—	—
Others	(248)	(84)
Total	($248)	($117)

	For the nine-month periods ended September 30	
	2019	2018
Gain (loss) on disposal of property, plant and equipment	$491	($60)
Gain on financial assets at fair value through profit or loss	159	3,107
(Loss) on disposal of investment	—	(2)
Others	(400)	(480)
Total	$250	$2,565

C. Finance costs

	For the three-month periods ended September 30	
	2019	2018
Interest on borrowings from bank	$1,443	$1,634
Interest on lease liabilities	14,627	(Note)
Interest on bonds payable	642	1,912
Total interest expenses	16,712	3,546
Unwinding of discount on provisions	76	66
Total finance costs	$16,788	$3,612

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

	For the nine-month periods ended September 30	
	2019	2018
Interest on borrowings from bank	$4,444	$4,217
Interest on lease liabilities	41,690	(Note)
Interest on bonds payable	3,715	6,557
Total interest expenses	49,849	10,774
Unwinding of discount on provisions	217	180
Total finance costs	$50,066	$10,954

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(19) Components of other comprehensive income

For the three-month period ended September 30, 2019: None.

For the three-month period ended September 30, 2018: None.

For the nine-month period ended September 30, 2019: None.

For the nine-month period ended September 30, 2018:

	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
Not to be reclassified to profit or loss in subsequent periods:					
Unrealized (losses) from equity instruments investments measured at fair value through other comprehensive income	($603)	－	($603)	－	($603)

(20) Income tax

Based on the amendments to the Income Tax Act announced on Feburary 7, 2018, the Company’s applicable corporate income tax rate for the year ended December 31, 2018 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%.

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

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

Income tax expense (income) recognized in profit or loss

	For the three-month periods ended September 30	
	2019	2018
Current income tax expense:		
Current income tax charge	$29,487	$30,226
Adjustments in respect of current income tax of prior periods	—	—
Deferred tax (income):		
Deferred tax (income) relating to origination and reversal of temporary differences	(362)	(1,117)
Deferred tax (income) relating to changes in tax rate	—	—
Total income tax expense	$29,125	$29,109

	For the nine-month periods ended September 30	
	2019	2018
Current income tax expense:		
Current income tax charge	$89,120	$75,556
Adjustments in respect of current income tax of prior periods	80	18
Deferred tax (income):		
Deferred tax (income) relating to origination and reversal of temporary differences	(669)	(2,838)
Deferred tax (income) relating to changes in tax rate	—	(1,092)
Total income tax expense	$88,531	$71,644

B. The assessment of income tax returns

As of September 30, 2019, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2017
Subsidiary- Bo Xin Health Industry Incorporated	Assessed and approved up to 2017

(21) Earnings per share

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

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

	For the three-month periods ended September 30	
	2019	2018
Basic earnings per share		
Net income (in thousand NT$)	$115,003	$113,056
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	66,260	64,142
Basic earnings per share (NT$)	$1.74	$1.76
Diluted earnings per share		
Net income (in thousand NT$)	$115,003	$113,056
Interest expense from convertible bonds (in thousand NT$)	513	1,529
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$115,516	$114,585
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	66,260	64,142
Effect of dilution:		
Employee compensation－stock (in thousands)	19	28
Employee stock options (in thousands)	1,938	1,620
Convertible bonds (in thousands)	963	2,196
Weighted average number of ordinary shares outstanding after dilution (in thousands)	69,180	67,986
Diluted earnings per share (NT$)	$1.67	$1.69

	For the nine-month periods ended September 30	
	2019	2018
Basic earnings per share		
Net income (in thousand NT$)	$347,956	$282,280
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,351	64,142
Basic earnings per share (NT$)	$5.32	$4.40
Diluted earnings per share		
Net income (in thousand NT$)	$347,956	$282,280
Interest expense from convertible bonds (in thousand NT$)	2,971	5,245
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$350,927	$287,525
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,351	64,142
Effect of dilution:		
Employee compensation－stock (in thousands)	56	70
Employee stock options (in thousands)	1,941	1,610
Convertible bonds (in thousands)	1,883	2,196
Weighted average number of ordinary shares outstanding after dilution (in thousands)	69,231	68,018
Diluted earnings per share (NT$)	$5.07	$4.23

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.

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

7. RELATED PARTY TRANSACTIONS

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

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Giant Development Co., Ltd.	Other related parties
All directors, Supervisor and Vice Manager or above	Key management personnel

Significant related party transactions

(1) Notes payable - related parties

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Other related parties			
Giant Development Co., Ltd.	$407	$230	$230

(2) Other payables - related parties

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Other related parties			
Giant Development Co., Ltd.	$585	$357	$488

(3) Lease

Lease payments

	For the three-month periods ended September 30	
	2019	2018
Other related parties		
Giant Development Co., Ltd.	$－	$4,925

	For the nine-month periods ended September 30	
	2019	2018
Other related parties		
Giant Development Co., Ltd.	$－	$14,505

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

As of September 30, 2019, December 31, 2018 and September 30, 2018 the security deposit paid to the related parties for the lease of the business premises was NT$6,568 thousand, NT$6,568 thousand and NT$3,000 thousand, respectively, under the refundable deposits. The management fee for the three-month and nine-month periods ended September 30, 2019 and 2018 were NT$1,162 thousand, NT$656 thousand, NT$3,210 thousand and NT$1,931 thousand, respectively, under the opreating expense.

Right-of-use assets

	As at		
	Sep. 30, 2019	Dec. 31, 2018 (Note)	Sep. 30, 2018 (Note)
Other related parties			
Giant Development Co., Ltd.	$113,292		

Lease liabilities

	As at		
	Sep. 30, 2019	Dec. 31, 2018 (Note)	Sep. 30, 2018 (Note)
Other related parties			
Giant Development Co., Ltd.	$116,110		

Interest expenses

	As at		
	Sep. 30, 2019	Dec. 31, 2018 (Note)	Sep. 30, 2018 (Note)
Other related parties			
Giant Development Co., Ltd.	$1,351		

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(4) Key management personnel compensation

	For the three-month periods ended September 30	
	2019	2018
Short-term employee benefits	$7,630	$7,626
Post-employment benefits	221	216
Share-based payment	2,022	1,182
Total	$9,873	$9,024

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

	For the nine-month periods ended September 30	
	2019	2018
Short-term employee benefits	$23,018	$22,268
Post-employment benefits	656	646
Share-based payment	4,145	3,580
Total	$27,819	$26,494

(5) Others

As of December 31, 2018 and September 30, 2018, some key management personnel were joint loan guarantors for the Group's borrowing from financial institutions.

8. ASSETS PLEDGED AS COLLATERAL

Items	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018	Secured liabilities
Property, plant and equipment - Land and buildings	$508,277	$483,700	$485,279	Long-term loan
Other financial assets - current	133,735	114,157	103,827	Performance Guarantee of Fitness Center and Bank Authorizated of mail order
Total	$642,012	$597,857	$589,106	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of September 30, 2019, the lease performance guarantee bills drawn by the Group for leasing sports venues amounted to NT$51,494 thousand.

(2) As of September 30, 2019, the total amounts of the equipment and construction purchases under contracts were approximately NT$613,929 thousand, and approximately NT$416,975 thousand was unpaid.

10. LOSSES DUE TO MAJOR DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

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

12. OTHERS

(1) Categories of financial instruments

Financial Assets

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Financial assets measured at fair value through other comprehensive income and loss	$27,857	$12,312	$12,312
Financial assets measured at amortized cost			
Cash and cash equivalents (exclude cash on hand)	511,642	713,474	563,891
Trade receivables	56,714	72,963	68,932
Other receivables	2,601	4,402	1,835
Other financial assets - current	133,735	114,157	103,827
Other non-current assets - refundable deposits	84,629	75,721	70,301
Subtotal	789,321	980,717	808,786
Total	$817,178	$993,029	$821,098

Financial Liabilities

	As at		
	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
Financial liabilities at amortized cost:			
Payables	$287,409	$344,196	$266,421
Bonds payable	44,398	276,214	280,365
Long-term loans (current portion included)	374,194	386,728	398,379
Lease liabilities	3,608,152	(Note)	(Note)
Total	$4,314,153	$1,007,138	$945,165

Note: The Group adopted IFRS 16 since January 1, 2019. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

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

Interest rate risk

Interest rate risk is the risk that the fair value of future will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's 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 investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the nine-month periods ended September 30, 2019 and 2018 to increase/decrease by NT$271 thousand and NT$269 thousand, respectively.

Equity price risk

The fair value of the Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The equity securities held by the company are unlisted equity securities, so they are measured by cost.

The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

(4) Credit risk management

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

The accounts receivable of the Group mainly uses credit card payment methods. These receivables are mainly paid by domestic famous financial institutions, and the probability of occurrence of credit risk is extremely low, and the maximum amount of credit risk is its book value.

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

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

(5) Liquidity risk management

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

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	More than 6 years	Total
As at September 30, 2019					
Payables	$287,409	—	—	—	$287,409
Loans	$167,525	58,184	40,645	130,017	$396,371
Lease liabilities	$409,821	840,734	726,934	2,009,112	$3,986,601
convertible bonds	$—	44,398	—	—	$44,398
As at December 31, 2018					
Payables	$344,196	—	—	—	$344,196
Loans	$39,274	187,774	41,085	145,120	$413,253
convertible bonds	$—	276,214	—	—	$276,214
As at September 30, 2018					
Payables	$266,421	—	—	—	$266,421
Loans	$44,506	187,166	41,232	150,193	$423,097
convertible bonds	$—	280,365	—	—	$280,365

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

	Maturities					
	Less than 1 year	2 to 5 years	6 to 10 years	11 to 15 years	More than 16 years	Total
Lease liabilities	$409,821	1,567,668	1,435,215	567,424	6,473	$3,986,601

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

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the nine-month period ended September 30, 2019:

	Bonds	Long-term loan	Lease liabilities	Total liabilities from financing activities
January 1, 2019	$276,214	$386,728	$3,249,924	$3,912,866
Cash flow	—	(12,534)	(298,557)	(311,091)
Non-cach movement	(231,816)	—	656,785	424,969
September 30, 2019	$44,398	$374,194	$3,608,152	$4,026,744

Reconciliation of liabilities for the nine-month period ended September 30, 2018:

	Bonds	Long-term loan	Total liabilities from financing activities
January 1, 2018	$—	$301,045	$301,045
Cash flow	400,000	97,334	497,334
Non-cach movement	(119,635)	—	(119,635)
September 30, 2018	$280,365	$398,379	$678,744

(7) Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amounts of cash and cash equivalents, accounts receivables and accounts payable approximate their fair value due to their short maturities.

(8) Fair value measurement hierarchy

A. Fair value measurement hierarchy

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

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

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

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

B. Fair value measurement hierarchy of the Group's assets and liabilities

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

As at September 30, 2019:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other Comprehensive income				
Financial assets measured at fair value through other comprehensive income	$－	27,857	－	$27,857

As at December 31, 2018:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other Comprehensive income				
Financial assets measured at fair value through other comprehensive income	$－	12,312	－	$12,312

As at September 30, 2018:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other Comprehensive income				
Financial assets measured at fair value through other comprehensive income	$－	12,312	－	$12,312

Transfers between Level 1 and Level 2

For the nine-month periods ended September 30, 2019 and 2018, there were no transfers between Level 1 and Level 2 for assets or liabilities measured at fair value on a recurring basis.

(9) Capital management

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

13. ADDITIONAL DISCLOSURES

(1) Information at significant transactions

A. Financing provided to others for the nine-month period ended September 30, 2019: None.
B. Endorsement/Guarantee provided to others for the nine-month periods ended September 30, 2019: None.
C. Securities held as of September 30, 2019: Please refer to Attachment 1.
D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the nine-month period ended September 30, 2019: None.
E. Acquistion of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the nine-month period ended September 30, 2019: 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 nine-month period ended September 30, 2019: None.
G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the nine-month period ended September 30, 2019: None.
H. Investees over whom the Company exercises significant influence or control directly or indirectly (excluding investment in Mainland China): Please refer to Attachment 3.
I. Financial instruments and derivative transactions: None.
J. Other: Intercompany relationships and significant intercompany transactions for the nine-month period ended September 30, 2019: None.

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

14. SEGMENT INFORMATION

The Group is engaged in the business of leisure sports and fitness centers. The services it provides are all related to leisure sports and fitness. Therefore, it is considered as a single operating department.

Regional information

The Group operates mainly in Taiwan.

Important customer information

For the nine-month periods ended September 30, 2019 and 2018, there was no income from a single customer that exceeded 10% of the Group's total revenue.

ATTACHMENT 1

Securities held as of September 30, 2019 (Excluding subsidiaries, associates and joint ventures)

(In Thousands of New Taiwan Dollars)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of September 30, 2019				Footnote (Note 4)
				Number of shares (thousand)	Book value (Note 3)	Percentage of ownership (%)	Fair value	
POWER WIND HEALTH INDUSTRY INCORPORATED	Taroko Development Corporation	—	Financial assets measured at fair through other comprehensive income and loss, non-current	900	$10,417	0.55%	$10,417	—
POWER WIND HEALTH INDUSTRY INCORPORATED	Taroko Shopping Center Corporation	—	Financial assets measured at fair through other comprehensive income and loss, non-current	160	$1,895	0.53%	$1,895	—
POWER WIND HEALTH INDUSTRY INCORPORATED	Gomore Inc.	—	Financial assets measured at fair through other comprehensive income and loss, non-current	25,217	$15,545	5.04%	$15,545	—

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS9 “Financial instruments.”

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

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	Transaction date	Transaction amount	Payment status (Note 4)	Counter-party	Relationship	Where counter-party is a related party, details of prior transactions				Price reference	Date of acquisition and status of utilization	Other commitments
							Former holder of property	Relationship between former holder and acquirer of property	Date of transaction	Transaction amount			
POWER WIND HEALTH INDUSTRY INCORPORATED	Land, buildings and facilities	August 6, 2019	$326,091	In three installments 1^{st}:NT$32,609 2^{nd}:NT$32,609 3^{rd}:NT$260,873	Adata Technology Co., Ltd.	None	—	—	—	—	Market price and appraisal report	Acquiring the operational location – Zhonghe	—

Note 1: The appraisal value should be presented in the “Basis or reference used in setting the price” column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: The Company has paid NT$66,092 thousand as at September 30, 2019.

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 (Note 1,2)	Address	Main businesses and products	Initial investment		Investment as of September 30, 2019			Net income (loss) of investee company (Note 2(2))	Investment income (loss) recognized (Note 2(3))	Footnote
				Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount			
POWER WIND HEALTH INDUSTRY INCORPORATED	Bo Xin Health Industry Incorporated	4F., No. 22, Songshou Rd., Xinyi Dist., Taipei City	Engaged in the business of leisure sports and fitness centers and other sports services	$9,000	$9,000	900,000	60.00%	$20,414	$13,853	$8,312	Note 3

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of “Investee”, “Location”, “Main business activities”, “Initial investment amount” and “Shares held as at September 30, 2019” should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the “footnote” column.

(2)The “Net income (loss) of the investee for the nine-month period ended September 30, 2019” column should fill in amount of net income (loss) of the investee for this period.

(3)The “Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2019” column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary”s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Aforementioned investment has been written off when preparing the consolidated financial statements.