WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

JUNE 30, 2024 AND 2023

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

WORLD FITNESS SERVICES LTD.

JUNE 30, 2024 AND 2023 CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR24001426

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 June 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the statements of changes in equity and of cash flows for the six-month periods then ended, and notes to the consolidated financial statements, including a summary of material 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 June 30, 2024 and 2023, and its consolidated financial performance for the three-month and six-month periods then ended, and its consolidated cash flows for the six-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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(4). Contract liabilities of the professional coaching course services amounted to $1,710,670 thousand (including contract liabilities that have expired and not yet expired) as at June 30, 2024; revenue of the professional coaching course services amounted to $2,340,392 thousand for the six-month period then ended. Revenue is recognised for the coaching course with which contract has expired and the course has not been completed 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 audit.

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.
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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" 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 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

August 27, 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.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	June 30, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%	June 30, 2023 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1) and 12(2)	$ 1,198,613	7	$ 424,123	2	$ 402,946	2
1136	Current financial assets at amortised cost	6(2) and 12(2)	529,102	3	636,748	4	911,545	6
1150	Notes receivable, net	6(3) and 12(2)	-	-	-	-	1	-
1170	Accounts receivable, net	6(3) and 12(2)	166,829	1	159,837	1	32,658	-
1197	Finance lease receivable, net	6(3)(7) and 12(2)	21,879	-	17,880	-	17,712	-
1200	Other receivables	12(2)	4,866	-	4,900	-	3,711	-
1210	Other receivables - related parties	7(2) and 12(2)	281	-	97	-	249	-
130X	Inventories		18,570	-	2,435	-	463	-
1410	Prepayments		127,173	1	118,131	1	153,947	1
1470	Other current assets		1,186	-	2,910	-	1,241	-
11XX	**Current Assets**		2,068,499	12	1,367,061	8	1,524,473	9
	Non-current assets							
1535	Non-current financial assets at amortised cost	6(2) and 12(2)	14,194	-	14,175	-	14,175	-
1550	Investments accounted for under equity method	6(4)	10,054	-	13,980	-	16,032	-
1600	Property, plant and equipment, net	6(5)	5,555,014	32	5,539,200	33	5,719,791	34
1755	Right-of-use assets	6(6)	9,031,200	51	9,107,439	54	8,758,887	52
1780	Intangible assets	6(8)	127,213	1	132,996	1	117,433	1
1840	Deferred income tax assets		164,080	1	170,066	1	172,157	1
1920	Guarantee deposits paid	12(2)	424,786	2	416,981	2	397,825	2
194D	Long-term finance lease receivable, net	6(3)(7) and 12(2)	133,413	1	114,773	1	123,755	1
15XX	**Non-current assets**		15,459,954	88	15,509,610	92	15,320,055	91
1XXX	**Total assets**		$ 17,528,453	100	$ 16,876,671	100	$ 16,844,528	100

(Continued)

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024, DECEMBER 31, 2023 AND JUNE 30, 2023
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	June 30, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%	June 30, 2023 AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(9) and 12(2)	$ 399,900	2	$ 400,000	2	$ 400,000	2
2130	Current contract liabilities	6(19)	1,995,819	12	2,077,152	12	2,153,064	13
2150	Notes payable	12(2)	4,194	-	4,398	-	6,637	-
2170	Accounts payable	12(2)	376	-	-	-	1	-
2200	Other payables	6(10) and 12(2)	1,121,690	7	1,156,826	7	1,511,571	9
2220	Other payables to related parties	7(2) and 12(2)	26	-	33	-	38	-
2230	Current income tax liabilities		54,003	-	136,318	1	140,717	1
2280	Current lease liabilities	6(28) and 12(2)	1,263,125	7	1,178,091	7	1,135,957	7
2320	Long-term borrowings, current portion	6(11) and 12(2)	65,000	-	210,000	1	210,000	1
2399	Other current liabilities	6(12) and 12(2)	114,411	1	132,798	1	151,822	1
21XX	**Current Liabilities**		5,018,544	29	5,295,616	31	5,709,807	34
	Non-current liabilities							
2527	Non-current contract liabilities	6(19)	525,370	3	506,920	3	474,841	3
2540	Long-term borrowings	6(11) and 12(2)	120,000	1	150,000	1	255,000	1
2550	Provisions for liabilities - non-current	6(15)	160,000	1	154,000	1	150,000	1
2570	Deferred income tax liabilities		12,800	-	12,843	-	13,550	-
2580	Non-current lease liabilities	6(28) and 12(2)	8,245,803	47	8,350,627	50	8,001,757	47
2600	Other non-current liabilities	6(12) and 12(2)	62,247	-	76,676	-	98,043	1
25XX	**Non-current liabilities**		9,126,220	52	9,251,066	55	8,993,191	53
2XXX	**Total Liabilities**		14,144,764	81	14,546,682	86	14,702,998	87
	Equity							
	Share capital	6(16)						
3110	Share capital - common stock		1,125,000	7	1,000,000	6	500,000	3
	Capital surplus	6(17)						
3200	Capital surplus		2,170,501	12	980,458	6	1,520,331	9
	Retained earnings	6(18)						
3310	Legal reserve		34,953	-	-	-	-	-
3350	Unappropriated retained earnings		228,217	1	349,531	2	121,199	1
3500	Treasury shares	6(16)	(174,982)	(1)	-	-	-	-
3XXX	**Total equity**		3,383,689	19	2,329,989	14	2,141,530	13
	Significant contingent liabilities and unrecognised contract commitments	9						
3X2X	**Total liabilities and equity**		$ 17,528,453	100	$ 16,876,671	100	$ 16,844,528	100

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Three-month periods ended June 30				Six-month periods ended June 30			
			2024		2023		2024		2023	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(19)	$ 2,464,165	100	$ 2,359,511	100	$ 4,799,771	100	$ 4,569,011	100
5000	Operating costs	6(24)	(2,032,799)	(83)	(1,992,625)	(84)	(3,983,443)	(83)	(3,833,705)	(84)
5900	Net operating margin		431,366	17	366,886	16	816,328	17	735,306	16
	Operating expenses	6(24)								
6100	Selling expenses		(20,121)	(1)	(31,677)	(1)	(41,238)	(1)	(53,904)	(1)
6200	General and administrative expenses		(235,065)	(9)	(230,861)	(10)	(457,552)	(9)	(434,249)	(9)
6000	Total operating expenses		(255,186)	(10)	(262,538)	(11)	(498,790)	(10)	(488,153)	(10)
6900	Operating profit		176,180	7	104,348	5	317,538	7	247,153	6
	Non-operating income and expenses									
7100	Interest income	6(20)	10,609	-	5,223	-	15,346	-	8,090	-
7010	Other income	6(21) and 7(2)	23,630	1	26,302	1	49,188	1	53,690	1
7020	Other gains and losses	6(22)	12,174	1	449	-	15,374	-	5,097	-
7050	Finance costs	6(23)	(51,752)	(2)	(52,710)	(2)	(104,435)	(2)	(106,794)	(2)
7060	Share of loss of associates and joint ventures accounted for under equity method	6(4)	(1,974)	-	(1,890)	-	(3,926)	-	(3,734)	-
7000	Total non-operating income and expenses		(7,313)	-	(22,626)	(1)	(28,453)	(1)	(43,651)	(1)
7900	**Profit before income tax**		168,867	7	81,722	4	289,085	6	203,502	5
7950	Income tax expense	6(25)	(34,970)	(2)	(17,480)	(1)	(60,868)	(1)	(42,430)	(1)
8200	**Profit for the period**		$ 133,897	5	$ 64,242	3	$ 228,217	5	$ 161,072	4
8500	**Total comprehensive income for the period**		$ 133,897	5	$ 64,242	3	$ 228,217	5	$ 161,072	4
	Earnings per share	6(26)								
9750	Basic earnings per share		$ 1.21		$ 0.64		$ 2.07		$ 1.61	
9850	Diluted earnings per share		$ 1.21		$ 0.64		$ 2.07		$ 1.61	

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Equity attributable to owners of the parent: Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings: Legal reserve	Retained Earnings: Unappropriated retained earnings	Treasury shares	Total equity
Six-month period ended June 30, 2023							
Balance at January 1, 2023		$ 500,000	$ 1,822,806	$ -	$ 267,652	$ -	$ 2,590,458
Profit for the period		-	-	-	161,072	-	161,072
Total comprehensive income		-	-	-	161,072	-	161,072
Appropriations and distribution of 2022 earnings:							
Cash dividends	6(18)	-	-	-	(307,525)	-	(307,525)
Cash dividends from capital surplus	6(17)	-	(302,475)	-	-	-	(302,475)
Balance at June 30, 2023		$ 500,000	$ 1,520,331	$ -	$ 121,199	$ -	$ 2,141,530
Six-month period ended June 30, 2024							
Balance at January 1, 2024		$ 1,000,000	$ 980,458	$ -	$ 349,531	$ -	$ 2,329,989
Profit for the period		-	-	-	228,217	-	228,217
Total comprehensive income		-	-	-	228,217	-	228,217
Appropriations and distribution of 2023 earnings:							
Legal reserve		-	-	34,953	(34,953)	-	-
Cash dividends	6(18)	-	-	-	(314,578)	-	(314,578)
Cash dividends from capital surplus	6(17)	-	(335,422)	-	-	-	(335,422)
Treasury shares acquired	6(16)	-	-	-	-	(174,982)	(174,982)
Issuance of common stock	6(16)	125,000	1,525,465	-	-	-	1,650,465
Balance at June 30, 2024		$ 1,125,000	$ 2,170,501	$ 34,953	$ 228,217	($ 174,982)	$ 3,383,689

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	Six-month periods ended June 30 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 289,085	$ 203,502
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(24)	489,416	493,403
Depreciation for right-of-use assets	6(6)(24)	655,672	642,155
Amortization expense	6(8)(24)	9,478	7,357
Interest expense	6(23)	12,131	19,511
Interest expense for lease liabilities	6(6)(23)	92,304	87,283
Interest income	6(20)	(15,346)	(8,090)
Share of loss of associates and joint ventures accounted for under equity method	6(4)	3,926	3,734
Loss on disposal of property, plant and equipment	6(22)	1,653	143
Gain on lease modification		(16,014)	(6,461)
Unrealised net gain on foreign currency exchange		(9)	(11)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		-	148
Accounts receivable, net		(6,992)	100,410
Finance lease receivable, net		(21,151)	10,033
Other receivables		34	(327)
Other receivables - related parties		(184)	(57)
Inventories		(16,135)	(463)
Prepayments		(19,278)	(64,828)
Other current assets		1,724	1,096
Changes in operating liabilities			
Contract liabilities		(62,883)	93,783
Notes payable		(204)	607
Accounts payable		376	1
Other payables		(80,602)	(148,555)
Other payables to related parties		(7)	35
Other current liabilities		1,476	2,375
Cash inflow generated from operations		1,318,470	1,436,784
Interest received		10,255	4,081
Interest paid		(104,348)	(106,717)
Income tax paid		(137,240)	(54,412)
Net cash flows from operating activities		1,087,137	1,279,736
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(27)	(500,223)	(542,263)
Proceeds from disposal of property, plant and equipment		28	-
(Increase) decrease in financial assets at amortised cost		107,627	(32,198)
Aquisition of intangible assets	6(8)	(3,695)	(7,238)
Increase in guarantee deposits paid		(18,830)	(8,472)
Decrease in guarantee deposits paid		13,430	43,764
Net cash flows used in investing activities		(401,663)	(546,407)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings		(100)	-
Repayments of long-term borrowings	6(28)	(175,000)	(150,094)
Repayment of the principal portion of lease liabilities	6(28)	(613,273)	(588,546)
Increase in guarantee deposits recieved	6(28)	49	-
Cash dividends paid	6(27)	(608,532)	(376,783)
Capital increase	6(16)	1,660,845	-
Purchase of treasury shares	6(16)	(174,982)	-
Net cash flows from (used in) financing activities		89,007	(1,115,423)
Effect of exchange rate changes on cash and cash equivalents		9	11
Net increase (decrease) in cash and cash equivalents		774,490	(382,083)
Cash and cash equivalents at beginning of period		424,123	785,029
Cash and cash equivalents at end of period		$ 1,198,613	$ 402,946

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SIX-MONTH PERIODS ENDED JUNE 30, 2024 AND 2023

(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 August 27, 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 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.

   (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 effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The application of the above new, revised or amended standards and interpretations will not have a material impact on the Company's consolidated financial statements.

(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
Amendment to IFRS 9 and IFRS 7,'Amendments to the classification and measurement of financial instruments'	January 1, 2026
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
Amendment to IFRS 18,'Presentation and disclosure in financial statements'	January 1, 2027
Amendments to IAS 19, 'Subsidiaries without Public Accountability: Disclosures'	January 1, 2027
Amendments to IFRS Accounting Standards 'Annual Improvements—Volume 11'	January 1, 2026

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. The quantitative impact will be disclosed when the assessment is complete.

IFRS 18, 'Presentation and disclosure in financial statements'

IFRS 18, 'Presentation and disclosure in financial statements' replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(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 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") 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:

Basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2023.

B. Subsidiaries included in the consolidated financial statements:

			Ownership(%)		
Name of investor	Name of subsidiary	Main business activities	June 30, 2024	December 31, 2023	June 30, 2023
WORLD FITNESS SERVICES LTD.	WORLD FITNESS ASIA LIMITED	Physical fitness, sports and sauna business	100	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) Accounting Police related to key audit matters

Revenue recognition

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.

(5) Accounting policies applicable to the interim period

A. 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:

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

(ii) Assets held mainly for trading purposes;

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

(iv) 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:

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

(ii) Liabilities arising mainly from trading activities;

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

(iv) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

B. Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

C. Income tax

a. The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

b. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

D. Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their carrying amount and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

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

There have been no significant changes as of June 30, 2024. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand and revolving funds	$ 14,039	$ 13,696	$ 9,336
Checking accounts and demand deposits	1,062,370	410,427	393,610
Time deposits	122,204	-	-
	$ 1,198,613	$ 424,123	$ 402,946

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	June 30, 2024	December 31, 2023	June 30, 2023
Current items:			
Reserved time deposits pledged as collateral	$ -	$ 109,000	$ 401,000
Reserved trust account	529,102	527,748	510,545
	$ 529,102	$ 636,748	$ 911,545
Non-current items:			
Reserved time deposits pledged as collateral	$ 14,194	$ 14,175	$ 14,175

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

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Interest income	$ 1,012	$ 1,941

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Interest income	$ 1,060	$ 2,236

B. As of June 30, 2024, December 31, 2023 and June 30, 2023, 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

	June 30, 2024	December 31, 2023	June 30, 2023
Notes receivable	$ -	$ -	$ 1
Accounts receivable	$ 166,829	$ 159,837	$ 32,658
Less: Loss allowance	-	-	-
	$ 166,829	$ 159,837	$ 32,658
Finance lease payments receivable	$ 24,552	$ 20,193	$ 20,193
Long-term finance lease payments receivable	140,630	121,257	131,354
Less: Unearned finance income of finance lease	(2,673)	(2,313)	(2,481)
Less: Unearned finance income of long-term finance lease	(7,217)	(6,484)	(7,599)
	$ 155,292	$ 132,653	$ 141,467

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

	June 30, 2024		December 31, 2023		June 30, 2023	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 166,829	$ -	$ 159,837	$ -	$ 32,658	$ 1
Up to 30 days	-	-	-	-	-	-
31 to 60 days	-	-	-	-	-	-
	$ 166,829	$ -	$ 159,837	$ -	$ 32,658	$ 1

The above ageing analysis was based on past due date.

B. As of June 30, 2024, December 31, 2023 and June 30, 2023, 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, 2023, the balance of receivables from credit card payment amounted to $133,217.

C. As of June 30, 2024, December 31, 2023 and June 30, 2023, 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 $166,829, $159,837 and $32,659, 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 of June 30, 2024, December 31, 2023 and June 30, 2023, the carrying amount of the Group's individually immaterial associates amounted to $10,054, $13,980 and $16,032, respectively.

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Loss for the period from continuing operations	($ 1,974)	($ 1,890)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	($ 1,974)	($ 1,890)
Dividend received from the associates	$ -	$ -

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Loss for the period from continuing operations	($ 3,926)	($ 3,734)
Loss for the period from discontinued operations	-	-
Other comprehensive income, net of tax	-	-
Total comprehensive loss	($ 3,926)	($ 3,734)
Dividend received from the associates	$ -	$ -

(5) Property, plant and equipment, net

	Six-month period ended June 30,2024					
	Beginning of period	Additions	Disposals	Transfers	Reclassifications	End of period
Cost						
Fitness equipment	$ 1,791,876	$ 29,395	($ 1,657)	$ 10,807	($ 6,267)	$ 1,824,154
Leasehold improvements	9,464,720	296,328	(4,412)	19,760	-	9,776,396
Unfinished construction and equipment under acceptance	171,931	181,331	-	(30,567)	-	322,695
	$ 11,428,527	$ 507,054	($ 6,069)	$ -	($ 6,267)	$ 11,923,245
Accumulated depreciation						
Fitness equipment	($ 1,333,604)	($ 94,911)	$ 1,657	$ -	$ 6,124	($ 1,420,734)
Leasehold improvements	(4,555,723)	(394,505)	2,731	-	-	(4,947,497)
	($ 5,889,327)	($ 489,416)	$ 4,388	$ -	$ 6,124	($ 6,368,231)
	$ 5,539,200					$ 5,555,014

	Six-month period ended June 30,2023					
	Beginning of period	Additions	Disposals	Transfers	Reclassifactions	End of period
Cost						
Fitness equipment	$ 1,707,084	$ 45,612	($ 4,790)	$ 30,647	$ -	$ 1,778,553
Leasehold improvements	8,756,494	335,625	-	163,976	-	9,256,095
Unfinished construction and equipment under acceptance	208,161	118,855	-	(194,623)	(35,614)	96,779
	$ 10,671,739	$ 500,092	($ 4,790)	$ -	($ 35,614)	$ 11,131,427
Accumulated depreciation						
Fitness equipment	($ 1,160,880)	($ 102,392)	$ 4,647	$ -	$ -	($ 1,258,625)
Leasehold improvements	(3,762,000)	(391,011)	-	-	-	(4,153,011)
	($ 4,922,880)	($ 493,403)	$ 4,647	$ -	$ -	($ 5,411,636)
	$ 5,748,859					$ 5,719,791

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 equipment on January 31, 2024 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:

	June 30, 2024	December 31, 2023	June 30, 2023
	Book Value	Book Value	Book Value
Buildings	$ 9,031,200	$ 9,107,439	$ 8,758,887

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
	Depreciation expense	Depreciation expense
Buildings	$ 326,144	$ 322,957
	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Depreciation expense	Depreciation expense
Buildings	$ 655,672	$ 642,155

D. For the three-month and six-month periods ended June 30, 2024 and 2023, the additions to right-of-use assets amounted to $568,043, $88,224, $881,449 and $300,034, respectively.

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

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 46,324	$ 43,263
Gain on sublease of right-of-use assets	878	671
Expense on short-term lease contracts	16,802	13,041

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 92,304	$ 87,283
Gain on sublease of right-of-use assets	1,488	1,364
Expense on short-term lease contracts	30,777	27,069

F. For the six-month periods ended June 30, 2024 and 2023, the Group’s total cash outflow for leases amounted to $736,354 and $702,898, respectively.

G. For the three-month and six-month periods ended June 30, 2024 and 2023, the Group recognised the gain from changes in lease payments arising from the rent concessions amounting to gain $13,854, gain $303, gain $16,014 and gain $6,461. (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:

	June 30, 2024
July 1, 2024 to December 31, 2024	$ 12,211
2025	24,749
2026	24,815
2027	25,152
2028	25,220
After 2029	53,035
	$ 165,182

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

	June 30, 2023
July 1, 2023 to December 31, 2023	$ 10,096
2024	20,193
2025	20,521
2026	20,586
2027	20,924
After 2028	59,227
	$ 151,547

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

	June 30, 2024		December 31, 2023		June 30, 2023	
	Current	Non-current	Current	Non-current	Current	Non-current
Undiscounted lease payments	$24,552	$140,630	$20,193	$121,257	$20,193	$131,354
Unearned finance income	(2,673)	(7,217)	(2,313)	(6,484)	(2,481)	(7,599)
Net investment in the lease	$21,879	$133,413	$17,880	$114,773	$17,712	$123,755

D. Gain arising from operating lease agreements for the three-month and six-month periods ended June 30, 2024 and 2023 are as follows:

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Rent income	$ 4,036	$ 5,927
Rent income arising from variable lease payments	$ 512	$ 500

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Rent income	$ 10,147	$ 11,855
Rent income arising from variable lease payments	$ 1,152	$ 1,064

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

	June 30, 2024
July 1, 2024 to December 31, 2024	$ 9,619
2025	18,587
2026	18,156
2027	17,627
2028	17,754
After 2029	40,722
	$ 122,465

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

	June 30, 2023
July 1, 2023 to December 31, 2023	$ 11,638
2024	22,715
2025	21,795
2026	17,663
2027	21,558
After 2028	75,714
	$ 171,083

(8) Intangible assets

	Six-month period ended June 30, 2024		
	Beginning of period	Additions	End of period
Cost			
Software	$ 171,986	$ 3,695	$ 175,681
Trademark	42,731	-	42,731
	$ 214,717	$ 3,695	$ 218,412
Accumulated amortisation			
Software	($ 66,408)	($ 8,459)	($ 74,867)
Trademark	(15,313)	(1,019)	(16,332)
	($ 81,721)	($ 9,478)	($ 91,199)
	$ 132,996		$ 127,213

	Six-month period ended June 30, 2023		
	Beginning of period	Additions	End of period
Cost			
Software	$ 138,433	$ 7,238	$ 145,671
Trademark	42,731	-	42,731
	$ 181,164	$ 7,238	$ 188,402
Accumulated amortisation			
Software	($ 50,337)	($ 6,338)	($ 56,675)
Trademark	(13,275)	(1,019)	(14,294)
	($ 63,612)	($ 7,357)	($ 70,969)
	$ 117,552		$ 117,433

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

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Administrative expenses	$ 4,779	$ 3,773

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Administrative expenses	$ 9,478	$ 7,357

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	June 30, 2024	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 399,900	1.58%	None

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

Type of borrowings	June 30, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 400,000	1.45%	None

Interest expense recognised in profit or loss amounted to $ 1,550, $1,819, $ 2,968 and $3,570 for the three-month and six-month periods ended June 30, 2024 and 2023, respectively.

(10) Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Payable for salaries and bonus	$ 468,403	$ 492,366	$ 494,938
Payable for purchase of construction and equipment	161,200	120,046	86,968
Payable for insurance	69,604	69,548	67,767
Payable for retirement benefit	61,540	61,315	76,335
Payable for dividends	57,976	16,508	306,561
Payable for utilities	57,465	45,434	53,660
Payable for value-added tax	46,294	193,584	268,499
Payable for compensation for unused leave	29,575	13,495	854
Payable for employees' compensation	5,900	9,060	-
Others	163,733	135,470	155,989
	$ 1,121,690	$ 1,156,826	$ 1,511,571

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	June 30, 2024
Long-term bank borrowings				
Unsecured borrowings	Borrowing period is from June 29, 2022 to June 29, 2027; interest payable monthly; principal is repayable quarterly from July 29, 2022.	2.31%	None	$ 185,000
Less: Current portion				(65,000)
				$ 120,000

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	June 30, 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.	3.59%	None	$ 225,000
Unsecured borrowings	Borrowing period is from June 29, 2022 to June 29, 2027; interest payable monthly; principal is repayable in installments from July 29, 2022.	2.18%	None	240,000
				465,000
Less: Current portion				(210,000)
				$ 255,000

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

	June 30, 2024	December 31, 2023	June 30, 2023
Payable for purchase of equipment	$ 110,057	$ 144,380	$ 182,455
Less: Current portion - payable for purchase of equipment	(59,506)	(79,351)	(96,118)
Long-term payable for purchase of equipment	$ 50,551	$ 65,029	$ 86,337

(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 three-month and six-month periods ended June 30, 2024 and 2023 were $61,565, $58,695, $122,114 and $117,972, respectively.

(14) Share-based payment

A. For the three-month and six-month periods ended June 30, 2024, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2024.01.15	1,250 thousand units	NA	Vested immediately

B. Details of the share-based payment arrangements are as follows:

	2024		2023	
	No. of options	Weighted-average exercise price (in dollars)	No. of options	Weighted-average exercise price (in dollars)
Options outstanding at January 1	-	$ -	-	$ -
Options granted	1,250	-	-	-
Option exercised	(1,250)	121.92	-	-
Options outstanding at June 30	-	-	-	-
Options exercisable at June 30	-	-	-	-

C. The fair value of stock options is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Expected ratio volatility	Expected option life	Risk-free interest rate	Fair value per unit
Cash capital increase reserved for employee preemption	2024.01.15	121.92	121.92	28.19%	0.025 year	0.7922%	$ -

(15) Provisions

	June 30, 2024	June 30, 2023
At January 1	$ 154,000	$ 142,000
Additional provisions	6,000	8,000
At June 30	$ 160,000	$ 150,000

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.

(16) Share capital

As of June 30, 2024, the Company's authorized capital was $2,000,000, consisting of 200,000 thousand shares of ordinary stock, and the paid-in capital was $1,125,000 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:

Unit: thousand of shares

	2024	2023
At January 1	100,000	50,000
Cash capital increase	12,500	-
Purchase of treasury shares	(1,500)	-
At June 30	111,000	50,000

A. 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 (excluding issuance cost $21,600). The Company has received the full amount on January 22, 2024.

B. To transfer stock to employees, the Board of Directors made a resolution for purchasing treasury stock on March 18, 2024. As of June 30, 2024, the Company has purchased 1,500 thousand units form Taiwan Stock Exchange.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Unit: thousand of shares

		June 30, 2024	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,500	$ 174,982

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the five-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(17) 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 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. The financial statements are presented based on the proposals before adjustment.

C. On May 24, 2024, the shareholders' meeting 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 Company to distribute cash dividends. Because the Company acquired treasury shares, the shareholders' meeting authorized the Chairman to revise the allotment of $3.02 in dollars per share based on the actual number of outstanding shares.

(18) 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 will be distributed according to the shareholding ratio of each shareholder on the resolution date. Under the Company's Articles of Incorporation, profits of the Company shall be distributed preferably by way of cash dividend and also made by way of non-cash assets of equivalent value approved by the Board of 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 May 25, 2023, the shareholders' meeting made a resolution for distribution of dividends of $307,525 at $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 $5.35 (in dollars) per share. The revision was approved at the shareholders' meeting on October 25, 2023. The financial statements are presented based on the proposals before adjustment.

C. On May 24, 2024, the shareholders' meeting made a resolution for distribution of dividends of $314,578 at $2.80 (in dollars) per share. Because the Company acquired treasury shares, the shareholder's meeting authorized the Chairman to revise the allotment at $2.83 (in dollars) per share based on the actual number of outstanding shares.

(19) Operating revenue

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Revenue from contracts with customers	$ 2,464,165	$ 2,359,511
	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Revenue from contracts with customers	$ 4,799,771	$ 4,569,011

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 as shown below:

	Taiwan			
Three-month period ended June 30, 2024	Membership fees	Coaching fees	Others	Total
Revenue from external customer	$ 1,219,433	$ 1,218,530	$ 26,202	$ 2,464,165
Timing of revenue				
At a point in time	$ -	$ -	$ 26,202	$ 26,202
Over time	1,219,433	1,218,530	-	2,437,963
	$ 1,219,433	$ 1,218,530	$ 26,202	$ 2,464,165

Three-month period ended June 30, 2023	Taiwan			
	Membership fees	Coaching fees	Others	Total
Revenue from external customer	$ 1,153,708	$ 1,181,661	$ 24,142	$ 2,359,511
Timing of revenue				
At a point in time	$ -	$ -	$ 24,142	$ 24,142
Over time	1,153,708	1,181,661	-	2,335,369
	$ 1,153,708	$ 1,181,661	$ 24,142	$ 2,359,511

Six-month period ended June 30, 2024	Taiwan			
	Membership fees	Coaching fees	Others	Total
Revenue from external customer	$ 2,408,639	$ 2,340,392	$ 50,740	$ 4,799,771
Timing of revenue				
At a point in time	$ -	$ -	$ 50,740	$ 50,740
Over time	2,408,639	2,340,392	-	4,749,031
	$ 2,408,639	$ 2,340,392	$ 50,740	$ 4,799,771

Six-month period ended June 30, 2023	Taiwan			
	Membership fees	Coaching fees	Others	Total
Revenue from external customer	$ 2,258,163	$ 2,260,982	$ 49,866	$ 4,569,011
Timing of revenue				
At a point in time	$ -	$ -	$ 49,866	$ 49,866
Over time	2,258,163	2,260,982	-	4,519,145
	$ 2,258,163	$ 2,260,982	$ 49,866	$ 4,569,011

B. Contract liabilities

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

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Contract liabilities:				
Membership fees	$ 285,149	$ 304,490	$ 321,074	$ 323,164
Coaching fees				
Contract not due	1,113,427	1,133,248	1,171,044	1,133,111
Contract due	597,243	639,414	660,946	641,426
Current contract liabilities	1,995,819	2,077,152	2,153,064	2,097,701
Membership fees	525,370	506,920	474,841	436,421
Non-current contract liabilities	525,370	506,920	474,841	436,421
	$ 2,521,189	$ 2,584,072	$ 2,627,905	$ 2,534,122

Revenue recognized that was included in the contract liability balance at the beginning of the period:

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Membership fees	$ 39,277	$ 43,029
Coaching fees		
Contract not due	219,203	226,207
Contract due	141,315	136,524
	$ 399,795	$ 405,760

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Membership fees	$ 338,063	$ 296,520
Coaching fees		
Contract not due	816,961	855,086
Contract due	357,494	316,338
	$ 1,512,518	$ 1,467,944

(20) Interest income

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Interest income from bank deposits	$ 7,590	$ 1,516
Interest income from financial assets measured at amortised cost	1,012	1,941
Interest income from financial lease receivable	878	671
Interest income from guarantee deposits paid	1,129	1,095
	$ 10,609	$ 5,223

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Interest income from bank deposits	$ 9,195	$ 1,845
Interest income from financial assets measured at amortised cost	1,060	2,236
Interest income from financial lease receivable	1,488	1,364
Interest income from guarantee deposits paid	3,603	2,645
	$ 15,346	$ 8,090

(21) Other income

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Government grants (Note)	$ 11,610	$ 15,287
Rental income	4,548	6,427
Others	7,472	4,588
	$ 23,630	$ 26,302

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Government grants (Note)	$ 24,995	$ 29,597
Rental income	11,299	12,919
Others	12,894	11,174
	$ 49,188	$ 53,690

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.

(22) Other gains and losses

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Loss on disposal of property, plant and equipment	($ 1,653)	$ -
Foreign exchange gain	34	177
Gain on lease modification	13,854	303
Others	(61)	(31)
	$ 12,174	$ 449

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Loss on disposal of property, plant and equipment	($ 1,653)	($ 143)
Foreign exchange gain	1,075	830
Gain on lease modification	16,014	6,461
Others	(62)	(2,051)
	$ 15,374	$ 5,097

(23) Finance costs

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Interest expense:		
Bank borrowings	$ 2,934	$ 5,553
Installment payment for equipment	2,448	3,856
Lease liability-interest expense	46,324	43,263
Other interest expense	46	38
	$ 51,752	$ 52,710

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Interest expense:		
Bank borrowings	$ 6,856	$ 11,441
Installment payment for equipment	5,188	7,993
Lease liability-interest expense	92,304	87,283
Other interest expense	87	77
	$ 104,435	$ 106,794

(24) Expenses by nature

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Employee benefit expense		
Wages and salaries	$ 1,037,755	$ 1,037,820
Labour and health insurance fees	104,836	101,797
Pension costs	61,565	58,695
Other personel expenses	43,183	37,292
	$ 1,247,339	$ 1,235,604
Depreciation charges on property, plant and equipment	$ 242,232	$ 249,214
Depreciation charges on right-of-use assets	$ 326,144	$ 322,957
Amortisation charges on intangible assets	$ 4,779	$ 3,773

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Employee benefit expense		
Wages and salaries	$ 2,030,296	$ 1,966,368
Labour and health insurance fees	207,757	203,377
Pension costs	122,114	117,972
Other personnel expenses	86,021	73,195
	$ 2,446,188	$ 2,360,912
Depreciation charges on property, plant and equipment	$ 489,416	$ 493,403
Depreciation charges on right-of-use assets	$ 655,672	$ 642,155
Amortisation charges on intangible assets	$ 9,478	$ 7,357

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 three-month and six-month periods ended June 30, 2024, employees' compensation was accrued at $3,447 and $5,900, respectively; while directors' remuneration was accrued at $0 and $0, respectively. The aforementioned amounts were recognized in salary expenses. No employees' compensation nor directors' remuneration were accrued for the three-month and six-month periods ended June 30, 2023.

   For the six-month periods ended June 30, 2024 and 2023, the employees' compensation and directors' remuneration were estimated and accrued based on 2%, 0% and 0%, 0% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' remuneration for 2023 amounting to $9,060 and $0, respectively, as resolved at the meeting of Board of Directors were in agreement with those amounted recognized in the 2023 financial statements.

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.

(25) Income tax

A. Income tax expense

Components of income tax expense:

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Current tax:		
Current tax on profit for the period	$ 28,965	$ 15,350
Prior year income tax overestimation	(70)	-
Total current tax	28,895	15,350
Deferred tax:		
Origination and reversal of temporary differences	6,075	2,130
Income tax expense	$ 34,970	$ 17,480

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Current tax:		
Current tax on profit for the period	$ 54,995	$ 40,550
Prior year income tax overestimation	(70)	-
Total current tax	54,925	40,550
Deferred tax:		
Origination and reversal of temporary differences	5,943	1,880
Income tax expense	$ 60,868	$ 42,430

B. World Fitness Asia Limited (H.K.) Taiwan Branch's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(26) Earnings per share

	Three-month period ended June 30, 2024		
	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	$ 133,897	111,005	$ 1.21
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	133,897	111,005	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	65	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	133,897	111,070	$ 1.21

	Three-month period ended June 30, 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	$ 64,242	100,000	$ 0.64
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 64,242	100,000	$ 0.64

	Six-month period ended June 30, 2024		
	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	$ 228,217	110,242	$ 2.07
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	228,217	110,242	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	97	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 228,217	110,339	$ 2.07

	Six-month period ended June 30, 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	$ 161,072	100,000	$ 1.61
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 161,072	100,000	$ 1.61

1. The impact of converting capital surplus for capital increase has been retrospectively adjusted when calculating earnings per share for the three-month and six-month periods ended June 30, 2023. Please refer to Note 6(17) for details.
2. In calculating diluted earnings per share, it is assumed that all of employees' compensation are paid in shares.

(27) Supplemental cash flow information

A. Investing activities with partial cash payments

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Purchase of property, plant and equipment	$ 507,054	$ 500,092
Add: Opening balance of payable on construction and equipment	120,046	98,148
Opening balance of payable on equipment by installment	144,380	213,446
Less: Ending balance of payable on construction and equipment	(161,200)	(86,968)
Ending balance of payable on equipment by installment	(110,057)	(182,455)
Cash paid during the period	$ 500,223	$ 542,263

B. Financing activities with no cash flow effects

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Dividends recognised	$ 650,000	$ 610,000
Add: Opening balance of dividends payable	16,508	73,344
Loss: Ending balance of dividends payable	(57,976)	(306,561)
Cash paid during the period	$ 608,532	$ 376,783

(28) Changes in liabilities from financing activities

	2024					
	Short-term borrowings	Long-term borrowings (including current portion)	Guarantee deposits received	Dividends payable	Lease liabilities	Liabilities from financing activities-gross
January 1, 2024	$ 400,000	$ 360,000	$ 11,647	$ 16,508	$ 9,528,718	$ 10,316,873
Changes in cash flow from financing activities	(100)	(175,000)	49	(608,532)	(613,273)	(1,396,856)
Additions	-	-	-	650,000	593,483	1,243,483
June 30, 2024	$ 399,900	$ 185,000	$ 11,696	$ 57,976	$ 9,508,928	$ 10,163,500

	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	-	(150,094)	-	(376,783)	(588,546)	(1,115,423)
Additions	-	-	-	610,000	223,836	833,836
June 30, 2023	$ 400,000	$ 465,000	$ 11,706	$ 306,561	$ 9,137,714	$ 10,320,981

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

	June 30, 2024	December 31, 2023	June 30, 2023
Other receivables			
Associates	$ 281	$ 97	$ 249

Other receivables are receivables for miscellaneous expenses.

B. Payables to related parties

	June 30, 2024	December 31, 2023	June 30, 2023
Other payables			
Associates	$ 26	$ 33	$ 38

Other payables are payables for miscellaneous expenses.

C. Other Income

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Other income		
Associates	$ 1,572	$ 1,572
	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Other income		
Associates	$ 3,143	$ 3,143

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

	Three-month period ended June 30, 2024	Three-month period ended June 30, 2023
Short-term employee benefits	$ 19,083	$ 21,377
Post-employment benefits	477	478
	$ 19,560	$ 21,855

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
Short-term employee benefits	$ 36,929	$ 43,705
Post-employment benefits	938	886
	$ 37,867	$ 44,591

8. Pledged Assets

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

	Book value			
Pledged asset	June 30, 2024	December 31, 2023	June 30, 2023	Purpose
Reserved trust account	$ 529,102	$ 527,748	$ 510,545	Collaterals for membership fees and coaching fees received in advance.
Reserved time deposits	-	109,000	401,000	Collaterals for readers to banks for use of credit cards.
Reserved time deposits	14,194	14,175	14,175	Collaterals for lease deposit.
Fitness equipment	169,933	213,243	264,742	Collaterals for purchase of equipment by installments.
	$ 713,229	$ 864,166	$ 1,190,462	

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

(1) Contingencies

None.

(2) Commitments

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

	June 30, 2024	December 31, 2023	June 30, 2023
Property, plant and equipment	$ 316,807	$ 329,879	$ 290,712

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

	June 30, 2024	December 31, 2023	June 30, 2023
Right-of-use assets	$ 394,223	$ 335,161	$ 742,024

10. Significant Disaster Loss

None.

11. Significant Event after the Balance Sheet Date

For the Company's future business development plan, on August 27, 2024, the Board of Directors of the Company resolved to purchase 100% shares of U.S. trademark licensing company at a price of within US$9,000 thousand and the Chairman is authorised to have full authority to handle purchase related matters within US$9,000 thousand.

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 provide returns for shareholders and 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 the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

As at June 30, 2024, December 31,2023 and June 30, 2023, the Group's debt ratios were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Total liabilities	$ 14,144,764	$ 14,546,682	$ 14,702,998
Total assets	17,528,453	16,876,671	16,844,528
Debt ratio	81%	86%	87%

(2) Financial instruments

A. Financial instruments by category

	June 30, 2024	December 31, 2023	June 30, 2023
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents	$ 1,198,613	$ 424,123	$ 402,946
Financial assets at amortised cost	543,296	650,923	925,720
Notes receivable, net	-	-	1
Accounts receivable	166,829	159,837	32,658
Financial lease receivables	155,292	132,653	141,467
Other receivables (including related parties)	5,147	4,997	3,960
Guarantee deposits paid	424,786	416,981	397,825
	$ 2,493,963	$ 1,789,514	$ 1,904,577

	June 30, 2024	December 31, 2023	June 30, 2023
Financial liabilities			
Financial liabilities at amortised cost			
Short-term borrowings	$ 399,900	$ 400,000	$ 400,000
Notes payable	4,194	4,398	6,637
Accounts payable	376	-	1
Other payables (including related parties)	1,121,716	1,156,859	1,511,609
Long-term borrowings (including current portion)	185,000	360,000	465,000
Long-term payables (including current portion)	110,057	144,380	182,455
Guarantee deposits received	11,696	11,647	11,706
	$ 1,832,939	$ 2,077,284	$ 2,577,408
Lease liabilities	$ 9,508,928	$ 9,528,718	$ 9,137,714

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:

	June 30, 2024					
				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	$ 4,371	32.45	$ 140,731	1%	$ 1,407	$ -

	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	$ -

	June 30, 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	$ 1,655	31.14	$ 51,550	1%	$ 516	$ -

iii. The exchange gain including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six - month periods ended June 30, 2024 and 2023 amounted to $34, $177, $1,075 and $830, respectively.

Cash flow and fair value Interest rate risk

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 the six-month period ended June 30, 2024, 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 three-month and six-month periods ended June 30, 2024 and 2023ould have increased/decreased by $231, $406, $585 and $865. 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 institutions 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 customers' 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 June 30, 2024 and 2023, and December 31, 2023, the Group did not 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.

June 30, 2024

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	$ 1,577	$ 404,025	$ -	$ -	$ -	$ 405,602
Notes payable	4,194	-	-	-	-	4,194
Other payables (including related parties)	960,516	161,200	-	-	-	1,121,716
Guarantee deposits received	-	-	-	-	11,696	11,696
Long-term borrowings (including current portion)	21,364	47,507	62,132	60,749	-	191,752
Long-term payable (including current portion)	21,502	44,327	33,337	21,000	-	120,166
Lease liability	368,106	1,107,096	1,400,926	3,718,656	4,658,079	11,252,863

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

June 30, 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	$ 1,462	$ 403,798	$ -	$ -	$ -	$ 405,260
Notes payable	6,637	-	-	-	-	6,637
Other payables (including related parties)	1,424,641	86,968	-	-	-	1,511,609
Guarantee deposits received	-	-	-	-	11,706	11,706
Long-term borrowings (including current portion)	55,802	164,895	139,335	122,725	-	482,757
Long-term payable (including current portion)	31,567	75,342	57,941	34,972	-	199,822
Lease liability	328,104	970,413	1,240,725	3,254,508	4,246,499	10,040,249

(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 of June 30, 2024 and 2023, and December 31, 2023, the Group did not have any financial instruments and non-financial instruments measured at fair value.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please to refer to table 1.

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: Please to refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 3.

(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 4.

14. Segment Information

The Group operates business only in a single industry. The chief operating decision-maker, the 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.

World Fitness Services Ltd. and Subsidaries

Loans to others

June 30, 2024

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six-month period ended June 30, 2024	Balance at June 30, 2024	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loans granted (Note 4)	Footnote
													Item	Value			
0	WORLD FITNESS SERVICES LTD.	World Fitness Asia Limited (H.K.) Taiwan Branch	Other receivable-related party	Y	$ 400,000	$ 400,000	$ 198,848	2.00%	Note 2	$ -	Business operation	$ -	NA	$ -	$ 1,015,107	$ 1,015,107	Note 5

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Need for short-term financing.

Note 3: Limit on loans granted by the Company to a single party is 30% of its net assets. While there's no such limit for subsidaries which is 100% owned by the Company. For business dealings, limit on loans should not exceed the total amount that both parties deal with each other during the past 12-month period. (The amount indicate purchase or sales, whichever is higher), and should not exceed 5% of the Company's net assets. For short-term financing, the limit is 30% of the Company's net assets.

Note 4: The total amount of funds borrowed by the company shall not exceed 30% of the company's net worth. For companies with business dealings, the total amount shall not exceed 10% of the company's net worth; if it is necessary for short-term financing, the total amount shall not exceed 30% of the Company's net worth.

Note 5: The transactions were eliminated when preparing the consolidated financial statements.

World Fitness Services Ltd. and Subsidaries

Significant inter-company transactions during the reporting periods

Six-month periods ended June 30,2024

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 4)
0	WORLD FITNESS SERVICES LTD.	World Fitness Asia Limited(H.K.) Taiwan Branch	1	Other receivable-related party	$ 199,345	Repayment of principal and interest is determined by both parties	1.14%

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.
(1) Number 0 represents the Company.
(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:
(1) The Company to the consolidated subsidiary.
(2) The consolidated subsidiary to the Company
(3) The consolidated subsidiary to another consolidated subsidiary

Note 3: The prices and terms to related parties were not significantly different from transactions with third parties, except for particular transactions with no similar transactions to compare with. For these transactions, the prices and terms were determined in accordance with mutual agreements.

Note 4: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 5: For balance sheet accounts, transactions exceeding 1% of the consolidated total assets should be disclosed; for income statement accounts, transactions exceeding 1% of the consolidated total revenue should be disclosed. All the transactions had been eliminated when preparing consolidated financial statements

Note 6: The aforementioned transactions with related parties were based on the financial statements of the company for the same period which were reviewed by independent auditors.

World Fitness Services Ltd. and Subsidaries

Information on investees

Six-month periods ended June 30,2024

Table 3

Expressed in thousands of NTD/ share
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at June 30, 2024	Initial investment amount: Balance as at December 31, 2023	Shares held as at June 30, 2024: Number of shares	Shares held as at June 30, 2024: Ownership (%)	Shares held as at June 30, 2024: Book value	Net profit (loss) of the investee for the six-month period ended June 30, 2024	Investment income(loss) recognised by the Company for the six-month period ended June 30, 2024	Footnote
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	$ 2,529,267	$ 237,199	$ 237,199	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	10,054	(13,087)	(3,926)	

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

World Fitness Services Ltd. and Subsidaries

Major shareholders information

June 30, 2024

Table 4

Name of major shareholders	Shares	
	Number of shares held (share)	Ownership (%)
Cienega Holdings Limited	28,846,720	25.64%
CWFS Holdings SPC Limited	23,710,852	21.07%
Tustana Investment Holdings Limited	7,151,372	6.35%

Description: If a company applies to the Taiwan Depository & Clearing Corporation for the information of the table, the following can be explained in the notes of the table.

(1)The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference of calculation basis.

(2) If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insiders,please refer to Market Observation Post System.