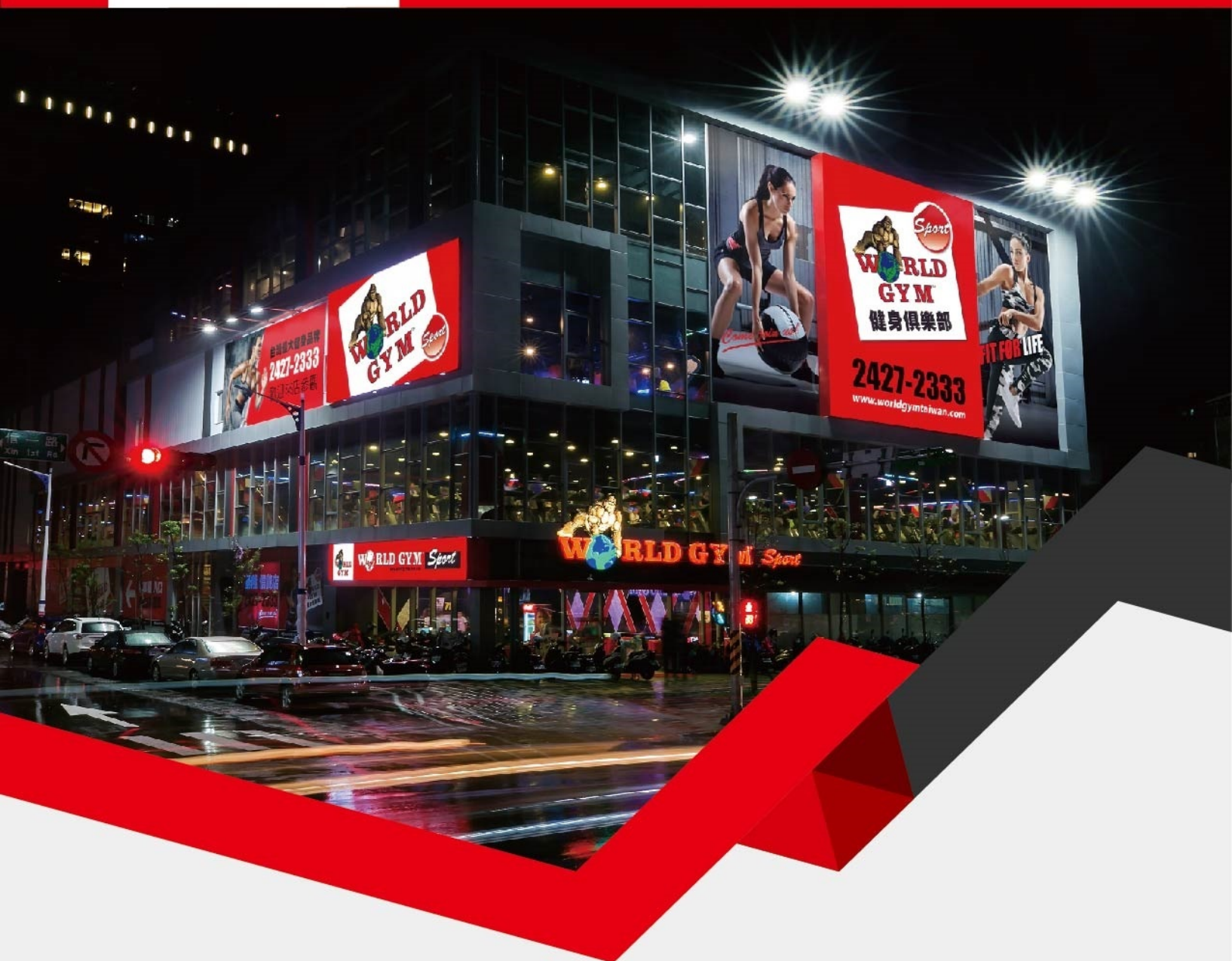




世界健身事業有限公司

WORLD FITNESS SERVICES LTD.



Print On: 2024. 04. 29

For more information regarding this annual report, please visit
The Market Observation Post System: <https://mops.twse.com.tw>
Company Website: investor.worldgymtaiwan.com/en/shareholders

2023

ANNUAL REPORT

I. Contact Information of Spokesperson:

Spokesperson: John Edward Caraccio

Title: Chairman and President

Tel: 04-3600-8020

E-mail: investor@worldgymtaiwan.com

II. Name, professional title, contact number and email address of litigation and non-litigation agents within the territory of the Republic of China

Name: John Edward Caraccio

Title: Chairman and President

Tel: 04-3600-8020

E-mail: investor@worldgymtaiwan.com

III. Company Profile:

(I) Name of Company: World Fitness Services Ltd.

Registered address: PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands

Tel: (886)4-3600-8020

Website: <https://www.worldgymtaiwan.com/>

(II) Hong Kong subsidiary

Company Name: World Fitness Asia Limited

Address: 31/F., 148 Electric Road, North Point, Hong Kong (registered representative office)

Tel: (886)4-3600-8020

Website: <https://www.worldgymtaiwan.com/>

(III) Opened clubs and training centers

Headquarters

Company Name: World Fitness Asia Limited Taiwan Branch

Address: 36F, No. 402, Shizheng Rd., Xitun Dist., Taichung City

Tel: (886)4-3600-8020

Website: <https://www.worldgymtaiwan.com/>

Opened clubs

001 World Fitness Asia Limited Taichung Xuefu Branch

Address: Units 1, 3, 5, and 7, B1 and Units 1-3, 5-13, 15-23, 25-33, 35-43, 45-53, 55-63, 65-73, and 75-80, B2, No. 170, Xuefu Rd., South Dist., Taichung City

Tel: (886) 4-3608-8888

002 World Fitness Asia Limited Meicun Branch

Address: B1 & 2F, No. 22, Sec. 1, Meicun Rd., West Dist., Taichung City

Tel: (886) 4-2326-2166

003 World Fitness Asia Limited Kaohsiung Branch

Address: 16F & 17F, No. 217, Sanduo 3rd Rd., Qianzhen Dist., Kaohsiung City

Tel: (886)7-9660-088

004 World Fitness Asia Limited Tainan Branch

Address: B1 & B2, No. 166, Zhongshan Rd., West Central Dist., Tainan City

- Tel: (886)6-600-6688
- 005 World Fitness Asia Limited Tainan Guobing Branch
Address: 2F of No. 68 and No. 70, Sec. 1, Zhonghua E. Rd., East Dist., Tainan City
Tel: (886)6-302-7979
- 006 World Fitness Asia Limited Siaogang Branch
Address: B1-1, B1-2, 1F, and 2F, No. 8 & 3F, No. 6, Minquan 2nd Rd., Qianzhen Dist., Kaohsiung City
Tel: (886)7-338-2266
- 007 World Fitness Asia Limited Hsindian Branch
Address: 5F, No. 1, Sec. 3, Zhongxing Rd., Hsindian Dist., New Taipei City
Tel: (886)2-8665-7733
- 008 World Fitness Asia Limited Neihu Branch
Address: 5F-9F, 11F-12F, No. 72, Sec. 3, Kangning Rd., Neihu Dist., Taipei City
Tel: (886)2-2634-5488
- 009 World Fitness Asia Limited Hsinchu Zhulian Branch
Address: 3F, No. 15, Zhulian St., East Dist., Hsinchu City
Tel: (886) 3-523-4000
- 010 World Fitness Asia Limited Hsinzhuang Branch
Address: B2, No. 5, Ln. 188, Min'an Rd., Hsinzhuang Dist., New Taipei City
Tel: (886) 2-2208-3333
- 011 Jing Keng Health World Co., Ltd. 101 Branch
Address: 6F-2, No. 45, Shifu Rd., Xinyi Dist., Taipei City
Tel: (886) 2-8101-8018
- 012 World Fitness Asia Limited Taipei Branch
Address: 6F & 6F-1, No. 50, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City
Tel: (886) 2-2311-7000
- 013 World Fitness Asia Limited Tienmu Branch
Address: 1F-3F, No. 34, Sec. 7, Zhongshan N. Rd., Shilin Dist., Taipei City
Tel: (886) 2-2875-5050
- 014 World Fitness Asia Limited Ximen Branch
Address: B1, No. 36, Xining S. Rd., Wanhua Dist., Taipei City
Tel: (886)2-2388-9999
- 015 World Fitness Asia Limited Jungli Zhongyuan Branch
Address: 2nd Floor, No. 501, Sec. 2, Zhonghua Rd., Renyi Vil., Zhongli Dist., Taoyuan City
Tel: (886) 3-455-5222
- 016 World Fitness Asia Limited Taichung Yizhong Branch
Address: 2F, 3F, and 4F, No. 125, Sec. 3, Sanmin Rd., North Dist., Taichung City
Tel: (886) 4-2225-2000
- 017 World Fitness Asia Limited Zhongxiao Branch
Address: 3F and 4F, No. 201, Sec. 4, Zhongxiao E. Rd., Xinyi Dist., Taipei City
Tel: (886) 2-2773-9000

- 018 Jing Keng Health World Co., Ltd. Minsheng Branch
Address: B1, No. 156 and 158, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City
Tel: (886) 2-8712-8200
- 019 World Fitness Asia Limited Hsinchu Zhonghua Branch
Address: No. 190, Sec. 2, Zhonghua Rd., East Dist., Hsinchu City
Tel: (886) 3-543-8000
- 020 World Fitness Asia Limited Da'an Branch
Address: 3F, 4F, and 5F, No. 6, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City
Tel: (886) 2-2325-8888
- 021 World Fitness Asia Limited Banqiao Fuzhong Branch
Address: 1F to 3F and B1, No. 10, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City,
Tel: (886) 2-8964-5488
- 022 World Fitness Asia Limited Zhonghe Branch
Address: 1F, No. 35-3; 2F, No. 35; 2F-1, No. 35; 2F-2, No. 35; 2F-3, No. 35; 2F-5, No. 35, Sec. 3,
Zhongshan Rd., Zhonghe Dist., New Taipei City
Tel: (886)2-2223-6666
- 023 World Fitness Asia Limited Taoyuan Branch
Address: B1 and 1F to 4F, No. 186, Fuxing Rd., Taoyuan Dist., Taoyuan City
Tel: (886)3-338-2666
- 024 World Fitness Asia Limited North Hsinzhuang Branch
Address: B1, No. 778 and B1, No. 782, Xingfu Rd., Hsinzhuang Dist., New Taipei City
Tel: (886)2-8991-5000
- 025 World Fitness Asia Limited Yonghe Branch
Address: No. 309; No. 335; B1, No. 335; B1-1, B1-2, B1-3, and B1-4, No. 335, Ren'ai Rd., Yonghe Dist.,
New Taipei City
Tel: (886)2-2232-8000
- 026 World Fitness Asia Limited Changrong Branch
Address: 2F, No. 177; 2F-1, No. 177; 2F, No. 181; 3F, No. 181; 3F-1, No. 181; 1F, No. 183, Sec. 1,
Changrong Rd., East Dist., Tainan City
Tel: (886)6-209-6600
- 027 World Fitness Asia Limited Linkou Branch
Address: 1F, No. 222, Fuxing 1st Rd., Guishan Dist., Taoyuan City
Tel: (886)3-327-0066
- 028 World Fitness Asia Limited Dayou Branch
Address: 1F, No. 630, Dayou Rd., Taoyuan Dist., Taoyuan City
Tel: (886)3-356-8833
- 029 World Fitness Asia Limited Nanjing Branch
Address: 1F, No. 196; B1, No. 198; 1F, No. 198; 2F, No. 198; 2F-1, No. 198; 3F, No. 198; 4F, No. 198;
1F, No. 200, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City
Tel: (886)2-2766-9888

- 030 World Fitness Asia Limited Jinping Branch
Address: 18F, No. 182, Jingping Rd., Zhonghe Dist., New Taipei City
Tel: (886)2-8668-2020
- 031 World Fitness Asia Limited Gongguan Branch
Address: 3F, 4F, and 5F, No. 68, Sec. 4, Roosevelt Rd., Zhongzheng Dist., Taipei City
Tel: (886)2-2366-0202
- 032 World Fitness Asia Limited Danshui Branch
Address: 1F and 2F, No. 89, Dazhong St., Danshui Dist., New Taipei City
Tel: (886)2-2622-6600
- 033 World Fitness Asia Limited Chongde Branch
Address: 1F, No. 16; B1-1 to 39, No. 20; 1F, No. 20; 2F-1 to 39, No. 20; 1F, No. 22; 1F, No. 28, Sec. 2, Chongde Rd., Beitun Dist., Taichung City
Tel: (886)4-2233-7666
- 034 World Fitness Asia Limited Neihu Minquan Branch
Address: B2 and B2-1, No. 6, Ln. 180, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City
Tel: (886)2-2790-5522
- 035 World Fitness Asia Limited Hsinchu Zhongzheng Branch
Address: 1F, 2F, and 3F, No. 110, Zhongzheng Rd., Hsinchu City
Tel: (886)3-522-6000
- 036 World Fitness Asia Limited Sanchong Branch
Address: B1-1-16, No. 78; B1-18-20, No. 78; 1F, No. 78; 2F-1-10, No. 78, Sec. 2, Chongxin Rd., Sanchong Dist., New Taipei City
Tel: (886)2-2972-8222
- 037 World Fitness Asia Limited Yilan Branch
Address: 1F (5F and 6F), No. 50, Jiucheng E. Rd., Yilan City, Yilan County
Tel: (886)3-936-9333
- 038 World Fitness Asia Limited Luodong Branch
Address: 1F to 8F, No. 85, Xingdong Rd., Luodong Township, Yilan County
Tel: (886)3-954-0066
- 039 World Fitness Asia Limited Xitun Branch
Address: 1F, 2F, and Units 6 to 85, B1, No. 258, Sec. 2, Xitun Rd., Xitun Dist., Taichung City
Tel: (886)4-2707-5522
- 040 World Fitness Asia Limited Banqiao Zhongshan Branch
Address: No. 326 and B2, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City
Tel: (886)2-2961-2666
- 041 World Fitness Asia Limited Yonghe Minquan Branch
Address: B1, No. 53, Minquan Rd., Yonghe Dist., New Taipei City
Tel: (886)2-8668-3600
- 042 World Fitness Asia Limited Pingtung Branch
Address: B1, No. 550, Ziyu Rd., Pingtung City, Pingtung County

- Tel: (886)8-733-8000
- 043 World Fitness Asia Limited Zhubei Branch
Address: No. 189, E Sec. 1, Guangming 6th Rd., Zhubei City, Hsinchu County
Tel: (886)3-550-0077
- 044 World Fitness Asia Limited Banqiao Shuangshi Branch
Address: B1, No. 15; B1, No. 23; No. 1, Ln. 25, B1, No. 1; No. 1-1; B1, No. 1-1; No. 1-2, Zhuangjing Rd., and No. 143; B1, No. 143; B1, No.145, B1, No.155; No.157; B1, No.157, Sec. 2, Shuangshi Rd., Banqiao Dist., New Taipei City
Tel: (886)2-2254-5000
- 045 World Fitness Asia Limited Xizhi Branch
Address: No. 168-10; 2F and 2F-1, No. 168; 3F and 3F-1 to 5, Zhongxing Rd., Xizhi Dist., New Taipei City
Tel: (886)2-2694-0000
- 046 World Fitness Asia Limited Hualian Branch
Address: No. 58, 60, and 62, Guolian 5th Rd., and No. 111, Guolian 3rd Rd., Hualian City, Hualian County
Tel: (886)3-833-5333
- 047 World Fitness Asia Limited Tucheng Branch
Address: 7F, No. 152, Qingyun Rd., Tucheng Dist., New Taipei City
Tel: (886)2-2264-2666
- 048 World Fitness Asia Limited Dazhi Branch
Address: No. 588 and 590, Sec. 2, Tiding Blvd., Zhongshan Dist., Taipei City
Tel: (886)2-8501-2333
- 049 World Fitness Asia Limited Kaohsiung Zhonghua Branch
Address: 1F to 5F, No. 149, Zhonghua 3rd Rd., Qianjin Dist., Kaohsiung City
Tel: (886)7-272-2000
- 050 World Fitness Asia Limited Taipei Songlong Branch
Address: 2F, B1, and B2, No. 125, Songlong Rd., Xinyi Dist., Taipei City
Tel: (886)2-2761-8822
- 051 World Fitness Asia Limited Liming Branch
Address: B1-1 to 3, B1-5 to 8, 1F, and 2F, No. 425, Sec. 2, Liming Rd., Nantun Dist., Taichung City
Tel: (886)4-2250-3322
- 052 World Fitness Asia Limited Guangfu Branch
Address: Basement, No. 330, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City
Tel: (886)2-8771-3555
- 053 World Fitness Asia Limited Taipei Lishui Branch
Address: 1F, No. 18, Lishui St., Da'an Dist., Taipei City
Tel: (886)2-2321-2333
- 054 World Fitness Asia Limited Fit Zone Gongguan Branch
Address: 1F, No. 281, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City

- Tel: (886)2-2367-7666
- 055 World Fitness Asia Limited Taoyuan Guoqiang Branch
Address: No. 136, Guoqiang 1st St., Taoyuan Dist., Taoyuan City
Tel: (886)3-360-0808
- 056 World Fitness Asia Limited Taipei Songren Branch
Address: B1 and 1F, No. 277, Songren Rd., Xinyi Dist., Taipei City
Tel: (886)2-2729-9990
- 057 World Fitness Asia Limited Gangshan Branch
Address: 1F, 4F, 5F, and 6F, No. 68, Minyou Rd., Gangshan Dist., Kaohsiung City
Tel: (886)7-624-9000
- 058 World Fitness Asia Limited Fit Zone Tienmu Branch
Address: No. 73 and 75, Sec. 7, Zhongshan N. Rd., Shilin Dist., Taipei City
Tel: (886)2-2871-5333
- 059 World Fitness Asia Limited Nanzi Branch
Address: No. 951, Demin Rd., Nanzi Dist., Kaohsiung City
Tel: (886)7-364-3333
- 060 World Fitness Asia Limited Fengshan Zhongshan Branch
Address: No. 149, Zhongshan Rd., Fengshan Dist., Kaohsiung City
Tel: (886)7-790-3333
- 061 World Fitness Asia Limited Taoyuan Neili Branch
Address: 2F and 3F, No. 667, Sec. 1, Zhonghua Rd., Zhongli Dist., Taoyuan City
Tel: (886)3-4512-666
- 062 World Fitness Asia Limited Tainan Yongkang Branch
Address: B1, No. 51-2, Daqiao 1st St., Yongkang Dist., Tainan City, B1-1 and B1-2, No. 725-1, Zhonghua Rd., Yongkang Dist., Tainan City
Tel: (886)6-302-2225
- 063 World Fitness Asia Limited Keelung Branch
Address: 1F to 4F, No. 92, Linxin 1st Rd., Neighborhood 3, Yizhao Vil., Xinyi Dist., Keelung City
Tel: (886)2- 2427-2333
- 064 World Fitness Asia Limited Tienmu Dexiong Branch
Address: B1, 1F, and 2F, No. 35, Ln. 331, Dexiong E. Rd., Shilin Dist., Taipei City
Tel: (886)2-2835-8880
- 065 World Fitness Asia Limited Taoyuan Nankan Branch
Address: 1F and 2F, No. 265, Nankan Rd., Luzhu Dist., Taoyuan City
Tel: (886)3- 352-1333
- 066 World Fitness Asia Limited Kaohsiung Heping Branch
Address: 1F, 10F, and 11F, No. 218, Heping 1st Rd., Lingya Dist., Kaohsiung City
Tel: (886)7-222-3222
- 067 World Fitness Asia Limited Taipei Minquan West Branch
Address: 1st floor and 1st basement floor, No. 136, Minquan W. Rd., Datong Dist., Taipei City

- Tel: (886)2-2599-2555
- 068 World Fitness Asia Limited Fit Zone Taichung Branch
Address: 1F, No. 632, Dadun Rd., Nantun Dist., Taichung City
Tel: (886)4-2323-3333
- 069 World Fitness Asia Limited Taishan Branch
Address: B1-1, No. 83, Sec. 3, Mingzhi Rd., Taishan Dist., New Taipei City
Tel: (886)2- 2902-2666
- 070 World Fitness Asia Limited Zhunan Branch
Address: B1, No. 51, Ln. 51, Minquan St., Zhunan Township, Miaoli County
Tel: (886)3-746-3320
- 071 World Fitness Asia Limited Chaozhou Branch
Address: No. 115 and 117, Yanping Rd., Chaozhou Township, Pingtung County
Tel: (886)8-788-7222
- 072 World Fitness Asia Limited Tainan Shulin Branch
Address: No. 227, Sec. 2, Shulin St., South Dist., Tainan City
Tel: (886)6-221-0666
- 073 World Fitness Asia Limited Yuanli Branch
Address: 2F and 3F, No. 65-1, Weigong Rd., Yuanli Township, Miaoli County
Tel: (886)3-786-6661
- 074 World Fitness Asia Limited Taichung Dajia Branch
Address: 1F and 2F, No. 25, Ren'ai St., Dajia Dist., Taichung City
Tel: (886)4-2686-1222
- 075 World Fitness Asia Limited Taipei Changchun Branch
Address: No. 90, Changchun Rd., B1, No. 90 Changchun Rd., and No. 40, Sec. 2, Xincheng N. Rd., Zhongshan Dist., Taipei City
Tel: (886)2-2521-5222
- 076 World Fitness Asia Limited Tainan Zhonghua West Branch
Address: 1F, No. 650, Sec. 2, Zhonghua W. Rd. and 1F, No. 30, Ln. 277, Sec. 4, Hewei Rd., Central West Dist., Tainan City
Tel: (886)6-250-3000
- 077 World Fitness Asia Limited Chingshui Branch
Address: No. 129, Zhongshan Rd., Chingshui Dist., Taichung City
Tel: (886)4-2622-1888
- 078 World Fitness Asia Limited Tainan Ximen Branch
Address: No. 61, Sec. 4, Ximen Rd., and No. 47, Ln. 65, Sec. 4, Ximen Rd., North Dist., Tainan City
Tel: (886)6-281-6333
- 079 World Fitness Asia Limited Tucheng Zhongyang Branch
Address: 1F, 2F, and 3F, No. 191, Sec. 2, Zhongyang Rd., Tucheng Dist., New Taipei City
Tel: (886)2-2261-2666
- 080 World Fitness Asia Limited Taipei Minquan East Branch

- Address: B1, No. 72 and B1, No. 74, Sec. 3, Minguang E. Rd., Zhongshan Dist., Taipei City, 1F and 2F,
No. 1, Ln. 60, Sec. 3, Minguang E. Rd., Zhongshan Dist., Taipei City
Tel: (886)2-2515-5522
- 081 World Fitness Asia Limited Luzhou Branch
Address: 1F, No. 31-5 and 2F, No. 31, Minzu Rd., Luzhou Dist., New Taipei City
Tel: (886)2- 2282-1222
- 082 World Fitness Asia Limited Fengyuan Branch
Address: No. 508, Nanyang Rd., Fengyuan Dist., Taichung City
Tel: (886)4-2523-1000
- 083 World Fitness Asia Limited Fengshan Wenheng Branch
Address: 1F and 2F, No. 502, 1F and 2F, No. 506, 1F and 2F, No. 506-1, 1F and 2F, No. 506-2, Wenheng
Rd., Fengshan Dist., Kaohsiung City
Tel: (886)7-767-8822
- 084 World Fitness Asia Limited Tainan Shanhua Branch
Address: 1F, 3F, 4F, and 5F, No. 332, Zhongzheng Rd., Shanhua Dist., Tainan City
Tel: (886)6-5837-333
- 085 World Fitness Asia Limited Kaohsiung Boai Branch
Address: 1F, 2F, and 3F, No. 320, Boai 2nd Rd., Zuoying Dist., Kaohsiung City
Tel: (886)7-556-8822
- 086 World Fitness Asia Limited Banqiao Chongqing Branch
Address: B1, B1-1, and B2-2, No. 247, Chongqing Rd., Banqiao Dist., New Taipei City
Tel: (886)2-2955-7755
- 087 World Fitness Asia Limited Chiayi Minzu Branch
Address: 2F, No. 610, Minzu Rd., West Dist., Chiayi City
Tel: (886)5-225-5333
- 088 World Fitness Asia Limited Taoyuan Pingzhen Branch
Address: 1F, B1, B1-1, B1-2, No. 265, Sec. 2, Huannan Rd., Pingzhen Dist., Taoyuan City
Tel: (886)3-458-8800
- 089 World Fitness Asia Limited Yuanlin Branch
Address: 1F, 4F, 5F, 6F, and 7F, No. 490, Sec. 2, Yuandong E. Rd., Yuanlin City, Changhua County
Tel: (886)4-832-1888
- 090 World Fitness Asia Limited Caotun Branch
Address: 1F, 2F, and 3F, No. 208, Zhongshan St., 3F, No. 210, Zhongshan St., and 3F, No. 212,
Zhongshan St., Caotun Township, Nantou County
Tel: (886)4-9231-1222
- 091 World Fitness Asia Limited Taichung Jinhua Branch
Address: B1, No. 365, Jinhua N. Rd., North Dist., Taichung City
Tel: (886)4-2201-0222
- 092 World Fitness Asia Limited Changhua Heping Branch
Address: 9F to 12F, No. 57, Heping Rd., Changhua City, Changhua County

- Tel: (886)4-722-1000
- 093 World Fitness Asia Limited Beitou Zhonghe Branch
Address: No. 366, No. 366-1, Zhonghe St., Beitou Dist., Taipei City
Tel: (886)2-2892-2299
- 094 World Fitness Asia Limited Taichung Dongxing Branch
Address: No. 81, 81-1, 81-2, 81-3, 81-5, and 2F-1, 2, 3, 5, and 6, No. 81, Sec. 1, Dongxing Rd., South Dist., Taichung City
Tel: (886)4-2260-6600
- 095 World Fitness Asia Limited Wurih Branch
Address: No. 52, 56, 58, 60, and 62, Guangri Rd., Wurih Dist., Taichung City
Tel: (886)4-2338-8822
- 096 World Fitness Asia Limited Taichung Dongshan Branch
Address: No. 310, Sec. 1, Dongshan Rd., Heping Vil., Beitun Dist., Taichung City
Tel: (886)4-2436-8800
- 097 World Fitness Asia Limited Pingtung Fengjia Branch
Address: 1F, 2F, and B1, No. 60, Fengjia Rd., Pingtung City, Pingtung County
Tel: (886)8-733-1000
- 098 World Fitness Asia Limited Tainan Xinying Branch
Address: 1F and 2F, No. 56-3, Zhongshan Rd., Xinying Dist., Tainan City
Tel: (886)6-633-5000
- 099 World Fitness Asia Limited Lugang Branch
Address: 2F, No. 196, Minzu Rd., Lugang Township, Changhua County
Tel: (886)4-775-5333
- 100 World Fitness Asia Limited Kaohsiung Yangming Branch
Address: No. 201, Yangming Rd., Sanmin Dist., Kaohsiung City
Tel: (886)7-380-0555
- 101 World Fitness Asia Limited Douliu Branch
Address: No. 76 and 78, Hankou Rd., Douliu City, Yunlin County
Tel: (886)5-537-5666
- 102 World Fitness Asia Limited Taoyuan Dayuan Branch
Address: No. 264, 266, 268, and 270, Zhongshan S. Rd., Dayuan Dist., Taoyuan City
Tel: (886)3-386-5888
- 103 World Fitness Asia Limited Taichung Daya Branch
Address: B1 to 4F, No. 100, Sec. 1, Minsheng Rd., Daya Dist., Taichung City
Tel: (886)4-2565-2222
- 104 World Fitness Asia Limited Taipei Ningxia Branch
Address: B1, B2, and B2-1, No. 11, Ningxia Rd., Datong Dist., Taipei City
Tel: (886)2-2555-0066
- 105 World Fitness Asia Limited Pingtung Donggang Branch
Address: B1, 1F, 2F, 3F, and 4F, No. 293, Sec. 1, Guangfu Rd., Donggang Township, Pingtung County

- Tel: (886)8-833-8333
- 106 World Fitness Asia Limited Dazhi Beian Branch
Address: B1, No. 19, Ln. 554, Beian Rd., Zhongshan Dist., Taipei City
Tel: (886)2-2533-2233
- 107 World Fitness Asia Limited Minsheng Yuanhuan Branch
Address: Basement, B1, B2, B3, B4, No. 196, Sec. 5, Minsheng E. Rd., Songshan Dist., Taipei City
Tel: (886)2-2756-3000
- 108 World Fitness Asia Limited Taichung Donghai Branch
Address: No. 81 and No. 83, Yumen Rd., Xitun Dist., Taichung City and No. 830 and No. 832, Fushun Rd., Xitun Dist., Taichung City
Tel: (886)4-2465-5555
- 109 World Fitness Asia Limited Taipei Tonghua Branch
Address: 2F, No. 87, Linjiang St., Tonghua Vil., Da'an Dist., Taipei City
Tel: (886)2-2733-2888
- 110 World Fitness Asia Limited Taichung Shalu Branch
Address: No. 30, 32, and 36, Yingcai Rd., Shalu Dist., Taichung City
Tel: (886)4-2631-7888
- 111 World Fitness Asia Limited Neihu Gangqian Branch
Address: 2F, 3F, and 4F, No. 33, Ln. 221, Gangqian Rd., Gangqian Vil., Neihu Dist., Taipei City
Tel: (886)2-2658-6222
- 112 World Fitness Asia Limited Yangmei Branch
Address: No. 199, 201, 203, 205, and 207, Xinnong St. and No. 1, Ln. 209, Xinnong St., Yangmei Dist., Taoyuan City
Tel: (886)3-475-0333
- 113 World Fitness Asia Limited Taichung Taiping Branch
Address: No. 115, Ligong Rd., Taiping Dist., Taichung City
Tel: (886)4-2391-7777
- 114 World Fitness Asia Limited Taichung Tanzi Branch
Address: 3F, 4F, and 5F, No. 42, Sec. 3, Tanxing Rd., Tanzi Dist., Taichung City
Tel: (886)4-2533-3111
- 115 World Fitness Asia Limited Taichung Wenxin Branch
Address: B1, No. 521, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City
Tel: (886)4-2253-7333
- 116 World Fitness Asia Limited Sanchong Wuhua Branch
Address: 4F, No. 282, Wuhua St., Bihua Vil., Sanchong Dist., New Taipei City
Tel: (886) 2-2855-9900
- 117 World Fitness Asia Limited Taoyuan TaiMall Branch
Address: B1, No. 112, Sec. 1, Nankan Rd., Jinzhong Vil., Luzhu Dist., Taoyuan City
Tel: (886) 3-2122-666
- 118 World Fitness Asia Limited Jungli Zhongshan Branch

- Address: 2F and 3F, No. 136, Zhongshan Rd., Jungli Dist., Taoyuan City
Tel: (886) 3-425-5566
- 119 World Fitness Asia Limited Miaoli Toufen Branch
Address: 2F, 3F, 4F, and 6F, No. 102, Heping Rd., Neighborhood 1, Minzu Vil., Toufen City, Miaoli County
Tel: (886) 37- 595-333
- 120 World Fitness Asia Limited Hsinchu Guangfu Branch
Address: 1F and 2F, No. 151, Sec. 2, Guangfu Rd., Guangming Vil., East Dist., Hsinchu City
Tel: (886) 3-5166-222

Training Center

- Company Name: World Fitness Asia Limited First Training Branch
Address: B1-2, No. 83, Sec. 3, Mingzhi Rd., Taishan Dist., New Taipei City
Tel: (886)2-2902-2666
- Company Name: World Fitness Asia Limited Second Training Branch
Address: B1-3, No. 83, Sec. 3, Mingzhi Rd., Taishan Dist., New Taipei City
Tel: (886)2-2902-2666
- Company Name: World Fitness Asia Limited Training Center Branch
Address: 12F-1 to 7, No. 22, Sec. 1, Meicun Rd., West Dist., Taichung City
Tel: (886)4-2325-5500

- IV. Name, address, website, and telephone number of the stock transfer agency:
Company Name: SinoPac Securities Corp. - Register & Transfer Agency Department Website: <http://securities.sinopac.com>
Address: 3F, No. 17, Boai Rd., Taipei City Tel: (886)2-2381-6288
- V. Name of the CPA and name, address, website, and telephone number of the accounting firm for financial statements in the most recent year:
Name of CPA: Chien-Yeh Hsu, CPA and Yu-Chuan Wang, CPA
CPA firm: PricewaterhouseCoopers Taiwan Website: <http://www.pwc.com.tw>
Address: 27F, No. 333, Sec. 1, Keelung Rd., Taipei City Tel: (886)2-2729-6666
- VI. Overseas Securities Exchange: None
- VII. Corporate Website: <https://www.worldgymtaiwan.com/>

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Chapter 1. Letter to Shareholders

We have weathered the difficulties in the industry and we are ready to soar with favorable winds. World Fitness Services Ltd. (hereinafter referred to as World Gym) hereby expresses its sincere gratitude to its members, shareholders, and directors for their strong and full-hearted support along the way. 2023 was a critical year for World Gym's high-level transformation and upgrade. The brand has achieved important milestones and became the first in the industry to launch sports technology AI posture detection in branch gyms and we announced the brand's entry into the retail market in the same year. World Gym filed an application for initial public offering on August 28, 2023 and was successfully listed on the TWSE on January 24, 2024 in its official debut in the investment market. After emerging from the post-epidemic slump, we have expanded branches with steady growth and added 7 gyms in 2023, including Taoyuan Yangmei, Taichung Taiping, Taichung Tanzi, Sanchong Wuhua, Taichung Wenxin, Taoyuan TaiMall, and Jungli Zhongshan. We now have 118 branches in Taiwan. The increase in the number of branches and members has also contributed to the growth of overall revenue. In 2023, the revenue was NT\$9,428,163 thousand, the operating profit was NT\$511,183 thousand, the net profit after tax was NT\$349,531 thousand, and the basic earnings per share was NT\$3.50.

World Gym is the largest fitness chain brand in Taiwan and has more than 440,000 members. We provide an environment for professional sports and fitness for people of all ages. The core value for maintaining industry leadership is to maintain operational management with "technology, professionalism, and system". In terms of technology, we continue to launch new sports technologies. In addition to the existing exclusive sports equipment MY Zone and Inbody posture analysis and evaluation, we recently launched AI posture detection, expanded WG app health functions, and upgraded WG Online. In terms of professionalism, we organize training to enhance the professionalism of personal trainers and aerobics teachers. Training is also used to strengthen the soft power of talents, which supports recruitment for expansion and mitigates labor shortage issues. World Gym is the only gym brand in Taiwan that has established training centers in three locations in Banqiao in New Taipei City, Taichung, and Kaohsiung, which offer new employee training, on-the-job training, professional training, and other courses. In terms of the system, we work with the listed company Systex for the customization and development of exclusive service CRM and internal management system ERP. We use the system to effectively manage the operations of all branches in Taiwan and track and monitor the supply of sports services.

The results of business operations in 2023 and outlook of operations for 2024 are hereby compiled and reported to shareholders.

I. Results of business operations in 2023

(I) Financial and revenue performance

Unit: NT\$ thousand; %

Item \ Year	2023	2022	Increase (Decrease) Amount	Growth Rate %
Operating revenue	9,428,163	8,862,771	565,392	6.38
Gross Profit	1,551,144	1,426,137	125,007	8.77
Operating expenses	(1,039,961)	(940,610)	(99,351)	10.56
Operating net profit	511,183	485,527	25,656	5.28
Net Profit Before Tax	443,921	363,466	80,455	22.14
Net Profit for the Year	349,531	303,806	45,725	15.05
Basic Earnings Per Share (NT\$)	3.50	3.04	0.46	15.13

(II) Results of business operations of the year

1. Market development and expansion of branches

We added 7 new branches in 2023, including Taoyuan Yangmei, Taichung Taiping, Taichung Tanzi, Sanchong Wuhua, Taichung Wenxin, Taoyuan TaiMall, and Jungli Zhongshan. We now have 118 branches in Taiwan. The return of people to sports activities after the epidemic has led to an increase in the number of members and the sales of personal trainer courses, which has contributed to the growth in revenue.

The precision with which World Gym implements branch expansion is also our key know-how. We have a professional market development team that provides the most precise investment analysis from the early stages of leasing evaluation of the sports venue to the post-lease internal construction and decoration planning. They mainly conduct cross-analysis based on population density, geographical location, and convenience of transportation. They identify the best time and location for expansion into new areas, which helps recruiting members and increasing the market share.

2. Expanding sports technologies and services

World Gym was the first in the Taiwan market to work with Crosspoint to set up AI posture detection. We implement static and dynamic assessment of factors such as members' body joint mobility and stability of various body parts to help members better understand their own postures and exercise risk data through technology and explanation provided by trainers to reduce risks associated with exercise. We also use Inbody detection to connect to the health function of the World Gym app, which records the number of entries and time, and is connected to the MY Zone heart rate strap. With hardware enhancement and the data statistics of the

back-end wearable device, it allows members to view their exercise performance at any time and provides trainers with tools and evaluation information to optimize sports services for members.

In 2023, we launched the new STUDIO X High Performance courses. It is a paid service that includes exclusive training programs taught by personal trainers in small groups with a 30-minute functional integration training program. It utilizes a variety of equipment to enhance body coordination, joint stability, balance, agility, and cardio training. The combination of customized training helps members gain abilities beyond daily life necessities and improves sports performance. We targeted groups other than those taking personal trainer courses and group aerobics courses to provide trainer guidance and moderate-intensity training. The brand-new exercise concept has been adopted to provide paid services at Sanchong Wuhua Branch, Taichung Wenxin Branch, Taichung Tanzi Branch, etc., which increased the revenue of the branches.

3. Entering the retail market

In 2023, we expanded into retail services with sales of products including energy drinks and sportswear accessories of the brand. The first display areas were set up in the brand's new concept World Gym Express Pro at Sanchong Wuhua Branch and Taichung Wenxin Branch, which opened on October 11 of the same year. They provide members and consumers with one-stop services and a more comprehensive sports and fitness experience for members to quickly replenish the energy their body needs 30-60 minutes after exercising.

Stepping into retail was a significant step and breakthrough for the World Gym brand. It has made the Company's sports services more comprehensive and diverse without increasing labor costs. This sales experience comes from the successful market performance of World Gym Australia, which found that among their 40 stores, the turnover from energy drinks and clothing accounted for 20% of the revenue. It indicated the consumer demand of sporting communities and the gyms were able to provide the most direct contact and services. Therefore, by replicating this model in Taiwan, we believe that the consumption power of Taiwan's fitness population will be reflected in the revenue.

World Gym's brand has the advantage of having 118 branches and 440,000 members across Taiwan. By managing fixed costs, we make good use of physical gym space and manpower to sell sports-related products, which also helps us maintain customer loyalty, stimulate diverse forms of consumption, increase customer willingness for repeated purchases of retail goods, and empower market economic cycles.

4. Brand professionalism enhancement and recognition

The continuous enhancement of the digital transformation and the continuous improvement of professionalism provide specific targets for improving brand image and recognition. In our digital transformation, we have continuously expanded services after the comprehensive transformation of the WG app. Members can scan a QR Code to enter the club and can check the group aerobics class schedule on the app. We offer WG Online, an online audio and video platform with a subscription system that provides contents for eight major themes. We also targeted the family and elderly market and created the exclusive "Family" area so that the whole family can exercise at home and develop regular exercise habits from childhood to old age. We thus explore potential markets for gym members and motivate them to join the gym.

To improve professionalism, we started with training for personal trainers and aerobics teachers. In addition to the original two training centers in Banqiao, New Taipei City and Taichung, we added a third training center in Kaohsiung to strengthen the soft power of human resources. We also maintained a stable manpower of 25 trainers in each branch to meet the member market demand for trainer courses and sales of training programs. We provide satisfying services and the results are reflected in the revenue.

5. Sponsorship for charity programs

World Gym has implemented the "Renew the Used" equipment replacement program for more than 6 years ago since 2018. In 2023, we donated replaced equipment to 21 military, police, fire department, and sports-related academic institutions to provide equipment resources for public officials and athletes of Taiwan. We adhere to the brand's concept of "promoting sports in every corner" and put the fitness equipment to new use to increase their value for sustainability while taking real actions to implement the United Nations Sustainable Development Goal (SDG) of "Ensure healthy lives and promote well-being for all at all ages."

We keep in mind our corporate social responsibility of giving back to society and spared no efforts in showing love by calling on members, non-members, and employees to participate in blood donation activities. We held 10 events across Taiwan which donated a total of 172,250 c.c. of blood. We also use methods such as donations to charities to continue to provide care to disadvantaged children and social welfare organizations every year.

The Christmas charity event "Infinite Love" started in December 2023 and we donated a total of NT\$780,000 to three social welfare organizations including the Mustard Seed Mission, Childhood Cancer Foundation of the R.O.C., and Warm Breeze Caring Association. The Company has also sponsored the American Chamber of Commerce in Taichung for 10 consecutive years. In 2024, we donated

NT\$1 million to the American Chamber of Commerce in Taichung and the donation was used to support two social welfare organizations for children, including Hsiang Shang Social Welfare Foundation and Huei-Ming School for Blind Children in Taichung City.

II. Outlook of business operations in 2024

In the first year of operations as a TWSE-listed company, World Gym adopted "Grow" as its core goal and formulated five major strategies: 1. Reduce costs and improve efficiency; 2. Increase income from branch membership fees; 3. Strengthen the trainer team; 4. Continuous expansion of branches; 5. Develop sales of new retail products. We aim to generate outstanding revenue in the first year of listing.

World Gym has two main sources of revenue, namely: Monthly membership fees and trainer course fees, and each account for approximately 50% of the revenue. We formulated the five aforementioned strategies based on with finance, professionalism, and innovation. After evaluating the Company's expansion and growth and analyzing the overall operating costs and profits, we compiled a list of strategies that require optimization. First, we start with cost savings, management of expenditures, implementation of energy-saving policies, and reducing the use of consumables to prevent waste. Second, we increase revenue with precision store expansions. We plan to open 12 new branches in Taiwan in 2024 and implement effective marketing to recruit members and increase revenue from monthly fees. We will also roll out brand-new training programs to improve the sales performance of trainer courses. We will also replicate the business model for energy drinks and clothing sales for the development plan of the Retail Department. We plan to set up retail outlets in 20 branches across Taiwan in 2024, and simultaneously set up an online retail platform. The e-commerce market will create another source of revenue.

The gradual recovery of the sports population in the overall fitness industry has been obvious in 2024. The results of the "Sports Engagement Survey" released by the Sports Administration of the Ministry of Education in 2023 showed that Taiwanese people have increased their health awareness after the epidemic. The sports population of 82.6% was an increase of 0.8% compared with the previous year (2022), and 35.0% of the population engaged in regular exercise, up 1.0% compared with the previous year (2022) and a record high. Among them, young and middle-aged men, middle-aged women, white-collar workers, etc. formed the main parts of the increase in the population engaged in regular exercise in 2023. In addition, the increased emphasis on "personal trainers" found in the survey statistics shows that the training methods of gym exercises and personal trainers are becoming more and more widespread as Taiwanese people have gradually increased their awareness of the importance of investing in health. It has increased the acceptance of personal trainer courses in the sports population of all age groups. The data from World Gym shows that the number of members in a single branch has returned to 80% of the pre-

epidemic level. As the sports economy regains its rapid growth before the epidemic, we are optimistic about market growth.

Taiwan's current fitness population penetration rate is only 4.99%, which is lower than that of other Asian countries such as South Korea, Hong Kong, and Singapore. However, sports and fitness have become part of the national consciousness. Compared with the penetration rate of 15-20% in developed Western countries, there is a lot of room for growth in the market development and fitness population of gyms in Taiwan. As the super-aged society is set to arrive in 2025 and as retirees account for the highest proportion of the population (60.7%) that exercises regularly in the 2023 "Sports Engagement Survey" conducted by the Sports Administration, the business opportunities in fitness for the elderly will be targeted by the fitness industry as a new market of immense potential. In addition to physical gyms, World Gym provides personal trainer course solutions for senior citizens, and WG Online adds courses for senior citizens to provide a full range of online and offline resources. We also have a professional team planning the "Reverse Age Zone" to provide exclusive fitness courses for senior citizens. We actively discuss partnership options with health examination centers. We start with preventive healthcare and use data analysis from health examination reports to connect health examination services with sports and fitness training and improvement plans.

With the major reshuffling of Taiwan's fitness industry after the epidemic, the market share of large players continues to rise as big players increase their dominance in the market. In addition to continuing to invest in new branches, development in Taiwan, and launching expansion plans in Asia, World Gym will also continue to innovate and strengthen the market competitiveness of software and hardware. We firmly believe that we must explore the cutting edge of the industry to maintain our lead. The scope of innovation includes sports services, introduction of technological devices, equipment, and facilities, and stepping into retail. They closely follow the development of professional fitness brands, contribute to revenue growth, and maximize profits for shareholders and directors. We must not forget to fulfill our corporate social responsibilities as we expand services and pursue growth.

Chapter 2. Company Profile

I. Company and Group Profile

(I) Date of Establishment and Group Profile

World Fitness Services Ltd. (hereinafter referred to as the Company or the Group or World Gym) is a holding company established in the British Cayman Islands on November 21, 2013. Its business is the operation of membership-based chain fitness centers that mainly provide members with professional fitness equipment, venues, various aerobic exercise courses, and professional trainer course services. The countries of registration and main functions of each subsidiary within the Group are as follows:

Name of Company	Place of Incorporation	Main Functions within the Group
World Fitness Services Ltd. (hereinafter referred to as: World Gym)	British Cayman Islands	Investment holding
World Fitness Asia Limited (121 branches in Taiwan) (hereinafter referred to as: World Fitness Asia)	Hong Kong	It operates a chain of membership-based fitness centers. Except for the entrusted management of the Taipei 101 and Taipei Minsheng Clubs, it directly operates all clubs.
Jing Keng Health World Co., Ltd. (2 branches in Taiwan) (hereinafter referred to as: WorldGym Elite)	Taiwan	It operates a chain of membership-based fitness centers and owns Taipei 101 and Taipei Minsheng Clubs.

After more than 20 years of operations in Taiwan, the Company currently operates World Gym, World Gym Express and Fit Zone. As of the end of 2023, we have opened a total of 118 clubs, all of which are located in Taiwan. We now operate the largest chain fitness club in Taiwan.

(II) Company and Group History

Year	Key Milestones
2001	The Company's Chairman who also served as President officially launched World Gym in Taiwan, and expanded the modern fitness center business model across Taiwan. The first club in Taiwan opened in De'an Shopping Mall in Taichung (now Taichung Xuefu).
2004	Opening of Taichung SOGO (now Taichung Meicun) and Kaohsiung SOGO.
2005	Opening of Tainan FOCUS.
2007	Opening of Tainan Guobing and Kaohsiung Baocheng.
2008	Opening of New Taipei Hsindian and Taipei Neihu.
2009	Opening of Hsinchu Linsen (now Hsinchu Zhulian).
	Established the joint venture Jing Keng Health World Co., Ltd. with Tung Keng Enterprise Co., Ltd. to set up "World Gym Elite" as first-rate clubs in landmark locations in Taiwan.
2010	Opening of New Taipei Hsinzhuang and the first World Gym Elite in Taipei 101.
	Acquired all 6 California Fitness clubs in Taiwan (Taipei Station, Taipei Tienmu, Taipei Ximen, Taichung Yizhong, Taipei Zhongxiao Tonlin, and Taipei Da'an).
2011	Opening of Taoyuan Jungli.

Year	Key Milestones
2012	Created the "World Gym Sport" series with special sports and fitness hardware equipment planned based on the location and environmental conditions of each club. The first World Gym Sport club was opened in Big City Mall in Hsinchu (now Hsinchu Zhonghua) and it has a heated indoor swimming pool.
	Opening of Taipei Minsheng Elite and New Taipei Banqiao Fuzhong.
2013	Opening of New Taipei Zhonghe, Taoyuan Fuxing, New Taipei North Hsinzhuang Sport, and New Taipei Yonghe Sport.
2014	Opening of Tainan Evergreen, New Taipei Linkou, Taoyuan Dayou, Taipei Nanjing, New Taipei Jingping, and Taipei Gongguan, and relocation and opening of Kaohsiung SOGO.
2015	Opening of New Taipei Danshui, Taichung Chongde, Taipei Neihu Minquan, Hsinchu Zhongzheng, and New Taipei Sanchong.
2016	Opening of Yilan You'ai, Yilan Luodong, Taichung Xitun, New Taipei Banqiao Zhongshan, New Taipei Yonghe Minquan, Pingtung Ziyou, and Hsinchu Zhubei Sport, and relocation and opening of Taichung Xuefu (formerly De'an).
	Acquired exclusive distributorship of MyZone heart rate strap, which makes exercise more interesting and helps trainers monitor members' training status with recorded data.
2017	Opening of New Taipei Banqiao Shuangshi, New Taipei Xizhi, Hualian Guolian, New Taipei Tucheng, Taipei Dazhi Sport, Kaohsiung Zhonghua, Taipei Songlong.
2018	Received the iSports Exercise Enterprise Certification from the Sports Administration of the Ministry of Education.
	Received the National Brand Yushan Award in the Outstanding Enterprise Category and Best Popular Brand Category.
	Received the "Happy Workplace" award from Taichung City.
	Created the "Fit Zone" club with exclusive heart rate training group trainer courses and the exclusive MyZone heart rate strap technology to monitor exercise status.
	Created the "World Gym Express" club to meet the needs of different consumers and markets and refocus on fitness with the creation of small clubs with only weight training equipment and cardio equipment.
	Opening of Taichung Liming, Taipei Guangfu Sport, Taipei Lishui Express, Fit Zone Taipei Gongguan, Taoyuan Guoqiang Sport, Taipei Songren, Kaohsiung Gangshan, Fit Zone Taipei Tienmu, Kaohsiung Nanzi Express, Kaohsiung Fengshan Zhongshan, Taoyuan Neili Sport, Tainan Yongkang Sport, and Keelung Sport.
2019	Received the Golden Torch Award for the Top Ten Enterprises of the Year in the Republic of China.
	Opening of Taipei Tienmu Dexing, Taoyuan Nankan Express, Kaohsiung Heping, Taipei Minquan West Express, Fit Zone Taichung Gongyi, New Taipei Taishan

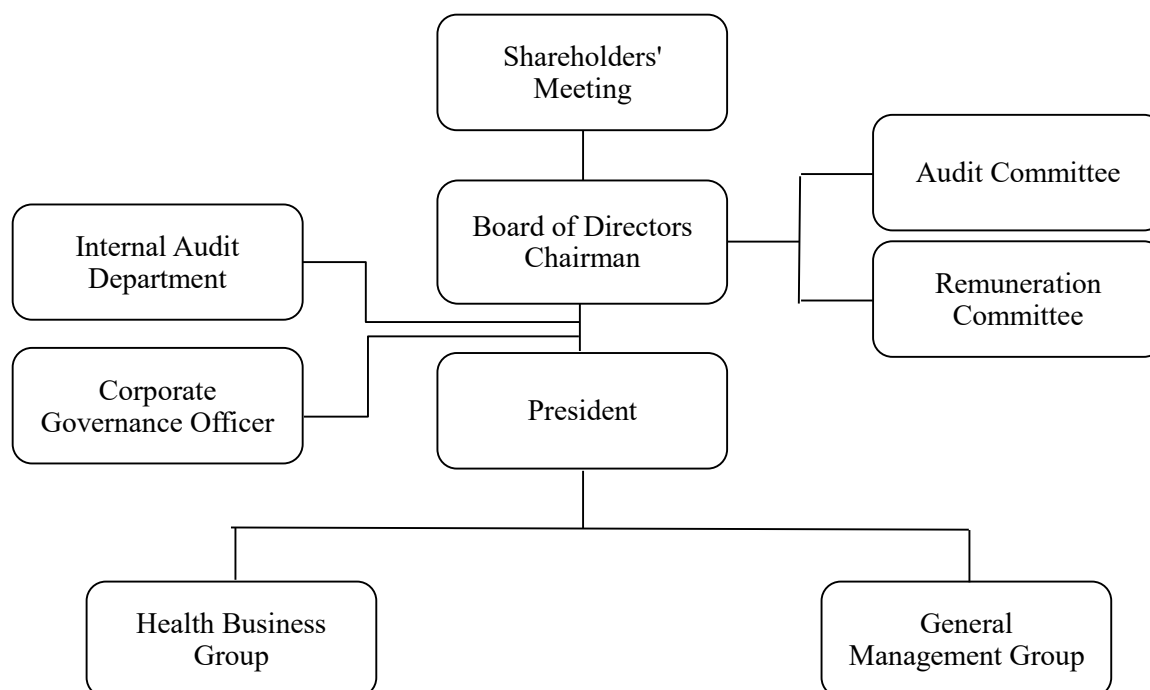
Year	Key Milestones
	Express, Miaoli Zhunan, Pingtung Chaozhou, Tainan Shulin, Miaoli Yuanli, Taichung Dajia, Taipei Changchun, Tainan Zhonghua West Express, Taichung Chingshui, Tainan Ximen Sport, New Taipei Tucheng Zhongyang Express, and Taipei Minquan East.
2020	Received the National Brand Yushan Award in the Outstanding Enterprise Category.
	Received the Reader's Digest Quality Service Award.
	Rated as a four-star enterprise for "Happy Workplace" by Taichung City.
	World Gym donated second-hand replaced equipment to 7 physical education schools in Hualian County in the "Eastern Taiwan Elite Athlete" training equipment project and was shortlisted for the 4th PwC Sustainability Impact Awards.
	Added 17 new clubs including New Taipei Luzhou Express, Taichung Fengyuan Sport, Fengshan Wenheng Express, Tainan Shanhua, Kaohsiung Boai Express, New Taipei Banqiao Chongqing Sport, Chiayi Minzu, Taoyuan Pingzhen, Changhua Yuanlin, Caotun, Taichung Jinhua Express, Changhua Heping, Beitou Zhonghe, Taichung Zhongxing Express, Taichung Wurih, Taichung Dongshan Sport, and Pingtung Fengjia Express.
2021	Rated as a five-star enterprise for "Happy Workplace" by Taichung City and received the Five-Star Happiness Award.
	Received the Gold Award in the 1111 Job Bank Happy Enterprise Award.
	The "Best Backup from World Gym" project was shortlisted for the Corporate Sustainability Category in the 5th PwC Sustainability Impact Awards.
	Added 9 new clubs including Tainan Xinying Express, Changhua Lugang, Kaohsiung Yangming Sport, Yunlin Douliu Sport, Taoyuan Dayuan Express, Taichung Daya, Taipei Ningxia Express, Pingtung Donggang Express, and Dazhi Beian Express.
2022	World Gym Online, an online audio and video platform, was launched to expand home fitness business opportunities.
	The "Exercise? I'm Here!" project was shortlisted for the Corporate Sustainability Category in the 6th PwC Sustainability Impact Awards.
	Added 5 new clubs and reopened 2 clubs at different locations including the opening of Minsheng Yuanhuan, Taichung Donghai Express, Taipei Tonghua Express, Taichung Shalu, and Neihu Gangqian, and relocation and opening of Hsinchu Zhonghua Sport (formerly Hsinchu Big City Sport), and Hsinchu Zhulian Express Plus (formerly Hsinchu Linsen store).
2023	Received the iSports Exercise Enterprise Certification from the Sports Administration of the Ministry of Education, Investment Contribution Award at the 2023 Investment Solicitation Convention of the Ministry of Transportation and Communications, and the 21st Golden Winspan Award from the Workforce Development Agency of the Ministry of Labor

Year	Key Milestones
	Expanded into retail services and created World Gym Shop to sell products such as energy drinks, sportswear, and accessories, and provide members with more comprehensive fitness services.
	Incorporated AI technology to provide AI exercise risk detection, and integrated health data into the World Gym member app with the InBody body composition analyzer.
	Organized the first professional forum "2023 Taiwan Fitness & Health Industry Trends Summit" on September 20 and invited experts from different fields to the forum.
	Added five new clubs including Taoyuan Yangmei, Taichung Taiping Sport, Taichung Tanzi Express, Taichung Wenxin Express Pro, and Sanchong Wuhua Express Pro, and relocation and opening of Jungli Zhongyuan (former Taoyuan Jungli) at a different location.
2024	Listed on TWSE on January 24.
	Upgraded the World Gym Online online video platform to version 2.0, expanded to 8 major course themes, created innovative "Family" content, and provided home exercise services for family and senior citizens.

Chapter 3. Corporate Governance Report

I. Organizational System

(I) Organizational Chart



(II) Major Corporate Functions

Department	Function
Board of Directors	1. Making decisions on business policies and plans 2. Review and approval of statutory regulations 3. Review of budget and final accounts 4. Other powers granted by laws and the shareholders' meeting
Audit Committee	1. Fair presentation of the Company's financial statements. 2. The appointment and dismissal of CPAs and their independence and performance. 3. Effective implementation of the Company's internal controls. 4. The adequacy of the Company's internal compliance procedures and plans. 5. Management and control of existing or potential risks of the Company.
Remuneration Committee	1. Establish and conduct regular reviews of the policies, systems, standards, and structures for performance appraisal and remuneration of the Company's directors and managers. 2. Regularly review and establish remuneration of directors and managers.
Chairman	Convene board meetings, supervise the President's implementation of board resolutions, and supervise the execution of various operations.
Internal Audit Department	1. Formulate and implement the Company's annual audit plan and announcement and reporting operations in accordance with laws and regulations.

Department	Function
	2. Plan and execute special audits and follow up on results of improvements. 3. Assist units in regular self-inspections of internal control systems and coordinate and improve operating procedures of each unit.
Corporate Governance Officer	Assist the compliance of the procedures and resolutions of board meetings and shareholders' meeting and comply with the amendments of relevant regulations of competent authorities. Assist directors and independent directors in the performance of their duties, provide necessary information, and arrange for directors' continuing education. Protect the rights and interests of shareholders in accordance with the Articles of Incorporation and other bylaws, and strengthen the functions of the board of directors.
President	Integrate and coordinate company resources, plan company operating targets, supervise the implementation of operating targets, and evaluate the performance of each unit.
Health Business Group	1. Collect market information and expand the market and members. 2. Customer service and customer complaint response 3. Provide professional services for fitness
General Management Group	1. Human resources and training management 2. General affairs, procurement, equipment maintenance, and construction project management 3. Information system development and maintenance and system security management 4. Plan and execute marketing strategies and campaigns 5. Member service management 6. Account processing, tax management, and reporting operations 7. Regularly produce financial statements for analyzing corporate value and current conditions 8. Budget preparation, review, and control, and providing advice and analysis for financial strategies

II. Directors, President, Vice Presidents, Assistant Vice Presidents, and Managers of Departments and Branches

(I) Directors and Independent Directors

Date: April 29, 2024; Unit: thousand shares; %

Title	Name	Gender Age	Nationality/ Place of Incorporation	Date First Elected	Date Elected	Term (Years)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	John Edward Caraccio	Male 51~60	U.S.A.	2013.11.21	2023.01.17	3 years	-	-	-	-	-	-	41,471	36.86	Master of Arts in Chinese and American Studies, Johns Hopkins University, USA Dual BA in English Language & Literature and Chinese Language & Literature, University of California, Santa Barbara Chief Financial Officer, California Fitness Centre Partnership, Hong Kong and Singapore Founder and President of Gold's Gym President, World Gym Taiwan	President of the Company Chairman and President, World Fitness Asia Limited Director, WorldGym Elite Director, Cienega Holdings Limited Director, Tustana Investment Holdings Limited Director, Global Fitness Management Limited	-	-	-	(Note 1 and 2)
Director	Michael A. Sanciprian	Male 41~50	U.S.A.	2017.04.25	2023.01.17	3 years	-	-	-	-	-	-	4,096	3.64	Bachelor of Arts in Judicial Administration, California State University, Sacramento Vice President of Sales, California Family Fitness Vice President of Sales, Nevada Fitness and Aerobics Vice President of Sales, LA Workout Chief Executive Officer, World Fitness Asia Limited	Executive Consultant, World Fitness Asia Limited Director, MS Worldwide Investments LLC	-	-	-	-
Director	Lionel de Saint- Exupéry	Male 51~60	France	2017.04.25	2023.01.17	3 years	-	-	-	-	-	-	-	-	Master of Business Administration, Wharton School of the University of Pennsylvania Bachelor of Finance and Entrepreneurship, HEC Paris Analyst, Lehman Brothers (New York)	Director, CDIB Capital Group Director, China Development Financial Holding Corporation CDIB Capital International Corporation Limited Director	-	-	-	-

Title	Name	Gender	Age	Nationality/ Place of Incorporation	Date First Elected	Date Elected	Term (Years)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Note
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
																Senior Investment Banker, Executive Director, and Vice President, Lehman Brothers (London) President, CDIB Capital International Corporation Chairman and CEO, CDIB Capital International Corporation Managing Director and Business Supervisor, CDIB Capital Group Director, Prime Express International Limited Director, Prime Express Holdings Limited Director, Jintex Corporation Ltd. Saint-Exupéry Properties Limited Director CDIB Capital International (USA) Corporation, President President and Vice Chairman of CDIB Capital International (Hong Kong) Corporation Limited CDIB Capital International (Korea) Corporation, Director Director, Asia Interactive Media Limited Director, Greenroom Inc. Vice Chairman, China Development Financial Holding Corporation Vice Chairman, CDIB Capital	CDIB Capital International Director, (USA) Corporation Limited Director , CDIB Capital International (Hong Kong) Corporation Limited Director, CDIB Capital Investment II Limited Director, CDIB Capital Investment I Limited Director, CDIB Global Markets Limited Director, CDIB Capital Asia Partners Limited Director, CDIB Intelligence Partners Limited Director, CDIB Asia Secured Credit Opportunities GP Ltd. Director, CDIB Buyout Partners Limited Director, Eighteen48 Asset Management Limited Director, CDIB Real Estate Credit Ltd.				

Title	Name	Gender Age	Nationality/ Place of Incorporation	Date First Elected	Date Elected	Term (Years)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															Group					
Director	Sanjay Sachdeva	Male 61~70	U.S.A.	2017.04.25	2023.01.17	3 years	-	-	-	-	-	-	-	-	Bachelor of Commerce, Shaheed Bhagat Singh College, Delhi University, India Rana Systems Inc Accountant The Vista Group Asst Controller LA Workout Inc Controller/CFO Self Employed Accountant	Tax And Accounting Network Inc President Self Employed Financial Advisor	-	-	-	-
Director	Steven Wu	Male 51~60	R.O.C.	2023.01.17	2023.01.17	3 years	-	-	-	-	-	-	-	-	Master of Business Administration, George Washington University, USA Department of Industrial Management Science, National Cheng Kung University Vice President, China Venture Management Inc. Senior Vice President, WI Harper Vice President, Investment Department, Central Investment Holding Company Associate Manager, Investment Review Group, KMT Business Management Committee Senior Management Consultant, Corporate Financial Advisory Department, Deloitte Taiwan Investment Manager, Pacific Capital Fund Management Company Supervisor, Twoway Communications Inc.	Director and President, CDIB Capital International Corporation Vice President, Proprietary Investment Department, CDIB Capital Group Vice Chairman, Jintex Corporation Ltd. Director, Jintex Biomaterials Co., Ltd. Director, Prime Express Holdings Limited Director, Jiangyin Suda Huicheng Composite Materials Co., Ltd. Director, Anhui Dong Jin Renewable Resource Technology Co., Ltd. Director, Billion View Investment Limited Director, Dongjin Green Tech Holdings Co., Ltd. Director, Anhui Rongtai Renewable Resources Co., Ltd. Independent Director, Chroma ATE Inc.	-	-	-	-
Independent	Warren	Male	R.O.C.	2023.01.17	2023.01.17	3 years	-	-	-	-	-	-	-	-	PhD in Finance, Feng Chia	Regional Director, Far	-	-	-	-

Title	Name	Gender Age	Nationality/ Place of Incorporation	Date First Elected	Date Elected	Term (Years)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	Ko	41~50													University EMBA, National Sun Yat-sen University Bachelor, Department of Information Management, National Taipei College of Business Adjunct Assistant Professor, Department of Finance, Feng Chia University	Eastern International Commercial Bank				
Independent Director	Jack Hsiao	Male 51~60	R.O.C.	2023.01.17	2023.01.17	3 years	-	-	-	-	-	-	-	-	PhD from Boston University School of Medicine (including master's degree) BA in Biochemistry and Genetics, Boston University, USA	Chief Operating Officer, Hsiao Chung-Cheng Healthcare Group Independent Director, Applied BioCode Corporation (ABC-KY) Director, TriHealth Enterprise Co., Ltd. Director, ThinkCloud Technology Co., Ltd. Director, Fu-Te Biomedical Technology Co., Ltd. Supervisor, ExoOne Bio. Co., Ltd. Director, Li-Cho Investment Co., Ltd. Chairman, Chu-Sheng Biomedical Technology Co., Ltd. Chairman, En-Chi Co., Ltd. Chairman, Fuze Pharmacy Co., Ltd.	-	-	-	-
Independent Director	Kevin Fong	Male 51~60	R.O.C.	2023.01.17	2023.01.17	3 years	-	-	-	-	-	-	-	-	Department of History, Tamkang University	Company Representative and President, Fong Maclaren Ltd.	-	-	-	-
Independent Director	Hui-Min Chen	Male 51~60	R.O.C.	2023.5.25	2023.5.25	3 years	-	-	-	-	-	-	-	-	MBA, In-service Master's Program, National Taiwan University	Chairman, Huifengfu Management Consulting Co., Ltd.	-	-	-	-

Title	Name	Gender Age	Nationality/ Place of Incorporation	Date First Elected	Date Elected	Term (Years)	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
														Department of Accounting, Fu Jen Catholic University CPA, Deloitte, Taiwan	Director, Solarfarm Corporation					

Note 1: The Company's Chairman and President are currently the same person and the arrangement is made to improve operating efficiency and decision-making. The Company appointed one additional independent director and the Company has 4 independent directors for enhancing board functions and strengthening the supervision.

Note 2: John Edward Caraccio holds 41,471 thousand shares of the Company through Cienega Holdings Limited, Tustana Investment Holdings Limited, and Global Fitness Management Limited, with a shareholding ratio of 41.47%.

Note 3: Michael A. Sanciprian holds 4,096 thousand shares of the Company through MS Worldwide Investments LLC, with a shareholding ratio of 3.64%.

1. Major Institutional Shareholders: N/A.

2. Major shareholders who are institutional shareholders and their major shareholders: N/A.

3. Disclosure of professional knowledge of directors and supervisors and independence information of independent directors

Condition Name	Professional qualifications and experience	Independence situation	Number of independent directors concurrently serving in other publicly traded companies
John Edward Caraccio	Currently serves as the chairman and the President of the Company and the Director of Subsidiaries of the Group.	-	-
Michael A. Sanciprian	Served as the CEO of the Company, Vice President of Sales at California Family Fitness, and Vice President of Sales at Nevada Fitness and Aerobics, with extensive experience in the fitness industry.	-	-
Lionel de Saint-Exupéry	Currently serves as a director at several CDIB group subsidiaries, with strong financial and management expertise.	-	-
Sanjay Sachdeva	Currently as a CPA in the US, with strong financial expertise.	-	-
Steven Wu	Currently serves as a Managing Director of CDIB Capital and serves as a director for several other companies.	-	-
Warren Ko	Currently serves as a Regional Director at Far Eastern International Bank and holds a Ph.D. in Finance from Feng	Note	0

	Chia University, with over five years of experience in corporate management.		
Jack Hsiao	Currently serves as the Chief Operating Officer of Hsiao Chung-Cheng Healthcare Group and holds a Ph.D. from Boston University School of Medicine, with over five years of experience in corporate management and business development.	Note	1
Kevin Fong	Currently serves as the President of Fong Maclaren Ltd., with over five years of experience in corporate management.	Note	0
Hui-Min Chen	Served as a CPA at Deloitte Taiwan for 36 years and is currently the Chairman of Huifengfu Management Consulting Co., Ltd. He has a professional background in financial accounting, along with over five years of experience in corporate management and business development.	Note	0

Note:

1. Comply with the provisions of Article 3 of "Regulations on the Establishment and Matters to be Observed of Independent Directors of Publicly Listed Companies".
2. The current independent directors, their spouses and relatives within the second degree of independence do not serve as directors, supervisors or employees of the Company or its related companies.
3. None of the independent directors of this term, their spouses, relatives within the second degree, or in the name of others holds the Company's Shares.
4. The current independent directors do not serve as directors, supervisors or employees of companies with specific relationships with the Company.
5. The current independent directors have not received any remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliated companies in the past two years.

4. Board diversity and independence

(1) Board diversity

The Company has established a "Corporate Governance Best Practice Principles" that includes a diversification policy for the Board of Directors, which is effectively implemented. The Company adopts a candidate nomination system for selecting directors (including independent directors). Our Board members possess expertise in various fields, including management, finance, auditing, economics, and healthcare, meeting the operational needs of the company. Currently, the Board consists of nine directors, aged between 41 and 60. The members bring diverse professional qualifications and experience in finance or accounting, healthcare, management, and industry knowledge, contributing to the board's diversity.

(2) Board independence

The Company's Board of Directors consists of nine members, including four independent directors, which constitutes 44% of the Board. Only one Board member also serves as the President of the Company. In accordance with Article 4, Section 5 of the "Guidelines for the Establishment and Exercise of Powers by the Board of Directors of Listed Companies," the number of independent directors must be no less than four. Directors have disclosed any material interests related to agenda items during Board meetings. In cases where a potential conflict of interest exists, those directors have refrained from participating in discussions and voting. Therefore, the independence of the company's Board of Directors meets relevant regulations.

(II) President, Vice Presidents, Assistant Vice Presidents, and Managers of Departments and Branches

Date: March 31, 2024; Unit: thousand shares; %

Title	Name	Gender	Nationality	Date of appointment (date of employment) (Note 3)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Managers Who are Spouses or Within the Second Degree of Kinship			Exercise of employee stock option plan by managerial officers	Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
General Manager	John Edward Caraccio	Male	U.S.A.	2023/05/11 (2000/01/01)	-	-	-	-	41,471	36.86	Master of Arts in Chinese and American Studies, Johns Hopkins University, USA Dual BA in English Language & Literature and Chinese Language & Literature, University of California, Santa Barbara Chief Financial Officer, California Fitness Centre Partnership, Hong Kong and Singapore Founder and President, Gold’s Gym President, World Gym Taiwan	Chairman, World Fitness Services Ltd. Chairman and President, World Fitness Asia Limited Director, Jing Keng Health World Co., Ltd. Director, Cienega Holdings Limited Director, Tustana Investment Holdings Limited Director, Global Fitness Management Limited	-	-	-	-	(Note 1 and 2)
Chief Financial Officer	Justine Hsieh	Female	R.O.C.	2012/09/03 (2012/09/03)	-	-	-	-	-	-	Master of Business Administration, Indiana University of Pennsylvania, USA Department of Accounting, Feng Chia University Assistant Manager, Underwriting Advisory Department, SinoPac Securities Corp. Audit Supervisor/HR Supervisor, Global Material Science Co., Ltd. Auditor, PricewaterhouseCoopers Taiwan Business Planning Specialist, Thunder Tiger Corporation	-	-	-	-	-	
Vice President of Regional Operations, World Fitness	Stacy Tsui	Female	R.O.C.	2013/04/01 (2008/09/25)	-	-	-	-	-	-	Department of Communication, University of California, Los Angeles Operations Manager, California Fitness	-	-	-	-	-	

Title	Name	Gender	Nationality	Date of appointment (date of employment) (Note 3)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Managers Who are Spouses or Within the Second Degree of Kinship			Exercise of employee stock option plan by managerial officers	Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
Asia Limited											Operations Manager, World Fitness Asia Limited						
Vice President of Regional Sales, World Fitness Asia Limited	Terry Chang	Male	R.O.C.	2018/04/01 (2004/04/27)	-	-	-	-	-	-	Advertising Design Department, Daming Vocational High School Customer Service Specialist, Marketing Specialist, Weekend Manager, and Club Manager, World Fitness Asia Limited	-	-	-	-	-	-
Associate Vice President, Sports Department, World Fitness Asia Limited	Iven Li	Male	R.O.C.	2024/03/01 (2008/01/02)	-	-	-	-	-	-	Department of Economics, Chinese Culture University Deputy Manager, Trainer Department, California Fitness Manager, Sports Department, World Fitness Asia Limited Promoted to Associate Vice President, Sports Department on March 1, 2024	-	-	-	-	-	-
Regional Manager, Sports Department, World Fitness Asia Limited	Andy Hsu	Male	R.O.C.	2014/09/01 (2004/12/06)	-	-	-	-	-	-	Department of Physical Education / Manager, Sports Department, World Fitness Asia Limited	-	-	-	-	-	-
Regional Manager, Operations Department, World Fitness Asia Limited	Corona Chiang	Female	R.O.C.	2016/03/14 (2010/09/15)	-	-	-	-	-	-	Department of Enterprise Information Management, Nanya Institute of Technology Operations Manager, World Fitness Asia Limited	-	-	-	-	-	-
Regional Manager, Operations Department,	Sandy Wang	Female	R.O.C.	2018/04/01 (2012/09/14)	-	-	-	-	-	-	Department of Business Administration, National Taipei University of Business (dropped out) Operations Manager, World Fitness	-	-	-	-	-	-

Title	Name	Gender	Nationality	Date of appointment (date of employment) (Note 3)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Managers Who are Spouses or Within the Second Degree of Kinship			Exercise of employee stock option plan by managerial officers	Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
World Fitness Asia Limited											Asia Limited						
Regional Manager, Operations Department, World Fitness Asia Limited	Vicky Hung	Female	R.O.C.	2018/04/01 (2010/09/27)	-	-	-	-	-	-	Department of Business Administration, Chaoyang University of Technology Operations Manager, World Fitness Asia Limited	-	-	-	-	-	-
Regional Manager, Operations Department, World Fitness Asia Limited	Kevin Su	Male	R.O.C.	2019/03/01 (2011/11/13)	-	-	-	-	-	-	Department of Hospitality Management, Diwan College of Management Operations Manager, World Fitness Asia Limited	-	-	-	-	-	-
Regional Manager, Operations Department, World Fitness Asia Limited	Leo Lin	Male	R.O.C.	2023/06/01 (2011/6/14)							Department of International Business, Ling Tung University Operations Manager, World Fitness Asia Limited	-					
Regional Manager, Sales Department, World Fitness Asia Limited	Paul Chang	Male	R.O.C.	2020/09/01 (2000/08/24)	-	-	-	-	-	-	Department of Navigation, Taipei University of Marine Technology Deputy Manager, Sales Department, California Fitness Manager, Club Department, World Fitness Asia Limited	-	-	-	-	-	-
Regional Manager, Sales Department, World Fitness Asia Limited	Belle Lai	Female	R.O.C.	2020/09/01 (2006/06/19)	-	-	-	-	-	-	Department of Business Administration, Chaoyang University of Technology Manager, Club Department, World	-	-	-	-	-	-

Title	Name	Gender	Nationality	Date of appointment (date of employment) (Note 3)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Managers Who are Spouses or Within the Second Degree of Kinship			Exercise of employee stock option plan by managerial officers	Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
Asia Limited											Fitness Asia Limited						
Regional Manager, Sales Department, World Fitness Asia Limited	Yvone Lin	Female	R.O.C.	2021/04/01 (2006/11/01)	-	-	-	-	-	-	Department of Financial Risk Management, Overseas Chinese University Manager, Club Department, World Fitness Asia Limited	-	-	-	-	-	-
Regional Manager, Sales Department, World Fitness Asia Limited	Ryan Lin	Male	R.O.C.	2020/09/01 (2007/10/15)	-	-	-	-	-	-	Department of Physical Education, National Taiwan University of Sport Manager, Club Department, World Fitness Asia Limited	-	-	-	-	-	-
Corporate Governance Officer	Ian Chen	Male	R.O.C.	2023/07/25 (2017/10/30)	-	-	-	-	-	-	Civil Law Group, Graduate School of Law, National Chengchi University (dropped out) Financial Law Program, Department of Law, National Chengchi University Control Room Staff, Highway Bureau, Ministry of Transportation and Communications Director, Changhua Branch, Eternity Law Firm Attorney, i-Law Law Firm	Manager of the Legal Department of the Company	-	-	-	-	-
Assistant Vice President, Procurement Department, World Fitness Asia Limited	Ellie Chang	Female	R.O.C.	2019/01/01 (2005/04/01)	-	-	-	-	-	-	Department of Medical Management, Central Taiwan Medical Technology College Manager, Procurement Department, World Fitness Asia Limited	-	-	-	-	-	-
Assistant Vice	Mabol	Female	R.O.C.	2019/01/01	-	-	-	-	-	-	Department of International Business	-	-	-	-	-	-

Title	Name	Gender	Nationality	Date of appointment (date of employment) (Note 3)	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Managers Who are Spouses or Within the Second Degree of Kinship			Exercise of employee stock option plan by managerial officers	Note
					Shares	%	Shares	%	Shares	%			Title	Name	Relation		
President, Information Department, World Fitness Asia Limited	Lai			(2004/02/09)							and Trade, Shu-Te University Manager of the Member Data Processing Department and Manager of the Information Department, World Fitness Asia Limited						
Assistant Vice President, Member Service Department, World Fitness Asia Limited	Weng-Yu Chang	Female	R.O.C.	2023/06/01 (2008/12/24)	-	-	-	-	-	-	Department of Law, Donghai University (dropped out) Department of Electrical Engineering, Chung Chou University of Science and Technology Legal Assistant, Chang Cheng-Heng Law Firm Manager and Legal Affairs Specialist, Member Service Department, World Fitness Asia Limited	-	-	-	-	-	-
Chief auditor	Shirley Pai	Female	R.O.C.	2023/05/11 (2014/2/17)							B.A. in Accounting, Tunghai University Audit Team Leader, PwC Taiwan Accounting Section Chief, Nak Sealing Technologies Corporation Assistant Manager, Chairman's Office, Acter Group Corporation Limited Internal Auditor, World Fitness Asia Limited	-	-	-	-	-	-

Note 1: The Company's Chairman and President are currently the same person and the arrangement is made to improve operating efficiency and decision-making. The Company appointed one additional independent director and the Company has 4 independent directors for enhancing board functions and strengthening the supervision.

Note 2: John Edward Caraccio holds 41,471 thousand shares of the Company through Cienega Holdings Limited, Tustana Investment Holdings Limited, and Global Fitness Management Limited, with a shareholding ratio of 36.86%.

Note 3: The Company's Chairman and President officially launched World Gym in Taiwan in 2001. The first club in Taiwan opened in De'an Shopping Mall in Taichung (now Taichung Xuefu). The employees have served at the Company since their recruitment in early 2000.

III. Remunerations to directors, supervisors, president, and vice presidents in the most recent year:

(I) Remuneration to Directors and Independent Directors

Unit: NT\$ thousand

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income		Relevant Remuneration Received By Directors Who are Also Employees								Total of (A + B+ C+ D+ E+ F+ G) and as a percentage of after-tax net profit		Remuneration received from investee companies other than subsidiaries or the parent company
		Remuneration (A)		Severance Pay and Pension (B)		Director's remuneration (C)		Business expense (D)				Salary, bonuses, and allowances (E)		Severance Pay and Pension (F)		Employee remuneration (G)						
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company		Companies in the Consolidated Financial Statements		The Company	Companies in the Consolidated Financial Statements	
																Cash	Stock	Cash	Stock			
Chairman	John Edward Caraccio	-	-	-	-	-	-	102	102	102 0.03%	102 0.03%	9,338	18,455	-	-	-	-	-	-	9,440 2.70%	18,557 5.31%	-
Director	Michael A. Sanciprian																					
Director	Lionel de Saint-Exupéry																					
Director	Sanjay Sachdeva																					
Director	Steven Wu																					
Independent Director	Warren Ko	2,306	2,306	-	-	-	-	82	82	2,388 0.68%	2,388 0.68%	-	-	-	-	-	-	-	-	2,388 0.68%	2,388 0.68%	-
Independent Director	Jack Hsiao																					
Independent Director	Kevin Fong																					
Independent Director	Hui-Min Chen																					
1. Please specify the independent director remuneration policy, system, standard, and structure, and the connection between the amount of remuneration and the factors, such as their job responsibilities, risks, and time contributed. The remuneration of independent directors of the Company is set by the Board of Directors in accordance with the Articles of Incorporation. It is paid on a monthly basis and may be set or adjusted by the Remuneration Committee and the Board of Directors based on their participation in the Company's operations and the value of their contributions.																						
2. Other than as disclosed in the above table, the remuneration of directors providing services to all companies in the financial report (e.g., providing consulting services as a non-employee to the parent company, and all companies and investee companies listed in the financial statements) in the latest fiscal year: None.																						

Range of Remuneration

Range of Remuneration Paid to Directors	Name of Director			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements
Less than NT\$1,000,000	John Edward Caraccio, Michael A. Sanciprian, Lionel de Saint-Exupéry, Sanjay Sachdeva, Steven Wu, Warren Ko, Jack Hsiao, Kevin Fong, Hui-Min Chen	John Edward Caraccio, Michael A. Sanciprian, Lionel de Saint-Exupéry, Sanjay Sachdeva, Steven Wu, Warren Ko, Jack Hsiao, Kevin Fong, Hui-Min Chen	Michael A. Sanciprian, Lionel de Saint-Exupéry, Sanjay Sachdeva, Steven Wu, Warren Ko, Jack Hsiao, Kevin Fong, Hui-Min Chen	Michael A. Sanciprian, Lionel de Saint-Exupéry, Sanjay Sachdeva, Steven Wu, Warren Ko, Jack Hsiao, Kevin Fong, Hui-Min Chen
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-	-	-
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	-	-	-	-
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-	John Edward Caraccio	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-	-	John Edward Caraccio
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-	-	-
Greater Than or Equal to NT\$100,000,000	-	-	-	-
Total	9 persons	9 persons	9 persons	9 persons

(II) Remuneration to the General Manager and Deputy General Managers

Unit: NT\$ thousand

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration received from investee companies other than subsidiaries or the parent company
		The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company	Companies in the Consolidated Financial Statements	The Company		Companies in the Consolidated Financial Statements		The Company	Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
General Manager	John Edward Caraccio	9,338	27,656	-	324	-	8,795	9,060	-	9,060	-	5.26%	13.11%	-
Chief Financial Officer	Justine Hsieh													
Vice President of Regional Operations	Stacy Tsui													
Vice President of Regional Sales	Terry Chang													

Range of Remuneration

Range of Remuneration Paid to the General Manager and Deputy General Managers	Name of the General Manager and Deputy General Managers	
	The Company	Companies in the Consolidated Financial Statements
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-
NT\$2,000,000 (inclusive) to NT\$3,500,000 (exclusive)	-	Justine Hsieh
NT\$3,500,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	John Edward Caraccio	Chin-Ching Chang, Tan-Yu Tsui
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	John Edward Caraccio
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-
Greater Than or Equal to NT\$100,000,000	-	-
Total	1 person	4 persons

(III) Manager's name and distribution of employee bonuses

Unit: NT\$ thousand; %

	Title	Name	Stock	Cash (Note)	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	General Manager	John Edward Caraccio	-	9,060	9,060	2.59%
	Chief Financial Officer	Justine Hsieh				
	Vice President of Regional Operations	Tan-Yu Tsui				
	Vice President of Regional Sales	Chin-Ching Chang				

Note: The amount of employee remuneration for 2023 approved in a resolution of the meeting of the Board of Directors on March 7, 2024 is the amount of proposed distribution calculated based on the proportion specified in the Articles of Incorporation.

(IV) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-Only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the General Manager, and Deputy General Managers, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure.

1. Analysis of the ratio of the total remuneration paid to the directors, president, and vice presidents to the net income (loss) after tax in the past two fiscal years by the Company and all companies listed in the consolidated report

Unit: NT\$ thousand

Item	Year	2022		2023	
		The Company	Consolidated financial statements	The Company	Consolidated financial statements
Total director's remuneration		8,968	18,106	11,828	20,945
Ratio of the total director's remuneration to net income after tax (%)		2.95%	5.96%	3.38%	5.99%
Total remuneration to the president and vice presidents		-	24,937	18,398	45,835
Ratio of the total remuneration to the president and vice presidents to net income after tax (%)		-	8.21%	5.26%	13.11%

2. The policies and standards of paying remunerations, and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks

A. Director

The Company has set up the Remuneration Committee and all independent directors serve as members of the committee. The Remuneration Committee establishes and regularly review the policies, systems, standards, and structures for the performance assessment and remuneration of directors and managerial officers and regularly review and set the remuneration to directors and managerial officers.

B. President and vice presidents

The remuneration of the President and Vice Presidents includes the salary, bonuses, and employee bonus. The salary and bonus are determined based on business performance, governance status, financial profitability, operating status, responsibilities and professional abilities, and sustainable development status, while taking into account the prevailing rates in the industry. The distribution of employee bonuses is based on the Articles of Incorporation, which is submitted to the Board of Directors for review and distributed with the approval in the shareholders' meeting.

IV. Implementation of Corporate Governance

(I) Board of Directors

The Company's Board of Directors held a total of 12 meetings in 2023 and 2024 as of the publication date of the annual report. After the election of all directors at the regular meeting of shareholders on January 17, 2023, 9 directors were elected including 4 independent directors. One meeting was convened before the election and 12 meetings were convened after the election. The attendance of the Company's directors was as follows:

Title	Name	Attendances in person (B)	By Proxy	Attendance in person (%) (B/A)	Note
Chairman	John Edward Caraccio	13	-	100%	
Director	Michael A. Sanciprian	13	-	100%	
Director	Lionel de Saint-Exupéry	9	3	69.23%	
Director	Sanjay Sachdeva	12	1	92.31%	
Director	Steven Wu	12	-	100%	Elected on January 17, 2023 Attendance required for 11 meetings
Independent Director	Warren Ko	12	-	100%	Elected on January 17, 2023 Attendance required for 11 meetings
Independent Director	Jack Hsiao	12	-	100%	Elected on January 17, 2023 Attendance required for 11 meetings
Independent Director	Kevin Fong	12	-	100%	Elected on January 17, 2023 Attendance required for 11 meetings
Independent Director	Hui-Min Chen	9	-	100%	Elected on May 25, 2023 Attendance required for 8 meetings
Director	Leonard William Caraccio	1	-	100%	Not re-elected on January 17, 2023 Attendance required for 1 meeting
Director	Mark Harms	1	-	100%	Not re-elected on January 17, 2023 Attendance required for 1 meeting
Director	Chia-Yen Huang	0	-	0%	Not re-elected on January 17, 2023 Attendance required for 1 meeting
Independent Director	Yu-Chuan Hsiao	2	-	100%	Elected on January 17, 2023 Resigned on 2023.05.02 Attendance required for 2 meetings

Other matters:

- If any of the following circumstances occurs in the operation of the Board of Directors, the date, period, content of the motions, the opinions of all independent directors, and the Company's handling of independent directors' opinions shall be stated.
 - Matters listed in Article 14-3 of the Securities and Exchange Act:
The Company organized an election for all 9 directors (including 4 independent directors) and set up the Audit Committee on January 17, 2023. The provisions of Article 14-3 of the Securities and Exchange Act do not apply. Please refer to the operations of the Audit Committee for items listed in Article 14-5 of the Securities and Exchange Act.
 - In addition to the aforementioned matters, other board meeting resolutions with independent directors' dissenting and qualified opinions in records or written

statements: None.

2. Regarding recusals of directors due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified:

Date of Board Meeting	Name of Recused Director	Contents of Motions	Reasons for Recusal due to Conflict of Interest	Participation in Voting
2023.07.25	John Edward Caraccio, Michael A. Sanciprian, Lionel de Saint-Exupéry, Sanjay Sachdeva, Steven Wu, Warren Ko, Jack Hsiao, Kevin Fong, Hui-Min Chen	Regulations Governing the Salary and Remuneration of Directors and Managerial Officers and current remuneration of directors and managerial officers	Director remuneration .	After individual directors recused themselves due to conflict of interest, the proposal was passed as proposed by the other directors in attendance.
2023.11.14	John Edward Caraccio	Pre-IPO Cash Capital Increase Employee Subscription Regulations	Remuneration of managerial officers	After the Chairman recused himself due to conflict of interest, the acting chair consulted the other directors in attendance and the proposal was passed as proposed.

3. Measures taken to strengthen the function of the Board (including establishing the Audit Committee and enhancing information transparency) and results thereof:
- (1) The Company has formulated the "Rules of Procedure for Board of Directors Meetings" as the guidelines for board meetings. In addition, the Company has elected 4 independent directors at the shareholders' meeting on January 17, 2023, and established an Audit Committee and Remuneration Committee on February 1, 2023. The Company shall disclose relevant information on company website and Market Observation Post System in accordance with laws to increase information transparency.
 - (2) The Company has formulated regulations related to corporate governance, including the "Sustainable Development Best Practice Principles", "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Procedures for Handling Material Inside Information and Preventing Insider Trading".
 - (3) The Company has purchased liability insurance for directors.

4. Implementation Status of the Evaluation of Board of Directors

Frequency	Implemented once a year
Evaluation period	From January 1, 2023 to December 31, 2023
Evaluation method	Self-evaluation of overall performance of the Board of Directors and functional committees by the convener and self-evaluation by individual directors.
Evaluation content	(1) Performance evaluation of the Board of Directors It includes the level of participation in the Company's operations, improving the quality of board decision-making, board composition and structure, appointment of directors and their continuing studies, and internal controls. (2) Performance evaluation of individual directors It includes the familiarity with the goals and missions of the Company, understanding of a director's duties, level of involvement in the Company's operations, internal relations management and communication, professionalism and continuing education of a director, and internal control. (3) Performance evaluation of functional committees It includes the degree of participation in the Company's operations, awareness of duties, decision-making quality, composition and selection of members, and internal control.

(II) Audit Committee

The Company established the Audit Committee on February 1, 2023 with four independent directors serving as members of the Audit Committee. From February 1, 2023 to March 31, 2024, the Audit Committee convened 9 meetings (A). The attendance of independent directors during the period was as follows:

Title	Name	Attendances in person (B)	By Proxy	Attendance rate (B/A)	Note
Independent Director	Warren Ko	9	-	100%	
Independent Director	Jack Hsiao	9	-	100%	
Independent Director	Kevin Fong	8	-	88.89%	
Independent Director	Hui-Min Chen	7	-	100%	Elected on May 25, 2023 Attendance required for 7 meetings
Independent Director	Yu-Chuan Hsiao	1	-	100%	Resigned on 2023.05.02 Attendance required for 1 meeting

Other matters:

I. The date of the Audit Committee meeting, the term, contents of the proposals, dissenting or qualified

opinions given by independent directors or contents of major proposed items, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act:

The Company set up the Audit Committee on February 1, 2023. The provisions of Article 14-5 of the Securities and Exchange Act were approved by the Audit Committee and reported to the Board of Directors.

1. Passed in the first meeting of the first Audit Committee on March 22, 2023:

(1) Passed the Statement on Internal Control.

2. Passed in the second meeting of the first Audit Committee on May 11, 2023:

(1) The Company's financial report and business report from 2020 to 2022.

(2) The Company's distribution proposal for 2022 earnings and approval of the proposal for the distribution of cash dividends from capital surplus.

(3) Appointment of the chief auditor.

3. Passed in the third meeting of the first Audit Committee on July 25, 2023:

(1) The Company's financial report for Q1 2023.

(2) The Company's Statement on Internal Control from July 1, 2022 to June 30, 2023.

(3) Application to the Taiwan Stock Exchange Corporation for initial public offering in Taiwan.

(4) Complete the capital cash increase and public underwriting before the initial public offering.

(5) Approval for the original shareholders to waive the right to subscription in the cash capital increase for public underwriting before the initial public offering.

(6) Approved the Company's simplified financial forecast for Q3 and Q4 2023.

(7) Submitted an evaluation form describing the Company's ability to prepare financial reports.

4. Passed in the fourth meeting of the first Audit Committee on August 29, 2023:

(1) The Company's financial report for Q2 2023.

5. Passed in the fifth meeting of the first Audit Committee on October 16, 2023:

(1) Proposal for the acquisition of right-of-use assets from United Real-Estate Management Co., Ltd.

(2) Update and amendment of the Company's financial reports for the years 2020 to 2022 and Q2 2023.

(3) Correction of the Company's proposed distribution for 2022 earnings and the proposal for the distribution of dividends from capital surplus.

6. Passed in the sixth meeting of the first Audit Committee on November 14, 2023:

(1) Approved the Company's consolidated financial statements for Q3 2023.

(2) Approved the Company's 2024 audit plan.

7. Passed in the seventh meeting of the first Audit Committee on January 31, 2024:

(1) Establishment of the Company's Regulations Governing the Evaluation of the Independence and Performance of the Certifying CPAs.

(2) Proposal for the evaluation of the independence and competency of the CPAs for the Company's financial report.

(3) Proposal for the advance authorization for the certifying CPA, the CPA firm, and its affiliate to provide non-assurance services to the Company and its subsidiaries.

8. Passed in the eighth meeting of the first Audit Committee on March 7, 2024:

(1) 2023 Statement of Internal Control.

(2) The Company's 2023 business report and financial statements.

(3) The Company's 2023 dividend distribution proposal.

(4) The Company's proposal for the distribution of cash dividends from capital surplus.

(5) Proposal for the appointment of the Company's CPAs for 2024 and their remuneration.

(6) Loan to the subsidiary World Fitness Asia Limited.

- (7) Amendment of the Company's " Procedure for Loaning of Funds ".
- (8) Amendment of the Company's " Procedures for Acquisition or Disposal of Assets ".
- 9. Passed in the ninth meeting of the first Audit Committee on March 18, 2024:
 - (1) Renewal of lease of premises of the Nanjing Branch of the subsidiary World Fitness Asia Limited.
 - (2) Proposal to buyback the Company's common shares.
 - (3) Establishment of the Company's Regulations for the Transfer of Treasury Shares to Employees.
 - (4) Added provisions to the Company's "Internal Audit Enforcement Rules".

(II) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the all directors: None.

II. Regarding recusals of independent directors due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.

III. Communication between independent directors, chief auditor, and CPAs:

The chief auditor submits the "audit report" via email every month to all independent directors for review. The chief auditor attends meetings of the Audit Committee every quarter to report on the actual implementation of the audit plan, and maintains smooth communication with independent directors. The CPAs attend board meetings to express their review opinions on matters such as financial reports and internal control reviews, and fully communicate with independent directors.

(I) Overview of recent communication between independent directors and the chief auditor

Date	Main points of communication	Communication status and results
2023/03/22	1. Report on the actual Implementation of internal audits 2. 2022 Statement of Internal Control	1. No objection 2. Passed as proposed after review
2023/07/25	1. Internal Audit Report for Q2 2023 2. Statement on Internal Control from July 1, 2022 to June 30, 2023	1. No objection 2. Passed as proposed after review
2023/10/16	Internal Audit Report for Q3 2023	No objection
2024/03/07	1. Internal Audit Report for Q4 2023 2. 2023 Statement of Internal Control	1. No objection 2. Passed as proposed after review

(II) Overview of recent communication between independent directors and the CPAs

Date	Nature of meeting	Main points of communication	Communication status and results
2024/01/31	Audit Committee	1. The CPAs explained the audit plan, the independence of CPAs, audit quality indicator information, etc.	No objection
2024/03/07	Audit Committee	1. The CPA explained related audits of the 2023 financial report. 2. The CPA explained key audit matters set for the annual audit	No objection

(III) Corporate governance practices and deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the "Corporate Governance Best Practice Principles" and disclosed them on the company website.	No significant deviation.
II. Shareholding structure & shareholders' rights				
(I) Does the Company establish internal operating procedures for handling shareholder suggestions, questions, complaints or litigation and handled related matters accordingly?	V		(I) The Company established relevant rules in the "Corporate Governance Best Practice Principles", and appointed a spokesperson and deputy spokesperson in accordance with regulations to process shareholders' recommendations and questions.	No significant deviation.
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	V		(II) The Company maintains an updated list of major shareholders and ultimate beneficial owners and the stock agency readily updates relevant information.	No significant deviation.
(III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?	V		(III) The Company has established the "Subsidiary Supervision Regulations" and other relevant rules and regulations to establish appropriate risk control mechanisms and firewalls. The Company and affiliates maintain independent business and financial operations and different management teams are responsible for the management of daily operations and activities to prevent non-arm's length transactions.	No significant deviation.
(IV) Has the Company established internal rules against insiders trading with undisclosed information?	V		(IV) The Company has formulated the "Procedures for Handling Material Inside Information and Preventing Insider Trading" and stipulated out relevant operating standards.	No significant deviation.
III. Composition and responsibilities of the Board of Directors				
(I) Does the Board of Directors establish and carry out policies and concrete management objectives in	V		(I) The Company has formulated the "Corporate Governance Best Practice Principles" and formulated and implemented diversity policies for board	No significant deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
diversity?			members. The Company has adopted the candidate nomination system for the election of directors (including independent directors). The Company's directors specialize in areas such as business operations, management, finance, audit, economics, and medicine, which meet the needs of the Company's operations.	
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and Audit Committee?		V	(II) The Company currently does not need other functional committees and will evaluate the establishment of such committees as needed in the future.	To be established in the future as needed.
(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually, and report the results of evaluations to the Board, and use them as a reference for individual directors' remuneration and nomination and renewal?	V		(III) The Company has established the Regulations Governing Board Performance Evaluation and conducts regular performance evaluations every year. It reports the evaluation results to the Board of Directors.	No significant deviation.
(IV) Does the Company regularly evaluate the independence of the CPAs?	V		(IV) The Company's Finance Department regularly reviews the independence of the certifying CPAs. We established the "Independence and Performance Evaluation Methods for Certified Accountants" and conduct annual evaluations in accordance with regulations.	No significant deviation.
IV. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board	V		The Company has appointed the Corporate Governance Officer, who is responsible for providing data required by directors to perform their duties, handling matters related to board meetings and shareholders' meetings, handling company registration and change of registration, and processing the meeting minutes of board meetings and shareholders' meetings.	No significant deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
of Directors and the shareholders' meetings, and producing minutes of Board meetings and shareholders' meetings)?				
V. Has the Company established communication channels and built a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	V		The Company has established stakeholder communication channels and set up a stakeholder area on the Company's website. Stakeholders can fully express their concerns through this channel.	No significant deviation.
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed the professional stock agency "SinoPac Securities Corp." to deal with matters of the shareholders' meeting.	No significant deviation.
VII. Information disclosure (I) Does the Company have a corporate website to disclose both the Company's financial standings and corporate governance status?	V		(I) Does the Company have a corporate website to disclose the Company's financial, business, and corporate governance information?	No significant deviation.
(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	V		(II) The collection and disclosure of the Company's information are handled by the corresponding dedicated units. The Company has appointed a spokesperson and deputy spokesperson in accordance with regulations.	No significant deviation.
(III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report the financial statements of the first three quarters, as well as monthly operation results, before the prescribed time limit?	V		(III) The Company publishes and files financial reports within the time limit prescribed by law, and has not yet filed and published financial reports ahead of schedule.	No significant deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?	V		(I) The Company enjoys harmonious labor relations and protects employees' legitimate rights and interests in accordance with the Labor Standards Act. The Company has not been punished by the competent authorities due to major labor issues or major violations of labor laws. (II) The Company provides employees with reasonable remuneration, cultural and recreational activities, free memberships and other measures to establish a solid relationship of mutual trust and mutual dependence between labor and management. (III) The Company has set up a corporate website and spokesperson system, and announces relevant financial business information and major news on the Market Observation Post System in a timely manner to protect the rights and interests of investors. (IV) The Company upholds ethical corporate management, conducts fair transactions with suppliers, and expressly bans bribery by suppliers. (V) Stakeholders may communicate with and make suggestions through the channels provided by the Company to protect their legitimate rights and interests. (VI) The Directors of the Company have completed the required training hours and they continuously monitor information related to corporate governance. (VII) The Company attaches great importance to the rights and interests of customers and has set up a customer service mailbox and customer service hotline with dedicated personnel to handle customer issues. (VIII) The Company has stipulated relevant regulations on directors' liability insurance in the "Corporate Governance Best Practice Principles" and has purchased liability insurance for directors.	No significant deviation. No significant deviation. No significant deviation. No significant deviation. No significant deviation. No significant deviation. No significant deviation. No significant deviation.
IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by				

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
the Taiwan Stock Exchange’s Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved. (Not required for companies not included in the evaluation): The Company was listed on TWSE on January 24, 2024, and has not yet been included in the 2023 corporate governance rankings.				

(IV) Composition and operating status of the Remuneration Committee

1. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Identity	Criteria Name	Professional qualifications and experience	Independence	Number of Other Public Companies Where the Individual Concurrently Serves as a Remuneration Committee Member
Convener	Warren Ko	Mr. Ko has a PhD in Finance from Feng Chia University and serves as an Adjunct Assistant Professor of the Department of Finance, Feng Chia University. He served as the Regional Director of Far Eastern International Commercial Bank and has several years of practical experience in finance.	1. Compliant with Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. 2. The independent directors of the board of directors and their spouses and relatives within second degree are not serving as directors, supervisors, or employees of the Company or any of its affiliates. 3. The independent directors of the board of directors and their spouses and relatives within second degree are not holding shares of the company in their own names or in any third party's name. 4. The independent directors of the board of directors and their spouses and relatives within second degree are not serving as directors, supervisors, or employees of any company that has a specific relationship with the Company. 5. The independent directors of the board of directors and their spouses and relatives within second degree receive no remuneration from providing business, legal, financial, or accounting service to the company or any of its affiliates in the last two years.	None
Committee Member	Jack Hsiao	Mr. Hsiao has a PhD from Boston University School of Medicine (including master's degree) and serves as the Chief Operating Officer, Hsiao Chung-Cheng Healthcare Group. He has several years of practical experience in medicine.		1
Committee Member	Kevin Fong	Mr. Fong graduated from the Department of History, Tamkang University and serves as the Company Representative and President, Fong Maclaren Ltd. He has several years of practical experience in business. Graduated from the History Department of Tamkang University, he is the company representative and general manager of Dexingchang Trading Co., Ltd., and has many years of practical experience in business.		None
Committee Member	Hui-Min Chen	Mr. Chen has an MBA from the In-service Master's Program of National Taiwan University and served as a CPA in Deloitte, Taiwan. He currently serves as a senior consultant/accountant at Huifengfu Management Consulting Co., Ltd. and has several years of experience in financial theory and accounting practice.		None

Note 1: Members of the Company's current Remuneration Committee do not meet any of the conditions stated in Article 30 of the Company Act.

2. Operation of the Remuneration Committee

(1) The current Remuneration Committee has 4 members.

(2) The current term of office: The Company set up the Remuneration Committee on February 1, 2023, and four independent directors serve as members of the Remuneration Committee with a term from February 1, 2023 to January 16, 2026. From the date of establishment of the current Remuneration Committee till March 31, 2024, the Remuneration Committee convened 3 meetings (A). The qualifications and attendance of members were as follows:

Title	Name	Attendances in person (B)	By Proxy	Attendance rate (B/A)	Note
Independent Director (Convener)	Warren Ko	3	-	100%	
Independent Director (Committee Member)	Jack Hsiao	3	-	100%	
Independent Director (Committee Member)	Kevin Fong	3	-	100%	
Independent Director (Committee Member)	Hui-Min Chen	2	-	100%	Elected on July 25, 2023 Attendance required for 2 meetings
Independent Director	Yu-Chuan Hsiao	-	-	-	Resigned on 2023.05.02 Attendance required for 0 meetings
Other matters:					
I. Describe the date, term, and agenda of the board meeting, resolutions of the Audit Committee, and the response to the Audit Committee's recommendations where the board did not adopt or modify the Remuneration Committee's recommendations (e.g., describe the difference and reasons where the board of directors approves a better compensation package than what is recommended by the Remuneration Committee): None.					
II. If with respect to any resolution of the Remuneration Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, describe the date of committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the opinion of opposing members: None.					

(3) Date of meetings, contents of motions, and resolution results of the Remuneration Committee in the most recent year and up to the date of publication of the annual report, and the Company's response to the Remuneration Committee's opinions

Term/Meeting Number Date	Contents of Motions	Resolution Results	The Company's response to the opinions of the Remuneration Committee
1st meeting of the 1 st -session 2023/7/25	1. Passed the Company's Regulations Governing the Salary and Remuneration of Directors and Managerial Officers. 2. Proposal to appoint a Corporate Governance Officer.	Reviewed and passed by all members	Approved by the Board of Directors
2nd meeting of the 1 st -session 2023/11/14	1. The Company's Pre-IPO Cash Capital Increase Employee Subscription Regulations.	Reviewed and passed by all members	Approved by the Board of Directors

Term/Meeting Number Date	Contents of Motions	Resolution Results	The Company's response to the opinions of the Remuneration Committee
3rd meeting of the 1 st -session 2024/3/7	1. Proposed distribution of employee bonuses and directors' remuneration in 2023	Reviewed and passed by all members	The Board of Directors approved the Company's 2023 employee and director remuneration proposals and submitted them to the shareholders' meeting.

(V) Sustainable development implementation and deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for such deviations

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Description	
I. Has the Company established a governance framework to promote sustainable development and a dedicated department (or have another department be responsible for related efforts) for fulfilling sustainable development, with the board of directors authorizing high-level managers to handle such efforts, and having relevant progress be supervised by the board of directors?	V		- The Company established the Sustainable Development Department in September 2022. The manager of the Occupational Safety Department serves concurrently as the head of this department. The Company also appointed a sustainability planning specialist and a sustainability administration specialist to jointly review domestic and international developments in sustainability issues related to the core business of the Company. We organized meetings to identify the impact of company operations on stakeholders, evaluated risks related to sustainable development, and formulated strategies. We plan and implement annual plans and track implementation results to ensure the implementation of sustainable development strategies. - The managers report the work progress and future work projects of the Sustainable Development Department to the Chairman every six months to ensure that the Company implements sustainable development tasks to comply with sustainable development policies and objectives. Starting from 2024, the Company will report the work progress and future work projects of the Sustainability Department to the Board of Directors every quarter.	Compliant
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish relevant risk management policies or strategies?	V		- The Company assesses ESG risks associated with its operations based on the principle of materiality and the boundaries of the risk assessment includes the Company and all subsidiaries. - The Company has formulated the "Sustainable Development Best Practice	Compliant

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Description	
			Principles" to promote economic, social, environmental, and ecological balance as well as sustainable development. In addition, the Company continues to communicate with stakeholders through a variety of methods, analyzes issues of concern to stakeholders, and formulates relevant management policies based on the characteristics of different issues to reduce risks to the Company's operations and attain sustainable development.	
III. Environmental issues (I) Has the Company established environmental management systems based on its industry's characteristics?		V	The Company is a sports and fitness service company, and its operations do not cause significant damage or pollution to the environment. However, the Company plans to formulate an environmental management system to support the sustainable development of the environment. The Company will also continue to pay attention to the issues of environmental protection and sustainable development.	The Company will re-evaluate the characteristics of the fitness industry and establish a comprehensive environmental management system to ensure the environmental sustainability of the Company's business, and develop appropriate strategies and measures based on relevant regulatory requirements and best practices.
(II) Is the Company committed to improving the efficiency of energy consumption and utilizing renewable materials to reduce the environmental impact?	V		The Company is committed to improving the utilization efficiency of various resources and uses 2023 as the baseline year to calculate energy usage. In addition, the branches have also started to install energy-saving systems to monitor and manage the power usage of each branch. The energy-saving system allows the Company to detect abnormal energy usage as quickly as possible and take appropriate steps to address them to reduce the waste of energy and achieve energy conservation and carbon reduction.	Compliant
(III) Does the Company evaluate potential risks and opportunities brought by climate change, and take	V		The Company evaluates potential risks and opportunities brought by climate change, and actively takes response measures to climate-related issues. They are described below:	Compliant

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Description	
response measures to climate-related issues?			Climate change risks: 1. Extreme weather events: Climate change may lead to more frequent and severe extreme weather events such as typhoons, floods, or storms. These incidents can result in the closure of fitness centers, loss of revenue, and damage to facilities. Responses: Establish appropriate risk assessment and response measures, including strengthening the capacity of facilities to withstand disasters, developing contingency plans, and considering the purchase of appropriate insurance to cover losses. 2. Heat and air pollution: Global warming may lead to hot weather and air pollution problems, which may affect people's willingness to participate in fitness activities. Responses: Provide diverse and high-quality indoor facilities and energy-saving air-conditioning systems to attract customers who want to escape the heat and avoid outdoor air pollution. Provide appropriate shade and temperature warnings when organizing outdoor sports activities. 3. Shortage of natural resources: Climate change may lead to reduction in natural resources, such as water shortages or energy supply disruptions, which may increase overall operating costs. Responses: Implement water-saving and energy-saving measures, such as using high-efficiency energy-saving equipment, recycling water resources, or utilizing waste heat recovery, and develop energy management systems to ensure the effective use of resources. Climate change opportunities: 1. Increased health and climate awareness: As the severity of climate change becomes increasingly apparent, concerns about health and climate are also increasing. This creates opportunities to the fitness industry as more people may seek fitness activities	

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Description	
			to improve their health, which is beneficial to the development of the fitness industry. Responses: In the future, the Company can promote green fitness concepts such as providing environmentally friendly facilities and fitness equipment, encouraging customers to use bicycles or public transportation to go to the gym, and organizing awareness campaigns to enhance customers' awareness of health and climate issues. 2. Adaptive sports facilities: Climate change may change the demand for sports venues. For example, indoor sports facilities may become more popular as an option to avoid extreme weather and air pollution. Responses: The company is committed to providing diverse and high-quality indoor facilities, such as indoor swimming pools and indoor sports courts to attract a wider range of customers and satisfy their needs. 3. Digitalization and remote training: Climate change may cause transportation and mobility difficulties and thus limit or reduce people's willingness to visit fitness centers. This has prompted the fitness industry to turn to digitalization and remote training models to provide more flexible and convenient exercise options. Responses: The Company has developed and promoted online fitness courses and training plans. We set up a fitness app and a digital audio and video platform — WG Online — for customers to exercise and receive professional guidance at home or anywhere. The Company will reference the TCFD proposal framework announced by the Financial Stability Board, conduct regular climate change risk assessments, and formulate appropriate response measures.	
(IV) Has the Company collected statistics of its GHS emission, water consumption, and total weight of waste over the past		V		The Company has not disclosed the annual greenhouse gas emissions, water

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Description	
two years, and formulated policies of GHG reduction, water consumption reduction, or other plans related to waste management?				consumption, and total weight of waste in the past two years, but statistics on related items have been compiled. The Company continuously monitors energy conservation and carbon reduction. We implement environmental protection policies in detailed operations, implement waste sorting and waste reduction, and reduce electricity and water consumption in offices and operation sites. In the future, we will formulate relevant management policies based on actual needs or regulatory requirements.
IV. Social Issues (I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company formulates work and personnel rules in accordance with labor-related laws and regulations. For detailed measures for the protection of employees' rights and interests, please refer to the explanation in V. Labor Relations in Chapter 5 of this annual report.	Compliant
(II) Does the Company have reasonable employee benefit measures and are business performance or results reflected in employee salaries?	V		The company has established an Employee Welfare Committee in accordance with relevant laws and regulations to implement welfare measures. Please refer to the explanation in V. Labor Relations in Chapter 5 of this annual report.	Compliant
(III) Does the Company provide a healthy and safe work environment, and does it	V		The Company complies with the Occupational Safety and Health Act and relevant laws and regulations to ensure the safety and health of	Compliant

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Description	
organize health and safety training for its employees on a regular basis?			workers. We regularly inspect the work environment of employees, address deficiencies, and use equipment and facilities that comply with safety regulations. The Company reports the number of occupational accidents involving employees every month, assists employees in handling occupational accident matters, and includes them in the discussions of the Occupational Safety and Health Committee for review and improvement. The Company regularly organizes employee health examinations and provides maternal protection for female employees as well as assessment and consultation for employees returning to work.	
(IV) Has the Company established effective career development and training plans for its employees?	V		The Company set up the Sports Department Trainer Training Center and Aerobics Department Aerobics Training Center with dedicated personnel for developing training course systems to enhance the professional skills of employees.	Compliant
(V) Does the Company comply with relevant regulations and international standards in customer health and safety, customer privacy, marketing, labeling, and other issues? Has the Company established consumer or customer rights protection policies and complaint procedures according to relevant laws, regulations, and international standards?	V		The Company abides by relevant laws and international standards regarding customer health and safety, customer privacy, marketing, and labeling of its products and services, provides transparent communication service channels, sets up customer comment forms, customer service mailboxes, and telephone customer service centers to provide immediate services, and respects consumer privacy and protects the personal information provided by consumers in accordance with the Personal Data Protection Act and other applicable laws.	Compliant
(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights? If so, describe the results.	V		The Company has not yet required suppliers to comply with relevant standards such as environmental protection and occupational safety and health. However, the Company has established supplier evaluation procedures, regularly evaluates suppliers every year, and will continue to work with suppliers to improve ESG performance.	Compliant
V. Does the Company prepare sustainability reports and other reports that disclose non-financial information by following international reporting		V		The Company currently has not prepared sustainability reports, but plans to release

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Description	
standards or guidelines? Are the reports certified or assured by a third-party accreditation body?				the first sustainability report voluntarily prepared and submitted in accordance with GRI Standards in 2024. The Company also plans to obtain certification or assurance from a third-party accreditation body for future sustainability reports.

VI. If the Company has established sustainability principles based on "Sustainability Best Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between the principles and their implementation:

The Company has formulated the "Sustainable Development Best Practice Principles" to promote economic, social, environmental, and ecological balance as well as sustainable development. The "Sustainable Development Best Practice Principles" have been disclosed on the Market Observation Post System and the "Investor Area" of the Company's website. The implementation is regularly reviewed and improvements are made as necessary. There has been no deviation in implementation.

VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development: The Company has a sustainable development area on the investor web page (<https://investor.worldgymtaiwan.com/sustainability>), and relevant information will be announced immediately.

VIII. Implementation of climate-related information

Item	Implementation situation
1. Describe the board and management's oversight and governance of climate-related risks and opportunities.	1. In September 2022, our company established the Sustainability Development Department. The Manager of the Occupational Safety and Health Department concurrently serves as the head of this new department, and a Sustainability Planning Specialist has been appointed. They collaborate with several junior and senior executives from various fields to review development trends in both domestic and international sustainability issues and their relevance to the company's core business. They also identify the impact of the company's operations on stakeholders through meetings, conduct risk assessments and develop strategies related to sustainability, identify risks and opportunities associated with climate change, plan and execute annual programs, and track the effectiveness of these initiatives to ensure the successful implementation of sustainability strategies. Starting in 2024, the Sustainability Development Department will report its progress and future work items to the Board of Directors on a quarterly basis. Additionally, it is planned to establish a Sustainability Development Committee in 2024, which will operate under the supervision of the Board of Directors to continue driving corporate sustainability and overseeing the management of climate-related risks and opportunities.
2. Describe how the identified	2. Short-term climate change risks:

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Description	
climate risks and opportunities affect the Company's business, strategy and finance (short-term, medium-term, long-term).			Extreme weather events: Climate change may lead to more frequent and severe extreme weather events, such as typhoons, floods, or storms. Such extreme climate-related disasters can result in business interruptions, leading to investment losses and damage to facilities. Mitigation measures: Establish appropriate risk assessments and response plans, including strengthening the disaster resilience of facilities, developing contingency plans, and considering purchasing suitable insurance to cover potential losses. Short-term climate change opportunities: Adaptive sports facilities: Climate change may alter the demand for sports venues. For instance, indoor sports facilities could become more popular as they offer a safe option to avoid extreme weather and air pollution. Mitigation measures: Our company is committed to providing safe, stable, diverse, and high-quality indoor facilities, such as indoor swimming pools and indoor sports arenas, to ensure the public and our customers can maintain their health safely. Mid-term climate change risks: High temperatures and air pollution: Global warming may lead to hotter weather and air pollution issues, which could impact people's ability to participate in fitness activities. Mitigation measures: Offer diverse and high-quality indoor facilities and energy-efficient air conditioning systems to attract customers seeking relief from heat and outdoor air pollution. Additionally, provide shaded areas and temperature warnings for outdoor activities. Mid-term climate change opportunities: Digital and remote training: Climate change may lead to difficulties in transportation and mobility, reducing people's willingness to go to fitness centers. This drives the fitness industry to shift towards digital and remote training models, offering more flexible and convenient exercise options. Mitigation measures: Our company is developing and promoting online fitness courses and training programs, establishing a fitness app and digital media platform—WG Online—to allow customers to exercise and receive professional guidance from home or anywhere else. Long-term climate change risks: Natural resource shortages: Climate change may lead to reductions in natural resources, such as water scarcity or disruptions in energy supply, increasing overall operational costs. Mitigation Measures: Plan for water resource recycling and continuously monitor the resolutions of the United Nations Climate Summit. Implement energy-saving and carbon-reduction measures in accordance with government sustainability policies. For example, schedule the replacement of high-efficiency energy-saving equipment, implement water resource recycling measures and waste heat recovery, and develop energy management systems to ensure effective resource utilization.	

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Description	
3. Describe the financial impact of extreme climate events and transition actions.			Long-term Opportunities from Climate Change: Increased Health and Climate Awareness: As the seriousness of climate change becomes more apparent, people's concern for health and the climate is also rising. This creates opportunities for the fitness industry, as more individuals may seek fitness activities to improve their health, benefiting the growth of the industry. ° Mitigation Measures: In the future, our company can promote a green fitness concept by offering eco-friendly facilities and equipments. In addition to internal advocacy, we also encourage customers to use bicycles or public transportation to visit our fitness center. We should also organize promotional activities that highlight the health impacts of climate change, addressing the concerns of fitness enthusiasts about their well-being. 3. Impact of Extreme Climate Events: (1)Operational Disruption: Extreme climate events, such as typhoons, floods, or storms, may lead to temporary closures of the fitness center, resulting in revenue loss and impacting the company's income and profitability. ° (2)Asset Loss: Damage from extreme climate events can result in property losses, such as damage to facilities and equipment. Repairing or replacing these assets will increase the company's operating costs. ° (3)Increased Equipment Procurement Costs Due to Supply Chain Disruptions: Extreme climate events may cause disruptions in the supply chain, such as transportation delays leading to postponed deliveries from suppliers. This may necessitate the use of alternative, often more expensive transportation methods, resulting in increased operational costs for the company. (4)Increased Insurance Costs: Extreme climate events may result in insurance claims, leading to higher insurance premiums in the future. The increase in insurance costs will contribute to the overall rise in operational expenses. Impact of Transformation Actions: (1)Investment Costs for Energy-Efficient Equipment: To reduce greenhouse gas emissions or transition to renewable energy, investments in new or upgraded equipment are necessary. These adjustments or additions to equipment will increase operational costs. ° (2)Employee Training Expenses: Adjustments to equipment necessitate employee training, leading to increased operational costs for the company. (3)Increased Compliance Costs: As the government introduces or revises regulations related to climate change, the company may incur higher costs to comply with new laws, which includes expenses for obtaining green certifications, adjusting equipment, or altering business models, thereby increasing operational costs.	

Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Description	
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained. 6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. 8. If climate-related targets are set, please explain the activities covered, greenhouse gas emission scopes, planning timeframe, and annual progress; if using carbon offsets or Renewable Energy Certificates (RECs) to achieve targets, please specify the source and quantity of carbon offsets or RECs. 9. Greenhouse gas inventory and confirmation, reduction goals, strategies and specific action plans.			4. The identification of current climate risks is conducted through meetings led by the Sustainability Department and various senior executives from different departments. The process references the recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB). It is anticipated that after the establishment of the Sustainability Committee in 2024, the committee will lead the development of processes for identifying, assessing, and managing climate risks, and integrate these processes into the overall risk management system. 5. Not yet planned and identified. 6. The company has not yet established a transformation plan for managing climate-related risks. 7. The company has not yet adopted internal carbon pricing as a planning tool. 8. The company has not yet established climate-related targets. 9. The status of greenhouse gas inventory and verification, along with reduction targets, strategies, and specific action plans, is detailed in Tables 1-1 and 1-2.	

Table 1-1: Greenhouse gas inventory and verification status for the last two years

Describe the greenhouse gas emissions for the last two years, including total emissions (metric tons CO ₂ e), emission intensity (metric tons CO ₂ e per million USD), and data coverage.	In 2022, the company did not have complete records. For 2023, the annual emissions were 81,915.95 metric tons CO ₂ e, with an intensity of 0.0000087 metric tons CO ₂ e per million TWD.
Describe the verification status for the last two years up to the date of the annual report printing, including the scope of verification, verification body, verification standards, and verification opinion.	The company plans to conduct verification in the 2024 Sustainability Report (base year 2024)

Table 1-2: Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans, and progress	The company will use 2024 as the base year, with a goal of reducing emissions by 25% by 2030. Specific strategies and
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Item	Implementation status			Deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation
	Yes	No	Description	
towards achieving the reduction targets.			action plans will be developed upon the establishment of the Sustainability Committee.	

(VI) Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and senior management towards implementation of such policy?	V		(I) The Company has formulated the "Ethical Corporate Management Best Practice Principles" and "Ethical Corporate Management Operating Procedures and Code of Conduct", which have been approved by the Board of Directors and are rigorously implemented in internal management and external business activities.	No significant deviation
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the	V		(II) The Company upholds ethical management principles and implements ethical business operations. The Company shall not engage in business activities with higher risks of unethical conduct within its scope of business and shall strengthen related preventive measures. The Company maintains its political neutrality and does not provide political donations.	

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(IV) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or hire external CPAs to perform the audits? (V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	V		investigation unit and decision-making supervisor will provide the employee with opportunities to make a full statement before the Company makes a formal disciplinary decision. (IV) The Company has established relevant internal control systems to eliminate, wherever possible, opportunities that may induce employees to make mistakes. The audit unit conducts necessary audits on a regular basis. (V) The Company organizes courses related to corporate governance and ethical corporate management in the annual regular continuing education courses for directors, and will gradually expand these courses to company executives and other employees.	
III. Operation of the whistle-blowing system (I) Has the Company established both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party for the follow-up? (II) Does the Company have in place standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?	V		(I) The Company has announced the whistleblowing channels on the corporate website. A dedicated person from the Chairman's Office will be responsible for convening relevant personnel to collect necessary evidence on reported matters and notify the police for investigation when necessary. (II) The Company focuses its main efforts on collecting evidence and information. If there is a major violation, the Company notifies the police for investigation. The Company collects evidence and information only for police investigation and research purposes. The relevant information is kept as strictly confidential by the Chairman's Office.	No significant deviation

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(III) Does the Company take measures to protect whistleblowers from inappropriate treatment or retaliation?	V		(III) The Company has disclosed its policy of protecting whistleblowers on its corporate website and in its "Ethical Corporate Management Best Practice Principles".	
IV. Strengthening information disclosure Does the Company disclose the Ethical Corporate Management Best Practice Principles and its results on the Company website and the Market Observation Post System (MOPS)?	V		The Company discloses information related to the Company's ethical corporate management through the Company's website and other channels, and has set up an independent director's mailbox in the investor area of the website with the aim of implementing the responsibility of ethical corporate management through multiple channels.	No significant deviation
V. Describe the deviations, if any, between actual practice and the ethical corporate management principles, if the company has formulated such principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies: None.				
VI. Other important information to facilitate a better understanding of the company's implementation of ethical corporate management: None.				

(VII) If the Company has formulated a corporate governance code of conduct and related guidelines, the method of access to such code and guidelines must be disclosed

The Company has formulated an internal control system, internal audit system, and various management measures, and the implementation is reviewed on a regular or ad hoc basis by internal auditors and external professionals (accountants). The Company's website also has a corporate governance area for investors to inquire and download corporate governance regulations.

(VIII) Other Important Information Regarding Corporate Governance:

Investors can visit the Market Observation Post System (<https://mops.twse.com.tw/mops/web/index>) and the corporate governance area of the Company's investor web page (<https://investor.worldgymtaiwan.com/governance>) to search for relevant information.

(IX) Implementation of internal control system:
1. Statement on Internal Control

World Fitness Services Ltd.

Statement of Internal Control System

March 7, 2024

Based on the findings of a self-assessment, World Fitness Services Ltd. (WFSL) states the following with regard to its internal control system during the year 2023:

1. WFSL's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance with applicable rulings, laws, and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and WFSL takes immediate remedial actions in response to any identified deficiencies.
3. WFSL evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.
4. WFSL has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, WFSL believes that, on December 31, 2023, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency and regulatory compliance of reporting, and compliance with applicable rulings, laws, and regulations.
6. For the purpose of public announcement and declaration, in accordance with Article 28 of the Regulations and Article 4 of the "Operating Procedures for Management after Listing of First Listing Companies and Innovation Board First Listing Companies of Taiwan Stock Exchange Corporation Limited", WFSL has commissioned accountants to conduct a special review of the reliability of the aforementioned period and external financial reports, as well as the internal control system related to safeguarding asset security (to prevent unauthorized acquisition, use, or disposal of assets). As mentioned above, the design and implementation of the aforementioned are effective, with no significant deficiencies affecting the reliability of financial information recording, processing, aggregation, and reporting, nor affecting the safeguarding of asset security, thus preventing significant deficiencies in the unauthorized acquisition, use or disposal of assets.
7. This Statement is an integral part of WFSL's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
8. This Statement was passed by the Board of Directors in their meeting held on March 7, 2024, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

World Fitness Services Ltd.

John Edward Caraccio

Chairman and Chief Executive Officer

2. CPA's Special Review Report on Internal Control

Review and Assurance Report on Internal Control

(2024) Zi-Kuai-Zong-Zi No. 23009099

To WORLD FITNESS SERVICES LTD.:

WORLD FITNESS SERVICES LTD. (hereinafter referred to as "your company") states that after assessing its internal control system related to external financial reporting and information security, the statement of effective design and implementation was issued on December 31, 2023, following the completion of reasonable assurance review procedures by the accountant.

Target, target information, and applicable standards

The target and target information of this assurance case are related to your company's internal control system related external financial reporting and asset safety protection, as of the design and implementation on December 31, 2023, and the statement issued by your company on March 7, 2024, confirming that the internal control system related to external financial reporting and asset safety protection has been effectively designed and implemented (hereinafter collectively referred to as the assurance target).

The applicable standards used to measure or evaluate the above-mentioned assurance target are the measures for evaluating the effectiveness of internal control systems in the Regulations Governing Establishment of Internal Control Systems by Public Companies.

Inherent limitations

Any internal control system has inherent limitations. Therefore, there is still a possibility that the internal control system of your company is unable to prevent or detect certain existing errors or frauds. In addition, as environments may change in the future, the degree of compliance with the internal control system may also decline. Therefore, an internal control system that is effective for the current period may not be as effective in the future.

Responsibilities of management

The responsibilities of management are to establish an internal control system in accordance with relevant laws and regulations, review it regularly to maintain the continuous effectiveness of the design and implementation of the internal control system, and issue an internal control system statement based on the assessment of its effectiveness.

Responsibilities of the accountant

The responsibilities of the accountant are to perform necessary procedures on the assurance target in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies and Assurance Standard No. 3000 Assurance Engagement of Examinations or Audits of Non-Historical Financial Information to obtain reasonable assurance, and to conclude whether the assurance target complies with applicable criteria in all material respects and whether it is appropriately expressed to draw a conclusion.

Independence and quality management regulations

The accountant and their affiliated accounting firm have adhered to the provisions regarding independence and other ethical standards in the professional code of ethics for accountants. The basic principles of the code include honesty, fairness, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, the accounting firm affiliated to the accountant follows quality management standards and maintains a complete quality management system, including written policies and procedures related to compliance with professional ethics, professional standards, and applicable laws and regulations.

Summary of procedures performed

The accountant plans and executes necessary procedures based on their professional judgment to obtain evidence relevant to the assurance target. The procedures performed include understanding the company's internal control system, evaluating the process in which the managerial staff evaluated the overall effectiveness of the internal control system, testing and evaluating the effectiveness of the design and implementation of the internal control system related to external financial reporting and asset safety protection, and other review procedures deemed necessary by the accountant. The accountant believes that this review can provide a reasonable basis for the conclusion expressed.

Assurance conclusion

Based on the judgment made in accordance with the items in the Regulations Governing Establishment of Internal Control Systems by Public Companies that are related to the effectiveness of internal control systems, the CPA determines that the internal control system of your company regarding external financial reporting and assess security protection, which has been designed and executed on December 31, 2023, remains effective in all material aspects. The statement provided by your company on March 7, 2024, on the internal control system regarding external financial reporting and assess security protection, which the company claimed to have been effectively designed and executed after evaluation, is hereby deemed adequate in all material aspects.

PricewaterhouseCoopers Taiwan

Da-Yeh Hsu

CPA

Yu-Chuan Wang

Financial Supervisory Commission

Approval certificate number: Jin-Guan-Zheng-Shen-Zi No. 1050035683

Approval certificate number: Jin-Guan-Zheng-Shen-Zi No. 1020028992

March 7, 2024

(X) For Penalties Imposed Upon the Company and Its Employees in Accordance with the Law or Penalties Imposed by the Company Upon Its Employees for the Violation of the Internal Control System Policy During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report, if the Result of Such Penalties May Have a Significant Impact on the Shareholders' Equity or the Price of Securities, the Contents of the Penalties, Principal Deficiencies, and Improvements Shall Be Specified: None.

(XI) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report.

1. Major Resolutions of Shareholders' Meeting

Date of Meeting	Summary of Major Resolutions
The first extraordinary meeting of shareholders in 2023 (2023/1/17)	1. Amendment of the Company's Memorandum and Articles of Association 2. Election of all directors with 9 directors elected including 4 independent directors 3. Proposal to waive the non-compete clause for directors. 4. Approved the Company's internal control regulations: Procedure for Loaning of Funds, Regulations Making of Endorsements/Guarantees, Procedures for Acquisition or Disposal of Assets, Regulations Governing Procedure for Board of Directors Meetings, Procedures for Election of Directors, Rules of Procedure for Shareholders' Meetings, Sustainable Development Best Practice Principles, Ethical Corporate Management Best Practice Principles, Procedures for Ethical Management and Guidelines for Conduct, and Guidelines for the Adoption of Codes of Ethical Conduct
2023 annual meeting of shareholders (2023/5/25)	1. Acknowledged the 2020-2022 financial report and 2022 business report. 2. Approved the 2022 dividend distribution proposal. 3. Implemented the distribution of cash from capital surplus. 4. Proposal for by-election of one independent director. 5. Proposal to waive the non-compete clause for the newly appointed independent director.
The second extraordinary meeting of shareholders in 2023 (2023/8/2)	1. Amendment of the Company's Memorandum of Organization and Articles of Incorporation. 2. Proposal for the capitalization of capital surplus. 3. Proposal to apply to the Taiwan Stock Exchange Corporation for initial public offering in Taiwan. 4. Proposal for the application for the issuance of shares without printing physical securities. 5. Selection of the authorized person to open a special TDCC account and application for the issuance of shares without printing physical securities for supplementary procedures for the public offering. 6. Approval for the original shareholders to waive the right to subscription in the cash capital increase for public underwriting before the initial public offering.
The third extraordinary meeting of shareholders in 2023 (2023/10/25)	1. Update and amendment of the Company's financial reports for the years 2020 to 2022 and Q2 2023. 2. Correction of the Company's proposed distribution for 2022 earnings and capital surplus.

2. Major Resolutions of Board of Directors Meetings

Date of Meeting	Summary of Major Resolutions
2023/1/4	1. Amendment of the Company's Memorandum of Organization and

Date of Meeting	Summary of Major Resolutions
	- Articles of Incorporation 2. Proposal for election of all directors and acceptance of nominations for directors 3. Proposal to review the qualifications of candidates for the Company's directors and independent directors 4. Proposal to waive the non-compete clause for directors 5. The Company's internal control system, relevant management regulations, approval authority, and accounting system 6. The time, place, and reasons for convening the Company's first special meeting of shareholders in 2023
1st meeting of the 2 nd -session 2023/2/1	1. Election of the Chairman 2. Formulation of the Company's Audit Committee Charter and Audit Committee Operation and Management Regulations, and establishment of the Audit Committee 3. Appointment of the members of the Audit Committee 4. Formulation of the Company's Remuneration Committee Charter and Remuneration Committee Operation and Management Regulations, and establishment of the Remuneration Committee 5. Appointment of the members of the Remuneration Committee
2nd meeting of the 2 nd -session 2023/2/24	Only reports were discussed and there were no major resolutions.
3rd meeting of the 2 nd -session 2023/5/11	1. 2022 Statement of Internal Control. 2. Approved the 2020-2022 financial report and 2022 business report. 3. Approved the Company's 2022 dividend distribution proposal. 4. Proposal for the distribution of cash dividends from capital surplus. 5. Appointment of the managerial officer. 6. Appointment of President and directors of the subsidiary World Fitness Asia Limited. 7. Proposal to waive the non-compete clause for the managerial officer of World Fitness Services Ltd. and the directors and managerial officer of the subsidiary World Fitness Asia Limited. 8. Appointment of the chief auditor. 9. Proposal for by-election of one independent director. 10. Proposal to review the qualifications of candidates for independent directors. 11. Proposal to waive the non-compete clause for directors. 12. Approval of shareholder share transfer. 13. Set the time, place, and reasons for convening the Company's regular meeting of shareholders in 2022.
4th meeting of the 2 nd -session 2023/6/14	1. Approval of shareholder share transfer.
5th meeting of the 2 nd -session 2023/7/25	1. The Company's financial statements for Q1 2023. 2. Proposal for approval of the Company's "Statement on Internal Control" from July 1, 2022 to June 30, 2023. 3. Fourth amendment of the Company's Memorandum of Organization and Articles of Incorporation and the proposal to increase the authorized capital. 4. Correction of the romanization of the Company's directors registered in Cayman 5. Proposal for the capitalization of capital surplus 6. Proposal to apply to the Taiwan Stock Exchange Corporation for

Date of Meeting	Summary of Major Resolutions
	initial public offering in Taiwan. 7. Proposal for the public offering of shares. 8. Proposal for the application for the issuance of shares without printing physical securities. 9. Selection of the authorized person to open a special TDCC account and application for the issuance of shares without printing physical securities for supplementary procedures for the public offering. 10. Proposal for the capital cash increase and public underwriting before the initial public offering. 11. Approval for the original shareholders to waive the right to subscription in the cash capital increase for public underwriting before the initial public offering. 12. Approved the Company's simplified financial forecast for Q3 and Q4 2023. 13. Appointment of litigation and non-litigation agent. 14. Appointment of an agency specializing in information disclosure and tax payment. 15. Proposal to appoint a Corporate Governance Officer. 16. Statement for the initial public offering. 17. Proposal for the purchase of liability insurance for all directors. 18. The Company's proposal for the amendment of the initial public offering advisory contract (to add co-organizer). 19. Proposal for entrusting the lead underwriter to handle cases of over-allotment and post-listing price stabilization measures. 20. Submitted an evaluation form describing the Company's ability to prepare financial reports. 21. Proposal for the authorization for independent directors to sign off on the Company's internal audit 22. Appointment of the members of the Remuneration Committee. 23. Passed the Company's Regulations Governing the Salary and Remuneration of Directors and Managerial Officers 24. Passed the seal sample of the Company. 25. Appointment of the lead securities underwriter to assist the Company in complying with listing regulations in Taiwan and signing a sponsorship contract. 26. Discussion of the proposed time, place, and reason for convening the Company's 2023 regular meeting of shareholders.
6th meeting of the 2 nd -session 2023/8/29	1. Approval of the financial report for Q2 2023. 2. Amendments to the Company's Audit Committee Charter.
7th meeting of the 2 nd -session 2023/10/16	1. Report on the acquisition of right-of-use assets and intangible assets in Q3 2023. 2. Acquisition of right-of-use assets by World Fitness Asia Limited Taiwan Branch. 3. Update and amendment of the Company's financial reports for the years 2020 to 2022 and Q2 2023. 4. Correction of the Company's proposed distribution for 2022 earnings and the proposal for the distribution of dividends from capital surplus. 5. The proposed time, place, and reason for convening the Company's 2023 regular meeting of shareholders.
8th meeting of the 2 nd -session 2023/11/14	1. Approved the Company's financial statements for Q3 2023. 2. Approved the 2024 budget. 3. Approved the 2024 audit plan 4. Approved the Pre-IPO Cash Capital Increase Employee

Date of Meeting	Summary of Major Resolutions
	Subscription Regulations.
9th meeting of the 2 nd -session 2024/1/31	1. Approved the Company's Regulations Governing the Evaluation of the Independence and Performance of the Certifying CPAs 2. Proposal for the evaluation of the independence and competency of the CPAs for the Company's financial report. 3. Proposal for the advance authorization for the certifying CPA, the CPA firm, and its affiliate to provide non-assurance services to the Company and its subsidiaries. 4. Proposal for opening a company investment custody account.
10th meeting of the 2 nd -session 2024/3/7	1. Proposed distribution of employee bonuses and directors' remuneration in 2023. 2. 2023 Statement of Internal Control. 3. The Company's 2023 business report and financial statements. 4. The Company's 2023 dividend distribution proposal. 5. Proposal for the distribution of cash dividends from capital surplus. 6. Proposal for the appointment of the CPAs for 2024 and their remuneration. 7. Amendment of the Company's Memorandum of Organization and Articles of Incorporation. 8. Loan to the subsidiary World Fitness Asia Limited. 9. Amendment of the "Operational Procedures for Loaning Funds to Others". 10. Amendment of the "Procedures for Acquisition and Disposal of Assets". 11. Proposal for by-election of one independent director. 12. Time, place, and reasons for convening the Company's regular meeting of shareholders in 2024.
11th meeting of the 2 nd -session 2024/3/18	1. Report on the acquisition of right-of-use assets and intangible assets in Q4 2023. 2. Renewal of lease of premises of the Nanjing Branch of World Fitness Asia Limited. 3. Proposal to buyback the Company's common shares. 4. Establishment of the Company's Regulations Governing the Transfer of Treasury Stock to Employees. 5. Added provisions to the Company's "Internal Audit Enforcement Rules". 6. Proposal to review the qualifications of candidates for independent directors. 7. Proposal to waive the non-compete clause for directors and newly appointed directors.
12th meeting of the 2 nd -session 2024/3/18	1. To add the discuss item for the convening of Annual Shareholders Meeting of 2024.

(XII) Dissenting or qualified opinion of directors or supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of the annual report: None.

(XIII) A summary of resignations and dismissals of the Company's chairman, president, accounting manager, financial manager, chief internal auditor, corporate governance officer, and R&D manager in the most recent year and up to the publication date of this annual report: None.

V. Information on fees to the certified public accountant (CPA)

Unit: NT\$ thousand

Accounting	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Note
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Firm						
Pricewaterhouse Coopers Taiwan	Chien-Yeh Hsu Yu-Chuan Wang	2023/01/01- 2023/12/31	4,225	350	4,575	Tax report 350

VI. Information on change of accountants:

The Company has not changed its accountants in the past two years.

VII. Cases where the chairman, president, and financial or accounting officer of the Company had worked for the CPA's accounting firm or its affiliate in the past year: This event did not occur at the Company.

VIII. Changes to equity transfer or pledge loan of directors, supervisors, managerial officers, and major shareholders whose shareholding ratio exceeds 10% in the most recent year and up to the publication date of the annual report.

(I) Changes in equity held by directors, supervisors, managerial officers, and shareholders holding more than 10% equity:

Unit: thousand shares

Title	Name	2023		As of April 29, 2024	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Chairman	John Edward Caraccio	-	-	-	-
Director	Michael A. Sanciprian	-	-	-	-
Director	Lionel de Saint-Exupéry	-	-	-	-
Director	Sanjay Sachdeva	-	-	-	-
Director	Steven Wu	-	-	-	-
Independent Director	Warren Ko	-	-	-	-
Independent Director	Jack Hsiao	-	-	-	-
Independent Director	Kevin Fong	-	-	-	-
Independent Director	Hui-Min Chen	-	-	-	-
Chief Financial Officer	Justine Hsieh	-	-	30	-
Chief auditor	Hsiao-Jung Pai	-	-	20	-
Corporate Governance Officer	Yu-Che Chen	-	-	5	-
Major Shareholder	Cienega Holdings Limited	14,423	14,423	-	(28,847)
Major Shareholder	CWFS Holdings SPC Limited	11,855	-	-	-

(II) Information on Share Transfers: No counterparties were related parties.

(III) Information on Share Pledges: No counterparties were related parties.

IX. Relationship among the Company's 10 Largest Shareholders who are Related to, Spouse of, or a Relative Within the Second Degree of Kinship of Another.

Date: March 25, 2024; Unit: thousand shares

Name		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Kinship		Note
		Shares	Percentage (%)	Shares	Percentage (%)	Shares	Percentage (%)	Name	Relation	
Cienega Holdings Limited	Legal person	28,847	25.64	-	-	-	-	-	-	-
	Representative: John Edward Caraccio (Note 1)	-	-	-	-	41,471	36.86	(1) Tustana Investment Holdings Limited (2) Global Fitness Management Limited (3) LWC Holdings, LLC (4) PMCLB Investments LLC (5) Crystal Clear Ventures Limited	(1) The representative is the same individual (2) The representative is the same individual (3) The representative is a brother (4) The representative is a brother (5) The representative is a brother	-
CWFS Holdings SPC Limited	Legal person	23,711	21.08	-	-	-	-	-	-	-
	Representative: Kiwi Chun	-	-	-	-	-	-	-	-	-
Tustana Investment Holdings Limited	Legal person	7,151	6.36	-	-	-	-	-	-	-
	Representative: John Edward Caraccio (Note 1)	-	-	-	-	41,471	36.86	(1) Cienega Holdings Limited (2) Global Fitness Management Limited (3) LWC Holdings, LLC (4) PMCLB Investments LLC (5) Crystal Clear Ventures Limited	(1) The representative is the same individual (2) The representative is the same individual (3) The representative is a brother (4) The representative is a brother (5) The representative is a brother	-
Global Fitness Management Limited	Legal person	5,473	4.87	-	-	-	-	-	-	-
	Representative: John Edward Caraccio (Note 1)	-	-	-	-	41,471	36.86	(1) Cienega Holdings Limited (2) Tustana Investment Holdings (3) LWC Holdings, LLC (4) PMCLB Investments LLC (5) Crystal Clear Ventures Limited	(1) The representative is the same individual (2) The representative is the same individual (3) The representative is a brother (4) The representative is a brother (5) The representative is a brother	-
LWC Holdings, LLC	Legal person	4,618	4.10	-	-	-	-	-	-	-
	Representative: Leonard W. Caraccio	-	-	-	-	-	-	(1) Cienega Holdings Limited (2) Tustana Investment Holdings Limited (3) Global Fitness Management Limited (4) PMCLB Investments LLC (5) Crystal Clear Ventures Limited	(1) The representative is a brother (2) The representative is a brother (3) The representative is a brother (4) The representative is a brother (5) The representative is a brother	-
Lu Family Trust 2014 Investment Account under the custody of Yuanta Securities Co., Ltd.		4,395	3.91	-	-	-	-	-	-	-
MS	Legal person	4,096	3.64	-	-	-	-	-	-	-

Name		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within the Second Degree of Kinship		Note
		Shares	Percentage (%)	Shares	Percentage (%)	Shares	Percentage (%)	Name	Relation	
Worldwide Investments LLC	Representative: Michael A. Sanciprian (Note 2)	-	-	-	-	4,096	3.64	-	-	-
PMCLB Investments LLC	Legal person	2,493	2.22	-	-	-	-	-	-	-
	Representative: Paul Caraccio	-	-	-	-	-	-	(1) Cienega Holdings Limited (2) Tustana Investment Holdings Limited (3) Global Fitness Management Limited (4) LWC Holdings, LLC (5) Crystal Clear Ventures Limited	(1) The representative is a brother (2) The representative is a brother (3) The representative is a brother (4) The representative is a brother (5) The representative is a brother	-
Thinker Wealth Venture Capital Co., Ltd. Investment Account under the custody of Yuanta Securities Co., Ltd.		2,232	1.98	-	-	-	-	-	-	-
Crystal Clear Ventures Limited	Legal person	1,861	1.65	-	-	-	-	-	-	-
	Representative: Leonard W. Caraccio	-	-	-	-	-	-	(1) Cienega Holdings Limited (2) Tustana Investment Holdings Limited (3) Global Fitness Management Limited (4) LWC Holdings, LLC (5) PMCLB Investments LLC	(1) The representative is a brother (2) The representative is a brother (3) The representative is a brother (4) The representative is a brother (5) The representative is a brother	-

Note 1: John Edward Caraccio holds 41,471 thousand shares of the Company through Cienega Holdings Limited, Tustana Investment Holdings Limited, and Global Fitness Management Limited, with a shareholding ratio of 36.86%.

Note 2: Michael A. Sanciprian holds 4,096 thousand shares of the Company through MS Worldwide Investments LLC, with a shareholding ratio of 3.64%.

X. The shareholding of the Company, directors, supervisors, managers, and enterprises that are directly or indirectly controlled by the Company in the same investee company:

Date: March 31, 2024; unit: thousand shares; %

Investee company	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
World Fitness Asia	2,483	100%	-	-	2,483	100%

Chapter 4. Capital Overview

- I. Company capital and shares, corporate bonds, preferred shares, overseas depositary receipts, employee stock option plan, restricted share awards, and mergers and acquisitions (including mergers, acquisitions, and demergers)

(I) Sources of Capital

(1) Type of Capital

Date: April 29, 2024; Unit: thousand shares

Type of Shares	Authorized Capital				Note
	Shares issued and outstanding	Treasury Shares	Un-issued Shares	Total	
Common shares	111,010	1,490	87,500	200,000	Listed stocks

(2) Capital formulation process

Date: April 29, 2024; Unit: thousand shares; \$ thousand

Month/Year	Issue price	Authorized Capital		Paid-in Capital		Note		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increase by Assets Other than Cash	Others
November, 2013	NTD 10	12,000	120,000	0.001	0.01	Establishment and registration (Note 1)	-	-
December, 2014	NTD 10	12,000	120,000	7,500	75,000	Cash capital increase of 7,500 thousand shares (Note 1)	-	-
January, 2016	NTD 10	12,000	120,000	8,020	80,204	Reorganization and capital increase of 520 thousand shares (Note 2)	-	-
December, 2016	NTD 10	100,000	1,000,000	50,000	500,000	Capitalization of profits of 41,980 thousand shares	-	-
March, 2017	NTD 10	100,000	1,000,000	50,000	500,000	Issuance of 11,855 thousand preferred shares (Note 3)	-	-
March, 2021	NTD 10	100,000	1,000,000	50,000	500,000	Conversion of all preferred shares into common shares (Note 3)	-	-
August, 2023	NTD 10	200,000	2,000,000	100,000	1,000,000	Capitalization of capital surplus of 50,000 thousand shares (Note 4)	-	-
January, 2024	NTD 10	200,000	2,000,000	112,500	1,125,000	Cash capital increase of 12,500 thousand shares (Note 5)	-	-

Note 1: According to Article 8.1 of the Articles of Incorporation at that time, the Company may redeem its shares after a resolution is passed by the Board of Directors. Therefore, the Board of Directors decided on December 11, 2014 to increase capital in cash by issuing 7,500 thousand new shares and buying back 1 original registered share.

Note 2: According to Article 3.1 of the Articles of Incorporation at that time, the Company may allot, issue, grant stock options, or otherwise dispose of shares upon after a resolution is passed by the Board of Directors. Therefore, the Board of Directors resolved on January 25, 2016 to issue 520 thousand new shares in exchange for 6.49% of the shares (161 thousand shares) of World Fitness Asia Limited.

Note 3: The Company resolved in the board meeting on March 31, 2017 and the shareholders' meeting on April 25, 2017 to buy back 11,855 thousand common shares from the original shareholders and issue corresponding preferred shares (the registration date was April 25, 2017). The approved share capital is divided into 80,000 thousand ordinary shares and 20,000 thousand Class A preferred shares. Later, the Board of Directors resolved on March 23, 2021 and the shareholders' meeting resolved on March 25, 2021 to convert all preferred shares into common shares (the registration date was March 25, 2021), and the approved share capital consisted entirely of common shares totaling 100,000 thousand shares.

Note 4: The Company's shareholders' meeting passed a resolution on August 2, 2023, which approved the increase in share capital to 200,000 thousand issuable common shares and increased the capital by 50,000 thousand shares through the transfer of capital surplus.

Note 5: The Company issued 12,500 common shares with a face value of NT\$10 per share for the capital cash increase before the initial public offering. It was approved by Taiwan Stock Exchange Corporation (TWSE) on November 22, 2023 in the Tai-Zheng-Shang-2 No. 1121704475 approval for the validity and registration of cash capital increase. The cash capital increase date was January 22, 2024.

(II) Shareholder structure

Date: March 25, 2024; Unit: thousand shares

Item \ Shareholder structure	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign institutions and foreigners	Total
Number of Shareholders	-	2	16	4,698	52	4,768
Shareholding (shares)	-	5	1,549	13,717	97,229	112,500
Shareholding ratio %	-	0.00%	1.38%	12.19%	86.43%	100.00%

(III) Shareholding Distribution Status

Date: March 25, 2024; Unit: share(s)

Shareholding Distribution by Brackets	Number of Shareholders (Individuals)	Shareholding (Shares)	Percentage (%)
1 to 999	888	121,084	0.11%
1,000 to 5,000	3,519	5,418,877	4.82%
5,001 to 10,000	163	1,307,100	1.16%
10,001 to 15,000	62	812,748	0.72%
15,001 to 20,000	30	547,129	0.49%
20,001 to 30,000	27	725,000	0.64%
30,001 to 50,000	18	733,000	0.65%
50,001 to 100,000	14	1,027,830	0.91%
100,001 to 200,000	14	2,235,478	1.99%
200,001 to 400,000	10	3,052,030	2.71%
400,001 to 600,000	4	1,900,984	1.69%
600,001 to 800,000	4	3,113,976	2.77%
800,001 to 1,000,000	-	-	-
1,000,001 or over	15	91,504,764	81.34%
Total	4,768	112,500,000	100.00%

(IV) List of Major Shareholders

Names of shareholders with a stake of 5% or greater or the names of the top ten shareholders, and specify the number of shares and stake held by each shareholder on the list

Date: March 25, 2024; Unit: thousand shares

Shareholder's Name	Shareholding (Shares)	Percentage (%)
Cienega Holdings Limited	28,847	25.64%
CWFS Holdings SPC Limited	23,711	21.08%
Tustana Investment Holdings Limited	7,151	6.36%
Global Fitness Management Limited	5,473	4.86%
LWC Holdings, LLC	4,618	4.10%
Lu Family Trust 2014 Investment Account under the custody of Yuanta Securities Co., Ltd.	4,395	3.91%
MS Worldwide Investments LLC	4,096	3.64%
PMCLB Investments LLC	2,493	2.22%
Thinker Wealth Venture Capital Co., Ltd. Investment Account under the custody of Yuanta Securities Co., Ltd.	2,232	1.98%
Crystal Clear Ventures Limited	1,861	1.65%

(V) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$; thousand shares

Item \ Year			2022	2023	As of March 31, 2024
Market Price per Share	Highest		Unlisted	Unlisted	133.00
	Lowest		Unlisted	Unlisted	90.20
	Average		Unlisted	Unlisted	105.92
Net Worth per Share	Before Distribution		51.81	23.30	Note 5
	After Distribution		39.61	16.80 (Note 2)	Note 4
Earnings per Share	Weighted average shares		100,000	100,000	109,353
	Earnings per share (after tax)		3.04	3.50	Note 5
Dividends per Share	Cash Dividends		12.20 (Note 1)	5.78 (Note 2)	Note 4
	Stock Dividends (Note 2)	Dividends from Retained Earnings	-	Note 3	-
		Dividends from Capital Surplus	-	Note 3	-
	Accumulated Undistributed Dividends		-	-	-
Return on Investment	Price/Earnings Ratio		N/A	N/A	-
	Price/Dividend Ratio		N/A	N/A	-
	Cash Dividend Yield Rate		N/A	N/A	-

Note 1: The Company passed a resolution at the shareholders' meeting on May 25, 2023 for the distribution of cash dividends of NT\$610,000 thousand for 2022 (NT\$307,525 thousand from retained earnings and NT\$302,475 thousand from capital surplus). Later, a resolution passed in the shareholders' meeting on October 25, 2023 to correct the payment of cash dividends to NT\$610,000 thousand (NT\$267,652 thousand from retained earnings

and NT\$342,348 thousand from capital surplus).

- Note 2: As of the publication date of the annual report, the dividends to be distributed in 2023 have not yet been approved by the shareholders' meeting.
- Note 3: The Company's shareholders meeting on August 2, 2023 passed the capitalization of capital surplus, allocating 1 share per share free of charge to distribute a total of 50,000 thousand shares.
- Note 4: Earnings not yet distributed.
- Note 5: As of the date of report, 2024 Q1 data have not yet been audited by the CPA and are therefore not disclosed.

(VI) Dividend Policy and Implementation Status

1. The Company's Dividend Policy

(1) According to Article 99 of the Articles of Incorporation:

- A. Subject to the Statute, these Articles and any direction of the Company in general meetings, the Company, upon the recommendation by the Board, may by way of an Ordinary Resolution, from time to time declare dividends and distributions to Members and authorise payment of the same out of the funds of the Company lawfully available therefor.
- B. Subject to Cayman Islands law and any rights at the time being attached to any Shares, if dividends or distributions are to be declared on a Class of Shares such dividends or distributions shall be declared and paid according to the amounts paid or credited as paid on the Shares of such Class issued on the record date for such dividend or distribution as determined in accordance with these Articles.

(2) According to Article 102 of the Articles of Incorporation:

- A. So long as the Shares are listed on any ROC Securities Exchange, where there is an Annual Profit (i.e. the amount of income before income tax before distributing employees' and Directors' compensation of a current year, the "Annual Profit"), the Company shall set aside the following amounts as Directors and/or employees' compensation, provided that there is accumulated losses, the Company shall first reserve the losses covering amounts:
- (i) Collectively, Directors are entitled to receive year-end compensation of not more than two (2%) of the Annual Profit, and such compensation payment shall only be paid in cash; and (ii) Employees of the Company and the Subsidiaries of the Company collectively are entitled to receive year-end compensation no less than two percent (2%) of the Annual Profit, which may be payable in cash, fully paid-up Shares, or any combination of both.
- B. Where based on the Company's final accounts in respect of a current year, so long as the Shares are listed on any ROC Securities Exchange, there is profits, subject to Cayman Islands law, such profits would be distributable only after (i) paying applicable taxes, (ii) covering accumulated losses, (iii) setting aside a sum ten percent (10%) of the profits for the current year for any capital reserve pursuant to

the Applicable Public Company Rules, unless the accumulated amount of such reserve equals to the total paid-up capital of the Company (“Legal Reserve”) and (iv) setting aside a sum for an additional special reserve in compliance with the requirements promulgated by applicable ROC authorities (including, but not limited to, the FSC or any applicable ROC Securities Exchange). The balance of such profits remaining after all the foregoing deduction shall hereinafter be referred to as the “Distributable Net Profit of the Current Year.” Dividends may be declared and paid out of the Distributable Net Profit of the Current Year and any undistributed retained profit accrued from prior years (together, the “Accumulated Distributable Net Profit”).

C. Notwithstanding anything to the contrary, as the Company continues to grow, the need for capital expenditure, business expansion and a sound financial planning for sustainable development increases, it is the Company’s dividends policy that the dividends may be allocated in the form of cash dividends and/or bonus shares according to the Company’s future expenditure budgets and funding needs. When the Board elects to recommend to the Company to declare and pay dividends to Members and/or from the Accumulated Distributable Net Profit, the Board shall prepare a plan of allocation and distribution of dividends and submit such plan to the Members for approval by way of an Ordinary Resolution at a general meeting subject to the following requirements:

- (i) The Accumulated Distributable Net Profit is available for distribution to the Members as cash or bonus shares to be issued to the Members.
- (ii) The total dividends as proposed for declaration in such plan shall not be less than ten percent (10%) of the Distributable Net Profit of the Current Year.

D. No unpaid dividend, distribution or other monies payable by the Company shall bear interest against the Company

2. Proposed (Decided) Distribution of Dividends in the Current Year

The Company's 2023 dividend distribution proposals were approved by the Board of Directors on March 7, 2024. It plans to allocate NT\$314,578 thousand from distributable earnings and NT\$335,422 thousand from capital surplus, totaling cash dividends of NT\$650,000 thousand at NT\$5.78 per share. Once the proposal is submitted to the 2024 regular meeting of shareholders for approval, the Chairman will be authorized to set the ex-rights and ex-dividend baseline date.

(VII) Effects of the Stock Dividends Proposed by the Shareholders' Meeting on the Company's Business Performance and Earnings Per Share

N/A.

(VIII) Remuneration to employees, directors, and independent directors:

- 1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the company's Articles of Incorporation.

So long as the Shares are listed on any ROC Securities Exchange, where there is an Annual Profit (i.e. the amount of income before income tax before distributing employees' and Directors' compensation of a current year, the "Annual Profit"), the Company shall set aside the following amounts as Directors and/or employees' compensation, provided that there is accumulated losses, the Company shall first reserve the losses covering amounts:

(i) Collectively, Directors are entitled to receive year-end compensation of not more than two (2%) of the Annual Profit, and such compensation payment shall only be paid in cash; and (ii) Employees of the Company and the Subsidiaries of the Company collectively are entitled to receive year-end compensation no less than two percent (2%) of the Annual Profit, which may be payable in cash, fully paid-up Shares, or any combination of both.

2. Basis for estimating the amount of employee bonuses and directors' remuneration, basis for calculating the number of shares to be distributed as employee bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

The remuneration for the Company's employees and directors is estimated based on the amount that may be distributed in accordance with the Articles of Incorporation. If the estimated expenses for the current period are different from the resolution of the shareholders' meeting, it will be regarded as a change in accounting estimates and will be adjusted in the year of the shareholders' meeting resolution.

3. Distribution of remuneration passed by the Board of Directors:

(1) The amount of any employee compensation distributed in cash or stock and compensation for directors and supervisors. If there is any discrepancy with the recognized costs for the year then the difference, reason, and response should be disclosed:

The 2023 employee and director remuneration distribution was approved by the Company's Board of Directors on March 7, 2024, and employee remuneration of NT\$9,060 thousand and director remuneration of NT\$0 thousand will be distributed in cash. There is no discrepancy between the amount of the aforementioned employee and director remuneration and the estimated expenses for 2023.

(2) The amount of remuneration to employees to be paid in shares and its percentage out of the sum of net profit of the current period after tax and employee remuneration: N/A.

4. Actual distribution of employee bonuses and remuneration of directors in the previous year (including dividend shares, amount and stock price), discrepancies, if any, from the amount of employee bonuses and directors' remuneration previously recognized, and the causes and treatments for the discrepancies

Since the Company's shares were not listed and traded on the securities market in

2022, the Articles of Incorporation permitted the Company not to distribute employee bonuses and remuneration of directors. Therefore, the employee bonuses and remuneration of directors were not estimated in the Company's 2022 financial report and they were not distributed in the following year. This provision is therefore not applicable.

(IX) Share Repurchases:

1. Exercised: None.
2. Currently exercising

As of March 31, 2024

Batch of buyback	First (batch)
Date of Board resolution	2024/3/18
Purpose of buyback	Transfer to employees
Duration of buyback	2024/03/19~2024/5/18
Price range of buyback	NT\$90 to NT\$159
Type and number of shares bought back	1,490,000 common shares
Amount of shares bought back	NT\$174,002,318
Shares bought back as a percentage of shares expected to be bought back	99.33%
Number of shares retired and transferred	0 common shares
Cumulative number of the Company's shares held	1,490,000 common shares
Cumulative number of the Company's shares held as a percentage of current outstanding shares	1.34%

- (X) Issuance of corporate bonds: The Company has not issued corporate bonds.
- (XI) Issuance of preferred shares: The Company has not issued preferred shares.
- (XII) Issuance of global depositary receipts (GDR): The Company has not issued global depositary receipts (GDR).
- (XIII) Exercise of employee stock option plan (ESOP): The Company has not exercised employee stock option plan (ESOP).
- (XIV) Issuance of restricted stock awards: The Company has not issued restricted stock awards.
- (XV) Mergers, acquisitions, or issuance of new shares for acquisition of shares of other companies: The Company has not implemented mergers, acquisitions, or issuance of new shares for acquisition of shares of other companies.

II. Implementation of the Company's Capital Allocation Plans

As of the publication date of the annual report, the Company has no fund utilization plans that have not yet been completed or plans that have been completed but the benefits have not yet been realized.

Chapter 5. Operational Highlights

I. Business Activities

(I) Business Scope:

1. Major business activities of the Company:

The Company has set adopted the promotion of the sports culture in Taiwan as the goal and has worked hard to cultivate Taiwan's fitness industry for more than 20 years. We have opened gyms all over Taiwan and we now have more than one hundred fitness clubs in Taiwan. We uphold the philosophy of "promoting health to all corners of the world" and we have focused on our core business since the Company was founded. Our business activities consist mainly of providing members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. We are committed to providing members of different age groups with a joyful and friendly environment. By implementing a modern fitness center business model that provides high-quality environment, top-notch equipment, and diverse courses, we hope to create a more professional sports environment for general consumers and help members develop a healthy lifestyle of regular exercise.

2. Proportion of Business

Unit: NT\$ thousand; %

Year Major business activities	2022		2023	
	Amount	Proportion	Amount	Proportion
Members	4,288,481	48.39	4,635,065	49.16
Trainer courses	4,473,249	50.47	4,693,588	49.78
Others	101,041	1.14	99,510	1.06
Total	8,862,771	100.00	9,428,163	100.00

3. Current products (services)

Product Category	Product Description
Members	It mainly includes providing members with professional fitness equipment, venues, various aerobic exercise courses, and other services.
Trainer courses	It mainly includes providing professional trainer course services.
Others	It mainly includes fees for membership cancellation, point transfer, membership transfer, and other transactions.

4. New products and services under development

(1) Sites across Taiwan

The Company has set adopted the promotion of the sports culture in Taiwan as the goal and has worked hard to cultivate Taiwan's fitness industry for more than 20 years. We have opened gyms all over Taiwan and we now have more than one hundred fitness clubs in Taiwan. We uphold the philosophy of "promoting health to all corners of the world" and we have focused on our core business since the Company was founded. Our business activities consist mainly of providing members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. In the future, we will continue to expand across markets in Taiwan based on regional and demographic analysis and expand our reach to overseas markets.

(2) Innovative courses and products

- A. In terms of innovative trainer courses, the Company is committed to strengthening its own training system and encouraging trainers to obtain international certifications. We also instituted the "WFS special grading system", which divides trainers into W (Weight Training), F (Function Training), and S (Stretch) based on their expertise to improve mobility and movement correction. We promote the adaptive development of trainers and provide members with stable, accurate, and efficient professional services with advanced professional fitness equipment.
- B. In terms of innovative aerobics courses, as the Company's members come from all age groups, aerobic exercise courses focus on diversified development and creation to help members find suitable models and establish regular exercise habits. We also continue to optimize courses that are friendly for beginners and seniors to meet the needs for exercise of Taiwan's current population structure and promote a healthy lifestyle.
- C. In terms of innovative products, the Company commenced trial sales of fitness energy drinks, sportswear, and accessories in Express Pro clubs in the third quarter of 2023 to provide members with more diverse services.
- D. We actively incorporated AI technology to provide AI exercise risk detection, and integrated health data into the World Gym member app with the InBody body composition analyzer.

(II) Industry overview:

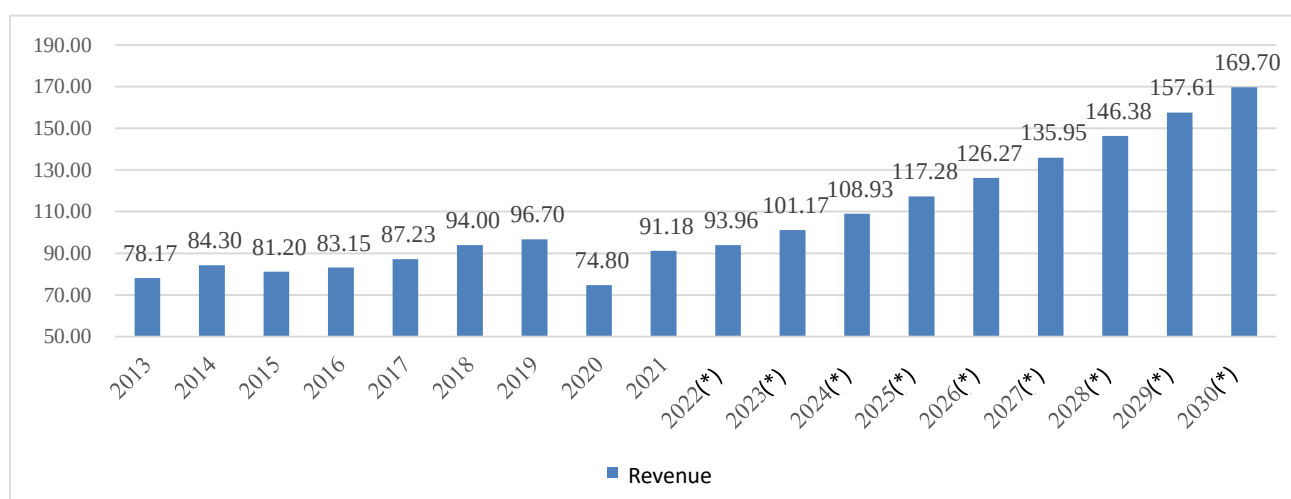
1. Current Status and Development

With technological advancement, economic growth, and rising income, people have more time and money to participate in sports activities. The heightened health awareness of the public has also accelerated the development of the sports industry. Fitness centers provide various sports equipment and activities popular among the general public, and the fitness and sports industry has become one of the industries with the greatest development potential today. In addition, the significant aging of the population in developed countries has increased the demand for fitness services for the elderly. The overview of the global fitness and sports industry and the Company's main markets of operations are described below:

(1) Overview of the global fitness and sports industry

Global fitness club industry revenue

Unit: US\$ billions



Source: Research and Markets "Gyms, Health and Fitness Clubs Global Industry Guide 2016-2025" (2021/03); Statista "Total revenue of the global health club industry 2009-2019" (2022/06); "Market share of global health and fitness club industry 2021-2030" (2022/11); Verified Market Research "Health And Fitness Club Market Size And Forecast" (2023/04)

Note: The revenue from 2022 to 2030 is estimated based on the annual growth rate of 7.67% predicted by Statista.

According to research data from Research and Markets, Statista, and Verified Market Research, the revenue of the global fitness club industry has increased steadily from 2013 to 2019 as the number of people joining fitness clubs increased. However, due to the impact of the COVID-19 epidemic, there was a sharp decline in 2020. When the epidemic subsided and vaccines became widely available, growth resumed in 2021. The annual growth rate of the revenue from the global fitness club industry from 2023 to 2030 is expected to reach 7.67%. By 2030, the revenue of the global fitness club industry will reach US\$169.7 billion, which demonstrates the immense potential of the global fitness industry market.

Fitness club membership penetration rate in major countries

Unit: %

Region	Membership Penetration Rate
U.S.A.	21.20
Netherlands	17.40
Canada	16.67
United Kingdom	15.60
Australia	15.30
New Zealand	13.60
South Korea	7.25
Hong Kong	5.85
Singapore	5.76
Japan	3.33
Mainland China	2.98

Source: IHRSA "The 2020 IHRSA Global Report"

According to data from International Health, Racquet & Sportsclub Association (IHRSA), the fitness club membership penetration rate in major countries such as the United States has reached 21.20%. The rankings in descending order were the United States, the Netherlands, Canada, United Kingdom, Australia, New Zealand, South Korea, Hong Kong, and Mainland China. The penetration rate in Asian countries such as Singapore, Japan, and Mainland China is generally low, with only South Korea higher at 7.25%. It shows that the fitness industry in Asian countries still has considerable development prospects.

(2) Overview of Taiwan's fitness and sports industry

To make the ideas of "everyone loves sports", "exercise everywhere", and "exercise at any time" come true, the Sports Affairs Council of the Executive Yuan (now the Sports Administration of the Ministry of Education) began implementing projects such as the "Sunshine Fitness", "Doubling the Sports Population", and "Building a Sports Island" since 1997. It also implemented the "Sports i Taiwan Project" from 2016 to 2021. The "Sports i Taiwan 2.0 Project" from 2022 to 2027 assists local governments in promoting local sports affairs and developing sports with local characteristics. It also includes services such as broadening grassroots sports organizations, cultivating sports professionals, and services for creating a friendly sports environment. In response to the development of the social environment, we will integrate and promote cross-departmental sports-related businesses, and implement the vision and goal of the "Sports Policy White Paper - Happy Life with Sports and Fitness".

As a result of national sports development plans such as "Sunshine Fitness", "Doubling the Sports Population", "Building a Sports Island" and "Sports i Taiwan Project" in the "Sports Policy White Paper", Taiwanese have developed correct concepts for effectively improving their physical fitness and enhancing their health through sports. The population willing to engage in regular exercise is expected to gradually grow. The current development of Taiwan's fitness and sports industry is explained below:

Taiwan Sports Engagement Survey

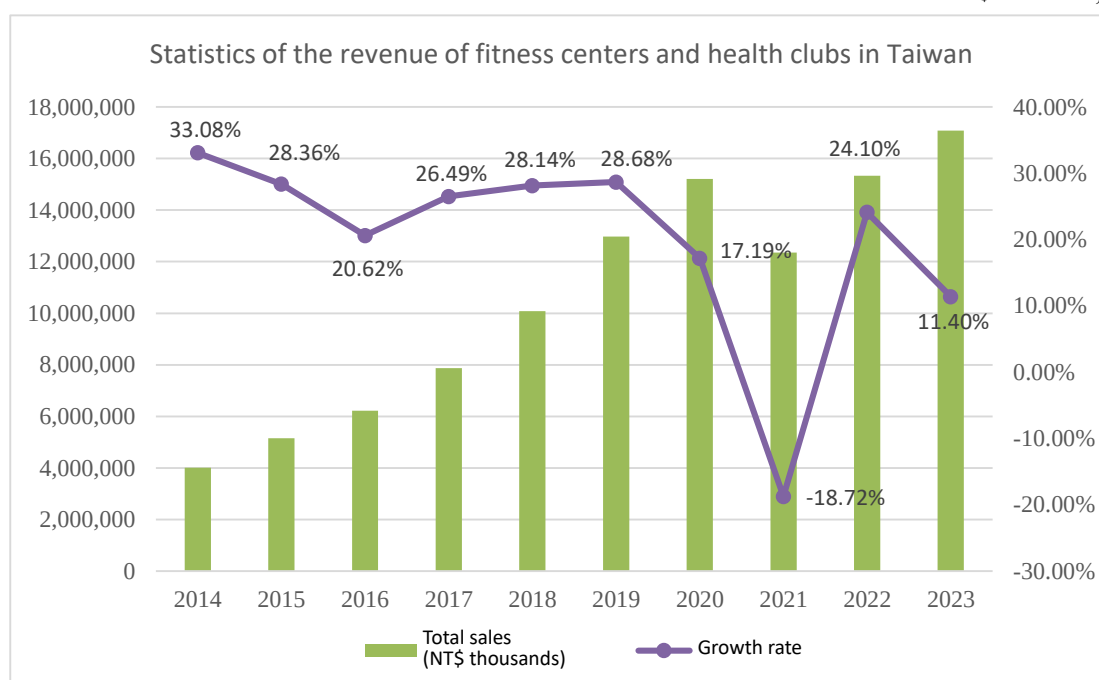
Unit: thousand people; %

Year	Population over 15 years old	Sports population percentage	Sports population	Percentage of population using (private) gyms	Population using (private) gyms	Penetration rate (Note)
2014	20,156	82.40%	16,609	2.40%	399	1.98%
2015	20,304	83.00%	16,853	3.10%	522	2.57%
2016	20,398	82.30%	16,788	3.30%	554	2.72%
2017	20,479	85.30%	17,469	5.20%	908	4.43%
2018	20,541	83.10%	17,069	3.90%	666	3.24%
2019	20,593	83.60%	17,216	6.10%	1,050	5.10%
2020	20,598	82.80%	17,055	5.30%	904	4.39%
2021	20,485	80.20%	16,429	4.80%	789	3.85%
2022	20,445	81.80%	16,724	6.10%	1,020	4.99%
2023	20,627	82.60%	17,038	5.20%	886	4.30%

Source: "Sports Engagement Survey Final Report" for each year published by the Sports Administration of the Ministry of Education

Note: Population using (private) gyms = sports population * percentage of population using (private) gyms; penetration rate = sports population percentage * percentage of population using (private) gyms

Unit: NT\$ thousand; %



Source: Statistical Database of the Ministry of Finance, Taiwan Trend Research (TTR) Report "Development Trends of Sports Service Industry" (2023/05)

According to the survey results of the Sports Administration of the Ministry of Education, the sports population percentage of Taiwanese people has remained at 80.20 to 85.30% in the past ten years while sports population has remained at 16,429 to 17,469 thousand people. The percentage of population using (private) gyms increased from 2.40% in 2014 to 5.2% in 2023. The population using (private) gyms rose from 399 thousand people in 2014 to 886 thousand people in 2023. The penetration rate increased from 1.98% in 2014 to 4.3% in 2023 with a significant growth rate. According to statistics compiled by the Ministry of Finance, the revenue of fitness centers and health clubs in the past ten years has increased from NT\$4,018,021 thousand in 2014 to NT\$17,085,693 thousand in 2023. Except for the impact of the level-3 epidemic alert in 2021, the growth rate has been nearly 20% and the growth has been significant, which demonstrates the immense potential of Taiwan's fitness industry market.

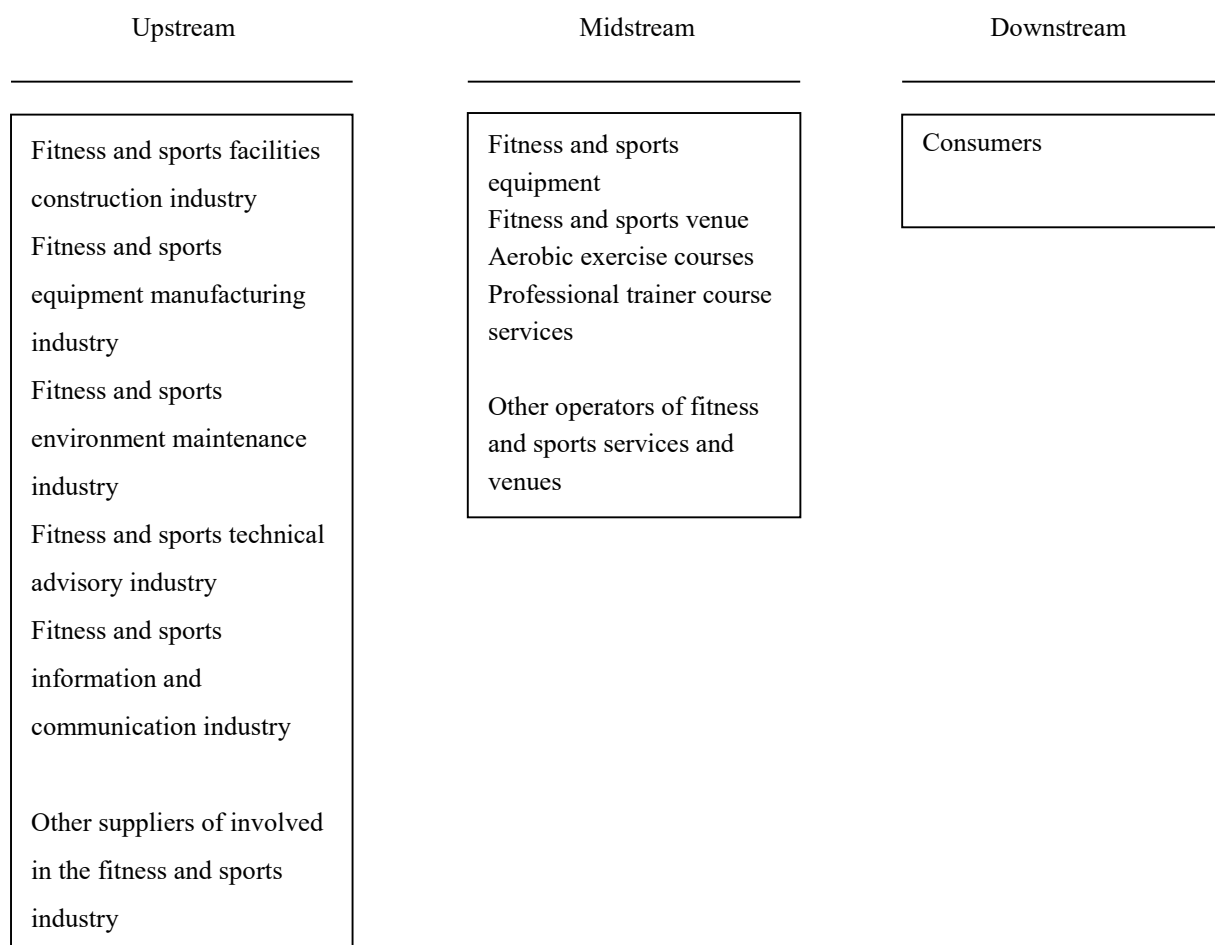
The global revenue of the fitness industry which includes the Company has mostly maintained growth from 2014 to 2023. However, due to the impact of the COVID-19 epidemic, there was a sharp decline in 2021. As the epidemic subsided and vaccines became widely available, the annual growth rate of the revenue from the global fitness club industry from 2023 to 2030 is expected to reach 7.67%. The revenue of the fitness industry in Taiwan, the Company's main market, has also grown

from 2014 to 2023. However, it has experienced a sharp decline in 2021 due to the impact of the COVID-19 epidemic. As the epidemic subsided and vaccines became widely available, the revenue recovered to pre-epidemic levels in 2022. In addition, the current penetration rate of Taiwan's fitness market is only 4.3%. If the penetration rate reaches a level similar to the 21.2% in the US market, Taiwan's current fitness population of 886 thousand could increase to 4,373 thousand in the future. The overall fitness market still has a lot of room for growth and the Company still has immense potential for growth in its future operations.

2. Relationship Amongst Upstream, Midstream, and Downstream Sections of the Industry

The fitness and sports industry ranges from suppliers upstream of the Company such as the equipment construction industry, supplies manufacturing industry, environmental maintenance industry, technical advisory industry, and information and communication industry that specialize in fitness and sports to the midstream sections of the industry that include the Company and specialize in fitness and sports equipment, venues, aerobic exercise courses, professional trainer course services, and operators of fitness and sports services and venues. The downstream section consists of consumers, including the Company's members. The correlation between the upstream, midstream, and downstream sections of the fitness and sports industry is provided and explained below:

Correlation between the upstream, midstream, and downstream sections of the fitness and sports industry



3. Product (service) development trends

(1) Adoption of wearable device technology

Wearable device technology is characterized by low cost (compared to medical devices) and long-term monitoring capacity. It can thus provide reference information on data trends in daily life, and has gradually become an indispensable part of smart homes. According to fitness data from the American College of Sports Medicine (ACSM), wearable technology was named the top fitness trend globally from 2022 to 2023. According to the 2023 Taiwan Sports Engagement Survey conducted by the Sports Administration of the Ministry of Education, wearable device technology also ranked first.

The rapid changes in technology and the impact of the COVID-19 epidemic in recent years have empowered the integration of sports and technology and the inter-disciplinary partnership have created innovative sports technology equipment, services, and business models. Wearable devices can now connect consumers to the

results of their sports activities in fitness centers, which can be recorded and converted into customized recommendations for consumers in their future fitness exercises. It effectively extends the trainer course services and increases member loyalty.

(2) Diverse value-added services

Fitness has become more popular and gyms have become more diverse. In addition to providing basic fitness services, gym operators also offer value-added services to attract consumers, such as InBody tests, personalized fitness plans, sports massage, and personal diet advisory services.

The "2021 Gym Industry Survey" report of Taiwan Trend Research Co., Ltd. showed that in addition to considering the membership and cost, 30 to 45% of consumers are attracted by value-added services when choosing a gym. Therefore, as the number of people engaging in fitness exercises increases and consumer demands become more diverse, operators must continue to improve service quality in the future and invest in the research and development of sports services and sports courses to meet consumer needs and increase consumer loyalty.

(3) Paying for professional services

People's purchasing power, health awareness, and sports aesthetics have improved in recent years, which has increased their willingness to spend on sports and fitness. According to statistics from the Sports Administration of the Ministry of Education, consumer spending on participatory sports in 2011 was NT\$25.8 billion, and it rose to NT\$29.8 billion in 2020. Although overall consumer spending fell to NT\$23 billion in 2021 due to the impact of the COVID-19 epidemic, it still showed that people have increased their spending on sports over the long term.

According to the "2021 Gym Industry Survey" report of Taiwan Trend Research Co., Ltd., consumers spend an average of NT\$2,406 on gym each month, and the current penetration rate of Taiwan's fitness population is approximately 4.3%. If the rate can be increased to the level of Western countries in the future, such as the 21.2% in the United States, Taiwan's paying fitness population could increase from approximately 886 thousand to 4,373 thousand in the future. Compared with the current market, there is space for market growth in the amount of at least NT\$8.3 billion per month. In addition, as the quality of life of modern people improves, they regard time as money. Therefore, more people are willing to pay to use the professional services provided by gyms and achieve the best fitness results in the most efficient way with guidance from professional trainers.

More modern specialty fitness centers have opened and technology is being used more widely. The Company's services undergo constant innovation to keep up with the times. To provide consumers with the best exercise experience, we combined courses with the My Zone heart rate strap to create a more efficient training mode. We also use the mobile app (World Gym app) developed by the Company to store and analyze exercise data. The Company also provides members with a number of free value-added services such as fitness testing, InBody body composition analysis, personal trainer courses, group aerobics courses, and towel services. We continue to launch new aerobics courses and fitness training courses independently developed by the Company to attract consumers. The Company has set up different fitness venues to target customer groups with different spending power. They include the standard club, Express, and Fit Zone.

In conclusion, although the COVID-19 epidemic had affected people's willingness to spend money on indoor sports venues, it unexpectedly created a new business model for the fitness and sports industry. The Company uses the advancement of modern technology to provide members with more ways to exercise and better services, which is in line with the future development trends of the industry.

4. Product competition

The impact of the COVID-19 epidemic in recent years has changed people's lifestyles. Numerous online fitness courses have emerged as people began to develop the habit of exercising at home. In 2022, it even became the second most significant fitness trend in Taiwan. However, two important elements in fitness courses, namely "actual guidance" and "movement adjustments", cannot be provided by online courses. Therefore, they cannot completely replace brick-and-mortar gyms. Once the epidemic subsided, consumers gradually returned to brick-and-mortar gyms. Online courses and physical courses are used simultaneously to serve customer groups with different exercise habits. Therefore, online courses can help cultivate a regular fitness population and accelerate the expansion of the fitness industry.

In the past, the Company provided professional fitness advisory services and fitness sports venues. Due to the impact of the COVID-19 epidemic in recent years, the Company has promoted fitness knowledge on major social platforms and audio and visual platforms, and launched the mobile app (World Gym app) developed by

the Company in March 2022. It links members to online courses and provides members with more fitness channels.

In summary, the Company's brick-and-mortar gym services and online courses complement each other and have become the Company's competitive advantages that are difficult to replace.

(III) Technology and R&D Overview

1. Technical Level and Research Development of the Business

The Company is part of the fitness and leisure industry and focuses on the development of the core competitiveness of "service as product". In addition to providing members with high-quality fitness equipment, we also focus on cultivating fitness trainers and aerobics instructors, and developing diverse courses. We therefore established the Sports Department Trainer Training Center in 2016 and Aerobics Department Aerobics Training Center in 2020 with dedicated personnel for developing training course systems. We set up trainer training centers in Northern, Central, and Southern Taiwan. We also encourage employees to cultivate skills for creating courses by using current sports trends or existing professional equipment. They can incorporate fitness, bodybuilding, dance, physiotherapy, healthcare for the elderly, and other professional functions and experience into the courses. We continue to improve the quality of trainer services and aerobics instructors, while increasing the diversity of exercise programs to enhance the sports and leisure experience of our members.

2. R&D Personnel and Their Academic Experiences

March 31, 2024; unit: persons; %

Education Degree	Number of Shareholders	%
Master's	3	15.79
University	13	68.42
High school (and below)	3	15.79
Total	19	100

3. R&D expenses of the latest year and the current year up to the publication date of the annual report

The Company has not set up an R&D department. Therefore, R&D expenses are not specified in the financial report.

4. Technologies or products successfully developed in the last five years and the current year as of the publication date of the annual report

The Company's Sports Department has developed personal trainer training

courses. Before providing one-on-one training to members, the trainer must obtain certification for the Company's training courses. This ensures service quality and enhances the effectiveness of training for members. The Aerobics Department has also created its own exercise courses. The most recent courses developed by the Company in the last two years are summarized below:

Sports Department Trainer Training Center

Year	Course	Contents
2022	Easy muscle gain quantitative course	The easy muscle gain quantitative course mainly instructs users how to calculate training intensity and volume, ensure progressive development, understand the timing for increased and decreased training volume, and set the best training volume.
	Turf area graphic functional training	Turf area graphic functional training mainly focuses on competitive physical fitness, balance, coordination, speed, agility, reaction, and power. We use actions such as pushing, pulling, turning, and walking on functional turf to gradually strengthen muscles and improve performance in specific sports.
	Lower back analysis and training	Lower back analysis and training mainly detects muscle imbalances in the body and combines them with appropriate relaxation, stretching, intensive training, and lifestyle adjustments to ease soreness and relieve lower back pain, which is a disease of affluence.
	Breathing and movement integration	Breathing and movement integration mainly involves learning good breathing skills so that the body can slowly get back on track. However, before breathing can be established, tight muscle groups must be relaxed first so that breathing control can be carried out efficiently and avoid compensation. In addition to learning about the importance of breathing, members also learn about the logic of the advancement and regression of movements from the most basic movement patterns to advanced movement patterns. They learn how to slowly increase the difficulty and maintain good breathing control.
	Gluteal muscle activation and optimization training	As people embrace fitness, more people are now pursuing curvy buttocks. However, in addition to improvements in their appearance, they must also understand the functionality of the gluteal muscles and 3D comprehensive training so that the gluteal muscles can effectively function, change postures, remove pain, and increase athletic performance.
	Training volume	The course teaches trainers how to calculate a member's training intensity and volume, ensure progressive development, understand the timing for increasing and decreasing training volume, and set the best training volume for the member.
	Ballistic suspension training	This is a training model based on a new concept developed according to the characteristics of actual physical activities and sports injury treatment experience. It emphasizes the body's preparation for sports performance, acceleration and deceleration, three-dimensional spatial concepts, and the connection and control of the cerebral hemispheres.

Year	Course	Contents
	Pulley suspension training	The suspension system has always been very popular. It trains the entire body with ropes and tools as well as systematic training movements and postures.
	Weightlifting technical training	Members practice lifting weights and moving weights quickly, learn how to exert force at the three joints of the hip, knee, and ankle, and understand the use of high transferability actions.
	Toning ball training	The process of throwing and catching the ball enhances the visual space and body movement completion. It also enhances the coordination/agility/reaction/balance/speed/power of both the trainer and the member during the interaction.
	Home physical fitness training and movement optimization	With home physical fitness training and movement optimization, we provide safe and effective training for members at home, which also strengthens their physical fitness and immunity during the epidemic.
	AI posture detection software	Examining posture through AI technology facilitates more objective observation of the differences in posture and offers the advantage of systematic data logging.
	Posture assessment integrated training - suspension applications	It uses simple static and dynamic assessments and the unique instability of the suspension system to strengthen neuromuscular control, optimize core stability capabilities, and use theoretical explanations of kinetic chains and myofascial lines to design functional training suitable for members' movements.
2023	Anatomical massage	Anatomical massage involves the contact of hands as a guiding tool to identify muscle elasticity, tension, and myofascial trigger points and massage with the purpose of relaxation to help soft tissues realign after injury, eliminate edema and lymphatic backflow, and accelerate blood circulation in the body. It helps restore muscle elasticity and improve body flexibility and sports performance.
	Lower back pain analysis and applications	Theoretical analysis and movement instructions and application in the course help member improve the coordination of body movements, reduce incorrect exertion methods, and maintain posture.
	Functional battle rope training	Trainers help members better understand how to stabilize their bodies to increase strength. It improves body muscle control and coordination and uses shaking to destroy the body's balance mechanism, activate more stabilizing muscle groups, and train coordination. An appropriate intensity level is implemented to enhance the proprioception of members and help them control the body more clearly and effectively.
	Multiple application boxing (Advanced)	From basic boxing training to actual sparring, the course increases practical experience and adds a variety of auxiliary tools. The content is rich and diverse and the difficulty of the course can be adjusted at any time according to the member's skill level. It provides members with an exciting and interesting experience and improves related skills for competitive physical fitness as well as response during emergencies.
As of March 2024	Training for middle-aged and elderly people	Taiwan is expected to enter a super-aged society in 2025 with more than 20% of the population over the age of 65. To this end, senior citizens over 65 years old and even middle-aged citizens over 45 years old are encouraged to start exercising and improve their health and

Year	Course	Contents
		physical fitness, so that their families and society do not have to worry.
	Lower body stiffness and plyometric training	Plyometric training improves physical support, reduces the vertical loading required for each step, and increases the rigidity (anti-deformation ability) of the lower limbs to increase the efficiency of movement of the lower limbs.
	Maternity training	Pregnant women are not patients. Unless there are factors that disqualify them from exercising, they need exercise more than anyone. We hope this course dispels fears of helping pregnant members exercise. Trainers should know how to set a class schedule suitable for them for safe training to accompany them during their healthy pregnancy and embrace a new phase in life.

Aerobics Department Aerobics Training Center

Year	Course	Contents
2022	Updated course materials for 3 seasons of 9 WOW series courses	9 WOW series courses: Yo Yo Stretch, Move Lohas, Reflow, Step Force, Muscle Cycle Cross, Aero Power, Group Ryder, LeanFlow, and AIR FUN. Course materials are updated in January, May, and September every year.
2023	Updated course materials for 3 seasons of 9 WOW series courses	9 WOW series courses: Yo Yo Stretch, Move Lohas, Reflow, Step Force, Muscle Cycle Cross, Aero Power, Group Ryder, LeanFlow, and AIR FUN. Course materials are updated in January, May, and September every year. (Muscle Cycle Cross will no longer be updated starting from September)
As of March 2024	WOW series course World Ball	The yoga ball is incorporated into an aerobics class full of vitality that serves as a feast for the body and mind. The course combines dynamic movements and static postures and incorporates elements of cardiopulmonary dance training, curve sculpting, Pilates, and yoga stretching. It also uses elements in creative ways for exercising with the yoga ball, creating a comprehensive physical and mental exercise experience. It not only improves cardiopulmonary fitness, but also enhances curves. Holding the ball in the hands trains the body's peripheral nerves and improves coordination and concentration.
	Updated course materials for 3 seasons of 7 WOW series courses	7 WOW series courses: Yo Yo Stretch, Move Lohas, Step Force, Aero Power, Group Ryder, LeanFlow, and World Ball. Course materials are updated in January, May, and September every year.

(IV) Long- and Short-Term Business Development Plans

1. Short-term development plans

(1) Sites across Taiwan

The Company has set adopted the promotion of the sports culture in Taiwan as the goal and has worked hard to cultivate Taiwan's fitness industry for more than

20 years. We have opened gyms all over Taiwan and we now have more than one hundred fitness clubs in Taiwan. We uphold the philosophy of "promoting health to all corners of the world" and we have focused on our core business since the Company was founded. Our business activities consist mainly of providing members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. In the future, we will continue to expand across markets in Taiwan based on regional and demographic analysis.

(2) Innovative courses and products

A. In terms of innovative trainer courses, the Company is committed to strengthening its own training system and encouraging trainers to obtain international certifications. We also instituted the "WFS special grading system", which divides trainers into W (Weight Training), F (Function Training), and S (Stretch) based on their expertise to improve mobility and movement correction. We promote the adaptive development of trainers and provide members with stable, accurate, and efficient professional services with advanced professional fitness equipment.

B. In terms of innovative aerobics courses, as the Company's members come from all age groups, aerobic exercise courses focus on diversified development and creation to help members find suitable models and establish regular exercise habits. We also continue to optimize courses that are friendly for beginners and seniors to meet the needs for exercise of Taiwan's current population structure and promote a healthy lifestyle.

C. In terms of innovative products, the Company planned to commence trial sales of fitness energy drinks, sportswear, and accessories in Express Pro clubs in the third quarter of 2023 to provide members with more diverse services.

D. We actively incorporated AI technology to provide AI exercise risk detection, and integrated health data into the World Gym member app with the InBody body composition analyzer.

2. Long-term development plans

(1) After expanding operations all over Taiwan, we have extended our reach to overseas markets such as Japan, Thailand, and other priority licensing regions for the brand.

(2) Continuously innovate courses and products and strive to diversify courses and products.

- (3) Target the market of the middle-aged and elderly people and actively form partnerships with rehabilitation and health examination centers to expand business development through preventive medicine and maintain our lead in the fitness industry. Follow trends and launch customized courses for different customer groups.
- (4) In addition to intensifying the awareness of all citizens for active investment in their health, we also remain committed to corporate social responsibility and sustainable development.

II. Analysis of the Market as well as Production and Marketing Situation

(I) Market Analysis

1. Sales (Service) Regions of Main Products (Services)

The Company operates membership-based chain fitness centers and mainly provides members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. We currently recruit members and provide services in Taiwan.

2. Market Share

(1) Names of major competitors and their business items or competitive items

The Company operates membership-based chain fitness centers and mainly provides members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. We currently recruit members and provide services in Taiwan. As of March 2024, we operate a total of 119 clubs. According data compiled by the Ministry of Finance over the years, the number of profit-seeking enterprises engaged in the operation and management of fitness centers and health clubs in Taiwan has grown from 149 at the end of 2013 to 985 at the end of 2023. It shows that the number of fitness centers and health clubs in Taiwan has increased each year. However, most of them are regional small and medium-sized enterprises. Fitness Factory, established by Power Wind Health Industry Inc., is the only brand operated by a domestic listed company. Other competitors that offer comprehensive services include President Being Corp. (Being Sport) and Full Energy Corporation (Any Time Fitness).

In conclusion, the Company and its competitors in Taiwan have their own operating characteristics. Based on the Company's operations in the past three years and the most recent period, except for the impact of the COVID-19 epidemic in

2021, the Company has performed well in other periods and there are no major operational risks.

(2) Estimated market share

Unit: thousand people; NT\$ thousand

Item	2023
World Gym consolidated operating revenue	9,428,163
Total revenue of fitness centers in Taiwan (Note 1)	17,085,693
Estimated market share based on revenue (%)	55.18%
Number of World Gym members	440
Number of people who exercise in gyms in Taiwan (Note 2)	886
Market share (%) estimated based on the number of members	49.66%

Note 1: Revenue of profit-making enterprises in 2023 from the Ministry of Finance.

Note 2: According to statistics on the population aged 15 years and above (inclusive) in Taiwan and Fujian as of December 31 of the current year compiled by the Department of Household Registration of the Ministry of the Interior of the Republic of China, the number of people aged 15 years and above (inclusive) registered in household registration was 20,627 thousand. According to statistics from the "2023 Sports Engagement Survey Final Report" compiled by the Sports Administration of the Ministry of Education, 82.6% of people engage in regular exercise and 5.2% of them "exercise with gym (equipment)" as their most frequent form of exercise. Calculations show that 886 thousand people engage in gym exercise.

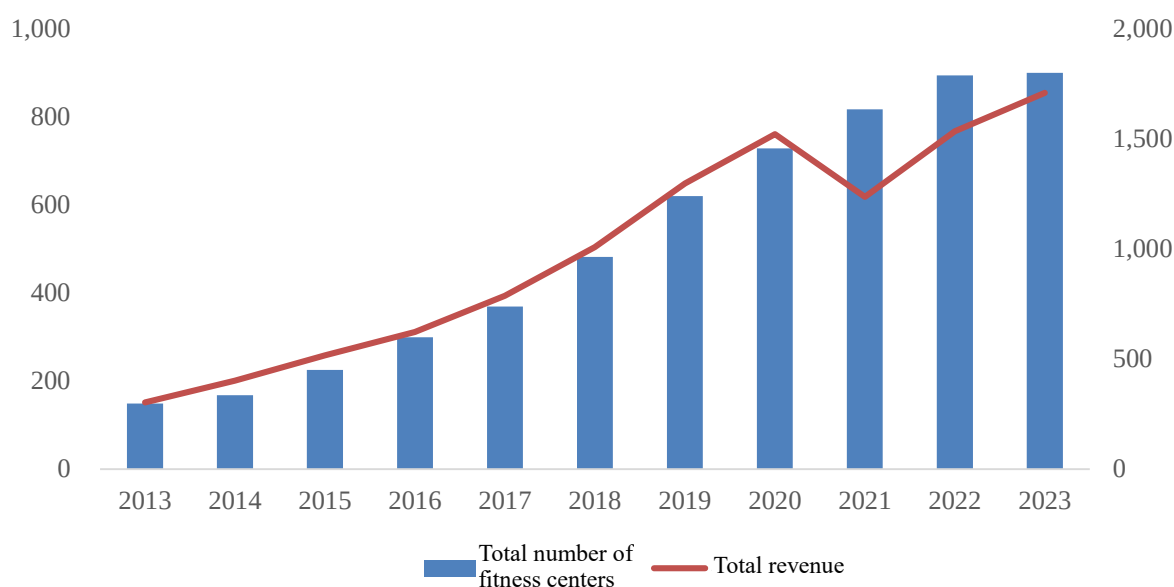
Based on the above information, if revenue statistics are used, the Company's estimated market share is 55.18%. In terms of the number of members, the Company's estimated market share is 49.32%, making it the largest fitness center chain in Taiwan. This also shows that the Company retains a significant market position and competitiveness.

3. Future Market Supply and Demand and Growth Potential

The possible changes in supply and demand in the Company's main markets are explained as follows:

Total number of fitness centers and total revenue in Taiwan 2013-2023

Unit: number of fitness centers; NT\$10 million



Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total number of fitness centers	149	168	225	299	369	482	620	728	817	894	985
Total revenue	302	402	516	622	787	1,008	1,297	1,521	1,236	1,534	1,709

Source: Statistical Database of the Ministry of Finance

As the fitness becomes more popular, the format of gyms have become more diverse. In addition to large chain gyms, many small studios that focus on customization and instructions for small groups have also emerged. Despite the devastation of the COVID-19 epidemic, many operators remain optimistic about the business opportunities in Taiwan's fitness market in recent years and are actively expanding operations. According data compiled by the Ministry of Finance over the years, the number of profit-seeking enterprises engaged in the operation and management of fitness centers and health clubs in Taiwan has grown from 149 at the end of 2013 to 985 at the end of 2023. It shows that the number of fitness centers and health clubs in Taiwan has increased each year and the annual revenue also increased from NT\$3.02 billion to NT\$17.09 billion. However, due to the impact of the COVID-19 epidemic in 2021, total revenue declined slightly but returned to pre-epidemic levels one year later. The overall fitness industry has shown clear trends for significant and sustained growth over the past ten years.

4. Competitive Niches

(1) Diverse clubs across Taiwan

As of the end of March 2024, the Company has opened a total of 119 clubs, making it the largest chain of fitness centers in Taiwan. The Company has different types clubs for customer groups with different spending power, such as the standard

club "World Gym", the low-price simplified fitness service created for weight training enthusiasts "World Gym Express", and "Fit Zone", a new form of exercise that uses technology to monitor exercise details and group training courses. Members can choose their own courses with flexibility to meet their needs, which effectively increases the number of members and market share.

(2) Diverse group courses and atmosphere

The Company offers thousands of group aerobics classes every month, including the most popular flywheel, dance, yoga, LesMills, MOSSA, and exclusive courses, which readily meet the needs of members. The Company also promotes interaction with members with activities such as fitness challenges.

(3) Comprehensive membership management system with real-time tracking of membership and services

The Company uses the mobile app (World Gym App) it developed and the customized ERP management system to effectively record member status and respond to needs in real time to ensure service quality.

(4) Comprehensive talent training system

The Company has set up units such as the Trainer Training Center, Business Training Center, and Aerobics Training Center and created comprehensive training courses. They are responsible for in-person training programs such as new employee training and on-the-job training. The Human Resources Department is responsible for the online learning platform to improve employees' professional knowledge and help them obtain relevant certificates. The Company also actively established transparent and smooth promotion channels for the organization. In addition to requiring the team of trainers to pass the required training courses, we also encourage employees to continuously improve themselves every year through various training programs, incentives, and welfare measures, and thereby retaining high-quality talents.

5. Favorable and Unfavorable Factors of Development Prospects and Countermeasures

(1) Favorable factors

- A. Taiwan's government has enhanced its sports population policy and promoted the concept of sports and fitness among the people.
- B. World Gym Club is the largest chain of fitness centers in Taiwan and provides a variety of services.
- C. The significant aging of the population has increased the demand for fitness services for the elderly.

(2) Unfavorable factors and response measures

- A. Government policies and legal regulations

The Company operates membership-based chain fitness centers and mainly provides members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. As of the end of March 2024, all clubs opened by the Company are located in Taiwan and the contracts signed by consumers with the Company for fitness center membership and trainer courses are all standard form contracts regulated by the Consumer Protection Act and Article 247-1 of the Civil Code. Therefore, government policies or legal regulations or restrictions on the health and leisure club industry are key factors that affect the stable operations of the industry.

[Response measures]

The Company's Legal Affairs Department and a Member Service Department monitor changes in laws and regulations related to the fitness industry, make timely suggestions to the government or relevant industry authorities, and attend relevant meetings. The current contracts signed with consumers are in compliance with the "Mandatory and Prohibitory Provisions of Standard Form Contract for Fitness Centers" and the "Mandatory and Prohibitory Provisions of Standard Form Contract for Fitness Trainer Services" announced by the Executive Yuan. They contracts are also formulated based on the principle of equality and reciprocity, and they therefore reduce the impact of government policies or legal regulations and restrictions on the Company's finance and business operations.

B. Numerous competitors

The continued expansion of the fitness market will encourage existing competitors to continue expansion, and large chain sports and fitness brands are actively opening stores in different regions. According to the Statistical Database of the Ministry of Finance, there were 894 fitness centers in Taiwan at the end of 2022. As of the end of December 2023, there were 985. In addition, county and city governments have built public sports centers and large companies have built onsite employee sports centers, which have also taken away parts of the market. Therefore, with competition from regional gyms and other chain brand competitors, the competition risks in the fitness industry have increased.

[Response measures]

The Company is committed to providing members of all ages with a happy and friendly environment with clubs across Taiwan, diverse business models, professional personal trainer services, diverse course selections, and flexible and creative sales strategies. As of the end of March 2024, we have opened a total of 119 clubs and became the largest chain of fitness centers in Taiwan. The density of our operations far exceeds that of gyms of other brands, and we satisfy consumers' needs for ease of transportation. Therefore, the Company enjoys advantages in both facilities and services and we have taken the lead in the highly competitive fitness market.

C. Difficulties in seeking professional talents

As the impact of the COVID-19 epidemic gradually subsides, the Company will accelerate the opening of new clubs in the future based on market demand, and the demand for professional talents in fitness centers will also increase. If we cannot effectively reduce turnover and continue to cultivate talents, it will affect the quality of the Company's services and expansion plans.

[Response measures]

The Company believes that education, training, and talent retention are the keys to success. Therefore, in addition to actively expanding clubs, the Company has set up units such as the Trainer Training Center, Business Training Center, and Aerobics Training Center and created comprehensive training courses. They are responsible for in-person training programs such as basic training for new employees and on-the-job training. The Human Resources Department is responsible for the online learning platform to improve employees' professional knowledge and help them obtain relevant certificates. The Company also actively established transparent and smooth promotion channels for the organization. In addition to requiring the team of trainers to pass the required training courses, we also encourage employees to continuously improve themselves every year through various training programs, incentives, and welfare measures, and thereby retaining high-quality talents.

D. Risks of rising costs

The Company's overall labor costs account for approximately 50% to 60% of total costs. The minimum wage in Taiwan increased by 4.05% in 2024, which increased overall employment costs such as wages, labor and national health insurance, and labor pension. In addition, electricity costs may continue to rise, which will increase the Company's operating costs and will be detrimental to the Company's future development.

[Response measures]

The Company uses the mobile app (World Gym App) it developed to manage items such as entry registration and towel rentals and thus reduce manpower requirements. Starting from 2023, we increased membership fees for new members and implemented measures such as towel rentals. We also actively set up energy-saving systems in all clubs, which should reduce the impact of rising costs for the Company.

(II) Functions and Manufacturing Processes for Main Products

1. Important applications of products

The Company operates membership-based chain fitness centers and mainly provides members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. We are committed to providing members of different age groups with a joyful and friendly environment. By implementing a modern fitness center business model that provides high-quality environment, top-notch equipment, and diverse courses, we hope to create a more professional sports environment to general consumers and help members develop a healthy lifestyle of regular exercise.

2. Manufacturing processes of products

The Company mainly provides members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. The products are provided as services and there is no production and manufacturing process. This item is therefore not applicable.

(III) Supply Status of Primary Raw Materials

The Company mainly provides members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. The products are provided as services and do not require raw materials for the production process. This item is therefore not applicable.

(IV) Names of customers who accounted for more than 10% of the sales in any of the last two years, purchase and sales amount, and percentage of total sales

Item	2022				2023			
	Company Name (Note)	Amount	As a percentage of total purchase (%)	Relationship with issuer	Company Name	Amount	As a percentage of total purchase (%)	Relationship with issuer
1	P01	222,951	18.58	None	P14	145,566	12.80	None
2	P14	178,228	14.86	None	P01	135,342	11.91	None
3	-	-	-	-	-	-	-	-
	Others	798,493	66.56	-	Others	856,026	75.29	-
	Net Purchase	1,199,672	100.00	-	Net Purchase	1,136,934	100	-

Note: Disclosed under this name due to a confidentiality clause signed with the supplier.

The Company operates membership-based chain fitness centers and mainly provides

members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. The four types of purchases consist of decoration projects, construction projects, equipment, air-conditioning, and fire safety construction (including electromechanical engineering, air-conditioning, and fire safety projects) for new clubs and fitness and sports equipment. Purchases also include cleaning and disinfection management costs for club operations. There were no major changes in the main suppliers from 2022 to 2023, and their net purchase ratio changed according to the amount of capital expenditures for new clubs for the year.

(V) Production in the Last Two Years

The Company mainly provides members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. The products are provided as services and there is no production and manufacturing process. This item is therefore not applicable.

(VI) Shipments and Sales in the Last Two Years

Unit: thousand sets: NT\$ thousand

Main Products \ Year	2022				2023			
	Overseas		Domestic		Overseas		Domestic	
Main Products	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Members	—	—	4,076	4,288,481	—	—	4,310	4,635,065
Trainer courses	—	—	2,596	4,473,249	—	—	2,813	4,693,588
Others	—	—	—	101,041	—	—	—	99,510
Total	—	—	6,672	8,862,771	—	—	7,123	9,428,163

The Company's 2023 results were mainly attributed to the increased health awareness in Taiwan after the epidemic subsided and rebounding sales volume and sales value.

III. Employees in the past two years and up to the date of report

April 29, 2024

Year		2022	2023	The current year up to April 29, 2024
Number of Employees		4,818	5,019	4,992
Average Age		30.58	31.07	31.27
Average Years of Services		3.38	3.59	3.67
Education Background	Ph.D.	0.02%	0.06%	0.06%
	Master's	1.41%	2.01%	2.04%
	University	68.14%	67.20%	67.23%
	High school (and below)	30.43%	30.72%	30.67%

IV. Environmental Protection Expenditures

- (I) Losses sustained due to pollution of the environment in the most recent year and up to the date of report, and disclose current and future estimated amount and response measures; if it cannot be reasonably estimated, describe the facts that it cannot be reasonably estimate:

The Company mainly provides members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. The products are provided as services and there is no production and manufacturing process. There are thus no losses from pollution of the environment.

In addition, as the penalties for violations of environmental protection regulations in services provided by the Company were mainly imposed indoor air quality, noise control, and advertising, as shown in the table below, and as the Company implemented immediate improvements when the penalties occurred, there are no pending cases and the resulting fines are not significant. Therefore, we assessed that there is no significant impact on the Company's finance and business operations.

Type	Date of penalty	Penalty number	Description of penalty	Contents of violation
Air quality	2023/07/14	XinBei-Huan-Kong No. 1121369868	Improvement within a specified period of time	Article: Article 15 of the Indoor Air Quality Management Act Contents: The indoor air pollutant carbon dioxide exceeds indoor air quality standards.
Noise control	2023/05/12	Penalty document 22-112-050162	A fine of NT\$12,000 8 hours of environmental protection education	Article: Article 9, Paragraph 1, Subparagraph 3 of the Noise Control Act and Article 5 of Amendment to Noise Control Standards Contents: The noise in the business premises exceeded the control standards.
Posting ads	2023/02/04	Penalty document 41-112-020398	A fine of NT\$2,400	Article: Article 27, Subparagraph 11 of the Waste Disposal Act Contents: The advertising materials (posters) of the club were pasted in the arcade, which constituted an act of environmental pollution as provided in laws.
Posting ads	2023/02/04	Penalty document 41-112-020399	A fine of NT\$2,400	Article: Article 27, Subparagraph 11 of the Waste Disposal Act Contents: The advertising materials (posters) of the club were pasted in the arcade, which constituted an act of environmental pollution as provided in laws.

The Company's investment in environmental pollution prevention equipment, use, and expected benefits:

December 31, 2023; Unit: NT\$ thousand

Plant location	Equipment name	Item	Date of acquisition	Investment Cost	Undiscounted balance	Use and expected benefits
All clubs already opened	Indoor air quality inspection	58	November 2020 to December 2023	13,353	-	Maintain indoor air quality to meet the requirements in regulations such as the "Indoor Air Quality Management Act" and "Indoor Air Quality Standards".

V. Labor Relations

- (I) List the Company's employee salary measures, continuing education, training, retirement regulations and their actual implementation, along with employer-employee agreements, and measures for protecting employee rights.

1. Employee Welfare

Item	Description
Various subsidies and allowances	Hospitalization consolation money, birthday gift money, holiday gift money, funeral subsidies, group insurance, wedding bonuses, employee health examinations, spring party activities
Employee facilities	Employee parking lot, lactation room
Employee insurance	In addition to statutory insurance, we also provide group insurance, including accident insurance, accident medical insurance, hospitalization, and surgery medical insurance.
Employee parties	Employee parties are arranged from time to time
Other benefits	To attain work and life balance for employees, the Company allows employees to apply for parental leave or other leave without pay due to family or personal needs. They may be reinstated after completing their tasks for different stages in life.
Employee Welfare Committee	The Company established the Employee Welfare Committee to provide welfare allowances such as travel allowances, wedding and funeral allowances, maternity allowances, and sickness and illness consolation money.

2. Diversity in Employment

We value the diversity and different cultures of employees, treat foreign and domestic employees equally, and provide friendly work mechanisms and a safe and healthy work environment. To protect the rights and interests of people with

disabilities, we treat employees with disabilities based on the principle of fairness, provide assistance, and help them attain independence and development. As of the end of 2023, we employed 76 people with disabilities in World Gym, which accounted for 1.5% of all employees. We also continue to recruit middle-aged and older employees to provide them with more job opportunities. As of the end of 2023, World Gym employed 261 middle-aged and 70 older employees, which accounted for 6.6% of the total number of employees.

3. Employee retention (long-service) plan

To create a workplace environment where people can work with peace of mind, we have created a long-service bonus system to commend employees for long-term service. When a fitness instructor has served for 9 months, obtained an international license, and achieved certain performance criteria, he or she will receive a long-service bonus. In addition, employees who have served for 10 years or more are awarded the Ten-Year Contribution Award, and those who have served for 15 years or more are awarded the Golden Tiger Award for their contributions.

4. Morning and evening shift attendance allowance

In view of the long operating hours of the club, we provide morning and evening shift attendance allowances to employees in the operations department as compensation for their hard work.

5. Unpaid parental leave

The company fully complies with relevant laws and regulations regarding employees' applications for parental leave without pay. Employees may also apply for reinstatement after the expiry of the parental leave without pay. As of 2023, a total of 130 employees have applied for parental leave, including 84 women and 46 men. The overall reinstatement rate is about 40%, and 24% are still on leave.

6. Commendation for senior and outstanding employees

- ① The Company provides bonuses for the Employee of the Month, Best Services, and first and second place business performance bonuses each month.
- ② Various bonuses and trophies for outstanding quarterly performance are awarded every quarter.
- ③ During the spring party, the Company awarded bonuses and trophies for outstanding annual performance as well as trophies or bonuses for senior employees.

7. Health promotion

To ensure employee health, we regularly arrange health examination for current employees and provide employee health examinations that are superior to regulations. We appoint dedicated health managers to conduct long-term tracking of employees with abnormal physical conditions and provide services such as health consultation,

recommendations for improvement, and prevention plans. We also identify occupational safety hazard factors to reduce employee health risks.

We encourage employees to keep track of their exercise data through the app, organize various sports competitions, and assign fitness trainers to provide physical training. Employees can use the spa pool, sauna, steam room, and other facilities at clubs to relax and relieve work stress. They can also participate in aerobics and flywheel courses to promote physical, mental, and spiritual health.

8. Retirement system and implementation status

We set aside 6% of the employees' salary to employees' "personal pension accounts" each month in accordance with the Labor Pension Act. We have clearly defined related procedures for retirement in Chapter 2 of the employee handbook:

- Employees may request for voluntary retirement under any of the following circumstances:
 - I. Where the employee has worked for more than fifteen years and is over fifty-five years old.
 - II. Where the employee has worked for more than twenty-five years.
 - III. Where the employee has worked for more than ten years and is over sixty years old.
- The Company shall not force an employee to retire unless any of the following situations has occurred:
 - I. Where the employee attains the age of sixty-five.
 - II. Where the employee is unable to perform his/ her duties due to disability.

A business entity may request the central competent authority to adjust the age prescribed in Subparagraph 1 of the preceding paragraph if the specific job entails risk, requires substantial physical strength or otherwise of a special nature; provided, however, that the age shall not be reduced below fifty-five.

9. Continuing Education and Training

World Gym upholds the basic concept of "people first" to create a comprehensive online and offline course system. We also established independent training centers to help employees become excellent talents and maintain service quality. In addition to pre-employment training, we also provide a comprehensive on-the-job training map to enhance talent capabilities and strengthen corporate competitiveness.

10. Employee-employer Communication and Employee Rights and Interests

The Company continues to strengthen the operations of the human resources system, enhance the integration of organizational structure and rationalization of human resources allocation, and conduct reviews of the human resources system and various allowances. We create smooth promotion channels and cultivate international

talents to attract and retain talents and enhance the competitiveness of our employees. The Company also values employees' opinions and holds regular meetings between employees and employers to understand their opinions on the Company's management and welfare system, which can be used as a reference for improvement. Therefore, the Company has maintained a harmonious relationship between the employer and employees.

- (II) Losses arising as a result of labor disputes in most recent year and as of the publication date of the annual report

The Company has maintained a harmonious relationship between the employer and employees. There have been no losses arising from labor disputes in the most recent fiscal year and during the current fiscal year up to the publication date of the annual report.

VI. Information Security Management

- (I) State the cybersecurity risk management framework, cybersecurity policies, specific management plans, and the resources invested in cybersecurity management.

1. Information Security Risk Management Framework

The Company's Information Department is currently responsible for coordinating, executing, and planning related operating procedures for information security. The Information Department has added an information security specialist who formulates operating procedures and regulations and sets targets for information security matters. The Company regularly communicates and promotes information security information, and optimizes and improves information security management in a timely manner.

The Information Department is also responsible for the procurement and construction of relevant hardware as well as daily maintenance and monitoring operations. The Company's audit unit conducts information security management audits every year and reports the audit results to the Board of Directors on a regular basis.

2. Information Security Policy

Formulate management policies and targets based on the information security management operating procedures for "confidentiality, integrity, and availability"

- (1) Protect the Company's internal operational information, strengthen data security, prevent unauthorized access and modification of the data system, and ensure its accuracy and integrity.
- (2) Regularly update information security system equipment and implement daily maintenance and operation monitoring to reduce unauthorized intrusions, malicious leaks, sabotage, and other forms of attacks.
- (3) Ensure the integrity of the Company's internal backup of important information systems, maintain stability, and continue operations.

- (4) Regularly review information security policies and information security protection every year, and regularly perform internal audits to ensure the effectiveness of information security management.
 - (5) Regularly review various network services and track anomalies in System Log.
 - (6) Grant different access privileges to employees based on their job functions and establish privileged account management principles. Remote access to systems shall require adequate approval and appropriate access privileges.
 - (7) Regularly communicate the importance of information security to enhance employees' information security awareness.
3. Describe the actual management plans, and the management resources for investor information security
- (1) The resources invested by the Company in information security management mainly include the information security personnel of the Information Department who carry out daily maintenance and monitoring, establish a real-time alert mechanisms, and assess and adjust the relevant information security requirements required for operations in a timely manner. The Company also invests in management resources such as computer room construction, network communication equipment, and software and hardware procurement, construction, and maintenance necessary for the Company's operations. We invest relevant management resources, implement regular operations for online information security management, and divide the network into independent logical domains based on the needs of network services. System data access control and regular backup and disaster recovery exercises. Regularly update information security system equipment, actively improve and strengthen information security defense mechanisms, and improve information security protection to ensure the Company's continuous operations.
 - (2) Specific plans and implementation targets

No.	Item	Implementation
1	Information security examination	Once a year
2	Core operating system source code/vulnerability scanning	Once a year
3	Implement penetration tests	Once a year
4	Annual disaster/system recovery exercises	Twice a year
5	Email social engineering exercises	Once a year
6	Plan information security training courses	Twice a year
7	Mobile app basic information security test certificate	Obtained in March 2024
8	Incorporation of the multi-factor authentication mechanism in the core operating system	Completed in March 2024

- (II) List the losses sustained due to major information security incidents, possible impact, and the responses measures in the most recent year and up to the date of report. If it cannot be reasonably estimated, describe the facts that it cannot be reasonably estimated.

None.

VII. Important Contracts

List the contracting parties, main content, restrictive clauses, and contract commencement date/expiration date of important supply/sales contracts, technology cooperation contracts, engineering contracts, long-term loan contracts, and other important contracts with material impact on shareholder equity that continue to be valid as of the publication date of the annual report or expiry in the most recent fiscal year:

Type of Contract	Counterparty	Period	Major Contents	Restrictions
Lease contract	Lessor of 117 clubs as of March 2024	June 1, 2005 to February 21, 2045	Lease of 117 clubs that were opened Lease of 5 clubs to be opened	None
Lease contract	Lessor as of March 2024	September 1, 2021 to 2030/10/31	1 back office 3 training centers (Banqiao Training Center, Meicun Training Center, Southern Training Center)	None
Construction project contract	Ho-Li Construction Co., Ltd.	January 5, 2023 to March 5, 2024	Construction of 1 new club venue since 2023 (Hualian Ji'an)	None
Construction project contract	Teamwork Construction Company	July 19, 2023 to July 30, 2024	Construction, decoration, and mechanical and electrical engineering of 1 new club venue since 2023 (Kaohsiung Chongli)	None
Construction project contract	Yu Mu Interior Design Co., Ltd.	August 24, 2023 to December 31, 2023	Decoration projects for 2 new club venues since 2023 (Taoyuan TaiMall, Southern Training Center)	None
Construction project contract	Hsin Sheng Chang Co., Ltd.	August 20, 2023 to December 5, 2023	Mechanical and electrical engineering of 1 new club venue since 2023 (Jungli Zhongshan)	None
Construction project contract	Chia Han Interior Decoration Co., Ltd.	October 12, 2023 to February 7, 2024	Decoration projects for 1 new club venue since 2023 (Miaoli Toufen)	None
Construction project contract	Hong Ya International Engineering Co., Ltd.	November 15, 2023 to February 15, 2024	Mechanical and electrical engineering of 1 new club venue since 2023 (Miaoli Toufen)	None
Construction project contract	Honest Tree International Engineering Co., Ltd.	August 20, 2023 to December 5, 2023	Decoration projects for 1 new club venue since 2023 (Jungli Zhongshan)	None
Construction project	Chang Pu Interior Decoration Co., Ltd.	March 31, 2023 to June 20, 2023	Decoration projects for 1 new club venue since 2023	None

Type of Contract	Counterparty	Period	Major Contents	Restrictions
contract			(Jungli Zhongyuan)	
Construction project contract	CY International Engineering Limited	January 15, 2024 to May 1, 2024	Mechanical and electrical engineering for 1 new club venue since 2024 (Kaohsiung Chongli)	None
Construction project contract	Pei Sheng International Engineering Co., Ltd.	March 31, 2023 to June 20, 2023	Mechanical and electrical engineering of 1 new club venue since 2023 (Jungli Zhongyuan)	None
Authorization contract	World Gym International, LLC.	October 1, 2015 to September 30, 2040	Right of use of the World Gym brand trademark.	1. If the contract is terminated, all relevant intellectual property rights will be transferred to the licensor. 2. This contract may not be transferred by the licensee except to affiliates.
Loan contract	EnTie Commercial Bank	December 22, 2021 to December 22, 2024	Comprehensive Bank Credit Line Contract and General Agreement (NT\$300 million)	1. EBITDA must remain higher than NT\$1.5 billion. 2. The net tangible assets must remain higher than NT\$2.7 billion in value.
Loan contract	Cathay United Bank Co., Ltd.	May 27, 2022 to May 27, 2024	Comprehensive Bank Credit Line Contract and General Agreement (NT\$400 million)	None
Loan contract	The Shanghai Commercial & Savings Bank, Ltd.	June 29, 2022 to June 29, 2027	Comprehensive Bank Credit Line Contract and General Agreement (NT\$300 million)	1. Current deposits must be maintained at NT\$50 million.

Chapter 6. Financial Overview

I. Condensed Balance Sheets and Statements of Comprehensive Income for the Past Five Fiscal Years

(I) Condensed Consolidated Balance Sheet

Unit: NT\$ thousand

Item \ Year		Financial Information for the Last Five Years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		-	1,764,627	2,169,609	1,899,319	1,367,061
Property, plant and equipment		-	5,785,510	5,836,190	5,748,859	5,539,200
Intangible assets		-	97,522	116,946	117,552	132,996
Other assets		-	9,463,874	9,796,622	9,855,855	9,837,414
Total assets		-	17,111,533	17,919,367	17,621,585	16,876,671
Current liabilities	Before Distribution	-	8,822,524	5,719,529	5,649,701	5,295,616
	After Distribution	-	9,223,519	6,329,529	6,259,701	5,945,616
Non-current liabilities		-	8,752,179	9,303,186	9,381,426	9,251,066
Total liabilities	Before Distribution	-	17,574,703	15,022,715	15,031,127	14,546,682
	After Distribution	-	17,975,698	15,632,715	15,641,127	15,196,682
Equity attributable to shareholders of the parent		-	(463,170)	2,896,652	2,590,458	2,329,989
Capital stock		-	381,446	500,000	500,000	1,000,000
Capital surplus	Before Distribution	-	36,138	3,646,493	1,822,806	980,458
	After Distribution	-	36,138	3,646,493	1,520,331	645,036
Retained earnings	Before Distribution	-	(880,754)	(1,249,841)	267,652	349,531
	After Distribution	-	(1,281,749)	(1,859,841)	0	0
Other equity interest		-	-	-	-	-
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before Distribution	-	(463,170)	2,896,652	2,590,458	2,329,989
	After Distribution	-	(864,165)	2,286,652	1,980,458	(Note 2)

Note 1: Of the Company's financial information provided above, only the information from 2020 to 2023 has been audited and certified verified by the CPA.

Note 2: The 2023 dividend distribution proposal has not yet been approved by the shareholders' meeting.

Note 3: As of the date of report, 2024 Q1 data have not yet been audited by the CPA and are therefore not disclosed.

(II) Condensed Consolidated Statement of Comprehensive Income

Unit: NT\$ thousand

Item \ Year	Financial Information for the Last Five Years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	-	9,464,735	7,834,358	8,862,771	9,428,163
Gross Profit	-	2,217,357	1,031,137	1,426,137	1,551,144
Operating profits	-	1,225,707	136,042	485,527	511,183
Non-operating income and expenses	-	(953,768)	(64,256)	(122,061)	(67,262)
Net Profit Before Tax	-	271,939	71,786	363,466	443,921
Net profit of continuing operations for this period	-	41,588	31,908	303,806	349,531
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	-	41,588	31,908	303,806	349,531
Other comprehensive income (net, after tax)	-	41,588	31,908	303,806	349,531
Total comprehensive income	-	41,588	31,908	303,806	349,531
Net income attributable to owners of the parent	-	41,588	31,908	303,806	349,531
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to shareholders of the parent	-	41,588	31,908	303,806	349,531
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per Share (Note 2)	-	1.09	0.67	3.04	3.50

Note 1: Of the Company's financial information provided above, only the information from 2020 to 2023 has been audited and certified verified by the CPA.

Note 2: Calculated by the weighted average number of shares retroactively adjusted.

Note 3: As of the date of report, 2024 Q1 data have not yet been audited by the CPA and are therefore not disclosed.

(III) Name of CPAs and Audit Opinions for the Last Five Years

Year	Name of CPA Firm	Name of Certifying CPA	Audit Opinion
2019	-	-	-
2020	PwC Taiwan	Chien-Yeh Hsu, Yu-Chuan Wang	Unqualified opinion
2021	PwC Taiwan	Chien-Yeh Hsu, Yu-Chuan Wang	Unqualified opinion
2022	PwC Taiwan	Chien-Yeh Hsu, Yu-Chuan Wang	Unqualified opinion
2023	PwC Taiwan	Chien-Yeh Hsu, Yu-Chuan Wang	Unqualified opinion

II. Financial Analysis for the Last Five Years (Consolidated)

Item		Year	Financial Analysis for the Last Five Years (Note 1)				
			2019	2020	2021	2022	2023
Financial structure	Debt ratio		-	102.71	83.84	85.30	86.19
	Ratio of long-term capital to property, plant and equipment		-	143.27	209.04	208.25	209.07
Solvency	Current ratio		-	20.00	37.93	33.62	25.81
	Quick ratio		-	19.12	36.03	32.04	23.54
	Times interest earned		-	1.51	1.25	2.68	3.09
Operating performance	Accounts receivable turnover (times)		-	331.67	91.96	65.11	64.34
	Average collection period		-	1	4	6	5.67
	Inventory turnover (times)		-	-	-	-	0.54
	Payables turnover (times)		-	-	-	-	1,510.74
	Average days in sales		-	-	-	-	675.93
	Property, plant and equipment turnover (times)		-	1.81	1.35	1.53	1.67
	Total asset turnover (times)		-	0.59	0.45	0.50	0.55
Profitability	Return on assets (%)		-	2.91	1.48	2.68	3.01
	Return On Equity (%)		-	(8.59)	2.62	11.07	14.21
	Pre-tax profit to paid-in capital ratio (%)		-	71.29	14.36	72.69	44.39
	Net Profit Margin (%)		-	0.44	0.41	3.43	3.71
	Earnings Per Share (NT\$)		-	1.09	0.67	3.04	3.50
Cash flow	Cash flow ratio (%)		-	36.72	36.96	44.02	45.01
	Cash flow adequacy ratio (%)		-	Note 2	Note 2	Note 2	Note 2
	Cash reinvestment ratio (%)		-	28.90	10.69	11.64	9.93
Leverage	Operating leverage		-	6.19	46.06	14.60	14.55
	Financial leverage		-	1.77	(0.92)	1.81	1.71

Please provide the reasons for changes in financial ratios in the most recent two years. (analysis not required if the change does not reach 20%).

(1) Decrease in the current ratio:

The decrease in 2023 compared with 2022 was mainly due to the decrease in the balance of cash and cash equivalent due to the payment of cash dividends in 2023.

(2) Decrease in the quick ratio:

The decrease in 2023 compared with 2022 was mainly due to the decrease in the balance of cash and cash equivalent due to the payment of cash dividends in 2023.

(3) Increase in the return on equity:

The increase in 2023 compared with 2022 was mainly due to the payment of cash dividends from capital reserves as decided by the shareholders' meeting in 2023, and the increase in the return on shareholders' equity due to the growth in net profit in that year.

(4) Decrease in operating profit to paid-in capital ratio:

The decrease in 2023 compared with 2022 was mainly due to the increase in paid-in capital due to the conversion of capital surplus in the capital increase in 2023.

(5) Decrease in the pre-tax profit to paid-in capital ratio:

The decrease in 2023 compared with 2022 was mainly due to the increase in paid-in capital due to the conversion of capital surplus in the capital increase in 2023.

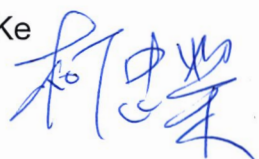
- Note 1: The above financial analysis ratio information is calculated based on the consolidated financial report audited and certified by the CPA.
- Note 2: The Company started to prepare consolidated financial reports in 2020. There is no information on net cash flow from operating activities, capital expenditures, and other information in 2019. Therefore, the cash flow adequacy ratio is not calculated.
- Note 3: The formulas for financial ratio calculations are as follows:
1. Financial structure
 - (1) Debt-to-asset ratio = total liabilities / total assets
 - (2) Ratio of long-term capital to property, plant and equipment = (value of equity+ non-current liabilities) / net amount of property, plant and equipment
 2. Solvency
 - (1) Current ratio = current assets / current liabilities
 - (2) Quick ratio = (current assets - inventory - prepayment for purchases) / current liabilities.
 - (3) Time interest earned = net income before income tax and interest expense / current interest expense
 3. Operating performance
 - (1) Receivables (including accounts receivable arising from operation notes receivable) turnover ratio = net sales / average receivables (including accounts receivable arising from operation notes receivable) balances
 - (2) Average collection period = 365 / receivables turnover
 - (3) Inventory turnover ratio = cost of goods sold / average amount of inventory
 - (4) Payable (including accounts payable arising from operation notes payable) turnover ratio = cost of goods sold / average payables (including accounts payable arising from operation notes payable) balances
 - (5) Average days of sales = 365 / inventory turnover
 - (6) Real estate, plant, and equipment turnover ratio = net sales / average net for real estate, plant, and equipment
 - (7) Fixed assets turnover = net sales / average gross assets
 4. Profitability
 - (1) Return on assets = [net income + interest expense (1– tax rate)] / average total assets
 - (2) Return on equity = income after tax / net average equity
 - (3) Net margin = net income / net sales
 - (4) Pre-tax profit to paid-in capital ratio = pre-tax profit / paid-in capital
 - (5) EPS = (income belonging to owner of parent company - stock dividend of preferred stocks)/weighted average number of issued shares
 5. Cash flow
 - (1) Cash flow ratio = net cash flows from operating activities / current liabilities
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent 5 years / (capital expenditures + inventory increase + cash dividend) for the most recent 5 years
 - (3) Cash reinvestment ratio = (net cash flows from operating activities – cash dividend) / (gross margin of property, plant and equipment + long-term investment + other non-current assets + working capital)
 6. Leverage
 - (1) Operating leverage = (net operating income – variable operating cost and expenses) / operating income
 - (2) Financial leverage = operating profit/(operating profit – interest expense)

III. Audit Committee Audit Report

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2023 Business Report, 2023 Financial Statements, and proposal for distribution plan. The CPA firm of PwC was retained to audit WFSL's Financial Statements and has issued an audit report relating to the Financial Statements. The 20223Business Report, 2023 Financial Statements, and distribution plan have been reviewed and determined to be correct and accurate by the Audit Committee members of World Fitness Services Ltd. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

World Fitness Services Ltd.
Chairman of the Audit Committee:
Zhong-Rong Ke



March 7th, 2024

IV. Consolidated Financial Statements of the Most Recent Year

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 23003689

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

Opinion

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

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

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

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

Revenue recognition of the professional coaching course services

Description

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

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

How our audit addressed the matter

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

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

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hsu, Chien-Yeh

Wang, Yu-Chuan

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 7, 2024

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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

(Continued)

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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

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

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

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

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

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

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

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

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

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

WORLD FITNESS SERVICES LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

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

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

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

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’
The amendments require an entity to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

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

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

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

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

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

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

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

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

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
 - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
 - (b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
 - (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
 - (d) Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

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

B. Subsidiaries included in the consolidated financial statements:

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

C. Subsidiaries not included in the consolidated financial statements:

None.

D. Adjustments for subsidiaries with different balance sheet dates:

None.

E. Significant restrictions:

None.

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

None.

(4) Foreign currency translation

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

Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

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

(5) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.
- B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
 - (a) Liabilities that are expected to be settled within the normal operating cycle;
 - (b) Liabilities arising mainly from trading activities;
 - (c) Liabilities that are to be settled within twelve months from the balance sheet date;
 - (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.

- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
 - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as 'lease receivables' at an amount equal to the gross investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as 'unearned finance income of finance lease'.
 - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.
 - (c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(10) Impairment of financial assets

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

(11) Derecognition of financial assets

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

(12) Inventories

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

(13) Investments accounted for using equity method / associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

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

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

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

- (a) Office equipment : 1~6 years
- (b) Leasehold improvement : 1~21 years

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

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of the following:

- (a) Fixed payments, less any lease incentives receivable;
- (b) Variable lease payments that depend on an index or a rate;
- (c) Amounts expected to be payable by the lessee under residual value guarantees;
- (d) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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

- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability;
 - (b) Any lease payments made at or before the commencement date;
 - (c) Any initial direct costs incurred by the lessee; and
 - (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

(16) Intangible assets

A. Trademarks and licences

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

B. Computer software

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

(17) Impairment of non-financial assets

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

(18) Borrowings

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

(19) Notes payable

- A. Notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

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

(22) Provisions

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

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Employees', directors' and supervisors' remuneration

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

(24) Income tax

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

- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(25) Share capital

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

(26) Dividends

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

(27) 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.

(28) Government grants

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

(29) Operating segments

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

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

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

Critical accounting estimates and assumptions

Revenue recognition of coaching courses due

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

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

6. Details of Significant Accounts

(1) Cash and cash equivalents

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

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

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

(2) Financial assets at amortised cost

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

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

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

- B. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was its book value.
- C. Details of the Group's financial assets at amortised cost pledged to others as collateral are provided in Note 8.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivables

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

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

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

The above ageing analysis was based on past due date.

- B. As at December 31, 2023 and 2022, accounts receivable mainly comprised of receivables from credit card companies who collected payment for the customers' purchase of workout area services and coaching course services. And as of January 1, 2022, the balance of receivables from credit card payment amounted to \$139,013.
- C. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was \$159,837 and \$133,217, respectively.

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

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

(4) Investments accounted for under equity method

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

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

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

(5) Property, plant and equipment, net

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

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

- A. The Group reclassified certain unfinished construction and equipment on March 29, 2023 based on the Group's intended use of those assets.
- B. The Group reclassified certain fitness equipments on October 1, 2023 based on the Group's intended use of those assets.
- C. Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(6) Leasing arrangements — lessee

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

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Book Value</u>	<u>Book Value</u>
Buildings	\$ 9,107,439	\$ 9,131,560
	<u>Year ended</u>	<u>Year ended</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Buildings	\$ 1,290,161	\$ 1,250,570

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

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

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

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

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

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

(7) Leasing arrangements – lessor

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

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

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

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

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

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

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

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

	December 31, 2023
2024	\$ 23,435
2025	22,450
2026	18,143
2027	21,490
2028	21,647
After 2029	54,113
	<u>\$ 161,278</u>
	December 31, 2022
2023	\$ 23,286
2024	22,715
2025	21,795
2026	17,663
2027	21,558
After 2028	75,714
	<u>\$ 182,731</u>

(8) Intangible assets

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

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

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

	Year ended December 31, 2023	Year ended December 31, 2022
Operating costs	\$ -	\$ 37
Administrative expenses	17,312	14,122
	<u>\$ 17,312</u>	<u>\$ 14,159</u>

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

(9) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 400,000</u>	1.45%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 400,000</u>	1.74%	None

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

(10) Other payables

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

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
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	
				<u>210,000</u>
				360,000
Less: Current portion				(<u>210,000</u>)
				<u>\$ 150,000</u>

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

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

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

(13) Pensions

- A. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, World Fitness Asia Limited (H.K.) Taiwan Branch contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- B. The pension costs under defined contribution pension plans of for the years ended December 31, 2023 and 2022 were \$238,914 and \$211,565, respectively.

(14) Provisions

	2023	2022
At January 1	\$ 142,000	\$ 130,000
Additional provisions	12,000	12,000
At December 31	<u>\$ 154,000</u>	<u>\$ 142,000</u>

Decommissioning liabilities

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

(15) Share capital

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

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

	2023	2022
At January 1	\$ 500,000	\$ 500,000
Capitalisation of capital surplus	500,000	-
At December 31	<u>\$ 1,000,000</u>	<u>\$ 500,000</u>

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

(16) Capital surplus

- A. Capital surplus arising from paid-in capital in excess of par value on issuance of common stocks

and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

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

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

- C. On May 25, 2023, the shareholders' meeting made a resolution for applying the sum of \$302,475 (\$6.05 in dollars per share) out of capital surplus, additional paid-in capital of the Company to distribute cash dividends. On October 16, 2023, the Board of Directors made a resolution for revising the former resolution and applying the sum of \$342,348 (\$6.85 in dollars per share) out of capital surplus. The resolution has been made by the shareholders' meeting on October 25, 2023.
- D. On August 2, 2023, the shareholders' meeting made a resolution for converting capital surplus for capital increase by issuing 50,000 thousand shares with a par value of \$10 (in dollars) per share. The chairman was authorised to determine August 7, 2023 as the record date and the share registration has been completed.
- E. On March 7, 2024, the Board of Directors made a resolution for applying the sum of \$335,422 (\$2.98 in dollars per share) out of capital surplus, additional paid-in capital of the Company to distribute cash dividends. As of March 7, 2024, the distribution is pending for resolution in the shareholders' meeting.

(17) Retained earnings

- A. In accordance with the distribution ordinance, the company may at a general meeting apply the reserves for any purpose to which the profits of the company may be properly applied. If there are any reserves, dividends on priority as well as non-cash assets of equivalent value arranged by the directors. Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by executing to the company a deed to that effect. However, if the share has more than one person entitled to the share whether by the reason of the death or bankruptcy, the deed is not effective unless it is expressed to be executed by all the holders.
- B. On June 22, 2022 and November 16, 2022, the Board of Directors made a resolution for

distribution of dividends of USD \$13,440 (NTD \$400,000) at USD \$0.2688 (NTD \$8) (in dollars) per share and USD \$6,759 (NTD \$210,000) at USD \$0.1352 (NTD \$4.2) (in dollars) per share.

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

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

(18) Operating revenue

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

A. Disaggregation of revenue from contracts with customers

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

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

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

B. Contract liabilities

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

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

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

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

(19) Interest income

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

(20) Other income

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

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

(21) Other gains and losses

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

(22) Finance costs

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

(23) Expenses by nature

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

- A. According to the Articles of Incorporation of the Company, a portion of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' remuneration.
- B. For the year ended December 31, 2023, employees' compensation was accrued at \$9,060; while directors' remuneration was accrued at \$0. The aforementioned amounts were recognised in salary expenses. No employees' compensation nor directors' remuneration were accrued for the

year ended December 31, 2022.

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

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

(24) Income tax

A. Income tax expense

Components of income tax expense:

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

B. Reconciliation between income tax expense and accounting profit

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

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

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

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

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

(25) Earnings per share

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 349,531	100,000	\$ 3.50
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	349,531	100,000	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	407	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 349,531	100,407	\$ 3.48
Year ended December 31, 2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 303,806	100,000	\$ 3.04
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 303,806	100,000	\$ 3.04

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

(26) Supplemental cash flow information

A. Investing activities with partial cash payments

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

B. Financing activities with no cash flow effects

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

(27) Changes in liabilities from financing activities

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

2022

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

7. Related Party Transactions

(1) Names of related parties and relationship

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

(2) Significant related party transactions

A. Receivables from related parties

	December 31, 2023	December 31, 2022
Other receivables		
Associates	<u>\$ 97</u>	<u>\$ 192</u>

Other receivables are receivables for uniform and miscellaneous expenses.

B. Payables to related parties

	December 31, 2023	December 31, 2022
Other payables		
Associates	<u>\$ 33</u>	<u>\$ 3</u>

Other payables are payables for miscellaneous expenses.

C. Other Income

	Year ended December 31, 2023	Year ended December 31, 2022
Other income		
Associates	<u>\$ 6,286</u>	<u>\$ 6,286</u>

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

(3) Key management compensation

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

8. Pledged Assets

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

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

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	<u>\$ 329,879</u>	<u>\$ 412,583</u>

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

	December 31, 2023	December 31, 2022
Right-of-use assets	<u>\$ 335,161</u>	<u>\$ 732,470</u>

10. Significant Disaster Loss

None.

11. Significant Event after the Balance Sheet Date

- (1) For the Company's operation considerations, the Company increased its share capital by 12,500 thousand shares with a par value of \$10 (in dollars) per share, and with total amount of \$1,672,065. The Company has received the full amount on January 22, 2024. The Company's share are listed on the Taiwan Stock Exchange since January 24, 2024.
- (2) On March 7, 2024, the Board of Directors made a resolution for applying the sum of \$335,422 (\$2.98 in dollars per share) out of capital surplus, additional paid-in capital of the Company to distribute cash dividends. Please refer to Note 6(16)E for details.

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

12. Others

(1) Capital management

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

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

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

(2) Financial instruments

A. Financial instruments by category

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

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

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The material financing activities are reviewed by the Board of Directors in accordance with procedures required by relevant regulations and internal control system. During the implementation of financing plans, the Board of Directors is assisted in its oversight role by the internal audit department. Internal audit undertakes both regular and exceptional reviews of risk management controls and procedures, and reports the results to the Board of Directors.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency. Primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.
- ii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

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

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

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

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 2023, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars.
- ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- iii. If the borrowing interest rate had increased/decreased by 0.25% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,520 and \$2,000. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of financial instruments at fair value through profit or loss and at fair value through other comprehensive income.
- ii. According to the Group's credit policy, only well-known financial institution within the operating country can be accepted as transaction banks.

- iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.
 - iv. The Group adopts assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - v. The Group classifies customer's notes receivable and accounts receivable in accordance with credit rating of customer. The Group applies the modified approach using a provision matrix based on the loss rate methodology to estimate expected credit loss under the provision matrix basis.
 - vi. The accounts receivable of the Group mainly uses credit card payment methods. These receivables are mainly paid by domestic famous financial institutions, and the probability of occurrence of credit risk is extremely low.
- (c) Liquidity risk
- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements.
 - ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
 - iii. As at December 31, 2023 and 2022, the Group didn't have any undrawn borrowing facilities.
 - iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023

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

December 31, 2022

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

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, notes receivable, accounts receivable,

finance lease payments receivable, other receivables, guarantee deposits paid, notes payable, other payables, long-term payables, borrowings and guarantee deposits received are approximate to their fair values.

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

13. Supplementary Disclosures

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

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

(3) Information on investments in Mainland China

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

(4) Major shareholders information

Major shareholders information: Please refer to table 2.

14. Segment Information

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

(1) Information on products and services

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

(2) Geographical information

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

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

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

(3) Major customer information

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

World Fitness Services Ltd.
Information on investees
For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

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

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

World Fitness Services Ltd.
Major shareholders information
December 31, 2023

Table 2

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

- V. If the Company and its affiliated companies experienced instances of financial difficulties in the most recent year and up to the publication date of this annual report, state their impact on the financial position of the Company: None.

Chapter 7. Financial Status, Financial Performance, and Risk Items

I. Financial Status

- (I) The main reasons for major changes in assets, liabilities, and equity in the last two years and the impact thereof

Unit: NT\$ thousand

Item	2022	2023	Difference	
			Amount	%
Current assets	1,899,319	1,367,061	(532,258)	(28.02)
Investments recognized under the equity method	19,766	13,980	(5,786)	(29.27)
Property, plant and equipment	5,748,859	5,539,200	(209,659)	(3.65)
Intangible assets	117,552	132,996	15,444	13.14
Other non-current assets	9,836,089	9,823,434	(12,655)	(0.13)
Total assets	17,621,585	16,876,671	(744,914)	(4.23)
Current liabilities	5,649,701	5,295,616	(354,085)	(6.27)
Non-current liabilities	9,381,426	9,251,066	(130,360)	(1.39)
Total liabilities	15,031,127	14,546,682	(484,445)	(3.22)
Capital stock	500,000	1,000,000	500,000	100.00
Capital surplus	1,822,806	980,458	(842,348)	(46.21)
Retained earnings	267,652	349,531	81,879	30.59
Other equity interest	-	-	-	-
Total equity	2,590,458	2,329,989	(260,469)	(10.05)
Analysis and explanation of changes that exceed 20% or NT\$10 million in the last two fiscal years:				
(1) Decrease in current assets: This was mainly due to the decrease in the balance of cash and cash equivalent due to the payment of cash dividends in 2023.				
(2) Increase in capital stock: This was mainly due to the conversion of capital surplus in the capital increase in 2023.				
(3) Decrease in capital surplus: This was mainly due to the conversion of capital surplus in the capital increase and the distribution of cash dividends from capital surplus in 2023.				
(4) Increase in retained earnings: This was mainly due to the gradual return of customers after the epidemic, stable revenue growth, and subsequent increase in net profit in this period.				

- (II) Explain significant impacts of changes in the financial status over the past two years and future response plans: None.

II. Financial Performance

(I) Financial Performance Comparison Analysis Sheet

Unit: NT\$ thousand

Item	2022	2023	Difference	
			Amount	%
Operating revenue	8,862,771	9,428,163	565,392	6.38
Operating costs	7,436,634	7,877,019	440,385	5.92
Gross Profit	1,426,137	1,551,144	125,007	8.77
Operating expenses	940,610	1,039,961	99,351	10.56
Operating net profit	485,527	511,183	25,656	5.28
Non-operating income and expenses	(122,061)	(67,262)	54,799	(44.89)
Net Profit Before Tax	363,466	443,921	80,455	22.14
Income tax expenses	59,660	94,390	34,730	58.21
Net profit after tax	303,806	349,531	45,725	15.05
Analysis and explanation of changes that exceed 20% or NT\$10 million in the last two fiscal years:				
(1) Increase in non-operating income and expenses: This was mainly due to the increase in government subsidies for the Youth's Employment Ultimate Program from the Ministry of Labor in 2023.				
(2) Increase in net profit before tax: This was mainly due to the increase in revenue in 2023 compared to the previous year and the subsequent increase in net profit before tax.				
(3) Increase in income tax expenses: This was mainly due to the increase in net profit before tax in 2023 and the subsequent increase in income tax expenses.				

(II) Expected sales volume and its basis, the possible impact on the company's future financial business and the response plan

The Company's sales forecasts are based on the industry environment as well as supply and demand. We also set annual sales targets based on the progress of the gym expansion plans and past operating performance. As the impact of the COVID-19 epidemic gradually subsides, we expect sustainable growth in future business operations. In addition, the Company has maintained good payment collection, profitability, and cash inflow, which are sufficient for meeting future business growth requirements. For research and analysis of relevant market supply and demand and the development and current state of the industry, please refer to Chapter 5. Operational Highlights in the annual report.

III. Cash Flow

(I) Analysis of changes in cash flow in the most recent year

Unit: NT\$ thousand

Item	2022	2023	Difference	
			Amount	%
Cash inflow from operating activities	2,312,250	2,383,480	71,230	3.08
Cash outflow from investing activities	(1,532,191)	(639,551)	892,640	(58.26)
Cash outflow from financing activities	(1,511,560)	(2,104,836)	(593,276)	39.25
Analysis of changes:				
1. The increase in cash inflow from operating activities was mainly due to the rise in health awareness after the epidemic gradually subsided in 2023, the gradual return of customers, and the continuous expansion of business locations, resulting in cash inflow from operating profits.				
2. The decrease in cash outflow from investing activities was mainly due to the cancellation of pledging of pledged time deposits by credit card machines, which resulted in a decrease in cash from financial assets measured at amortized cost.				
3. The increase in cash outflow from financing activities was mainly due to the continued repayment of long-term borrowings in 2023 and the increase in cash dividends paid in 2023 compared with 2022.				

(II) Improvement plan for insufficient liquidity

The company's net profit before tax in 2023 was NT\$443,921 thousand. The business was in a period of growth and profit, and the 2023

annual operating activities resulted in a net cash inflow of NT\$2,383,480 thousand. There

has been no shortage of capital liquidity.

(III) Cash liquidity analysis for the next year

Unit: NT\$ thousand

Cash balance, beginning of year	Estimated annual net cash flows from operating activities	Annual net cash flow from investing and financing activities	Estimated cash surplus (deficit) amount	Estimated remedial measures for cash deficit	
				Investment plans	Financing plans
424,123	1,143,190	262,065	1,829,378	—	—
Analysis of estimated cash flow changes in 2024:					
1. Operating activities: We expect operating activities to generate cash inflow of NT\$1,143,190 thousand mainly due to operating profits.					
2. Investing and financing activities: Before the Company's initial public offering, the cash capital increase and the issuance of new shares raised NT\$1,672,065 thousand, which was completed in January 2024. The cash capital increase plus the payment of cash dividends of NT\$650,000 thousand and the repayment of long-term borrowings of NT\$760,000 thousand resulted in a net cash inflow from investing and financing activities.					
3. Conclusion: The Company expects to maintain good cash liquidity in the coming year and will have no shortage of cash.					

IV. Effect of Capital Expenditure on Financial Performance in the Most Recent Year: None.

V. Investment Policy in the Most Recent Year, Profit/Loss Analysis, Improvement Plan, and Investment Plan for the Coming Year

(I) The Company's investment policy

The Company's management of investee enterprises is implemented based on regulations for transactions between the Company and investees in the Company's internal control system, "Subsidiary Supervision Regulations" and "Related Party Transaction Management Regulations". It is mainly implemented by obtaining relevant financial information and management reports from the investees on a regular basis. The Company also assigns personnel to the investees at regular intervals or when necessary to monitor their operating conditions onsite. Any relevant investment plans in the future will be processed in accordance with the aforementioned regulations.

(II) Profit/loss analysis of investees in the most recent year and improvement plan

Unit: NT\$ thousand

Investee company	2023		Group positioning	Reason for profit or loss	Improvement plan
	Investment amount	Investment Gain (Loss)			
World Fitness Asia Limited	HKD2,483	376,879	It operates a chain of membership-based fitness centers. Except for the entrusted management of the Taipei 101 and Taipei Minsheng Clubs, it directly operates all clubs.	Good operating conditions	N/A
Jing Keng Health World Co., Ltd.	16,350	(5,786)	It operates a chain of membership-based fitness centers and owns Taipei 101 and Taipei Minsheng Clubs.	As the number of members of Jing Keng Health World Co., Ltd. has not yet returned to pre-epidemic levels and as Taipei 101 Club was set up at a landmark location in Taiwan to increase the overall exposure and publicity of our fitness centers, the rent is high and losses are expected. As health awareness rises after the epidemic subsides, it will gradually become profitable in the future.	Same as description on the left

(III) Investment plan for the following year

The Company mainly operates membership-based chain fitness centers. As fitness becomes gains popularity in Taiwan, the Company is optimistic about the business opportunities in the fitness market. To increase the number of members and expand market share, we have continued to add new clubs in recent years. As of the end of 2023, the Company has opened 118 clubs. In the future, the implementation progress of the investment plans will be reported to the Board of Directors every quarter based on market trends, business strategies, and financial and capital conditions.

VI. Risk Assessment for the Most Recent Year and up to the Publication Date of the Annual Report

(I) Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures

1. The effect of interest rate fluctuations on earnings and losses of the Company as well as response measures

The Company's interest income is mainly derived from interest income on financial leasing receivables and interest income on deposits. Interest expenses are mainly derived from interest on lease liabilities. The Company's interest income in 2022 and 2023 was NT\$9,784 thousand and NT\$15,657 thousand, respectively, accounting for 0.11% and 0.17% of the consolidated net operating income of the period, respectively. Interest expenses were NT\$216,550 thousand and NT\$212,023 thousand, respectively, accounting for 2.44% and 2.25% of the consolidated net operating income of the period, respectively, indicating that the impact of interest rate changes on the Company's operations was limited.

Response measures:

If interest rates fluctuate significantly in the future, the Company will make appropriate capital utilization plans based on changes in interest rates on the financial market. The Company will evaluate bank borrowing rates from time to time to obtain more favorable interest rates and maximize capital efficiency.

2. The effect of exchange rate fluctuations on earnings and losses of the Company as well as response measures

The Company's exchange gains and losses in 2022 and 2023 were NT\$2,245 thousand and NT\$317 thousand, respectively, accounting for 0.035 and 0.03% of the consolidated net operating income of the period, respectively, indicating that changes in interest rates have no significant impact on the Company's operations.

Response measures:

The effect of exchange rate fluctuations on the Company's current operations is insignificant. However, the Company has taken the following measures to cope with the impact of exchange rate fluctuations on profits and losses in response to the risks of exchange rate changes for a small amount of sports and fitness equipment purchased from external sources.

- A. The Company's Finance Department continuously monitor exchange rate trends and maintains close contact with financial institutions. It continues to observe exchange rate changes and monitors international exchange rate trends and changes to quickly respond to the impact of exchange rate fluctuations and reduce the impact of exchange rate fluctuations on the Company's profits and losses.
- B. The Company opened foreign currency accounts. Depending on the Company's holdings of foreign currency assets and liabilities, if the demand for foreign currency increases in the future, an appropriate amount of foreign currency capital positions will be maintained to reduce the impact of exchange rate fluctuations on profits.

3. Impact of inflation risks

Rapid changes in the global economic environment have not had a significant impact on the Company's profits and losses due to inflation or deflation crises as of the date of publication of the annual report.

Response measures:

In the future, the Company will continue to maintain close and good relationships with suppliers, provide members with services of the highest quality, continuously monitor market price fluctuations, and adjust purchasing strategies and membership and training course prices in a timely manner to reduce the impact of inflation changes on the Company's profits and losses.

- (II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures.

The Company maintains its conservative and robust principle and focuses on the operation of its own industry. Therefore, it does not intend to engage in derivative financial product transactions. If it engages in capital loans and endorsement guarantees, it will be conducted in accordance with the Company's "Operating Procedures for Loans to Others" and "Operating Procedures for Endorsements and Guarantees", and reports shall be filed in accordance with relevant laws and regulations.

- (III) Future R&D projects and expected R&D expenses.

1. Future R&D plans

- (1) Continue to provide the most advanced fitness equipment, facilities, and environment.
- (2) Create and constantly update the Company's own aerobics courses and training courses to keep up with trends.
- (3) Promote adaptive development of trainers and provide members with accurate and efficient professional services.
- (4) Increase the number of videos on the WG Online audio and video platform and provide a more comprehensive home fitness experience.
- (5) Develop a course reservation system to better meet customization requirements.
- (6) Retail product testing provides members with more suitable and diverse products.
- (7) Promote AI intelligent posture detection in different clubs for more members to objectively observe posture risks through AI and choose suitable exercise regimes.
- (8) Promote age-friendly courses and training to meet the demand of Taiwan's aging population for exercise.

2. Expected R&D expenses

The company invests a certain amount of R&D expenses every year to provide the best services to members. In the future, we will continue to develop new products, such as courses that are in line with trends, enhanced online platform content, and more diversified retail products. Promote AI detection and Reverse-Aging courses; the estimated R&D expenses in 2024 are NT\$32,000 thousand.

- (IV) The effect of changes in important domestic and foreign policies and laws on the Company's financial position and business operations, and response measures.

The Company is registered in the Cayman Islands and its main activities are in Taiwan. The Group's business operations are carried out in accordance with important domestic and foreign policies and regulations. We always pay attention to important political and legal changes in the location of operations, make use of different channels, and complete preventive preparations as early as possible. If there are changes, we consult lawyers, accountants, and other relevant units, or entrust them to evaluate and plan response measures to quickly respond to market changes and take appropriate response measures. As of the date of the publication of this prospectus, there has been no significant impact on the Group's finances and business operations due to major policy and legal changes in the Cayman Islands and the main country of operations.

- (V) The effect of changes in technologies (such as information security risks) and the industry on the Company's financial position and business operations, and response measures.

In response to the rapid changes in modern technologies and the industry, the Company closely monitors changes in technologies and the industry and by pays close attention to customer needs to provide fitness facility environments and courses that meet their needs. In the most recent fiscal year and up to the publication date of the annual report, there has been no significant impact of changes in technologies and the industry on the Company's finances and business operations. Please refer to Chapter 5. VI. Information Security Management of this annual report for the Group's information security risk response measures.

- (VI) Impact of change in corporate image on risk management and response measures.

World Gym upholds the values of integrity, innovation, and sustainable management. In terms of external operations, we provide member services and actively implement corporate social responsibility. In terms of internal affairs, we manage labor relations and optimize employee management to maintain a good corporate image. The Company implements standard response procedures and training to prevent risks from expanding. In the event of special or emergency conditions, we implement timely response and reporting to reduce the impact of accidents on personnel safety, workplace environment, management operations, and company reputation and image. We also use the division of labor of dedicated departments and summary of incidents to help the Public Relations Department of the

Company track and monitor incidents, and provide consistent and clear explanations to the public through a single spokesperson.

(VII) Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

(VIII) Expected benefits and potential risks of capacity expansion, and response measures.

The Company operates membership-based chain fitness centers and mainly provides members with professional fitness equipment, venues, and aerobic exercise courses as well as professional trainer course services. In the future, we will continue to expand operations based on market demand and increase revenue, profitability, and growth for the Company. We will also retain sufficient cash and use multiple financing channels and comprehensive management systems to respond to risks caused by changes in the overall economic environment, regulatory requirements, competition, and political environment.

(IX) Risks associated with over-concentration in purchases or sales, and response measures.

The Company's main business is to operate sports centers and provide members with sports and fitness venues, equipment, courses, and other services. The main procurement items are sports equipment and facilities. The Company has established good relations with many suppliers. The state of supply is good and there is no risk of over-concentration of purchases. In terms of sales, as the Company operates a sports and fitness business, its target market is the general consumer market and there is no risk of over-concentration in sales.

(X) The effects and risks of large-scale share transfers or conversions by directors, supervisors, or major shareholders holding more than 10% of the Company's shares, and response measures.

There has been no substantial transfer or replacement of equity by directors or major shareholders holding more than 10% of the shares in the most recent fiscal year and during the current fiscal year up to the publication date of the annual report.

(XI) The impact and risk of a change in ownership on the Company, and response measures.

There have been no changes in management rights in the most recent fiscal year and during the current fiscal year up to the publication date of the annual report.

(XII) Litigation or non-litigation events

In the most recent fiscal year and up to the publication date of the annual report, there has been no significant impact of litigation or non-litigation events on the Company's finances and business operations.

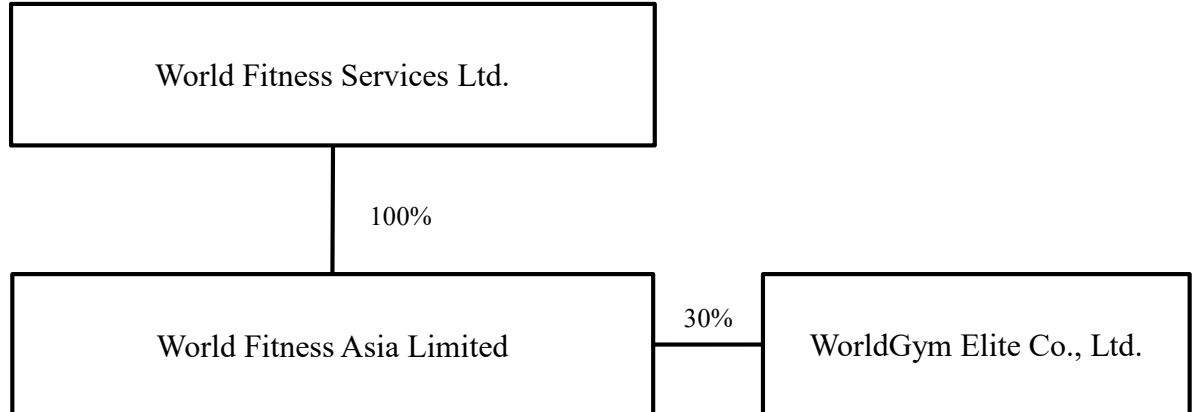
VII. Other important matters: None.

Chapter 8. Special Disclosure

I. Information on the Company Affiliates

(I) Consolidated Business Report

1. Affiliate Company Structure



2. Information on Affiliates

As of December 31, 2023; Unit: NT\$ thousand

Name of Affiliate	Date of Establishment	Address	Paid-in Capital	Major Business Activities
World Fitness Asia Limited	2006/03/23	36F, No. 402, Shizheng Rd., Xitun Dist., Taichung City	10,397 (HKD 2,483)	Provide professional fitness consultation and fitness and sports venues
Jing Keng Health World Co., Ltd.	2009/11/23	No. 1, Ln. 160, Sec. 2, Tanfu Rd., Tanzi Dist., Taichung City	54,500	Provide professional fitness consultation and fitness and sports venues

3. Overall industries covered by the business of affiliates

Name of Affiliate	Major Business Activities	Transactions and division of labor
World Fitness Asia Limited	Sports and leisure industry, provides professional fitness consultation and fitness and sports venues	It is responsible for operating the membership-based chain fitness center brand "World Gym" of World Fitness Services Ltd. Except for the entrusted management of the Taipei 101 and Taipei Minsheng Clubs, it directly operates all clubs.
Jing Keng Health World Co., Ltd.	Sports and leisure industry, provides professional fitness consultation and fitness and sports venues	It operates a chain of membership-based fitness centers and owns Taipei 101 and Taipei Minsheng Clubs.

4. Information on directors, supervisors, and presidents of affiliates

Name of Affiliate	Title	Name or Representative	Shareholding	
			Shareholding (shares)	Percentage (%)
World Fitness Asia Limited	Chairman	John Edward Caraccio	-	-
	Director	Lionel Alain Odon de Saint-Exupery	-	-
	Director	Michael Aldo Sanciprian	-	-
	Director	Sanjay Sachdeva	-	-
	Director	Steven Wu	-	-
Jing Keng Health World Co., Ltd.	Director	Tung Keng Enterprise Co., Ltd. Institutional shareholder representative: Shun-Tsai Huang	3,815,000	70
	Director	World Fitness Asia Limited Institutional shareholder representative: John Edward Caraccio	1,635,000	30
	Supervisor	Ming-Chu Chen	-	-
	Supervisor	Pei-Yun Lin	-	-

5. Financial position and business performance of affiliates

December 31, 2023; Unit: NT\$ thousand

Name of Affiliate	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit (loss)	Income (after tax) for the current period	Earnings per Share (Note)
World Fitness Asia Limited	10,397	16,820,661	14,528,593	2,292,068	9,428,163	538,340	376,879	N/A
Jing Keng Health World Co., Ltd.	54,500	634,928	588,327	46,601	181,236	(17,776)	(19,287)	(3.54)

Note: As it is a limited company, calculating earnings per share is not an issue.

- II. Private placement of securities in the last year up to the date of this annual report: None
- III. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of report: None
- IV. Other supplemental information: None
- V. Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36, Paragraph 3, Subparagraph 2 of Securities and Exchange Act in the most recent year and up to the publication date of this Annual Report should be listed individually: None

Chapter 9. Major differences from our country's regulations on the protection of shareholders' rights and interests

The Company has amended its Articles of Association according to "Checklist of Major Issues Regarding the Protection of Shareholders' Rights for Foreign Issuers in Their Jurisdiction of Incorporation" (hereinafter referred to as "Checklist of Shareholders' Rights Protection") announced by the Taiwan Stock Exchange Corporation on January 19, 2023. However, due to slight inconsistencies between Cayman Islands laws and Taiwan laws, some of the major issues regarding the protection of shareholders' rights listed in the Checklist of Shareholders' Rights Protection are not necessarily applicable to the Company. The following table explains the differences between the Company's currently effective Articles of Association (hereinafter referred to as the "Articles") and the Checklist of Shareholders' Rights Protection due to the provisions of Cayman Islands laws, as well as the provisions of the Articles.

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
1. A company shall not cancel its shares unless it reduces its capital in accordance with the resolution of the shareholders' meeting; when reducing its capital, it shall be reduced in proportion to the shares held by the shareholders. 2. When a company reduces its capital, it may return its shares with asset other than cash; the asset returned and the amount of the offset shall be subject to a resolution of the shareholders' meeting and the consent of the shareholder who received the asset. 3. The value of the property mentioned in the preceding paragraph and the amount of offset shall be submitted by the board of directors to the ROC CPAs for verification and certification before the shareholders' meeting.	1. According to the provisions of Article 14 of the Cayman Companies Act, the reduction of share capital (Reduction of Share Capital) must be approved by the Court in addition to passing a special resolution of the shareholders' meeting to take effect. 2. According to the Cayman Companies Act, a company may cancel its shares under the following circumstances: (1) Capital reduction through a special resolution of the shareholders' meeting and approved by the Cayman Court; (2) The Company repurchases its shares in accordance with its Articles of Association, and it is not a situation where the Company holds treasury shares.	The capital reduction procedure stipulated in Article 24(b) of the Company's Articles of Association has not been revised. This is because the capital reduction (Reduction of Share Capital) stipulated in Article 14 of the Cayman Companies Act does not take effect except through a special approval by the shareholders' meeting. In addition to passing the resolution, it must be approved by the Court. The provisions of the Cayman Companies Act are mandatory and all companies registered in the Cayman Islands must comply with them. Therefore, Article 24(b) of this Article has not been amended. However, to simultaneously comply with Cayman Islands laws and Taiwan laws, the Company has accordingly amended Articles 16(a), 16(b), and 16(c) of the Articles of Association. Even without obtaining approval from the Cayman Islands Court, the Company may still achieve the effect of capital reduction by repurchasing and canceling its shares. Additionally, the

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
		types of refunding capital and the methods of verification, valuation, and offsetting amounts have been stipulated according to the contents of this checklist. This difference has been disclosed in the prospectus, so the impact on shareholders' rights should be limited.
The company shall convene a shareholders' meeting within the territory of the Republic of China. If a shareholders' meeting is convened outside the Republic of China, the stock exchange must be submitted for approval within two days after the board of directors resolves or the shareholders obtain the convening permission from the competent authority.	According to Article 61 of the Cayman Companies Act, if there are no special provisions in the Articles of Association, three shareholders have the right to convene a shareholders' meeting.	According to Article 32 of the Company's Articles of Association, if the board of directors fails to convene a shareholders' meeting at the request of the minority shareholders, the minority shareholders may directly convene the meeting without first seeking permission from the competent authority. According to the provisions of this Article, minority shareholders do not need to obtain permission from the competent authority in advance to convene a shareholders' meeting. Therefore, if a shareholders' meeting is convened overseas, it is not necessary to obtain the convening permission from the competent authority before reporting to the stock exchange for approval. The reason why this Article has not been amended is that for shareholders of a company to convene a shareholders' meeting on their own, the Cayman Company Act does not give any competent authority the authority to convene a shareholders' meeting for minority shareholders. According to the amended Articles of Association, minority shareholders still have the authority to convene

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
		shareholders' meetings, so the impact of this difference on shareholders' rights should be limited.
A company may not issue bearer shares. If a company adopts non-par value shares, it shall not be converted into par value shares.	According to the Cayman Companies Act, the Company shall not issue any further bearer shares after May 13, 2016, and the previously issued bearer shares must be converted into registered shares before July 13, 2016.	The Company's Articles of Association do not provide for shares without par value. The reason for not being revised is that the Company issues par value shares, so this provision does not apply.
If a shareholder continues for more than one year and holds more than 3% of the total issued shares, he or she may record the proposed matters and reasons in writing and request the board of directors to convene an extraordinary meeting of shareholders. If the board of directors fails to notify the convenor within fifteen days after the request is made, the shareholders may convene the meeting on their own with the permission of the competent authority.	According to Article 61 of the Cayman Companies Act, if there are no special provisions in the Articles of Association, three shareholders have the right to convene a shareholders' meeting.	Article 32 of the Company's Articles of Association stipulates that if the board of directors fails to convene a shareholders' meeting at the request of the minority shareholders, the minority shareholders may directly convene the meeting without first seeking permission from the competent authority. The reason why this Article has not been amended is that for shareholders of a company to convene a shareholders' meeting on their own, the Cayman Company Act does not give any competent authority the authority to convene a shareholders' meeting for minority shareholders. According to the amended Articles of Association, minority shareholders still have the authority to convene shareholders' meetings, so the impact of this difference on shareholders' rights should be limited.
When a company exercises its voting rights in writing or electronically, the method of exercise shall be stated in the notice convening the shareholders' meeting. Shareholders who exercise their	According to Cayman Laws, shareholders may vote in person or by appointing a proxy on their behalf. Shareholders may also pass resolutions in writing. Under Cayman Laws, a "written vote" or "electronic	Article 54(a) of the Company's Articles of Association stipulates that when shareholders exercise their voting rights in writing or electronically, they are deemed to have designated the stock

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
voting rights in writing or electronically are deemed to have attended the shareholders' meeting in person. However, the provisional motions and amendments to the original motions of the shareholders' meeting will be deemed to have abstained from voting.	vote" is equivalent to a designated proxy.	affairs agent recognized by the Financial Supervisory Commission or the chairman of the shareholders' meeting as their proxy. This is different from the provisions of our country's laws. This is because according to Cayman Laws, a shareholder's "written vote" or "electronic vote" is equivalent to a designated proxy. As the aforementioned Cayman Companies Act provisions are mandatory, all companies registered in the Cayman Islands must comply with them. This difference has been disclosed in the prospectus, thus the impact on shareholders' rights should be limited.
1. The Company's Articles of Association may stipulate that the distribution of profits or appropriation of losses shall be made after the end of each quarter or half a fiscal year. 2. Proposals for distribution of profits or appropriation of losses or the first three quarters or the first half of the fiscal year of the Company should be submitted to the supervisor or audit committee for review together with the business report and financial statements before being submitted to the board of directors for resolution. 3. When a company distributes surplus in accordance with the provisions of the preceding paragraph, it shall first estimate and retain tax payable, make up for losses in accordance with the law, and set aside statutory surplus reserve. However, this does not apply when the statutory surplus reserve reaches the	Cayman Companies Act does not have relevant regulations on the time and procedures for profit distribution or loss appropriation.	According to Article 44 of the Articles of Association, the Company distributes dividends or covers losses only at the end of each fiscal year, so there is no provision for interim dividend distribution or loss coverage in the Articles.

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
amount of paid-in capital. 4. When the Company distributes dividends by issuing new shares according to the second item, it requires the presence of shareholders representing more than two-thirds of the total issued shares, with the approval of a majority of the voting rights of the shareholders present. If the total number of shares of the shareholders present is insufficient, the presence of shareholders representing more than half of the total issued shares, with the approval of two-thirds of the voting rights of the shareholders present is required; for cash distribution, it should be decided by the board of directors. 5. When the Company distributes dividends or covers losses according to the previous four items, it should be based on the financial statements audited or reviewed by CPAs.		
If the convening procedure or resolution method of the shareholders' meeting violates the law or the Articles of Association, shareholders may request the Court to revoke the resolution, and the Taiwan Taipei District Court may be the Court of first instance.	According to Cayman Laws, any change or revocation of a shareholders' meeting resolution should be resolved by a new shareholders' meeting. There is no relevant regulation in the Cayman Companies Act that shareholders can apply to the Court to revoke the resolution of the shareholders' meeting.	Although the Company's Articles of Association contain similar provisions in Article 46, the provisions are slightly different from Taiwan Company Act. This is because the following important matters concerning the protection of shareholders' rights are statutory rights of revocation, and their legal effects cannot be achieved by provisions of the Articles of Association; there must be legal provisions granting shareholders the right of revocation. Although Article 46 of the Company's Articles of Association differs slightly

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
		from the following important provisions for the protection of shareholders' rights, when the convening procedure or resolution method of the shareholders' meeting violates the law or the Articles of Association, the Company's Articles do not restrict shareholders' rights to file lawsuits or seek remedies in the Court. Whether the Court (whether in our country or the Cayman Islands) will revoke the shareholders' meeting resolution for violating the law or the Company's Articles should be determined by the Court based on the applicable law granting shareholders the right of revocation, and judged according to its discretion. These differences arise from the nature of shareholders' rights of revocation, and the Company's Articles do not restrict shareholders' rights to file lawsuits or seek remedies in the Court.
The following proposals involving significant shareholder rights should be attended by shareholders representing more than two-thirds of the total issued shares, with the approval of a majority of the voting rights of the shareholders present. If the total number of shares of the shareholders present is insufficient, the presence of shareholders representing more than half of the total issued shares, with the approval of two-thirds of the voting rights of the shareholders present is required: 1. A company entering into, amending, or terminating	1. A special resolution, as defined by Section 60 of the Cayman Companies Act, means a resolution approved by at least two-thirds of the shareholders holding at least a majority of the Company's issued shares with voting rights who are present in person or by proxy (if allowed) at a meeting duly notified that the resolution will be approved as a special resolution. 2. According to the Cayman Companies Act, matters requiring special resolution include: (1) Change the company name (if it is an exempted	According to Articles 33 and 35 of the Company's Articles of Association, resolutions regarding (1) amendments to the articles, (2) mergers, and (3) voluntary dissolution not due to the Company's inability to pay its debts as they fall due, must be approved by at least two-thirds of the shareholders holding at least a majority of the issued shares with voting rights who are present in person or by proxy (if allowed) (i.e. a special resolution as defined by the Cayman Companies Act). The Articles do not provide for "the resolution to be approved by the presence of shareholders representing

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
contracts concerning the lease of all business, entrusting management, or regular joint operation with others; transferring all or a substantial part of the business or assets; acquiring all business or assets of others that significantly impact the Company's operations. 2. Amend the Articles of Association 3. If any change in the Articles of Association damages the rights of shareholders of special shares, it must be resolved by a meeting of special shareholders. 4. Distributing all or part of dividends by issuing new shares 5. Resolution on dissolution, merger or division 6. Share conversion	company, this includes adopting or changing the dual name in English and foreign languages); (2) Amend or supplement the Articles of Association; (3) Revise or supplement the purpose, powers or other specially stated matters related to the Company's memorandum of incorporation; (4) Reduce share capital or capital redemption reserve; (5) The company decided to dissolve voluntarily due to reasons other than its inability to pay off due debts. (6) Merger. 3. There is no provision for division in the Cayman Companies Act.	more than half of the total issued shares, with the approval of at least two-thirds of the voting rights of the shareholders present". This is because the resolution thresholds set by the Cayman Companies Act for amendments to the articles, mergers, and voluntary dissolution not due to the Company's inability to pay its debts are mandatory provisions that all companies registered in the Cayman Islands must comply with; therefore, Articles 33 and 35 of the Company's Articles of Association have not been amended. Since the resolution thresholds set by the Cayman Companies Act for these matters are not inconsistent with the provisions of the Taiwan Company Act, and this difference has been disclosed in the prospectus, the impact on shareholders' rights should be limited.
1. If a company has a supervisor, it shall be selected by the shareholders' meeting. At least one of the supervisors must reside in Taiwan. 2. The term of office of the supervisor shall not exceed three years. But he/she has to be re-elected. 3. When all supervisors are dismissed, the board of directors shall convene an extraordinary meeting of shareholders within sixty days to elect them. 4. Supervisors shall supervise the implementation of the Company's business, may investigate the Company's business and financial status at any time, audit, copy or	The company law of Cayman Islands does not have provisions related to supervisors.	This foreign issuer does not have supervisors because it has independent directors.

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
duplicate the books and documents, and may request the board of directors or managers to provide reports. 5. Supervisors shall audit the various statements prepared by the board of directors for the shareholders' meeting and report their opinions to the shareholders' meeting. 6. When handling audit matters, the supervisor may appoint CPA or lawyer on behalf of the Company to audit the matter. 7. Supervisors may attend the board of directors' meeting to state their opinions. If the board of directors or directors act in violation of laws, Articles of Association, or resolutions of shareholders' meetings when performing business, the supervisor shall immediately notify the board of directors or directors to stop their behaviors. 8. Each supervisor may exercise supervisory power independently. 9. Supervisors may not concurrently serve as the Company's directors, managers, or other staff.		
1. Shareholders who have continuously held more than one percent of the Company's issued shares for more than six months may request in writing that the supervisor files a lawsuit on behalf of the Company against the directors, and may designate the Taipei District Court in Taiwan as the Court of first instance. 2. If the supervisor does not file a lawsuit within thirty days	According to Cayman Laws, if the Company wishes to sue a director, the Company must generally be the plaintiff, and because the board of directors is the decision-making body of the Company, the board must authorize one or more directors to represent the Company in suing a specific director. Although shareholders also have the right to sue on behalf of the Company under Cayman Laws, whether shareholders	This foreign issuer does not have a provision in its Articles of Association allowing supervisors to sue directors on behalf of the Company because it has independent directors. However, Article 124 of the issuer's Articles of Association provides that minority shareholders may request the independent directors on the audit committee to sue directors on behalf of the Company. Since shareholders can still

Difference items	Explanation of Cayman Islands legislation	Provisions and explanations of Articles of Association
after the shareholders' request, the shareholders may file a lawsuit on behalf of the Company and may designate the Taipei District Court in Taiwan as the Court of first instance. 3. Unless the board of directors fails to convene or is unable to convene a shareholders' meeting, the supervisor may convene a shareholders' meeting when necessary for the benefit of the Company.	may do so must be determined by the Cayman Court on a case-by-case basis.	request independent directors to file a lawsuit under Article 124 of the Articles of Association, the impact on shareholders' rights should be limited.

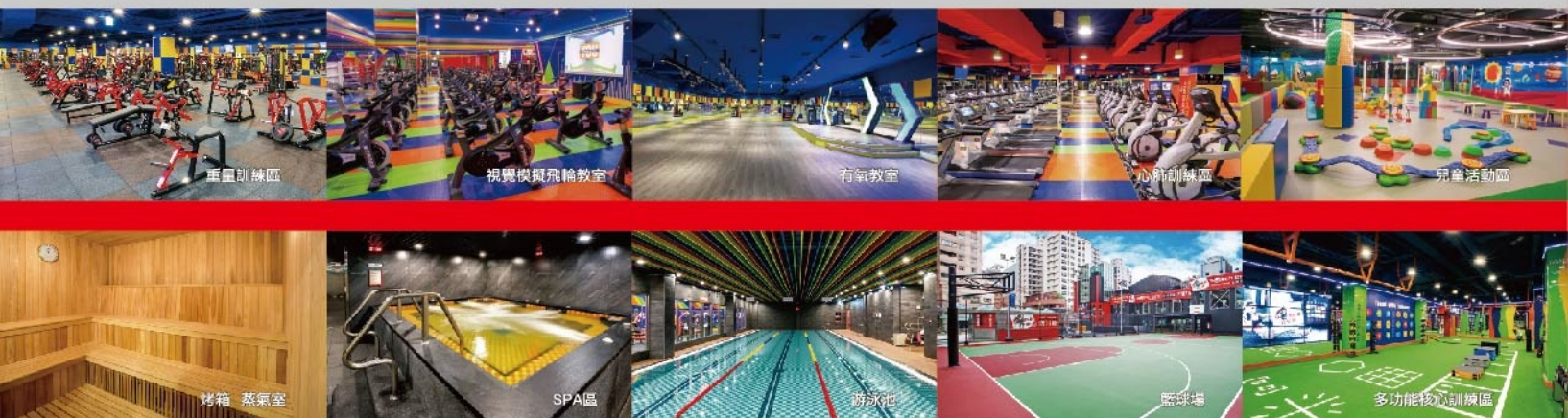
World Fitness Services Ltd.

Chairman: John Edward Caraccio

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