WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

WORLD FITNESS SERVICES LTD.

DECEMBER 31, 2023 AND 2022 CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITORS' REPORT

TABLE OF CONTENTS

Contents	Page

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23003689

To the Board of Directors and Shareholders of World Fitness Services Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of World Fitness Services Ltd. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Revenue recognition of the professional coaching course services

Description

For the accounting policy of sales revenue recognition, please refer to Note 4(27). Contract liabilities of the professional coaching course services amounted to 1,772,662 thousand (including contract liabilities that have expired and not yet expired) as at December 31, 2023; revenue of the professional coaching course services amounted to 4,693,588 thousand for the year ended December 31, 2023. Revenue for the coaching course with which contract has expired and the course has not been completed is recognised based on the evaluation report of the amortisation period of unfinished courses issued by external experts based on the past service experience.

The assumptions of the evaluation report are critical accounting estimates and the calculation of sales revenue is complex. Therefore, we included revenue recognition of the professional coaching course services (those recognised based on the evaluation report) as one of the key areas of focus for this year.

How our audit addressed the matter

The procedures that we have conducted in response to the above key audit matter are summarized as follows:

A. We evaluated the professional qualification, competency and independence of the independent actuaries engaged by the management. engaged by the management.
B. We understood and sample-tested the accuracy and completeness of the data used by management in the evaluation report.
C. We compared the methodologies and significant assumptions, including the number of days and usage percentage for the completion of the course which contract has expired, with specific historical data of the Group in order to assess the reasonableness of management's judgments.
D. We obtained an understanding, evaluated, and verified the effectiveness of managements' control of revenue recognition, including reviewing contract terms and amount, confirming the period for rendering of services and selecting courses to verify the condition of execution.
E. We performed testing, on a sampling basis, revenue recognised in accordance with the evaluation report for contract liabilities that have expired.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the Standards on Auditing of 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 these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated 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 Group's internal control.
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 Group's ability to continue as a going concern. 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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Group to express an opinion on the consolidated 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 the consolidated financial statements of the current period 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.

Hsu, Chien-Yeh Wang, Yu-Chuan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 7, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1) and 12(2)	$ 424,123	2	$ 785,029	4
1136	Current financial assets at amortised cost	6(2) and 12(2)	636,748	4	868,559	5
1150	Notes receivable, net	6(3) and 12(2)	-	-	149	-
1170	Accounts receivable, net	6(3) and 12(2)	159,837	1	133,068	1
1197	Finance lease receivable, net	6(3)(7) and 12(2)	17,880	-	17,483	-
1200	Other receivables	12(2)	4,900	-	3,384	-
1210	Other receivables - related parties	7(2) and 12(2)	97	-	192	-
130X	Inventories		2,435	-	-	-
1410	Prepayments		118,131	1	89,119	1
1470	Other current assets		2,910	-	2,336	-
11XX	**Current Assets**		1,367,061	8	1,899,319	11
	Non-current assets					
1535	Non-current financial assets at amortised cost	6(2) and 12(2)	14,175	-	24,963	-
1550	Investments accounted for under equity method	6(4)	13,980	-	19,766	-
1600	Property, plant and equipment, net	6(5)	5,539,200	33	5,748,859	32
1755	Right-of-use assets	6(6)	9,107,439	54	9,131,560	52
1780	Intangible assets	6(8)	132,996	1	117,552	1
1840	Deferred income tax assets	6(24)	170,066	1	116,155	1
1920	Guarantee deposits paid	12(2)	416,981	2	430,758	2
194D	Long-term finance lease receivable, net	6(3)(7) and 12(2)	114,773	1	132,653	1
15XX	**Non-current assets**		15,509,610	92	15,722,266	89
1XXX	**Total assets**		$ 16,876,671	100	$ 17,621,585	100

(Continued)

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9) and 12(2)	$ 400,000	2	$ 400,000	2
2130	Current contract liabilities	6(18)	2,077,152	12	2,097,701	12
2150	Notes payable	12(2)	4,398	-	6,030	-
2200	Other payables	6(10) and 12(2)	1,156,826	7	1,442,725	8
2220	Other payables to related parties	7(2) and 12(2)	33	-	3	-
2230	Current income tax liabilities		136,318	1	96,842	1
2280	Current lease liabilities	6(27) and 12(2)	1,178,091	7	1,185,604	7
2320	Long-term borrowings, current portion	6(11)	210,000	1	255,094	1
2399	Other current liabilities	6(12) and 12(2)	132,798	1	165,702	1
21XX	**Current Liabilities**		5,295,616	31	5,649,701	32
	Non-current liabilities					
2527	Non-current contract liabilities	6(18)	506,920	3	436,421	2
2540	Long-term borrowings	6(11)	150,000	1	360,000	2
2550	Provisions for liabilities - noncurrent	6(14)	154,000	1	142,000	1
2570	Deferred income tax liabilities	6(24)	12,843	-	13,406	-
2580	Non-current lease liabilities	6(27) and 12(2)	8,350,627	50	8,316,820	47
2600	Other non-current liabilities	6(12) and 12(2)	76,676	-	112,779	1
25XX	**Non-current liabilities**		9,251,066	55	9,381,426	53
2XXX	**Total Liabilities**		14,546,682	86	15,031,127	85
	Equity					
	Share capital	6(15)				
3110	Share capital - common stock		1,000,000	6	500,000	3
	Capital surplus	6(16)				
3200	Capital surplus		980,458	6	1,822,806	10
	Retained earnings	6(17)				
3350	Unappropriated retained earnings		349,531	2	267,652	2
3XXX	**Total equity**		2,329,989	14	2,590,458	15
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 16,876,671	100	$ 17,621,585	100

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18)	$ 9,428,163	100	$ 8,862,771	100
5000	Operating costs	6(23)	(7,877,019)	(83)	(7,436,634)	(84)
5900	Net operating margin		1,551,144	17	1,426,137	16
	Operating expenses	6(23)				
6100	Selling expenses		(103,439)	(1)	(76,964)	(1)
6200	General and administrative expenses		(936,522)	(10)	(863,646)	(10)
6000	Total operating expenses		(1,039,961)	(11)	(940,610)	(11)
6900	Operating profit		511,183	6	485,527	5
	Non-operating income and expenses					
7100	Interest income	6(19)	15,657	-	9,784	-
7010	Other income	6(20) and 7(2)	125,944	1	72,355	1
7020	Other gains and losses	6(21)	8,946	-	15,505	-
7050	Finance costs	6(22)	(212,023)	(2)	(216,550)	(2)
7060	Share of loss of associates and joint ventures accounted for under equity method	6(4)	(5,786)	-	(3,155)	-
7000	Total non-operating income and expenses		(67,262)	(1)	(122,061)	(1)
7900	**Profit before income tax**		443,921	5	363,466	4
7950	Income tax expense	6(24)	(94,390)	(1)	(59,660)	(1)
8200	**Profit for the year**		$ 349,531	4	$ 303,806	3
8500	**Total comprehensive income for the year**		$ 349,531	4	$ 303,806	3
	Earnings per share	6(25)				
9750	Basic earnings per share		$ 3.50		$ 3.04	
9850	Diluted earnings per share		$ 3.48		$ 3.04	

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Equity attributable to owners of the parent			
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Total unappropriated retained earnings	Total equity
Year ended December 31, 2022					
Balance at January 1, 2022		$ 500,000	$ 3,646,493	($ 1,249,841)	$ 2,896,652
Profit for the year		-	-	303,806	303,806
Total comprehensive income		-	-	303,806	303,806
Appropriations and distribution of 2021 earnings:					
Cash dividends	6(17)	-	-	(610,000)	(610,000)
Capital surplus used to offset accumulated deficit	6(16)	-	(1,823,687)	1,823,687	-
Balance at December 31, 2022		$ 500,000	$ 1,822,806	$ 267,652	$ 2,590,458
Year ended December 31, 2023					
Balance at January 1, 2023		$ 500,000	$ 1,822,806	$ 267,652	$ 2,590,458
Profit for the period		-	-	349,531	349,531
Total comprehensive income		-	-	349,531	349,531
Appropriations and distribution of 2022 earnings:					
Cash dividends	6(16)(17)	-	(342,348)	(267,652)	(610,000)
Capitalisation of capital surplus	6(15)(16)	500,000	(500,000)	-	-
Balance at December 31, 2023		$ 1,000,000	$ 980,458	$ 349,531	$ 2,329,989

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 443,921	$ 363,466
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(23)	994,206	964,445
Depreciation for right-of-use assets	6(6)(23)	1,290,161	1,250,570
Amortization expense	6(8)(23)	17,312	14,159
Interest expense	6(22)	35,621	41,630
Interest expense for lease liabilities	6(6)(22)	176,402	174,920
Interest income	6(19)	(15,657)	(9,784)
Share of loss of associates and joint ventures accounted for under equity method	6(4)	5,786	3,155
(Gain) loss on disposal of property, plant and equipment	6(21)	(610)	1,001
Gain on lease modification		(11,380)	(15,045)
Unrealised net (gain) loss on foreign currency exchange		(1)	120
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		149	(104)
Accounts receivable, net		(26,769)	5,900
Finance lease receivable, net		20,129	10,940
Other receivables		(1,516)	(1,011)
Other receivables - related parties		95	14
Inventories		(2,435)	-
Prepayments		(29,012)	10,410
Other current assets		(573)	1,933
Changes in operating liabilities			
Contract liabilities		49,950	(180,959)
Notes payable		(1,632)	(18,728)
Other payables		(246,862)	81,173
Other payables to related parties		30	3
Other current liabilities		118	(8,872)
Cash inflow generated from operations		2,697,433	2,689,336
Interest received		7,298	2,235
Interest paid		(211,864)	(216,473)
Income tax paid		(109,387)	(162,848)
Net cash flows from operating activities		2,383,480	2,312,250
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(26)	(878,081)	(1,023,330)
Proceeds from disposal of property, plant and equipment		835	587
(Increase) decrease in financial assets at amortised cost		242,599	(483,958)
Aquisition of intangible assets	6(8)	(22,229)	(14,765)
Increase in guarantee deposits paid		(34,120)	(21,778)
Decrease in guarantee deposits paid		51,445	11,053
Net cash flows used in investing activities		(639,551)	(1,532,191)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings	6(27)	-	300,000
Repaymeny of long-term borrowings	6(27)	(255,094)	(163,052)
Repayment of the principal portion of lease liabilities	6(27)	(1,182,847)	(1,113,250)
Increase (decrease) in guarantee deposits recieved	6(27)	(59)	1,398
Cash dividends paid	6(17)(26)	(666,836)	(536,656)
Net cash flows used in financing activities		(2,104,836)	(1,511,560)
Effect of exchange rate changes on cash and cash equivalents		1	(120)
Net decrease in cash and cash equivalents		(360,906)	(731,621)
Cash and cash equivalents at beginning of year		785,029	1,516,650
Cash and cash equivalents at end of year		$ 424,123	$ 785,029

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

World Fitness Services Ltd. (the "Company") was incorporated in Cayman on November 21, 2013. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the physical fitness, sports and sauna business.

2. The Date of Authorisation for Issuance of the Consolidated Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorized for issuance by the Board of Directors on March 7, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS®") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'

The amendments require an entity to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Upon adoption, the Group expects to recognise a deferred tax asset and liability for all deductible and taxable temporary differences associated with decommissioning liabilities and its corresponding right-of-use assets retrospectively as of January 1, 2022. These amendments resulted to an increase in deferred tax assets by $12,843, $13,756 and $13,406 and deferred tax liabilities by $12,843, $13,756 and $13,406 as of December 31, 2023, January 1, 2022 and December 31, 2022, respectively.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. The consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)	
Name of investor	Name of subsidiary	Main business activities	December 31, 2023	December 31, 2022
WORLD FITNESS SERVICES LTD.	WORLD FITNESS ASIA LIMITED	Physical fitness, sports and sauna business	100	100

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Group’s presentation currency.

Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Leasing arrangements (lessor)－lease receivables/ operating leases

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.

(b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

(c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(10) Impairment of financial assets

For financial assets at amortised cost (including accounts receivable), at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

(13) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. 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 must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

(a) Office equipment： 1~6 years

(b) Leasehold improvement： 1~21 years

(15) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate;

(c) Amounts expected to be payable by the lessee under residual value guarantees;

(d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee; and

(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.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(16) Intangible assets

A. Trademarks and licences

Separately acquired trademarks and licences are stated at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are amortised on a straight-line basis over their estimated useful lives of 6 to 25 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 10 years.

(17) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Notes payable

A. Notes payable are those resulting from operating and non-operating activities.

B. The short-term notes without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(22) Provisions

Provisions (including decommissioning) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(25) <u>Share capital</u>

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) <u>Dividends</u>

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities.

(27) <u>Revenue recognition</u>

A. Sales of goods

The Group sells a wide range of sports consumables. Sales are recognised when products are being sold to customers.

B. Workout area services

The Group provides workout area services. Revenue from providing such services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual days passed relative to the total usage days. The customer pays at the time specified in the payment schedule. If the payments exceed the services rendered, a contract liability is recognised.

C. Professional coaching course services

The Group provides professional coaching course services. Revenue from providing such services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the number of courses taken relative to the total courses. The customer makes payment upon signing the contract. If the payments exceed the services rendered, a contract liability is recognised.

Revenue is recognised based on the coaching course with which contract has expired and the course has not been completed and the evaluation report of the amortisation period of unfinished courses issued by external experts. The amortisation ratio of unfinished courses is derived from usage of coaching courses which contract has expired, and is calculated by a 30-day period as a group based on historical data of total courses and percentage of use for each group.

D. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Critical accounting estimates and assumptions

Revenue recognition of coaching courses due

When recognising revenue of the coaching course which contract has expired and the course has not been completed, the Group needs to apply judgements and estimates to determine the related assumption on balance sheet date, including the expected percentage of use of coaching course which contract has expired and the course has not been completed. Any changes in the expected percentage of use of coaching course which contract has expired and the course has not been completed could significantly impact the carrying amount of contract liabilities.

As of December 31, 2023, the carrying amount of contract liabilities of coaching course which contract has expired and the course has not been completed was $639,414.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 13,696	$ 11,736
Checking accounts and demand deposits	410,427	773,293
	$ 424,123	$ 785,029

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has reclassified pledged time deposits, reserved trust account, and time deposits maturing in excess of three months to 'financial assets at amortised cost'. Please refer to Note 6(2) for details.

(2) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Current items:		
Reserved Time deposits pledged as collateral	$ 109,000	$ 389,006
Reserved trust account	527,748	473,553
Time deposits maturing in excess of three months	-	6,000
	$ 636,748	$ 868,559
Non-current items:		
Reserved Time deposits pledged as collateral	$ 14,175	$ 24,963

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	2023	2022
Interest income	$ 4,505	$ 1,176

B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was its book value.

C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivables

	December 31, 2023	December 31, 2022
Notes receivable	$ -	$ 149
Accounts receivable	$ 159,837	$ 133,068
Less: Loss allowance	-	-
	$ 159,837	$ 133,068
Finance lease payments receivable	$ 20,193	$ 20,129
Long-term finance lease payments receivable	121,257	141,451
Less: Unearned finance income of finance lease	(2,313)	(2,646)
Less: Unearned finance income of long-term finance lease	(6,484)	(8,798)
	$ 132,653	$ 150,136

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 159,837	$ -	$ 133,068	$ 149
Up to 30 days	-	-	-	-
31 to 60 days	-	-	-	-
	$ 159,837	$ -	$ 133,068	$ 149

The above ageing analysis was based on past due date.

B. As at December 31, 2023 and 2022, accounts receivable mainly comprised of receivables from credit card companies who collected payment for the customers' purchase of workout area services and coaching course services. And as of January 1, 2022, the balance of receivables from credit card payment amounted to $139,013.

C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was $159,837 and $133,217, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

E. Information relating to finance lease payments receivable is provided in Note 6(7).

(4) Investments accounted for under equity method

The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As at December 31, 2023 and 2022, the carrying amount of the Group's individually immaterial associates amounted to $13,980 and $19,766, respectively.

	Year ended December 31, 2023	Year ended December 31, 2022
Loss for the period from continuing operations	($ 5,786)	($ 3,155)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	($ 5,786)	($ 3,155)
Dividend received from the associates	$ -	$ -

(5) Property, plant and equipment, net

	Year ended December 31, 2023					
	Beginning of period	Additions	Disposals	Transfers	Reclassifactions	End of period
Cost						
Fitness equipments	$ 1,707,084	$ 89,676	($ 27,187)	$ 33,627	($ 11,324)	$ 1,791,876
Leasehold improvements	8,756,494	544,250	-	163,976	-	9,464,720
Unfinished construction and equipment under acceptance	208,161	196,987	-	(197,603)	(35,614)	171,931
	$ 10,671,739	$ 830,913	($ 27,187)	$ -	($ 46,938)	$ 11,428,527
Accumulated depreciation						
Fitness equipments	($ 1,160,880)	($ 200,678)	$ 26,962	$ -	$ 992	($ 1,333,604)
Leasehold improvements	(3,762,000)	(793,528)	-	-	(195)	(4,555,723)
	($ 4,922,880)	($ 994,206)	$ 26,962	$ -	$ 797	($ 5,889,327)
	$ 5,748,859					$ 5,539,200

	Year ended December 31, 2022					
	Beginning of period	Additions	Disposals	Transfers	Reclassifactions	End of period
Cost						
Fitness equipments	$ 1,604,883	$ 90,300	($ 9,480)	$ 21,381	$ -	$ 1,707,084
Leasehold improvements	8,110,662	602,207	(9,437)	53,062	-	8,756,494
Unfinished construction and equipment under acceptance	96,409	186,195	-	(74,443)	-	208,161
	$ 9,811,954	$ 878,702	($ 18,917)	$ -	$ -	$ 10,671,739
Accumulated depreciation						
Fitness equipments	($ 956,462)	($ 213,488)	$ 9,070	$ -	$ -	($ 1,160,880)
Leasehold improvements	(3,019,302)	(750,957)	8,259	-	-	(3,762,000)
	($ 3,975,764)	($ 964,445)	$ 17,329	$ -	$ -	($ 4,922,880)
	$ 5,836,190					$ 5,748,859

A. The Group reclassified certain unfinished construction and equipment on March 29, 2023 based on the Group’s intended use of those assets.

B. The Group reclassified certain fitness equipments on October 1, 2023 based on the Group’s intended use of those assets.

C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(6) Leasing arrangements－lessee

A. The Group leases various assets including buildings. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases with a lease term of 12 months or less comprise office equipment and advertising board.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Book Value	Book Value
Buildings	$ 9,107,439	$ 9,131,560

	Year ended December 31, 2023	Year ended December 31, 2022
	Depreciation expense	Depreciation expense
Buildings	$ 1,290,161	$ 1,250,570

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets amounted to $1,353,404 and $1,336,179, respectively.

E. Information on profit or loss in relation to lease contracts is as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 176,402	$ 174,920
Gain on sublease of right-of-use assets	2,647	2,969
Expense on short-term lease contracts	53,631	51,628

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases amounted to $1,412,880 and $1,339,798, respectively.

G. The Group has applied the practical expedient to "Covid-19-related rent concessions", and recognised the gain from changes in lease payments arising from the rent concessions amounting to $14,662 by increasing other income for the years ended 2022. (Presented as other gains and losses).

H. For the years ended 2023 and 2022, the Group recognised the gain from changes in lease payments arising from the rent concessions amounting to $11,380 and $383. (Presented as other gains and losses).

(7) Leasing arrangements – lessor

A. The Group leases various assets including sublease of right-of-use assets to others. Rental contracts are typically made for periods of 1 to 15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2023
2024	$ 20,193
2025	20,521
2026	20,586
2027	20,924
2028	20,991
After 2029	38,235
	$ 141,450

	December 31, 2022
2023	$ 20,129
2024	20,193
2025	20,521
2026	20,586
2027	20,924
After 2028	59,227
	$ 161,580

C. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2023		December 31, 2022	
	Current	Non-current	Current	Non-current
Undiscounted lease payments	$ 20,193	$ 121,257	$ 20,129	$ 141,451
Unearned finance income	(2,313)	(6,484)	(2,646)	(8,798)
Net investment in the lease	$ 17,880	$ 114,773	$ 17,483	$ 132,653

D. Gain arising from operating lease agreements for the years ended 2023 and 2022 are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Rent income	$ 24,020	$ 19,836
Rent income arising from variable lease payments	$ 2,067	$ 1,189

E. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2023
2024	$ 23,435
2025	22,450
2026	18,143
2027	21,490
2028	21,647
After 2029	54,113
	$ 161,278

	December 31, 2022
2023	$ 23,286
2024	22,715
2025	21,795
2026	17,663
2027	21,558
After 2028	75,714
	$ 182,731

(8) Intangible assets

	Year ended December 31, 2023			
	Beginning of period	Additions	Reclassfiications	End of period
Cost				
Software	$ 138,433	$ 22,229	$ 11,324	$ 171,986
Trademark	42,731	-	-	42,731
	$ 181,164	$ 22,229	$ 11,324	$ 214,717
Accumulated amortisation				
Software	($ 50,337)	($ 15,274)	($ 797)	($ 66,408)
Trademark	(13,275)	(2,038)	-	(15,313)
	($ 63,612)	($ 17,312)	($ 797)	($ 81,721)
	$ 117,552			$ 132,996

	Year ended December 31, 2022		
	Beginning of period	Additions	End of period
Cost			
Software	$ 123,668	$ 14,765	$ 138,433
Trademark	42,731	-	42,731
	$ 166,399	$ 14,765	$ 181,164
Accumulated amortisation			
Software	($ 38,216)	($ 12,121)	($ 50,337)
Trademark	(11,237)	(2,038)	(13,275)
	($ 49,453)	($ 14,159)	($ 63,612)
	$ 116,946		$ 117,552

A. Details of amortisation on intangible assets are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Operating costs	$ -	$ 37
Administrative expenses	17,312	14,122
	$ 17,312	$ 14,159

B. The Group entered into a trademark licensing agreement with World Gym International, LLC on October 1, 2015. This agreement grants the Group the exclusive right and license to World Gym trademark in the People's Republic of China, Taiwan, Hong Kong and Macau for twenty five years.

(9) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 400,000	1.45%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 400,000	1.74%	None

Interest expense recognised in profit or loss amounted to $6,463 and $5,362 for the years ended December 31, 2023 and 2022, respectively.

(10) Other payables

	December 31, 2023	December 31, 2022
Payable for salaries and bonus	$ 492,366	$ 508,023
Payable for value-added tax	193,584	137,334
Payable for purchase of construction and equipment	120,046	98,148
Payable for insurance	69,548	275,688
Payable for retirement benefit	61,315	147,078
Payable for utilities	45,434	42,208
Payable for dividends	16,508	73,344
Payable for compensation for unused leave	13,495	36,195
Payable for employees' compensation	9,060	-
Others	135,470	124,707
	$ 1,156,826	$ 1,442,725

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from December 22, 2021 to December 22, 2024; interest payable monthly; principal is repayable quarterly from 2023.	3.69%	None	$ 150,000
Unsecured borrowings	Borrowing period is from June 29, 2022 to June 29, 2027; interest payable monthly; principal is repayable monthly from July 29, 2022.	2.18%	None	210,000
				360,000
Less: Current portion				(210,000)
				$ 150,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2022
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from December 22, 2021 to December 22, 2024; interest payable monthly; principal is repayable quarterly from 2023.	3.09%	None	$ 300,000
Unsecured borrowings	Borrowing period is from June 29, 2022 to June 29, 2027; interest payable monthly; principal is repayable monthly from July 29, 2022.	2.06%	None	270,000
Other bank borrowings	Borrowing period is from October 8, 2021 to April 8, 2023; interest payable monthly; principal is repayable monthly from November 8, 2021.	2.50%	Fitness equipments	45,094
				615,094
Less: Current portion				(255,094)
				$ 360,000

(12) Payable for purchase of equipment (Listed as other current liabilities and other non-current liabilities)

	December 31, 2023	December 31, 2022
Payable for purchase of equipment	$ 144,380	$ 213,446
Less: Current portion - payable for purchase of equipment	(79,351)	(112,373)
Long-term payable for purchase of equipment	$ 65,029	$ 101,073

(13) Pensions

A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, World Fitness Asia Limited (H.K.) Taiwan Branch contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

B. The pension costs under defined contribution pension plans of for the years ended December 31, 2023 and 2022 were $238,914 and $211,565, respectively.

(14) Provisions

		2023		2022
At January 1	$	142,000	$	130,000
Additional provisions		12,000		12,000
At December 31	$	154,000	$	142,000

Decommissioning liabilities

According to the operating lease agreement, the Group bears dismantling, removing the asset and restoring the site obligations for certain property, plant and equipment in the future. A provision is recognised for the present value of costs to be incurred for dismantling, removing the asset and restoring the site.

(15) Share capital

A. As of December 31, 2023, the Company’s authorized capital was $2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was $1,000,000 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding are as follows:

		2023		2022
At January 1	$	500,000	$	500,000
Capitalisation of capital surplus		500,000		-
At December 31	$	1,000,000	$	500,000

B. On August 2, 2023, the shareholders’ meeting made a resolution for increasing the authorized share capital of the Company to $2,000,000 divided into 200,000 thousand shares with a par value of $10 (in dollars) per share. The increase of share capital of 12,500 thousand shares has been completed on January 22, 2024 with $134.45 (in dollars) per share, and with total amount of $1,672,065 (excluding incremental IPO cost of $21,600). The total amount of the Company’s ordinary shares outstanding has been increased to 112,500 thousand shares, and the paid-in capital is $1,125,000. Please refer to Note 11 for details.

(16) Capital surplus

A. Capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. On December 20, 2022, the Board of Directors made a resolution for applying the sum of $1,823,687 out of capital surplus, additional paid-in capital of the Company to offset its accumulated deficit.

	2023	2022
	Capital surplus, additional paid-in capital	
At January 1	$ 1,822,806	$ 3,646,493
Capital surplus used to offset accumulated deficit	-	(1,823,687)
Capitalisation of capital surplus	(500,000)	-
Capital surplus used to issue cash to shareholders	(342,348)	-
At December 31	$ 980,458	$ 1,822,806

C. On May 25, 2023, the shareholders' meeting made a resolution for applying the sum of $302,475 ($6.05 in dollars per share) out of capital surplus, additional paid-in capital of the Company to distribute cash dividends. On October 16, 2023, the Board of Directors made a resolution for revising the former resolution and applying the sum of $342,348 ($6.85 in dollars per share) out of capital surplus. The resolution has been made by the shareholders' meeting on October 25, 2023.

D. On August 2, 2023, the shareholders' meeting made a resolution for converting capital surplus for capital increase by issuing 50,000 thousand shares with a par value of $10 (in dollars) per share. The chairman was authorised to determine August 7, 2023 as the record date and the share registration has been completed.

E. On March 7, 2024, the Board of Directors made a resolution for applying the sum of $335,422 ($2.98 in dollars per share) out of capital surplus, additional paid-in capital of the Company to distribute cash dividends. As of March 7, 2024, the distribution is pending for resolution in the shareholders' meeting.

(17) Retained earnings

A. In accordance with the distribution ordinance, the company may at a general meeting apply the reserves for any purpose to which the profits of the company may be properly applied. If there are any reserves, dividends on priority as well as non-cash assets of equivalent value arranged by the directors. Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by executing to the company a deed to that effect. However, if the share has more than one person entitled to the share whether by the reason of the death or bankruptcy, the deed is not effective unless it is expressed to be executed by all the holders.

B. On June 22, 2022 and November 16, 2022, the Board of Directors made a resolution for distribution of dividends of USD $13,440 (NTD $400,000) at USD $0.2688 (NTD $8) (in dollars) per share and USD $6,759 (NTD $210,000) at USD $0.1352 (NTD $4.2) (in dollars) per share.

C. On May 25, 2023, the shareholders' meeting made a resolution for distribution of dividends of NTD $307,525 at NTD $6.15(in dollars) per share. On October 16, 2023, the Board of Directors made a resolution for revising the former resolution and making a new distribution of dividends of $267,652 at NTD $5.35(in dollars) per share. The revision was approved by the shareholders' meeting on October 25, 2023.

D. On March 7, 2024, the Board of Directors made a resolution for distribution of dividends of NTD $314,578 at NTD $2.80(in dollars) per share. As of March 7, 2024, the distribution is pending for resolution in the shareholders' meeting.

(18) Operating revenue

	Year ended December 31, 2023	Year ended December 31, 2022
Revenue from contracts with customers	$ 9,428,163	$ 8,862,771

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following:

	Taiwan			
Year ended December 31, 2023	Membership fees	Coaching fees	Others	Total
Revenue from external customer	$ 4,635,065	$ 4,693,588	$ 99,510	$ 9,428,163
Timing of revenue				
At a point in time	$ -	$ -	$ 99,510	$ 99,510
Over time	4,635,065	4,693,588	-	9,328,653
	$ 4,635,065	$ 4,693,588	$ 99,510	$ 9,428,163

	Taiwan			
Year ended December 31, 2022	Membership fees	Coaching fees	Others	Total
Revenue from external customer	$ 4,288,481	$ 4,473,249	$ 101,041	$ 8,862,771
Timing of revenue				
At a point in time	$ -	$ -	$ 101,041	$ 101,041
Over time	4,288,481	4,473,249	-	8,761,730
	$ 4,288,481	$ 4,473,249	$ 101,041	$ 8,862,771

B. Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Membership fees	$ 304,490	$ 323,164	$ 339,351
Coaching fees			
Contract not due	1,133,248	1,133,111	1,468,503
Contract due	639,414	641,426	490,371
Current contract liabilities	2,077,152	2,097,701	2,298,225
Membership fees	506,920	436,421	417,192
Non-current contract liabilities	506,920	436,421	417,192
	$ 2,584,072	$ 2,534,122	$ 2,715,417

Revenue recognised that was included in the contract liability balance at the beginning of the period.

	Year ended December 31, 2023	Year ended December 31, 2022
Membership fees	$ 323,164	$ 339,351
Coaching fees		
Contract not due	856,747	1,111,953
Contract due	491,598	265,942
	$ 1,671,509	$ 1,717,246

(19) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Interest income from bank deposits	$ 2,793	$ 1,059
Interest income from financial assets measured at amortised cost	4,505	1,176
Interest income from financial lease receivable	2,647	2,969
Interest income from guarantee deposits paid	5,712	4,580
	$ 15,657	$ 9,784

(20) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Government grants (Note)	$ 77,481	$ 28,964
Rental income	26,087	21,025
Others	22,376	22,366
	$ 125,944	$ 72,355

Note: The Group received government grants in accordance with the “Youth's Employment Ultimate Program” and the “Basic Wage Supplement Program” from Ministry of Labor and Ministry of Economic Affairs.

(21) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Gain (loss) on disposal of property, plant and equipment	$ 610	($ 1,001)
Foreign exchange gain	317	2,245
Gain on lease modification	11,380	15,045
Others	(3,361)	(784)
	$ 8,946	$ 15,505

(22) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense:		
Bank borrowings	$ 20,774	$ 19,494
Installment payment for equipment	14,688	22,059
Lease liability-interest expense	176,402	174,920
Other interest expense	159	77
	$ 212,023	$ 216,550

(23) Expenses by nature

	Year ended December 31, 2023	Year ended December 31, 2022
Employee benefit expense		
Wages and salaries	$ 4,101,518	$ 3,903,417
Labour and health insurance fees	411,139	378,312
Pension costs	238,914	211,565
Other personnel expenses	149,035	139,839
	$ 4,900,606	$ 4,633,133
Depreciation charges on property, plant and equipment	$ 994,206	$ 964,445
Depreciation charges on right-of-use assets	$ 1,290,161	$ 1,250,570
Amortisation charges on intangible assets	$ 17,312	$ 14,159

A. According to the Articles of Incorporation of the Company, a portion of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees’ compensation and directors’ remuneration. The ratio shall not be lower than 2% for employees’ compensation and shall not be higher than 2% for directors’ remuneration.

B. For the year ended December 31, 2023, employees’ compensation was accrued at $9,060; while directors’ remuneration was accrued at $0. The aforementioned amounts were recognised in salary expenses. No employees’ compensation nor directors’ remuneration were accrued for the year ended December 31, 2022.

The employees' compensation and directors' remuneration were estimated and accrued based on 2% and 0% of distributable profit of current year for the year ended December 31, 2023.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax:		
Current tax on profits for the period	$ 91,126	$ 51,965
Prior year income tax (over-estimation) under-estimation	57,738	(15,342)
Total current tax	148,864	36,623
Deferred tax:		
Prior year deferred tax under-estimation	(57,738)	-
Origination and reversal of temporary differences	3,264	23,037
Total deferred tax	(54,474)	23,037
Income tax expense	$ 94,390	$ 59,660

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2023	Year ended December 31, 2022
Tax calculated based on profit before tax and statutory tax rate	$ 95,241	$ 75,912
Expenses disallowed by tax regulation	(851)	(910)
Prior year deferred tax under-estimation	(57,738)	-
Prior year income tax under-estimation (over-estimation)	57,738	(15,342)
Income tax expense	$ 94,390	$ 59,660

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2023		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
－Deferred tax assets:			
Unrealised exchange loss	$ 2	$ -	$ 2
Decommissioning liability	14,994	2,963	17,957
Payable for annual leave	7,239	(4,540)	2,699
Contract liability	9,968	(1,285)	8,683
Deferred revenue	70,546	57,336	127,882
Effect of IAS12	13,406	(563)	12,843
Subtotal	$ 116,155	$ 53,911	$ 170,066
－Deferred tax liabilities:			
Effect of IAS12	($ 13,406)	$ 563	($ 12,843)
Subtotal	($ 13,406)	$ 563	($ 12,843)
Total	$ 102,749	$ 54,474	$ 157,223

	2022		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
－Deferred tax assets:			
Unrealised exchange loss	$ 26	($ 24)	$ 2
Decommissioning liability	12,244	2,750	14,994
Payable for annual leave	6,404	835	7,239
Contract liability	9,038	930	9,968
Deferred revenue	98,074	(27,528)	70,546
Effect of IAS12	13,756	(350)	13,406
Subtotal	$ 139,542	($ 23,387)	$ 116,155
－Deferred tax liabilities:			
Effect of IAS12	($ 13,756)	$ 350	($ 13,406)
Subtotal	($ 13,756)	$ 350	($ 13,406)
Total	$ 125,786	($ 23,037)	$ 102,749

D. World Fitness Asia Limited (H.K.) Taiwan Branch’s income tax returns through 2021 have been assessed and approved by the Tax Authority.

(25) Earnings per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 349,531	100,000	$ 3.50
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	349,531	100,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	407	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 349,531	100,407	$ 3.48

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 303,806	100,000	$ 3.04
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 303,806	100,000	$ 3.04

1. The impact of converting capital surplus for capital increase has been retrospectively adjusted when calculating earnings per share the years ended December 31, 2023 and 2022. Related information is provided in Note 6(16).
2. In calculating diluted earnings per share, it is assumed that all of employees' compensation are paid in shares.

(26) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2023	Year ended December 31, 2022
Purchase of property, plant and equipment	$ 830,913	$ 878,702
Add: Opening balance of payable on construction and equipment	98,148	129,941
Opening balance of payable on equipment by installment	213,446	326,281
Less: Ending balance of payable on construction and equipment	(120,046)	(98,148)
Ending balance of payable on equipment by installment	(144,380)	(213,446)
Cash paid during the period	$ 878,081	$ 1,023,330

B. Financing activities with no cash flow effects

	Year ended December 31, 2023	Year ended December 31, 2022
Dividends recognised	$ 610,000	$ 610,000
Add: Opening balance of dividends payable	73,344	-
Loss: Ending balance of dividends payable	(16,508)	(73,344)
Cash paid during the period	$ 666,836	$ 536,656

(27) Changes in liabilities from financing activities

	2023					
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Dividends payable	Lease liabilities	Liabilities from financing activities-gross
January 1, 2023	$ 400,000	$ 615,094	$ 11,706	$ 73,344	$ 9,502,424	$ 10,602,568
Changes in cash flow from financing activities	-	(255,094)	(59)	(666,836)	(1,182,847)	(2,104,836)
Additions	-	-	-	610,000	1,209,141	1,819,141
December 31, 2023	$ 400,000	$ 360,000	$ 11,647	$ 16,508	$ 9,528,718	$ 10,316,873

	2022					
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Dividends payable	Lease liabilities	Liabilities from financing activities-gross
January 1, 2022	$ 400,000	$ 478,146	$ 10,308	$ -	$ 9,332,949	$ 10,221,403
Changes in cash flow from financing activities	-	136,948	1,398	(536,656)	(1,113,250)	(1,511,560)
Additions	-	-	-	610,000	1,282,725	1,892,725
December 31, 2022	$ 400,000	$ 615,094	$ 11,706	$ 73,344	$ 9,502,424	$ 10,602,568

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Jing Keng Health World Co., Ltd.	Associate

(2) Significant related party transactions

A. Receivables from related parties

	December 31, 2023	December 31, 2022
Other receivables		
Associates	$ 97	$ 192

Other receivables are receivables for uniform and miscellaneous expenses.

B. Payables to related parties

	December 31, 2023	December 31, 2022
Other payables		
Associates	$ 33	$ 3

Other payables are payables for miscellaneous expenses.

C. Other Income

	Year ended December 31, 2023	Year ended December 31, 2022
Other income		
Associates	$ 6,286	$ 6,286

Other income was charged with a fixed amount monthly for service provided for the development, management and operation of fitness centres.

(3) Key management compensation

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term employee benefits	$ 91,935	$ 85,335
Post-employment benefits	1,858	1,800
	$ 93,793	$ 87,135

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Reserved trust account	$ 527,748	$ 473,553	Collaterals for membership fees and coaching fees received in advance.
Reserved time deposits	109,000	389,006	Collaterals for readers to banks for use of credit cards.
Reserved time deposits	14,175	24,963	Collaterals for lease deposit.
Fitness equipments	213,243	477,189	Collaterals for purchase of equipment by installments.
	$ 864,166	$ 1,364,711	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 329,879	$ 412,583

Lease arrangement contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Right-of-use assets	$ 335,161	$ 732,470

10. Significant Disaster Loss

None.

11. Significant Event after the Balance Sheet Date

(1) For the Company's operation considerations, the Company increased its share capital by 12,500 thousand shares with a par value of $10 (in dollars) per share, and with total amount of $1,672,065. The Company has received the full amount on January 22, 2024. The Company's share are listed on the Taiwan Stock Exchange since January 24, 2024.

(2) On March 7, 2024, the Board of Directors made a resolution for applying the sum of $335,422 ($2.98 in dollars per share) out of capital surplus, additional paid-in capital of the Company to distribute cash dividends. Please refer to Note 6(16)E for details.

(3) Refer to Note 6(17)D. for details of the appropriation of 2023 retained earnings.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of debt ratio. This ratio is calculated as total liabilities divided by total assets.

During the year ended December 31, 2023 and December 31, 2022, the Group's debt ratios were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 14,546,682	$ 15,031,127
Total Assets	16,876,671	17,621,585
Debt ratio	86%	85%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 424,123	$ 785,029
Financial assets at amortised cost	650,923	893,522
Notes receivable, net	-	149
Accounts receivable	159,837	133,068
Financial lease receivables	132,653	150,136
Other receivables (including related parties)	4,997	3,576
Guarantee deposits paid	416,981	430,758
	$ 1,789,514	$ 2,396,238

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 400,000	$ 400,000
Notes payable	4,398	6,030
Other payables (including related parties)	1,156,859	1,442,728
Long-term borrowings (including current portion)	360,000	615,094
Long-term payables (including current portion)	144,380	213,446
Guarantee deposits received	11,647	11,706
	$ 2,077,284	$ 2,689,004
Lease liabilities	$ 9,528,718	$ 9,502,424

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The material financing activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations and internal control system. During the implementation of financing plans, the Board of Directors is assisted in its oversight role by the internal audit department. Internal audit undertakes both regular and exceptional reviews of risk management controls and procedures, and reports the results to the Board of Directors.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency. Primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

ii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023					
				Sensitivity analysis		
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：TWD	$ 1,226	30.71	$ 37,657	1%	$ 377	$ -

	December 31, 2022					
				Sensitivity analysis		
	Foreign currency amount (thousands)	Exchange rate	Book value (TWD in thousands)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：TWD	$ 432	30.71	$ 13,258	1%	$ 133	$ -

iii. The exchange gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to $317 and $2,245, respectively.

<u>Cash flow and fair value Interest rate risk</u>

i. The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $1,520 and $2,000. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.

ii. According to the Group's credit policy, only well-known financial institution within the operating country can be accepted as transaction banks.

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Group classifies customer's notes receivable and accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss under the provision matrix basis.

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

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.

iii. As at December 31, 2023 and 2022, the Group didn't have any undrawn borrowing facilities.

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023

Non-derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 1,433	$ 400,892	$ -	$ -	$ -	$ 402,325
Notes payable	4,398	-	-	-	-	4,398
Other payables (including related parties)	1,036,813	120,046	-	-	-	1,156,859
Guarantee deposits received	-	-	-	-	11,647	11,647
Long-term borrowings (including current portion)	55,002	162,439	62,671	91,553	-	371,665
Long-term payable (including current portion)	26,207	60,779	42,716	26,216	-	155,918
Lease liability	342,211	1,023,806	1,306,590	3,443,389	4,342,393	10,458,389

December 31, 2022

Non-derivative financial liabilities	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Short-term borrowings	$ 400,997	$ -	$ -	$ -	$ -	$ 400,997
Notes payable	6,030	-	-	-	-	6,030
Other payables (including related parties)	1,344,579	98,149	-	-	-	1,442,728
Guarantee deposits received	-	-	-	-	11,706	11,706
Long-term borrowings (including current portion)	90,174	177,664	216,644	153,982	-	638,464
Long-term payable (including current portion)	36,336	88,660	73,011	35,089	-	233,096
Lease liability	333,439	982,944	1,233,864	3,300,093	4,579,885	10,430,225

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, finance lease payments receivable, other receivables, guarantee deposits paid, notes payable, other payables, long-term payables, borrowings and guarantee deposits received are approximate to their fair values.

C. As at December 31, 2023 and 2022, the Group didn't have any financial instruments and non-financial instruments measured at fair value.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 1.

(3) Information on investments in Mainland China

A. Basic information: None.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 2.

14. Segment Information

The Group operates business only in a single industry. The chief operating decision-maker, Board of Directors who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(1) Information on products and services

Please refer to Note 6 (18) for the related information.

(2) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 9,428,163	$ 14,779,635	$ 8,862,771	$ 14,997,971

The Company's geographical revenue is calculated based on the countries where sales occur. Non-current assets refer to property, plant and equipment, right-of-use assets, intangible assets, but exclude financial instruments and deferred income tax assets.

(3) Major customer information

None of the revenue from any single customer has exceeded 10% of the revenue in the consolidated statement of comprehensive income for the years ended December 31, 2023 and 2022.

World Fitness Services Ltd.

Information on investees

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the six months period ended December 31, 2023	Investment income (loss) recognised by the Company for the six months period ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
World Fitness Services Ltd.	World Fitness Asia Limited	Hong Kong	Fitness centers and other sports related services	$ 10,397	$ 10,397	2,482,606	100	$ 2,292,068	$ 376,879	$ 376,879	Note
World Fitness Asia Limited	Jing Keng Health World Co., Ltd.	Taiwan	Fitness centers and other sports related services	16,350	16,350	1,635,000	30	13,980	(19,287)	(5,786)	

Note: The transaction has already been written off in the consolidated financial statements.

World Fitness Services Ltd.

Major shareholders information

December 31, 2023

Table 2

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
Cienega Holdings Limited	28,846,720	28.85%
CWFS Holdings SPC Limited	23,710,852	23.71%
Tustana Investment Holdings Limited	7,151,372	7.15%
Global Fitness Management Limited	5,473,332	5.47%