POWER WIND HEALTH INDUSTRY INCORPORATED
PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

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

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

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Independent Auditors' Report

To Power Wind Health Industry Incorporated

Opinion

We have audited the accompanying parent company only balance sheets of Power Wind Health Industry Incorporated (the "Company") as of December 31, 2019 and 2018, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the parent company only financial statements, including the summary of significant accounting policies (collectively "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and cash flows for the years ended December 31, 2019 and 2018, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2019 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Net sales recognized by the Company amounted to NT$3,395,141 thousand for the year ended December 31, 2019. Due to the large number of fitness center members, the differences in each contract and because contract performance obligation is satisfied over time when recognizing revenue from membership and fitness courses, which leads to complex calculation, we therefore determined revenue recognition a key audit matter. Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy and testing the effectiveness of internal controls around revenue recognition, including reviewing contractual provisions and contract amount, confirming the period for rendering services and selecting courses to verify the execution. In addition, through performing cut-off testing, reviewing analytical procedures and recalculation to validate appropriateness of revenue recognition, we also assessed the adequacy of disclosures of operating revenue. Please refer to Note 6 in notes to the parent company only financial statements.

Right-of-Use Assets and Lease Liabilities

The Company acquired right-of-use for sites of chain sports and fitness centers and leisure sports venues by leasing. As the completeness of contracts, contract terms and conditions, all relevant facts and circumstances and the discount rate of the lease payments involved management's estimates and assumptions, and the amount of right-of-use assets and lease liabilities increased as business locations increased, we considered this a key audit matter. Our audit procedures included, but not limited to, testing the effectiveness of internal controls around right-of-use assets and lease liabilities; reviewing the Company's existing and potentially future lease contracts; identifying lease components within contracts; assessing the lease term and the appropriateness of the discount rate which the lease payments adopted. Please refer to Note 6 to the parent company only financial statements.

Emphasis of Matter - Applying for New Accounting Standards

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

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2019 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

/s/ Chen, Cheng-Chu

/s/ Huang, Shih-Chieh

Ernst & Young, Taiwan

March 13, 2020

Notice to Readers

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

English Translation of Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2019	%	December 31, 2018	%
Current assets					
Cash and cash equivalents	4,6(1)	$578,002	9	$666,516	22
Notes receivable, net	4	4	-	-	-
Accounts receivable, net	4,6(2)	10,085	-	70,611	2
Inventories, net	4	5,114	-	-	-
Prepayments		10,063	-	8,985	-
Other financial assets, current	4,6(3),8	245,019	4	110,744	4
Other current assets	7	28,548	-	8,558	-
Total current assets		876,835	13	865,414	28
Non-current assets					
Financial assets at fair value through profit or loss, non-current	4,6(9)	7	-	-	-
Financial assets measured at fair value through other comprehensive income, non-current	4,6(4)	27,857	-	12,312	-
Investments accounted for using the equity method	4,6(5)	22,091	-	28,988	1
Property, plant and equipment	4,6(6),8	2,630,030	39	2,090,359	68
Right-of-use assets	4,6(17)	3,241,431	47	-	-
Intangible assets	4	1,839	-	-	-
Deferred tax assets	4,6(21)	10,629	-	12,238	-
Other non-current assets	4,6(7)	79,320	1	82,946	3
Total non-current assets		6,013,204	87	2,226,843	72
Total assets		$6,890,039	100	$3,092,257	100

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

English Translation of Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2019	%	December 31, 2018	%
Current liabilities					
Contract liabilities	4,6(16)	$410,468	6	$406,321	13
Notes payable		402	-	459	-
Accounts payable		1,375	-	1,480	-
Payables on equipment		98,659	1	66,648	2
Other payables	6(8)	265,657	4	268,199	9
Other payables - related parties	7	145	-	87	-
Current tax liabilities	4,6(21)	67,242	1	65,507	2
Lease liabilities, current	4,6(17)	371,312	5	-	-
Current portion of long-term liabilities	4,6(11),7,8	42,012	1	33,325	1
Other current liabilities		2,812	-	2,617	-
Total current liabilities		1,260,084	18	844,643	27
Non-current liabilities					
Financial liabilities at fair value through profit or loss, non-current	4,6(9)	-	-	22	-
Bonds payable	4,6(10)	17,070	-	276,214	9
Long-term loans	4,6(11),7,8	595,591	9	353,403	12
Provisions, non-current	4,6(13)	34,662	-	28,232	1
Deferred tax liabilities	4,6(21)	-	-	685	-
Lease liabilities, non-current	4,6(17)	2,932,490	43	-	-
Other non-current liabilities		370	-	90	-
Total non-current liabilities		3,580,183	52	658,646	22
Total liabilities		4,840,267	70	1,503,289	49
Equity	4,6(14),6(15)				
Capital					
Common stock		698,356	10	611,636	20
Certificate of entitlement to new shares from convertible bonds		2,575	-	503	-
Subscribed stock		125	-	175	-
Preparation stock number shares retired		(91)	-	(389)	-
Total capital		700,965	10	611,925	20
Additional paid-in capital		761,071	11	521,359	17
Retained earnings					
Legal reserve		127,610	2	83,210	2
Special reserve		54,367	1	55,446	2
Unappropriated earnings		470,441	7	371,395	12
Total retained earnings		652,418	10	510,051	16
Other components of equity		(64,682)	(1)	(54,367)	(2)
Total equity		2,049,772	30	1,588,968	51
Total liabilities and equity		$6,890,039	100	$3,092,257	100

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

English Translation of Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

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

Accounting	Notes	For the years ended December 31			
		2019	%	2018	%
Operating revenues	4,6(16)	$3,395,141	100	$2,889,493	100
Operating costs	4,6(12),6(15),6(17),6(18),7	(2,285,334)	(67)	(1,953,178)	(68)
Gross profit		1,109,807	33	936,315	32
Operating expenses	4,6(12),6(15),6(17),6(18),7				
Sales and marketing expenses		(41,406)	(1)	(32,861)	(1)
General and administrative expenses		(444,187)	(13)	(393,176)	(14)
Subtotal		(485,593)	(14)	(426,037)	(15)
Operating income		624,214	19	510,278	17
Non-operating income and expenses	4,6(5),6(19)				
Other income		13,316	-	12,879	-
Other gains and losses		2,070	-	2,401	-
Finance costs		(64,596)	(2)	(14,304)	-
Investment income or loss from investments accounted for using equity method		9,989	-	20,455	1
Subtotal		(39,221)	(2)	21,431	1
Income from continuing operations before income tax		584,993	17	531,709	18
Income tax expense	4,6(21)	(114,863)	(3)	(87,704)	(3)
Profit from continuing operations		470,130	14	444,005	15
Net income		470,130	14	444,005	15
Other comprehensive (loss)					
Items that will not be reclassified subsequently to profit or loss					
Unrealized (losses) from equity instruments investments measured at fair value through other comprehensive income	6(20)	-	-	(603)	-
Total other comprehensive (loss), net of tax		-	-	(603)	-
Total comprehensive income		$470,130	14	$443,402	15
Earnings per share (NTD)	6(22)				
From continuing operations					
Earnings per share - Basic		$7.15		$6.99	
Earnings per share - Diluted		$6.83		$6.67	

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

English Translation of Financial Statements Originally Issued in Chinese
POWER WIND HEALTH INDUSTRY INCORPORATED
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

						Retained Earnings			Other Components of Equity		
Accounting	Common Stock	Certificate of Entitlement to New Shares from Convertible Bonds	Subscribed Stock	Preparation stock number shares retired	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value through Other Comprehensive Income	Unearned Rewards for Employees	Total
Balance as of January 1, 2018	$475,990	$-	$3,640	($92)	$361,402	$55,850	$94,443	$273,628	$-	($55,446)	$1,209,415
Impact of retroactive applications	-	-	-	-	-	-	-	(71,471)	(7,800)	-	(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
Appropriation and distribution of 2017 retained earnings											
Legal reserve	-	-	-	-	-	27,360	-	(27,360)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(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	-	-	-	-	14,194	-	-	-	-	-	14,194
Net income for the year ended December 31, 2018	-	-	-	-	-	-	-	444,005	-	-	444,005
Other comprehensive income, net of tax for the year ended December 31, 2018	-	-	-	-	-	-	-	-	(603)	-	(603)
Total comprehensive income (loss)	-	-	-	-	-	-	-	444,005	(603)	-	443,402
Convertible bonds conversion	8,394	503	-	-	99,832	-	-	-	-	-	108,729
From share of changes in equities of subsidiaries	-	-	-	-	-	-	-	(1,524)	-	-	(1,524)
Share-based payment transaction	7,279	-	(3,465)	(297)	45,931	-	-	385	-	9,482	59,315
Balance as of December 31, 2018	$611,636	$503	$175	($389)	$521,359	$83,210	$55,446	$371,395	($8,403)	($45,964)	$1,588,968
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
Appropriation and distribution of 2018 retained earnings											
Legal reserve	-	-	-	-	-	44,400	-	(44,400)	-	-	-
Cash dividends	-	-	-	-	(61,338)	-	-	(266,736)	-	-	(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	-	-	-	-	(13,338)	-	-	-	-	-	(13,338)
Net income for the year ended December 31, 2019	-	-	-	-	-	-	-	470,130	-	-	470,130
Total comprehensive income	-	-	-	-	-	-	-	470,130	-	-	470,130
Convertible bonds conversion	-	24,226	-	-	252,003	-	-	-	-	-	276,229
Conversion of certificate of entitlement to new shares from convertible bonds	22,154	(22,154)	-	-	-	-	-	-	-	-	-
Share-based payment transaction	3,228	-	(50)	298	62,385	-	-	311	-	(10,315)	55,857
Balance as of December 31, 2019	$698,356	$2,575	$125	($91)	$761,071	$127,610	$54,367	$470,441	($8,403)	($56,279)	$2,049,772

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

English Translation of Financial Statements Originally Issued in Chinese

POWER WIND HEALTH INDUSTRY INCORPORATED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the years ended December 31	
	2019	2018
Cash flows from operating activities:		
Net income before tax	$584,993	$531,709
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	738,840	340,254
Amortization	160	-
Net (gain) of financial assets and liabilities at fair value through profit or loss	(162)	(3,426)
Interest expense	64,596	14,304
Interest income	(1,241)	(795)
Compensation costs of share-based payment transaction	47,158	55,699
Share of profit of subsidiaries accounted for using the equity method	(9,989)	(20,455)
(Gain) Loss on disposal and abandonment of property, plant and equipment	(464)	38
Property, plant and equipment transferred to expenses	1,718	701
Loss on disposal of investments	-	3
Others	(1,960)	-
Changes in operating assets and liabilities:		
(Increase) in notes receivable	(4)	-
Decrease (Increase) in accounts receivable	60,526	(8,444)
(Increase) in inventories	(5,114)	-
(Increase) Decrease in prepayments	(2,952)	1,865
(Increase) in other current assets	(19,990)	(2,881)
(Increase) in other financial assets	(134,275)	(41,859)
Increase (Decrease) in contract liabilities	4,147	(8,454)
(Decrease) in notes payable	(57)	(2,712)
(Decrease) in accounts payable	(105)	(110)
Increase in other payables	30,533	59,516
Increase in other payables - related parties	58	61
Increase in other current liabilities	195	687
Cash generated from operations	1,355,370	914,906
Interest received	1,241	795
Dividends received	16,886	9,510
Income tax paid	(112,204)	(66,856)
Net cash provided by operating activities	1,261,293	858,355
Cash flows from investing activities:		
Acquisition of financial assets measured at fair value through comprehansive income	(15,545)	(715)
Disposal of investments accounted for using the equity method	-	1,853
Acquisition of property, plant and equipment	(887,716)	(823,010)
Proceeds from disposal of property, plant and equipment	564	67
Acquisition of intangible assets	(1,999)	-
Increase in other non-current assets - others	(10,186)	-
Decrease in other non-current assets - others	-	15,450
Net cash used in investing activities	(914,882)	(806,355)
Cash flows from financing activities:		
Proceeds from bonds issued	-	400,000
Proceeds from long-term loans	284,200	144,760
Repayments of long-term loans	(33,325)	(59,077)
Cash payments for the principal portion of the lease liability	(361,527)	-
Increase in other non-current liabilities	280	-
Decrease in other non-current liabilities	-	(580)
Cash dividends	(328,074)	(165,292)
Employee share options	150	2,917
Interest paid	(6,419)	(5,789)
Others	8,549	(1,340)
Net cash (used in) provided by financing activities	(436,166)	315,599
Net (decrease) increase in cash and cash equivalents	(88,514)	368,394
Cash and cash equivalents at beginning of period	666,516	298,122
Cash and cash equivalents at end of period	$578,002	$666,516

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

POWER WIND HEALTH INDUSTRY INCORPORATED
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 parent company only financial statements for the years ended December 31, 2019 and 2018 were authorized for issue by the Board of Directors on March 13, 2020.

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 Company 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 Company. 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 Company’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 Company 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 Company elected not to reassess whether a contract was, or contained, a lease on January 1, 2019. The Company 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 Company 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 Company assessed most of the contracts are, or contain, leases and has no significant impact arised.

c. The Company is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Company 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 Company 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 Company 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 Company's right-of-use asset and lease liability increased by NT$3,156,223 thousand and NT$3,173,612 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 Company reclassified the long-term rental prepayment of NT$15,686 thousand to the right-of-use asset.

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

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

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$172,090 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	$3,001,522
Discounted using the incremental borrowing rate on January 1, 2019	$2,619,322
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	$3,173,612

(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 Company 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
C	Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	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.

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.

C. Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments include a number of exceptions, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is directly affected if the interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Hence, the entity shall apply the exceptions to all hedging relationships directly affected by the interest rate benchmark reform.

The amendments include:

a. highly probable requirement
   When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.
b. prospective assessments
   When performing prospective assessments, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.
c. IAS 39 retrospective assessment
   An entity is not required to undertake the IAS 39 retrospective assessment (i.e. the actual results of the hedge are within a range of 80%～125%) for hedging relationships directly affected by the interest rate benchmark reform.
d. separately identifiable risk components
   For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

The amendments also include the end of application of the exceptions requirements and the related disclosures requirements of the amendments.

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

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

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, but not yet adopted by the Company as at the date of issurance of the Company's financial statements 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	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 1, 2022

The Company 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 Company'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.

B. Classification of Liabilities as Current or Non-current - Amendments to IAS 1

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) *Statement of compliance*

The parent company only financial statements for the years ended December 31, 2019 and 2018 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASs, IFRIC and SIC, which are endorsed by FSC.

(2) *Basis of preparation*

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

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

(3) *Current and non-current distinction*

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(4) *Cash and cash equivalents*

Cash and cash equivalents 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.

(5) *Financial instruments*

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

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

A. Financial assets: recognition and measurement

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

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

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

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

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

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

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

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

Besides, for certain equity 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 Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity 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 Company 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 Company measures expected credit losses of a financial instrument in a way that reflects:

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

The loss allowance is 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 Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
d. For lease receivables arising from transactions within the scope of IFRS 16 (before January 1, 2019: IAS 17), the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

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 Company 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.

(6) *Derivative instrument*

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

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

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

(7) *Fair value measurement*

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

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

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

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

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

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

(8) *Inventories*

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

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

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

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

(9) *Investments accounted for using the equity method*

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a pro rata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in 'additional paid in capital' and 'investments accounted for using the equity method'. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(10) *Property, plant and equipment*

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

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

Buildings and facilities	7～25 years
Business facilities	3～16 years
Leasehold improvements	3～15 years
Other improvements	3～12 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising 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 Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses 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 Company elected not to reassess whether a contract is, or contains, a lease on January 1, 2019. The Company 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 Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

<u>Company as a lessee</u>

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

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

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

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

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

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

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

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

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

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

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

<u>Company as a lessor</u>

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and 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 Company allocates the consideration in the contract applying IFRS 15.

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

The accounting policy before January 1, 2019 as follow:

Company as a lessee

Finance leases which transfer to the Company 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 Company 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.

Company as a lessor

Leases in which the Company 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 Company’s intangible assets is as follows:

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

(13) *Impairment of non-financial assets*

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

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

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

(14) *Provisions*

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

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose 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 Company's revenue arising from contracts with customers mainly includes sale of goods and rendering of services. The accounting policies for the Company's types of revenue are explained as follows:

Sale of goods

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

Rendering of services

The Company provides sports training and other services. Such services are separately priced or negotiated, and provided based on contract periods. As the Company provides the sports training and other services over the contract period, the customers simultaneously receive and consume the benefits provided by the Company. Accordingly, 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 Company are collected evenly throughout the contract periods. The consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

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

(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 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. Therefore fund assets are not included in the parent company only financial statements.

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

(18) *Share-based payment transactions*

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

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

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

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

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee 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 Company 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly recognized in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

5. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s parent company only financial statements 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.

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

(2) Share-based payment transactions

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

(3) Provision for decommissioning

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

(4) Income tax

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

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Cash on hand	$1,241	$1,079
Bank deposit	576,761	665,437
Total	$578,002	$666,516

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

(2) Trade receivables

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Trade receivables	$10,085	$70,611
Less: loss allowance	–	–
Total	$10,085	$70,611

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	
	Dec. 31, 2019	Dec. 31, 2018
Bank deposit	$245,019	$110,744

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

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

(5) Investments accounted for using the equity method

	As at			
	Dec. 31, 2019		Dec. 31, 2018	
Investees	Carrying amounts	Percentage of ownership (％)	Carrying amounts	Percentage of ownership (％)
Subsidiaries				
Bo Xin Health Industry Incorporated	$22,091	60.00％	$28,988	60.00％

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

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

	For the years ended December 31	
	2019	2018
Profit or loss from continuing operations	$9,989	$20,455
Other comprehensive income (post-tax)	–	–
Total comprehensive income	$9,989	$20,455

The subsidiaries had no contingent liabilities or capital commitments as at December 31, 2019 and 2018.

(6) Property, plant and equipment

	As at	
	Dec. 31, 2019	Dec. 31, 2018 (Note)
Owner occupied property, plant and equipment	$2,630,030	

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

A. Owner occupied property, plant and equipment (after the application of IFRS 16)

	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	$1,572,539	$1,122,568	$88,306	$41,192	$3,348,775
Additions	255,983	70,595	240,382	170,947	17,959	163,861	919,727
Disposals	–	–	(3,002)	–	–	(13)	(3,015)
Other (Note 1)	–	–	–	6,144	–	–	6,144
Transfers	–	–	20,442	6,519	1,330	(35,279)	(6,988)
As at Dec. 31, 2019	$597,576	$253,172	$1,830,361	$1,306,178	$107,595	$169,761	$4,264,643
Depreciation and impairment:							
As at Jan. 1, 2019	$–	($26,248)	($771,576)	($410,843)	($49,749)	$–	($1,258,416)
Depreciation	–	(9,441)	(245,893)	(113,572)	(15,476)	–	(384,382)
Disposals	–	–	2,915	–	–	–	2,915
Transfers	–	–	5,270	–	–	–	5,270
As at Dec. 31, 2019	$–	($35,689)	($1,009,284)	($524,415)	($65,225)	$–	($1,634,613)
Net carrying amount							
As at Dec. 31, 2019	$597,576	$217,483	$821,077	$781,763	$42,370	$169,761	$2,630,030

Note 1: Provision for decommissioning, restoration and rehabilitation costs.
Note 2: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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

B. Property, plant and equipment leased out under operating leases (prior to the application of IFRS 16)

	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	$1,230,198	$819,803	$99,112	$104,923	$2,568,076
Additions	207,916	–	58,956	61,886	462	462,790	792,010
Disposals	–	–	(16,850)	–	(805)	–	(17,655)
Other (Note)	–	–	–	7,045	–	–	7,045
Transfers	–	2,214	300,235	233,834	(10,463)	(526,521)	(701)
As at Dec. 31, 2018	$341,593	$182,577	$1,572,539	$1,122,568	$88,306	$41,192	$3,348,775
Depreciation and impairment:							
As at Jan. 1, 2018	$–	($17,570)	($543,470)	($312,621)	($62,051)	$–	($935,712)
Depreciation	–	(8,834)	(219,619)	(98,158)	(13,643)	–	(340,254)
Disposals	–	–	16,798	–	752	–	17,550
Transfers	–	156	(25,285)	(64)	25,193	–	–
As at Dec. 31, 2018	$–	($26,248)	($771,576)	($410,843)	($49,749)	$–	($1,258,416)
Net carrying amount							
As at Dec. 31, 2018	$341,593	$156,329	$800,963	$711,725	$38,557	$41,192	$2,090,359

Note: Provision for decommissioning, restoration and rehabilitation costs.

Capitalized borrowing costs of construction in progress for the years ended December 31, 2019 and 2018 are NT$117 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.

(7) Other non-current assets

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Refundable deposits	$79,320	$69,134
Other non-current assets - other	–	13,812
Total	$79,320	$82,946

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

(8) Other payables

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Accrued salaries and bonuses	$140,224	$137,395
Accrued labor and health insurance	23,854	22,300
Accrued employee compensation	18,233	16,573
Business tax payable	13,061	14,319
Other	70,285	77,612
Total	$265,657	$268,199

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

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Designated financial (assets) liabilities at fair value through profit or loss:		
Derivatives not designated as hedging relationship		
Embedded derivative		
Corporate bonds	$154	$2,547
Evaluation on corporate bond	(161)	(2,525)
Total	($7)	$22

(10) Bonds payable

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Domestic unsecured convertible bonds payable	$17,070	$276,214
Less: current portion	–	–
Net	$17,070	$276,214

A. Domestic unsecured convertible bonds payable

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Liability component:		
Principal amount	$17,500	$290,300
(Discounts) on bonds payable	(430)	(14,086)
Subtotal	17,070	276,214
Less: current portion	–	–
Net	$17,070	$276,214
Embedded derivative	($7)	$22
Equity component	$856	$14,194

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

On January 22, 2018, the Company issued zero coupon domestic unsecured convertible bonds. The terms of the convertible bonds were evaluated to include a liability component, embedded derivatives (a call option and a put option) and an equity component (an option for conversion into issuer's ordinary shares). The terms of the bonds are as follows:

Issue Amount: NT$ 400,000 thousand

Period: January 22, 2018～January 22, 2021

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 December 31, 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$382,500 thousand as at December 31, 2019.

(11) Long-term borrowings

Details of long-term loans are as follows:

Lenders	As at Dec. 31, 2019	Interest Rate (%)	Maturity date and terms of repayment
Cathay United Bank secured long-term loan	208,643	1.62	Effective from July 22, 2016 to July 22, 2031, principle is repaid in 180 months with interests paid monthly.
Cathay United Bank secured long-term loan	68,000	1.35	Effective from October 07, 2019 to October 07, 2022, principle is repaid in 36 months with interests paid monthly.
Cathay United Bank secured long-term loan	188,000	1.35	Interest is repaid monthly from October 7, 2019 to October 7, 2026. The repayment of principal is calculated on the basis of 180 installments and repaid monthly from October 7, 2021 to October 7, 2026. The remaining balance shall be repaid in a lump sum upon maturity.

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

Lenders	As at Dec. 31, 2019	Interest Rate (%)	Maturity date and terms of repayment
E.SUN Commercial Bank secured long-term loan	144,760	1.50	Effective from May 7, 2018 to May 7, 2021, 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.
E.SUN Commercial Bank secured long-term loan	2,856	1.50	Effective from October 18, 2019 to October 18, 2021, interest is repaid monthly and the principle will be repayable upon maturity.
E.SUN Commercial Bank secured long-term loan	4,000	1.50	Effective from November 08, 2019 to November 08, 2021, interest is repaid monthly and the principle will be repayable upon maturity.
E.SUN Commercial Bank secured long-term loan	5,056	1.50	Effective from December 13, 2019 to December 13, 2021, interest is repaid monthly and the principle will be repayable upon maturity.
Subtotal	637,603		
Less: current portion	(42,012)		
Total	$595,591		

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		

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.

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

(12) Post-employment benefits plan

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

Expenses under the defined contribution plan for the years ended December 31, 2019 and 2018 were NT$63,752 thousand and NT$53,878 thousand, respectively.

(13) Provisions, non-current

	Decommissioning, restoration and rehabilitation
As at January 1, 2019	$28,232
Arising during the period	6,144
Discount rate adjustment and unwinding of discount from the passage of time	286
As at December 31, 2019	$34,662
Current - December 31, 2019	$—
Non-current - December 31, 2019	$34,662
Current - December 31, 2018	$—
Non-current - December 31, 2018	28,232
As at December 31, 2018	$28,232

Decommissioning, restoration and rehabilitation

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

(14) Equities

A. Common stock

The Company’s authorized capital was all NT$1,000,000 thousand as at December 31, 2019 and 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$698,356 thousand and NT$611,636 thousand, divided into 69,836 thousand shares and 61,164 thousand shares as at December 31, 2019 and 2018, respectively.

The Company’s employees exercised 30 thousand shares of employee stock options, in which 18 thousand shares have been approved by and registered with the competent authorities and 12 thousand shares were classified as capital collected in advance in the amount of NT$125 thousand for the year ended December 31, 2019.

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

The Company's restricted stocks for employees' plan, in which 9 thousand shares expiry due to the employee departure before the vesting day, and were not yet registered and therefore were classified as changes preparation stock retired NT$ 91 thousand.

The Company's first domestic unsecured convertible bonds converted to 2,423 thousand shares for the year ended December 31, 2019, in which NT$2,575 thousand were not yet registered and classified as bond certificate as at December 31, 2019.

B. Capital surplus

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Employee stock option	$68	$203
Restricted stocks for employees	246,034	183,581
Additional paid-in capital from common stock	160,718	221,989
Recognize due to issue of convertible bonds equity components - stock options	856	14,194
Additional paid-in capital from convertible bonds	351,835	99,832
Vested stock option	1,560	1,560
Total	$761,071	$521,359

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 were 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 (Note 1)	2017 (Note 2)
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.

Note 1: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.

Note 2: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(18) for details on employees' compensation and remuneration to directors.

(15) Share-based payment plans

A. As of December 31, 2019, the share-based payment plans agreed between the Company and employees is as follows:

Type of agreement	Grant date	Total number of options granted (in thousands)	Contract period (year)	Vesting conditions
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	6.71	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 year ended December 31, 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	(30)	$5.00			$211.93
Expired	—	—			
Outstanding at end of period	5	$4.71	$4.71	0.25 years	
Exercisable at end of period	5	$4.71			

For the year ended December 31, 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	(441)	$6.61			$162.83
Expired	—	—			
Outstanding at end of period	35	$5.28	$5.28	1.25 years	
Exercisable at end of period	35	$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 years ended December 31, 2019 and 2018, the Company incurred expenses of NT$47,158 thousand and NT$55,699 thousand for the share-based payment transactions.

(16) Operating revenue

	For the years ended December 31	
	2019	2018
Leisure sports and entertainment service revenue	$2,110,303	$1,743,835
Sports health service revenue	1,110,708	978,500
Entrance fee revenue	149,805	140,456
Other	24,625	26,974
Total	3,395,441	2,889,765
Less: sales return and sales discounts and allowances	(300)	(272)
Net operating revenue	$3,395,141	$2,889,493

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

Analysis of revenue from contracts with customers during the years ended December 31, 2019 and 2018, are as follows:

A. Disaggregation of revenue - Operation department

	For the years ended December 31	
	2019	2018
Sale of goods	$13,412	$14,114
Rendering of services	3,353,027	2,850,596
Other	28,702	24,783
Total	$3,395,141	$2,889,493
Timing of revenue recognition		
At a point in time	$42,114	$38,897
Over time	3,353,027	2,850,596
Total	$3,395,141	$2,889,493

B. Contract balances

Contract liabilities, current

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Rendering of services - Leisure sports	$116,812	$86,704
Rendering of services - Sports health etc.	200,761	223,066
Rendering of services - Entrance & service fee	83,904	87,601
Rendering of services - Other	8,991	8,950
Total	$410,468	$406,321

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2019 and 2018 are as follows:

	For the years ended December 31	
	2019	2018
The opening balance transferred to revenue	$392,190	$408,887
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$396,337	$400,433

C. Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations amounted to NT$410,468 thousand and NT$406,321 thousand as at December 31, 2019 and 2018. The Company will recognize revenue as the Company satisfies its performance obligations over time that aligns with progress toward completion of a contract in the future. The estimate of the transaction price does not include any estimated amounts of variable consideration that are constrained.

D. Assets recognized from costs to fulfil a contract

None.

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

(17) Leases

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

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

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

a. Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	Dec. 31, 2019	Dec. 31, 2018 (Note)
Buildings and facilities	$3,235,310	
Transportation equipment	3,491	
Office equipment	2,630	
Total	$3,241,431	

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

During the year ended December 31, 2019, the Company's additions to right-of-use assets amounting to NT$561,910 thousand.

ii. Lease liabilities

	As at	
	Dec. 31, 2019	Dec. 31, 2018 (Note)
Lease liabilities	$3,303,802	
Current	$371,312	
Non-current	$2,932,490	

Please refer to Note 6(19) for the interest on lease liabilities recognized during the year ended December 31, 2019 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2019.

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

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

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31	
	2019	2018 (Note)
Buildings and facilities	$352,662	
Transportation equipment	1,332	
Office equipment	464	
Total	$354,458	

c. Income and costs relating to leasing activities

	For the years ended December 31	
	2019	2018 (Note)
The expenses relating to short-term leases	$3,305	
The expenses relating to leases of low-value assets (not including the expenses relating to short-term leases of low-value assets)	$3,362	
Income from subleasing right-of-use assets	$2,847	

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

d. Cash outflow relating to leasing activities

During the year ended December 31, 2019, the Company’s total cash outflows for leases amounting to NT$361,527 thousand.

e. Other information relating to leasing activities

Extension and termination options

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

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

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

The Company 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 is as follows:

	As at Dec. 31, 2018
Less than one year	$350,347
More than one year and less than five years	1,413,984
More than five years	1,237,191
Total	$3,001,522

Operating lease expenses recognized are as follows:

	For the year ended December 31, 2018
Minimum lease payments	$293,726

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

	For the years ended December 31					
	2019			2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$1,227,361	125,025	$1,352,386	$1,049,048	117,179	$1,166,227
Labor and health insurance	$104,701	5,214	$109,915	$88,743	5,052	$93,795
Pension	$61,149	2,603	$63,752	$50,460	3,418	$53,878
Director's remuneration	$－	5,847	$5,847	$－	5,401	$5,401
Other employee benefits expense	$19,503	1,077	$20,580	$14,817	2,639	$17,456
Depreciation	$726,456	12,384	$738,840	$340,254	－	$340,254
Amortization	$－	160	$160	$－	－	$－

Note:

A. The number of employees for the years ended December 31, 2019 and 2018 are 1,525 and 1,451, respectively, of which 5 directors are not the Company's employee.

B. The Company whose stocks are either listed on the TWSE or traded on the TPEx should have additional disclosure of the following information:

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

a. The Company's average employee benefit expenses for the years ended December 31, 2019 and 2018 were 1,018 thousand and 921 thousand. ("employee benefit expenses minus director's remuneration" divided "the number of Company's employees minus non-employee directors")

b. The Company's average salary expenses for the years ended December 31, 2019 and 2018 were 890 thousand and 807 thousand. ("salary expenses" divided "the number of Company's employees minus non-employee directors")

c. The Company's adjustment of average salary expenses for the year ended December 31, 2019 increased 10％. ("salary expenses of the present year minus the previous year" divided "salary expense of the present year")

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.

Based on the profit of the year ended December 31, 2019, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2019 to be 3% of profit of the current year and 0.75% of profit of the current year, respectively, recognized as employee benefits expense.

A resolution was passed at a board of directors meeting held on March 13, 2020 to distribute NT$18,233 thousand and NT$4,558 thousand in cash as employees' compensation and remuneration to directors of 2019, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2019.

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, 2018.

(19) Non-operating income and expenses

A. Other income

	For the years ended December 31	
	2019	2018
Rental income	$2,847	$4,582
Interest income	1,241	795
Others	9,228	7,502
Total	$13,316	$12,879

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

B. Other gains and losses

	For the years ended December 31	
	2019	2018
Gain (Loss) on disposal of property, plant and equipment	$464	($38)
Gain on financial assets at fair value through profit or loss	162	3,426
(Loss) on disposal of investment	–	(3)
Gain on lease modification	1,960	(Note)
Others	(516)	(984)
Total	$2,070	$2,401

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

C. Finance costs

	For the years ended December 31	
	2019	2018
Interest on borrowings from bank	($6,419)	($5,789)
Interest on lease liabilities	(54,011)	(Note)
Interest on bonds payable	(3,880)	(8,275)
Total interest expenses	(64,310)	(14,064)
Unwinding of discount on provisions	(286)	(240)
Total finance costs	($64,596)	($14,304)

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

(20) Components of other comprehensive income

For the year ended December 31, 2019: None.

For the year ended December 31, 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 gains (losses) from equity instruments investments measured at fair value through other comprehensive income	($603)	–	($603)	–	($603)

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

(21) Income tax

Based on the amendments to the Income Tax Act announced on February 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%.

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

Income tax expense (income) recognized in profit or loss

	For the years ended December 31	
	2019	2018
Current income tax expense:		
Current income tax charge	$113,859	$93,070
Adjustments in respect of current income tax of prior periods	80	–
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	924	(4,274)
Deferred tax (income) relating to changes in tax rate	–	(1,092)
Total income tax expense	$114,863	$87,704

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

	For the years ended December 31	
	2019	2018
Accounting profit before tax from continuing operations	$584,993	$531,709
Tax at the domestic rates applicable to profits in the country concerned	$116,998	$106,342
Tax effect of expenses not deductible for tax purposes	43	69
Tax effect of deferred tax assets/liabilities	924	(5,366)
Adjustments in respect of current income tax of prior periods	80	–
Others	(3,182)	(13,341)
Total income tax expense recognized in profit or loss	$114,863	$87,704

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

C. Deferred tax assets / liabilities relate to the following:

	For the year ended December 31, 2019			
	Beginning balance as at Jan. 1, 2019	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at Dec. 31, 2019
Temporary differences				
Unrealized rental expense	$6,612	$—	$—	$6,612
Decommissioning Costs	1,819	649	—	2,468
Bonds payable	1,655	(1,655)	—	—
Valuations of financial liabilities	(685)	685	—	—
Others	2,152	(603)	—	1,549
Deferred tax (expense)		($924)	$—	
Net deferred tax assets / liabilities	$11,553			$10,629
Reflected in balance sheet as follows:				
Deferred tax assets	$12,238			$10,629
Deferred tax liabilities	($685)			$—

	For the year ended December 31, 2018			
	Beginning balance as at Jan. 1, 2018	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at Dec. 31, 2018
Temporary differences				
Unrealized rental expense	$4,142	$2,470	$—	$6,612
Decommissioning Costs	1,086	733	—	1,819
Bonds payable	—	1,655	—	1,655
Valuations of financial liabilities	—	(685)	—	(685)
Others	959	1,193	—	2,152
Deferred tax income		$5,366	$—	
Net deferred tax assets / liabilities	$6,187			$11,553
Reflected in balance sheet as follows:				
Deferred tax assets	$6,187			$12,238
Deferred tax liabilities	$—			($685)

D. The assessment of income tax returns

As of December 31, 2019, the Company’s income tax returns for the year through 2017 assessed and approved up by the Tax Authority.

(22) Earnings per share

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

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

	For the years ended December 31	
	2019	2018
Basic earnings per share		
Net income (in thousand NT$)	$470,130	$444,005
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,763	63,486
Basic earnings per share (NT$)	$7.15	$6.99
Diluted earnings per share		
Net income (in thousand NT$)	$470,130	$444,005
Interest expense from convertible bonds (in thousand NT$)	3,103	6,620
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$473,233	$450,625
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	65,763	63,486
Effect of dilution:		
Employee compensation - stock (in thousands)	91	105
Employee stock options (in thousands)	1,988	1,657
Convertible bonds (in thousands)	1,470	2,350
Weighted average number of ordinary shares outstanding after dilution (in thousands)	69,312	67,598
Diluted earnings per share (NT$)	$6.83	$6.67

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

7. RELATED PARTY TRANSACTIONS

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

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Bo Xin Health Industry Incorporated (Bo Xin)	Subsidiary
All directors and Vice Manager or above	Key management personnel

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

Significant related party transactions

(1) Other receivables - related parties

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Subsidiary		
Bo Xin	$169	$134

(2) Other payables - related parties

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Subsidiary		
Bo Xin	$145	$87

(3) Key management personnel compensation

	For the years ended December 31	
	2019	2018
Short-term employee benefits	$33,348	$33,101
Post-employment benefits	877	861
Share-based payment	5,985	4,189
Total	$40,210	$38,151

(4) Others

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

8. ASSETS PLEDGED AS COLLATERAL

	As at		
Items	Dec. 31, 2019	Dec. 31, 2018	Secured liabilities
Property, plant and equipment - land and buildings	$853,397	$483,700	Long-term loan
Other financial assets, current	245,019	110,744	Performance guarantee of fitness center and bank authorized of mail order
Total	$1,098,416	$594,444	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2019, the lease performance guarantee bills drawn by the Company for leasing sports venues amounted to NT$40,426 thousand.

(2) As of December 31, 2019, the total amounts of the equipment and construction purchases under contracts were approximately NT$310,412 thousand, and approximately NT$144,927 thousand was unpaid.

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

10. LOSSES DUE TO MAJOR DISASTER

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial Assets

	As at	
	Dec 31, 2019	Dec. 31, 2018
Financial assets measured at fair value through other comprehensive income	$27,857	$12,312
Financial assets measured at amortized cost:		
Cash and cash equivalents	576,761	665,437
Trade receivables	10,089	70,611
Other receivables	3,587	4,504
Other financial assets, current	245,019	110,744
Other non-current assets - refundable deposits	79,320	69,134
Subtotal	914,776	920,430
Total	$942,633	$932,742

Financial Liabilities

	As at	
	Dec. 31, 2019	Dec. 31, 2018
Financial liabilities measured at amortized cost:		
Payables	$366,238	$336,873
Bonds payable	17,070	276,214
Long-term loans (current portion included)	637,603	386,728
Lease liabilities	3,303,802	(Note)
Total	$4,324,713	$999,815

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

(2) Financial risk management objectives and policies

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

The Company has 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 Company’s exposure to the risk of changes in market interest rates relates primarily to the Company’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 years ended December 31, 2019 and 2018 to increase/decrease by NT$184 thousand and NT$389 thousand, respectively.

Equity price risk

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

The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company’s senior management on a regular basis. The Company’s Board of Directors 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 Company is exposed to credit risk from operating activities (primarily for accounts receivables) and from its financing activities, including bank deposits and other financial instruments.

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

The accounts receivable of the Company 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.

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

(5) Liquidity risk management

The Company'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 Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	More than 5 years	Total
As at December 31, 2019					
Payables	$366,238	−	−	−	$366,238
Loans	$51,203	282,109	73,692	272,057	$679,061
Lease liabilities	$371,312	741,495	687,974	1,837,559	$3,638,340
Convertible bonds	$−	17,070	−	−	$17,070
As at December 31, 2018					
Payables	$336,873	−	−	−	$336,873
Loans	$39,274	187,774	41,085	145,120	$413,253
Convertible bonds	$−	276,214	−	−	$276,214

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

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

Lease liabilities	$371,312	1,429,469	1,330,874	505,382	1,303	$3,638,340

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2019:

	Bonds	Long-term loan	Lease liabilities	Total liabilities arising from financing activities
January 1, 2019	$276,214	$386,728	$3,173,612	$3,836,554
Cash flow	–	250,875	(361,527)	(110,652)
Non-cash movement	(259,144)	–	491,717	232,573
December 31, 2019	$17,070	$637,603	$3,303,802	$3,958,475

Reconciliation of liabilities for the year ended December 31, 2018:

	Bonds	Long-term loan	Total liabilities arising from financing activities
January 1, 2019	$–	$301,045	$301,045
Cash flow	400,000	85,683	485,683
Non-cash movement	(123,786)	–	(123,786)
December 31, 2019	$276,214	$386,728	$662,942

(7) Fair value of financial instruments

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

(8) Fair value measurement hierarchy

A. The definition of fair value measurement hierarchy

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

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

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

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

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

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

As at December 31, 2019:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through other comprehensive income				
Equity instruments 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				
Equity instruments measured at fair value through other comprehensive income	$−	12,312	−	$12,312

Transfers between Level 1 and Level 2

For the years ended December 31, 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 Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the stockholders' value. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

13. ADDITIONAL DISCLOSURES

(1) Information at significant transactions

A. Financing provided to others for the year ended December 31, 2019: None.
B. Endorsement/Guarantee provided to others for the year ended December 31, 2019: None.
C. Securities held as of December 31, 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 year ended December 31, 2019: None.
E. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 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 year ended December 31, 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 year ended December 31, 2019: None.

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2019: None.

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

J. Financial instruments and derivative transactions: None.

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

ATTACHMENT 1

Securities held as of December 31, 2019 (Excluding subsidiaries, associates and joint ventures)

(In Thousands of New Taiwan Dollars)

Securities held by	Marketable securities (Note1)	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
				Number of shares (thousand)	Book value (Note 2)	Percentage of ownership (%)	Fair value	
POWER WIND HEALTH INDUSTRY INCORPORATED	Taroko Development Corporation	-	Financial assets measured at fair value through other comprehensive income, non-current	900	$10,417	0.55%	$10,417	
POWER WIND HEALTH INDUSTRY INCORPORATED	Taroko Shopping Center Corporation	-	Financial assets measured at fair value through other comprehensive income , non-current	160	$1,895	0.53%	$1,895	
POWER WIND HEALTH INDUSTRY INCORPORATED	Gomore Inc.	-	Financial assets measured at fair value through other comprehensive income, non-current	25,217	$15,545	5.04%	$15,545	

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

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value.

ATTACHMENT 2

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

(In Thousands of New Taiwan Dollars)

Real estate acquired by	Name of properties	Transaction date	Transaction amount	Payment status	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	$326,091	Adata Technology Co., Ltd.	None	-	-	-	-	Market price and appraisal report	Acquiring the operational location - Zhonghe	-

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	Address	Main businesses and products	Initial investment		Investment as of December 31, 2019			Net income (loss) of investee company	Investment income (loss) recognized	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%	$22,091	$16,648	$9,989	

POWER WIND HEALTH INDUSTRY INCORPORATED

1. STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Cash on hand	$1,241	
Bank deposit		
Checking accounts	29,981	
Saving accounts	546,780	
Subtotal	576,761	
Total	$578,002	

POWER WIND HEALTH INDUSTRY INCORPORATED

2. STATEMENT OF NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Client name	Amount	Note
Notes receivable	$4	
Accounts receivable		
National Credit Card Center of R.O.C.	10,085	
Total	$10,089	

POWER WIND HEALTH INDUSTRY INCORPORATED

3. STATEMENT OF INVENTORIES, NET

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Costs	Net realizable value	Note
Goods	$5,114	$5,114	
Minus: allowance for reduction	-		
Net amount	$5,114		

POWER WIND HEALTH INDUSTRY INCORPORATED

4. STATEMENT OF PREPAYMENTS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Prepaid expenses	$7,559	
Input tax (VAT)	2,504	
Total	$10,063	

POWER WIND HEALTH INDUSTRY INCORPORATED

5. STATEMENT OF OTHER FINANCIAL ASSETS, CURRENT

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Other receivable	$3,418	
Other receivable - related parties		
Bo Xin Health Industry Incorporated	169	
Temporary payments	24,961	
Total	$28,548	

POWER WIND HEALTH INDUSTRY INCORPORATED

6. STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS, NON-CURRENT

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Embedded derivative financial instruments	$7	

POWER WIND HEALTH INDUSTRY INCORPORATED
7. STATEMENT OF EQUITY INSTRUMENT INVESTMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME, NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2019		Additions		Decrease		Unrealized (losses) from equity instruments investments measured at fair value through other comprehensive income	Balance, December 31, 2019		Collateral	Note
	Shares	Book value	Shares	Book value	Shares	Book value		Shares	Book value		
Taroko Development Corporation	900,000	$10,417	-	$-	-	$-	$-	900,000	$10,417	None	
Taroko Shopping Center Corporation	159,553	1,895	-	-	-	-	-	159,553	1,895	None	
Gomore Inc.	-	-	25,216,865	15,545	-	-	-	25,216,865	15,545	None	
Total		$12,312		$15,545		$-	$-		$27,857		

POWER WIND HEALTH INDUSTRY INCORPORATED
8. STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2019		Additions		Decrease		Share of profits (losses) of subsidiaries accounted for using the equity method	Balance, December 31, 2019			Net equity		Valuation basis	Collateral	Note
	Shares	Book value	Shares	Book value	Shares	Book value		Shares	Percentage	Book value	Unit price	Total amount			
Bo Xin Health Industry Incorporated	900,000	$28,988		$-		$16,886	$9,989	900,000	60.00%	$22,091	-	$22,091	Equity method	None	(Note)

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

POWER WIND HEALTH INDUSTRY INCORPORATED
9. STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2019	Changes in the period			Balance, December 31, 2019	Note
		Additions	Disposals	Reclassifications		
Cost						
Buildings	$3,153,802	$556,344	($130,903)	$-	$3,579,243	
Transportation equipment	2,421	2,472	(226)	-	4,667	
Computer equipment	-	3,094	-	-	3,094	
Total	$3,156,223	$561,910	($131,129)	$-	$3,587,004	

POWER WIND HEALTH INDUSTRY INCORPORATED
10. STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2019	Changes in the period			Balance, December 31, 2019	Note
		Additions	Disposals	Reclassifications		
Depreciation						
Buildings	$-	$352,662	($8,729)	$-	$343,933	
Transportation equipment	-	1,332	(156)	-	1,176	
Computer equipment	-	464	-	-	464	
Total	$-	$354,458	($8,885)	$-	$345,573	

POWER WIND HEALTH INDUSTRY INCORPORATED
11. STATEMENT OF CHANGES IN INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2019	Changes in the period			Balance, December 31, 2019	Note
		Additions	Disposals	Reclassifications		
Cost						Straight-line amortization
Computer software	$-	$1,999	-	-	$1,999	5～10 years of useful lives

POWER WIND HEALTH INDUSTRY INCORPORATED
12.STATEMENT OF CHANGES IN ACCUMULATED AMORTIZATION OF INTANGIBLE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2019	Changes in the period			Balance, December 31, 2019	Note
		Additions	Disposals	Reclassifications		
Amortization						
Computer software	$-	$160	-	-	$160	

POWER WIND HEALTH INDUSTRY INCORPORATED

13. STATEMENT OF OTHER NON-CURRENT ASSETS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Refundable deposits	1. Lease deposits	$72,590	
	2. Others	6,730	
Total		$79,320	

POWER WIND HEALTH INDUSTRY INCORPORATED

14. STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Company A		$188	
Company B		110	
Company C		56	
Company D		48	
Total		$402	

POWER WIND HEALTH INDUSTRY INCORPORATED

15. STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Company E		$396	
Company F		362	
Company G		187	
Company H		127	
Company I		123	
Others (Note)		180	
Total		$1,375	

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

POWER WIND HEALTH INDUSTRY INCORPORATED

16. STATEMENT OF PAYABLES ON EQUIPMENT

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Company F	Equipment	$20,195	
Company J	Construction	19,524	
Company K	Construction	16,199	
Company L	Construction	11,640	
Company M	Equipment	8,017	
Other (Note)		23,084	
Total		$98,659	

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

POWER WIND HEALTH INDUSTRY INCORPORATED

17. STATEMENT OF OTHER PAYABLES - RELATED PARTIES

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Supplier name	Amount	Note
Bo Xin Health Industry Incorporated	$145	

POWER WIND HEALTH INDUSTRY INCORPORATED
18. STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Description	Contract period	Discount rates applied	Balance, December 31, 2019	Note
Buildings		2009.11.02～2035.03.24	1.63%	$3,297,977	
Transportation equipment		2018.10.03～2022.06.02	1.63%	3,494	
Computer equipment		2019.04.30～2022.03.31	1.63%	2,331	
			Total	$3,303,802	
			Less: current portion	(371,312)	
			Lease liabilities, non-current	$2,932,490	

POWER WIND HEALTH INDUSTRY INCORPORATED
19. STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Temporary receipts	$419	
Receipts under custody	2,393	
Total	$2,812	

POWER WIND HEALTH INDUSTRY INCORPORATED
20. STATEMENT OF BONDS PAYABLE
DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Bonds name	Trustee	Issuance date	Interest payment date	Interest rate	Amount					Repayment	Collateral	Note
					Total amount	Repayment or convertible amount	Balance, end of year	Unamortized premiums (discounts)	Carrying amount			
First issue of domestic unsecured convertible bonds payable	SinoPac Securities Corporation	2018.01.22	-	0%	$400,000	382,500	$17,500	(430)	$17,070	(Note)	None	-

Note: Please refer to Note 6(10) in notes to the parent company only financial statements.

POWER WIND HEALTH INDUSTRY INCORPORATED

21. STATEMENT OF LONG-TERM LOANS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Type	Creditor	Description	Amount	Contract Period	Interest Rates	Collateral	Note
Secured loans	Cathay United Bank (Kaohsiung Branch)	Principle is repaid in 180 months with interests paid monthly.	$208,643	2016.07.22～2031.07.22	1.62%	Land & Buildings	
Secured loans	Cathay United Bank (Kaohsiung Branch)	Principle is repaid in 36 months with interests paid monthly.	68,000	2019.10.07～2022.10.07	1.35%	Land & Buildings	
Secured loans	Cathay United Bank (Kaohsiung Branch)	Interest is repaid monthly from October 7, 2019 to October 7, 2026. The repayment of principal is calculated on the basis of 180 installments and repaid monthly from October 7, 2021 to October 7, 2026. The remaining balance shall be repaid in a lump sum upon maturity.	188,000	2019.10.07～2026.10.07	1.35%	Land & Buildings	
Secured loans	E.SUN Commercial Bank (Trust department)	Interest is repaid monthly and the principle will be repayable upon maturity.	144,760	2018.05.07～2021.05.07	1.50%	Land	
Secured loans	E.SUN Commercial Bank (Zouying Branch)	Interest is repaid monthly and the principle will be repayable upon maturity.	7,072	2019.06.21～2021.06.21	1.50%	Buildings	
Secured loans	E.SUN Commercial Bank (Zouying Branch)	Interest is repaid monthly and the principle will be repayable upon maturity.	2,320	2019.07.19～2021.07.19	1.50%	Buildings	
Secured loans	E.SUN Commercial Bank (Zouying Branch)	Interest is repaid monthly and the principle will be repayable upon maturity.	2,176	2019.08.09～2021.08.09	1.50%	Buildings	
Secured loans	E.SUN Commercial Bank (Zouying Branch)	Interest is repaid monthly and the principle will be repayable upon maturity.	4,720	2019.09.12～2021.09.12	1.50%	Buildings	
Secured loans	E.SUN Commercial Bank (Zouying Branch)	Interest is repaid monthly and the principle will be repayable upon maturity.	2,856	2019.10.18～2021.10.18	1.50%	Buildings	
Secured loans	E.SUN Commercial Bank (Zouying Branch)	Interest is repaid monthly and the principle will be repayable upon maturity.	4,000	2019.11.08～2021.11.08	1.50%	Buildings	
Secured loans	E.SUN Commercial Bank (Zouying Branch)	Interest is repaid monthly and the principle will be repayable upon maturity.	5,056	2019.12.13～2021.12.13	1.50%	Buildings	
Subtotal			637,603				
Less: current portion			(42,012)				
Total			$595,591				

POWER WIND HEALTH INDUSTRY INCORPORATED
22. STATEMENT OF PROVISIONS, NON-CURRENT
DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Decommissioning, restoration and rehabilitation	$34,662	

POWER WIND HEALTH INDUSTRY INCORPORATED
23. STATEMENT OF OTHER NON-CURRENT LIABILITIES
DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Guarantee deposits	$370	

POWER WIND HEALTH INDUSTRY INCORPORATED

24. STATEMENT OF OPERATING REVENUES

FOR THE YEAR ENDED DECEMBER 31,2019

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Leisure sports and entertainment service revenue	$2,110,303	
Sports health service revenue	1,110,708	
Entrance fee revenue	149,805	
Others	24,625	
Total	3,395,441	
Less: sales return and sales discounts and allowances	(300)	
Net operating revenue	$3,395,141	

POWER WIND HEALTH INDUSTRY INCORPORATED

25. STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount
Goods purchased	$13,448
Add: Inventories, beginning of year	-
Loss: Inventories, end of year	(5,114)
Goods transferred	(8,094)
Costs of goods sold	240
Service costs	2,285,094
Total	$2,285,334

POWER WIND HEALTH INDUSTRY INCORPORATED

26. STATEMENT OF SERVICE COSTS

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$1,288,510
Depreciation	726,456
Utilities expense	137,345
Others (Note)	132,783
Total	$2,285,094

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

POWER WIND HEALTH INDUSTRY INCORPORATED

27. STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	Administrative Expenses	Total
Payroll expense	$6,280	$127,195	$133,475
Advertising expense	28,969	-	28,969
Sundry expense	3,454	-	3,454
Cleaning supplies	-	110,396	110,396
Credit card charges	-	57,365	57,365
Repair and maintenance expense	-	29,269	29,269
Administration fee	-	23,204	23,204
Others (Note)	2,703	96,758	99,461
Total	$41,406	$444,187	$485,593

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