



BAFANG YUNJI
INTERNATIONAL CO.,LTD.

Stock code: 2753

2022

Annual Report

The Annual Report is accessible through the websites below

Market Observation Post System website of
Taiwan Stock Exchange Corporation
<http://mops.twse.com.tw>

Printed on May 10, 2023

I. Spokesperson and Acting spokesperson:

Spokesperson

Name: Chang, Jui-Lien

Email: IR@8way.com.tw

Title: President

Tel: (02)8809-8898

Acting spokesperson

Name: Hong, Chia-Chun

Email: IR@8way.com.tw

Title: Chief Financial Officer

Tel: (02)8809-8898

II. Contact Information of the Head Office, Branch Offices and Factories:

Name	Add	Tel
Head office	18F., No. 27, Sec. 2, Zhongzheng E. Rd., Tamsui Dist., New Taipei City	(02)8809-8898
Tamsui Factory	No. 42-1, Shuixiantou, Tamsui Dist., New Taipei City	(02)2623-4588
Beixin Factory	No. 76, Sec. 2, Beixin Rd., Tamsui Dist., New Taipei City	(02)2623-4588
Tunshan Factory	No. 6-1, Shitoucuo, Tamsui Dist., New Taipei City	(02)2623-4588
Kaohsiung Branch (Kaohsiung Factory)	No. 184, Fengren Rd., Fengshan Dist., Kaohsiung City	(07)710-2988
Fengren Factory (Kaohsiung No. 2 Factory)	No. 142, Fengren Rd., Fengshan Dist., Kaohsiung City	(07)710-2988
Xiluo factory	No. 68-51, Shekou, Xiluo Township, Yunlin County	(05)587-3088
Hong Kong factory	21/F, TEXACO CENTRE, 126-140 TEXACO ROAD, TSUEN WAN	+852-24109858
American factory	2362 McGaw Ave Ste 150, Irvine CA	949-777-5127

III. Share Transfer Agency:

Company: The Transfer Agency Department of CTBC Bank

Website: <http://www.ctbcbank.com>

Address: 5F, 83, Sec. 1, Chung-Ching S. Rd., Taipei 100-003, Taiwan R.O.C

Tel: (02)6636-5566

IV. Independent Auditor:

Auditors: Kuo, Nai-Hua, Lee, Li-Huang

Company: Deloitte & Touche

Website: <http://www.deloitte.com.tw>

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei 110-016, Taiwan, R.O.C.

Tel: (02)2725-9988

V. Name of overseas securities dealers and methods to inquire into overseas securities: None**VI. Website: <https://www.8way.com.tw>**

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1. Financial Statements and Independent Auditor’s Report for 2022 (Consolidated)
2. Financial Statements and Independent Auditor’s Report for 2022 (Parent Company Only)

One. Letter to shareholders

Dear shareholders, ladies, and gentlemen:

We would like to express our sincere gratitude for your continuous support of Bafang Yunji over the last year. The following is a report of the Company's 2022 performance outcomes and outlooks for 2023.

While COVID-19 continued to be a nuisance in 2022, the war between Russia and Ukraine has had a profound and lasting impact on the global economy, and the surge of raw material prices induced inflation on a global scale. We are grateful for the continual support of all our employees, franchisees, suppliers, and business partners amidst rising inflation and the ongoing pandemic, which has enabled us to bring quality products to more consumers during these turbulent times, and deliver outstanding business performance for yet another year in 2022.

The Company reported consolidated revenues of NT\$6,799,263 thousand in 2022, up 14.18% from 2021, but due to the effect of inflation, the gross profit margin dropped slightly by 0.34% from 2021 to 37.15% in 2022. Consolidated net income totaled NT\$645,076 thousand, up 22.71% from 2021; net profit margin was reported at 9.49%, up 0.66% from 2021; and earnings per share were calculated at NT\$10.00, representing a 14.42% growth over 2021.

In addition to achieving double-digit growth in terms of consolidated revenues in both Taiwan and Hong Kong, stores in the U.S. also managed to deliver outstanding performance in 2022. With regards to profit performance, the Company recognized losses from the discontinuance of Chinese operations and adjustments of the Dante brand; aside from the above, operations in Taiwan and Hong Kong both reported double-digit growth compared to 2021. While U.S. stores did manage to deliver profits, the central factory operated below economies of scale and reported slight losses as a result. Total store count reached 1,319 worldwide at the end of 2022, including 1,057 Bafang Yunji stores and 201 Liang, She-Han Pork Ribs stores; meanwhile, the new brand - FJ Veggie introduced at the end of 2021, grew to 18 stores, whereas Bai Fung Bento and Bafang Noodles & More in Hong Kong had 11 and 5 stores, respectively. As for Dante Coffee, further actions were taken to consolidate underperforming stores, and the total store count was reduced to 27 by the end of the year.

In 2023, the Company looks forward to growing its businesses further and aims to expand more actively into international markets with its multi-brand and multi-market strategy. As for operations in Taiwan, Bafang Yunji will continue remodeling stores with smart grills and automated noodle cookers for more consistent product quality and improved operating efficiency. We expect to complete remodeling for all major stores by the end of the year, and will introduce new seasonal offerings to satisfy consumers' desire for diversity. We also have plans to launch frozen prepared food packages in the second half of the year to expand the diversity of store offerings and bring convenient food options to consumers seeking to dine at home. Liang, She-Han Pork Ribs, now in its fourth year, has expanded to more than 200 stores and created strong brand awareness. More emphasis will be directed toward improving product quality and increasing visitor count in the coming year. The new brand - FJ Veggie will continue its store expansion efforts and aim for 60 stores by the end of the year. As for Dante Coffee, we plan to first weed out underperformers and reduce to a profitable size before undertaking any expansion. For the Hong Kong market, new stores will continually be opened under Bai Fung Bento and Bafang Noodles & More; in the meantime, we will introduce Liang, She-Han Pork Ribs to the market and plan to have 2 stores opened for business in the first half of the year. The U.S. presents another key market, where we recently opened our 2nd store in Chino Hills in Southern California on January 6, and expect to have a total of 8 stores by the end of the year. Aside from Southern California, we are actively looking for suitable locations in Northern California where we

can establish a central factory to support our expansion efforts in that region.

Lastly, we would like to thank all our shareholders for their continuous support. The Company has always upheld its corporate spirit of "altruism, sharing, and charity," and contributed to building an inclusive society by providing safe, healthy, fresh, tasty, and affordable dining options and environments for consumers, bringing consistent profits for franchisees, creating a rewarding workplace for employees, and maximizing value for shareholders. Once again, we thank you for all your support!

Chairperson: Lin, Hsin-Yi President: Chang, Jui-Lien Accounting Officer: Huang, Lee-Chi

Two. Company Profile

I. Date of Establishment: January 19, 2000

II. Company History

Year	Important Events
2000	Bafang Yunji Foods Co., Ltd. was established in Shilin, Taipei in January and increased its capital by NT\$2,500 thousand in cash in August, resulting in a paid-in capital of NT\$3,000 thousand
2004	Number of stores in Taiwan exceeded 100
2008	Curry-flavored pot stickers and dumplings launched
2009	Headquarters moved to Tamsui District, New Taipei City, and Tamsui Plant started operations
2010	Tamsui Plant obtained HACCP certification for food safety control system, while raw materials and products passed SGS inspection
2011	<ol style="list-style-type: none"> 1. Garden vegetable pot sticker and dumpling products launched 2. The founder established the New Taipei City Private Bafang Yunji Social Welfare Charitable Foundation to provide social welfare charities and held the 1st New Taipei City Bafang Yunji Public Welfare Road Race in November 3. In December, increased capital by NT\$9,000 thousand in cash, resulting in a paid-in capital of NT\$12,000 thousand
2012	<ol style="list-style-type: none"> 1. Bafang Yunji Foods Co., Ltd. changed its organization to Bafang Yunji International Co., Ltd. 2. Bafang Yunji International Co., Ltd. issued new shares of NT\$188,000 thousand for the transfers of the manufacturing and sales departments split from Yun-He International Co. Ltd. and Hung-An Food Co., Ltd., and the paid-in capital increased to NT\$200,000 thousand 3. Established Kaohsiung Branch and started operations of Kaohsiung Plant 4. Established a self-testing laboratory for food safety 5. Held the 2nd New Taipei City Bafang Yunji Public Welfare Road Race 6. Number of stores in Taiwan exceeded 500
2013	<ol style="list-style-type: none"> 1. Established Bafang Yunji Restaurant Co., Ltd. with a paid-in capital of NT\$30,000 thousand, to operate direct sales stores for pot stickers and dumplings 2. Carried out the 2nd cash capital increase by NT\$30,000 thousand, resulting in a paid-in capital of NT\$230,000 thousand 3. Renovated stores and introduced noodle products to turn BAFANG into a compound restaurant group. 4. Established Fujian Bafang Yunji Foods Co., Ltd. (central plant) and Fujian Bafang Yunji Restaurant & Management Co., Ltd. (store operations), extending the Group's reach to Mainland China 5. Number of stores in Hong Kong exceeded 50
2014	<ol style="list-style-type: none"> 1. Fuzhou Plant in Mainland China started operations 2. Carried out capital increase by cash of NT\$11,500 thousand and from capital surplus of NT\$239,085 thousand, resulting in paid-in capital of NT\$480,585 thousand 3. Held the 3rd New Taipei City Bafang Yunji Public Welfare Road Race
2015	<ol style="list-style-type: none"> 1. Corn-flavored pot stickers and dumplings launched 2. Carried out cash capital increase by NT\$30,000 thousand, resulting in a paid-in capital of NT\$510,585 thousand

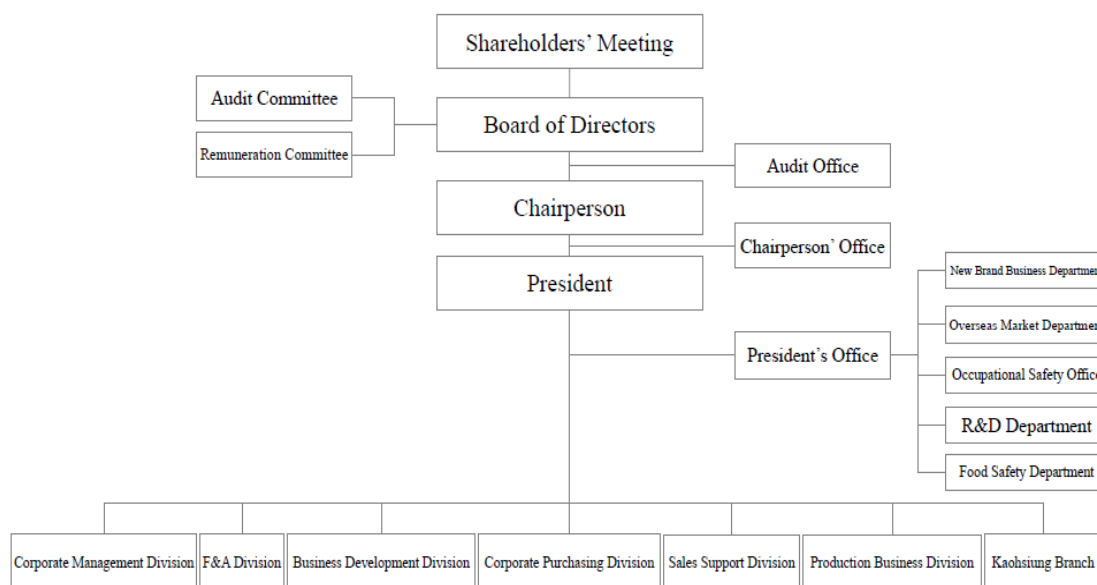
Year	Important Events
	<ol style="list-style-type: none"> 3. In October 2015, acquired 100% of Golden Route Co., Ltd. through Bafang Yunji (SAMOA) International Co., Ltd., to incorporate Hong Kong region into the Group's landscape 4. Entrusted Intertek Testing Services Taiwan Ltd. to conduct sampling tests for food safety at all stores in Taiwan to safeguard food safety at every level
2016	<ol style="list-style-type: none"> 1. Established Zhejiang Fuyu Foods Co., Ltd. (central plant) and Zhejiang Fuyu Restaurant & Management Co., Ltd. (store operations) and Hangzhou Plant started operations in the same year 2. Established Bafang Yunji Foods (Shenzhen) Co., Ltd. (central plant) and Bafang Yunji Restaurant Management (Shenzhen) LLC (store operations) 3. Joint venture with Tongdelai Hot Pot Group to develop Dalian and Tianjin areas, and the Dalian and Tianjin Plants started operations in the same year
2017	<ol style="list-style-type: none"> 1. Ranked No. 7 among the top 50 companies in terms of operating performance and No. 16 among the top 50 fastest growing companies in the service industry in the top 2000 enterprises survey conducted by CommonWealth Magazine 2. Carried out capital increase of NT\$89,863 thousand from capital surplus, resulting in a paid-in capital of NT\$600,448 thousand 3. Introduced mobile payment services, such as JKOPay and LINE PAY, to the stores 4. Shenzhen Plant in Mainland China started operations 5. Number of Bafang Yunji stores in Taiwan and abroad exceeded 1000
2018	<ol style="list-style-type: none"> 1. Ranked 11th in terms of revenue among the top 2000 enterprises in the service industry by CommonWealth Magazine in 2017 2. Fully automated leather production line started operations 3. Public offering of shares in August 4. In August, Tamsui Plant No.2 started operations 5. On September 28: Matsu Store, the first compound concept store in Taiwan, opened, featuring pot stickers/dumplings, noodles, hand-shaken drinks, and fried pork ribs/chicken drumsticks (noodles) 6. On December 24, the first store of Taiwan's new brand "Liang She-Han Pork Ribs" opened, and the first store of Hong Kong's "Bai Fung Bento" also opened on December 28, offering a variety of rice dishes such as fried pork ribs/braised pork ribs with rice, crispy chicken drumsticks with rice, red vinasse meat with rice, braised meat with rice bento, etc.
2019	<ol style="list-style-type: none"> 1. Kaohsiung Plant No. 2 started operations in February 2. In May, Xiluo vegetable cutting plant started operations 3. Ranked 11th in terms of revenue among the top 2000 enterprises in the service industry by CommonWealth Magazine in 2018 4. Taiwan launched garden chicken dumplings and pot stickers in August 5. "Liang She-Han Pork Ribs" opened 32 stores in 10 months in Taiwan, and "Bai Fung Bento" and "Bafang Noodles & More" together opened 4 stores in Hong Kong

Year	Important Events
2020	<ol style="list-style-type: none"> 1. First in the industry to launch a new plant-based pot sticker/dumpling with "vegetable meat" in January 2. Ranked 13th in terms of revenue among the top 2000 enterprises in the service industry by Commonwealth Magazine in 2019 3. After the four major convenience store companies, joined the "Good Day" program of the New Taipei City Government to provide emergency meals and notification services for youth and children under 18 years old 4. Issued 600,000 units of employee stock options 5. Bafang Yunji stores were implemented with small renovation for store review and smart grills and automated noodle cookers 6. "Liang She-Han Pork Ribs" already opened 77 in Taiwan, and "Bai Fung Bento" and "Bafang Noodles & More" together opened 8 stores in Hong Kong 7. Established the joint venture company Bafang Yunji Foods LLC and Bafang Yunji Restaurant Group LLC in the U.S., to develop the U.S. market 8. Registered for trading on the Emerging Stock Market on September 29 9. Acquired 69% equity interest in Dante Coffee & Foods Co., Ltd. to enhance the Group's diversification
2021	<ol style="list-style-type: none"> 1. Obtained ISO 22000 certification for Tamsui Plant No. 1 & 2 2. Ranked 7th in terms of revenue among the top 2000 enterprises in the service industry by Commonwealth Magazine in 2020 3. Listed for trading on September 9, 2021 4. Joined the "network of loving restaurant" 2.0 program of the Taipei City Government to offer emergency meals with meal tickets issued by Taipei Government and to enhance the network of social security assistance 5. "Liang She-Han Pork Ribs" already opened more than 100 in Taiwan 6. Launched all new brand "FJ Veggie" at the end of the year to provide fresh, delicious, safe and affordable plant-based dishes for the benefit of consumers
2022	<ol style="list-style-type: none"> 1. Ranked 4th in terms of revenue among the top 2000 enterprises in the service industry by Commonwealth Magazine in 2021 2. Launched the first compound store of Bafang Yunji in the City of Industry, Irvine on March 25, 2022 to accelerate our international development 3. Tunshan plant started operation in July, 2022 4. "Liang She-Han Pork Ribs" already opened more than 200 in Taiwan 5. "VJ Veggie" already opened more than 18

Three. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Businesses of each major department

Department	Duties
Audit Office	Independently and objectively evaluate the appropriateness and effectiveness of the Company's internal control system, and provide timely suggestions for improvement to ensure the continuous and effective implementation of the internal control system. Also responsible for conducting regular and irregular project audits as assigned by the Board of Directors, providing relevant investigation and evaluation information, and assisting the Board of Directors in fulfilling its corporate governance responsibilities
President's Office	<ol style="list-style-type: none"> 1. Carry out the mission, vision, goals and business philosophy of the Company 2. Responsible for setting the company's operating goals and objectives, and leading all units to implement operating strategies to achieve the company's annual budget and financial targets 3. Integrate and supervise the company's projects to achieve strategic or focused project goals 4. Resolve matters at the Executive Board and report to the Board of Directors on operating effectiveness 5. Supervise New Brand Development Division and Overseas Market Division, evaluate and plan major investment projects and develop new markets to expand the business territory 6. Supervise R&D Department, responsible for product development, innovation and improvement 7. Supervise Food Safety Department, responsible for the control of food safety and quality matters in all factories and stores in Taiwan.

Department	Duties
	<p>8. Supervise Occupational Safety Department, responsible for promoting and implementing occupational safety and health systems in accordance with laws and regulations</p> <p>9. Corporate legal affairs and document management</p>
Corporate Management Division	<p>1. Human Resources Department: Recruitment and selection, attendance management, salary and remuneration and employee benefit system design and management, performance appraisal system planning and implementation, talent promotion and motivation, employee relations and labor relations promotion</p> <p>2. Public Relations and Customer Service Department: Corporate image establishment and maintenance, media relations response and handling, public visit reception. Handle and respond to customer complaints, analyzing and report customer complaints, and understand and track customer service quality</p> <p>3. Marketing Department: Market research and data analysis, brand and product positioning development, product pricing strategies, planning of marketing and media activities, and analysis and recommendations on their effectiveness, project promotions development, implementation and evaluation</p> <p>4. Information Department: Establish the Company's information system, plan and manage software and hardware equipment and troubleshooting, assist and provide related operating data to improve management efficiency, and implement network information security control and protection measures to reduce information security risks</p>
F&A Division	<p>1. Accounting Section (1) Establishment of accounting system, analysis and planning of tax treatment of accounts. (2) Tax filing (3) Preparation and filing of financial statements</p> <p>2. Finance Section (1) Notes, credit, capital utilization planning, and cost analysis and control (2) Investment and financing operations and management (3) Integrate financial data to assist departments in management data and improvement (4) Stock affairs related operations</p>
Corporate Purchasing Division	Supervise procurement and administration department, responsible for production planning and bargain, product storage and distribution, import and export customs declaration operations, company assets and office supply procurement and purchase order review and registration
Production Business Division	Supervise Tamsui Plant, Xiluo Plant, Kaohsiung Plant, Logistics Department and Environmental Engineering Department, responsible for production planning and production, product storage and distribution, plant equipment automation planning and promotion, machine and equipment maintenance, and environmental protection engineering
Business Development Division	Divided into Greater Taipei Sales Department, Taoyuan-Hsinchu-Miaoli Sales Department, Central Taiwan Sales Department, Yunlin-Chiayi-Tainan Sales Department, and Greater Kaohsiung Sales Department, responsible for store development, store quality and service management and guidance

Department	Duties
Sales Support Division	<ol style="list-style-type: none"> <li data-bbox="376 241 1441 383">1. Store Training Section: Training system planning and establishment, store personnel and franchisee training, store personnel promotion and assessment operations, new product pre-market education and training <li data-bbox="376 383 1441 461">2. Orders Section: Store order processing, operation data compilation <li data-bbox="376 461 1441 568">3. Decoration Design Department: Store decoration design, store decoration construction contracting and supervision, company's graphic advertising and image artwork design

II. Information on directors, presidents, vice presidents, assistant vice presidents, and heads of departments and branches

(I) Information on directors

April 30, 2023; number of shares; %

Title	Nationality or place of registration	Name	Gender and age	Date elected	Term (Years)	Date first elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience (education)	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are officers, directors or supervisors of the Company			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairperson	R.O.C.	Lin, Hsin-Yi	Female 41~50	2020/6/24	3	2020/6/24	3,684,628	6.14%	3,183,628	4.80%	755,492	1.14%	—	—	Master of Business Administration, Boston University, USA	Chairperson, Bafang Yunji Restaurant Co., Ltd. Chairperson, Fang Sin International Trading Co., Ltd. Director, Bafang Yunji International Company Limited Director, Wise Success Enterprise Limited Chairperson, Dante Coffee & Foods Co., Ltd Director, Bafang Yunji International (USA) Limited Director, Bafang Yunji Foods LLC Director, Bafang Yunji Restaurant Group LLC Director, Sky World International (Hong Kong) Company Limited	Director	Lin, Chia-Yu	Father	There are no circumstances in which the Chairperson of the Board of Directors and the president or equivalent (top managerial officer) are the same person, spouses or relatives within 1st degree of kinship of each other, etc.
Director	R.O.C.	Lin, Chia-Yu	Male 61~70	2020/6/24	3	2012/4/2	6,295,963	10.49%	5,105,963	7.70%	4,572,784	6.89%	—	—	Department of Mining and Metallurgical Engineering, Taipei Institute of Technology Founder, BAFANG YUNJI brand	Director, Bafang Yunji (SAMOA) International Co., Ltd. Director, Bafang Yunji Restaurant Group LLC Director, Bafang Co., Ltd. Supervisor, Fuyu Investment Co., Ltd.	Chairperson	Lin, Hsin-Yi	Daughter	

Title	Nationality or place of registration	Name	Gender and age	Date elected	Term (Years)	Date first elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience (education)	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are officers, directors or supervisors of the Company			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	R.O.C.	Fuyu Investment Co., Ltd.	Male 51-60	2020/6/24	3	2020/6/24	9,284,966	15.46%	10,418,966	15.70%	-	-	-	-	-	-	-	-	-	-
	R.O.C.	Representative: Lin, Ming-Che	Male 51-60	2020/6/24	3	2020/6/24	-	-	-	-	-	-	-	-	MBA, National Chengchi University Bachelor, Department of Business Administration, National Taiwan University CEO, U.S., Gourmet Master Co. Ltd. COO, China, Gourmet Master Co. Ltd. Vice President, Shanghai, Taiwan FamilyMart Co., Ltd. Chief Marketing Officer, KFC, Yum China Holdings, Inc. President of Taiwan and President of China, ACUVUE®, Johnson & Johnson Chief Sales Officer, Marketing and Product Manager, Niki Taiwan Apparel Business Division Brand Manager, Pampers, P&G Taiwan. Brand Assistant Manager, Pantene, P&G Taiwan	Partner, the CID Group Director and Vice Chairperson, Miho International Cosmetic Co., Ltd. Corporate Director, Mentorgroup Investment Inc.	None	-	-	-
Director	R.O.C.	Chang, Jui-Lien	Female 51-60	2020/6/24	3	2013/1/17	823,200	1.37%	600,200	0.90%	-	-	-	-	Department of Business Administration, National Chung Hsing University Vice President, Bafang Yunji International Co., Ltd. CFO, Bafang Yunji International Co., Ltd. Vice President, Forever Enterprise Management Consulting Co., Ltd.	President, Bafang Yunji International Co., Ltd. President, Bafang Yunji Restaurant Co., Ltd. President, Fang Sin International Trading Co., Ltd.	None	-	-	-
Independent Director	R.O.C.	Chiu, Shih-Fang	Male 41-50	2020/6/24	3	2020/6/24	-	-	-	-	-	-	-	Department of Law, National Chung Hsing University Assistant VP, PwC Legal	Independent Director, Power Logic Holdings Inc. Independent Director, Kuangli Bio-Tech Holdings Co., Ltd. Independent Director, Brighten Optix Corp. Presiding Attorney, Derkai Attorneys At Law	None	-	-	-	

Title	Nationality or place of registration	Name	Gender and age	Date elected	Term (Years)	Date first elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience (education)	Concurrent positions in the Company and other companies now	Spouse or relatives within second degree of kinship who are officers, directors or supervisors of the Company			Remarks
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Chang, Ming-Hui	Male 61~70	2020/6/24	3	2020/6/24	-	-	-	-	-	-	-	-	Institute of Accounting, University of Texas at Austin Accounting Division, Department of Business, National Taiwan University Director, PwC Taiwan Professor, Department of Accounting, Tunghai University Chairman of PwC Education Foundation President of Taiwan Social Enterprise Sustainable Development Association	Independent Director, Uni-President	None	-	-	
Independent Director	R.O.C.	Jao, Shih-Chen	Male 61~70	2020/6/24	3	2020/6/24	-	-	-	-	-	-	-	-	MBA, University of Missouri at Columbia Department of Finance and Taxation, College of Law and Business, National Chung Hsing University Chairperson, Taishin Securities Investment Trust Company Limited President, Taishin Financial Holding Co., Ltd. President, EWBC-East West Bancorp, Inc.	Consultant, Broadvision Asset Management Company Independent Director, AMIDA Technology, Inc. Director, Tigerair Taiwan Co., Ltd. Independent Director, IBF Financial Holdings Co., Ltd. Executive Director, Prj Partners Co., Ltd.	None	-	-	
Independent Director	R.O.C.	Wu, Sheng-Chi	Male 61~70	2020/6/24	3	2020/6/24	-	-	-	-	-	-	-	-	EMBA, City University of New York, USA M.S. in Information Technology and M.S. in Chemical Engineering, Stephen College of Science and Technology, USA President, Samsung Electronics Taiwan Co. President, Greater China Finance Group, SAP China President, SAP Taiwan President, Oracle Taiwan President, ASIA PACIFIC ELITE CORP.	Chairman, Octon International Co., Ltd. Shengsen Cloud Technology	None	-	-	

(II) Major shareholders of corporate shareholders

April 17, 2023

Name of corporate shareholders	Major shareholders of corporate shareholders	
Fuyu Investment Co., Ltd.	Su, Shu-Hsin	20.00%
	Lin, Yi-Chen	20.00%
	Lin, Yi-Hsien	20.00%
	Lin, Chia-Yu	20.00%
	Lin, Hsin-Yi	20.00%

(III) Major shareholders of corporate shareholders are representatives of corporate shareholders: None

(IV) Professional qualifications of directors and Disclosure of information on the independence of independent directors

Criteria Name	Independent director	Audit Committee member	Professional qualifications and experience (Note 1)	Status of independence	Number of other public companies concurrently serving as an independent director
Lin, Hsin-Yi			Major education: MBA, Boston University, U.S. Major experience: CEO, Bafang Yunji International Company Limited	Not applicable	-
Lin, Chia-Yu			Major Education: Department of Mining and Metallurgical Engineering, Taipei Institute of Technology Major Experience: Founder, Bafang Yunji brand		-
Lin, Ming-Che			Major Education: MBA, National Chengchi University, Bachelor, Department of Business Administration, National Taiwan University Major Experience: Partner, CID Group, Director & VP, Miho International Cosmetic Co., Ltd.; Juridical Person Director, Mentorgroup Investment Inc.; CEO, U.S. region, and COO, China region, Gourmet Master Co. Ltd.; Vice President, Shanghai Region, Taiwan Familymart Co., Ltd.; CMO, KFC, Yum China Holdings, Inc.; President, Taiwan and China, Acuvue, Johnson & Johnson		-

Criteria Name	Independent director	Audit Committee member	Professional qualifications and experience (Note 1)	Status of independence	Number of other public companies concurrently serving as an independent director
Chang, Jui-Lien			Major Education: Department of Business Administration, National Chung Hsing University Major Experience: Vice President and CFO, Bafang Yunji International Company Limited; Vice President, Forever Enterprise Management Consulting Co., Ltd.		-
Chiu, Shih-Fang	V	V	Major education: Department of Law, National Chung Hsing University Major experience: Presiding Attorney, Derkai Attorneys At Law; Assistant VP, PwC Legal	All of the Company's independent directors meet the following: Subparagraph 1~9, Paragraph 1 of Article 3 (Note 2) of the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act There is no marital or is within the second degree of kinship relationship with other directors	3
Chang, Ming-Hui	V	V	Major education: Institute of Accounting, University of Texas at Austin; Accounting Division, Department of Business, National Taiwan University Major experience: Director, PwC Taiwan; Professor, Department of Accounting, Tunghai University		1
Jao, Shih-Chen	V	V	Major education: MBA, University of Missouri at Columbia; Department of Finance and Taxation, College of Law and Business, National Chung Hsing University Major experience: Chairperson, Taishin Securities Investment Trust Company Limited; President, Taishin Financial Holding Co., Ltd., Consultant, Broadvision Asset Management Company		2
Wu, Sheng-Chi	V	V	Major education: EMBA, City University of New York, U.S.; M.S. in Information Technology and M.S. in Chemical Engineering, Stevens Institute of Technology, U.S. Major experience: President, Samsung Electronics Taiwan Co.; President, Greater China Finance Group, SPA China, Chairman, Octon International Co., Ltd.		-

Note 1: None of the Directors has been in or is under any circumstances stated in Article 30 of the Company Law

Note 2: During the two years before being elected and during the term of office has not been or is not any of the following:

- (1) An employee of the Company or any of its affiliates
- (2) A director or supervisor of the Company or any of its affiliates
- (3) A natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company, or ranking among

the top 10 natural-person shareholders in holdings

- (4) A spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding subparagraph (1), or of any of the above persons in the preceding subparagraphs (2) and (3)
- (5) A director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company, ranks as of its top five shareholders, or has representative director(s) serving on the Company's board based on Article 27 of the Company Act
- (6) A director, supervisor, or employee of a company of which the majority of board seats or voting shares is controlled by a company that also controls the same of the Company
- (7) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution
- (8) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company
- (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee

(V) Board diversity and Independence

In order to strengthen structure of the board of directors, the Company specifies that the composition of the board of directors shall be determined by taking diversity into consideration in its "Corporate Governance Best Practice Principles". An appropriate policy on diversity based on the Company's business operations, operating dynamics, and development shall be formulated and include, without being limited to gender, age, nationality, culture and professional knowledge and skills. The board of directors shall possess the following abilities: (1) ability to make operational judgments; (2) ability to perform accounting and financial analysis; (3) ability to conduct management administration; (4) ability to conduct crisis management; (5) knowledge of the industry; (6) an international market perspective; (7) ability to lead; (8) ability to make policy decisions.

The Company's current term of the board of directors is composed of 9 directors, currently composed of 8 directors. The election of directors is primarily based on professionalism and diversity, and directors shall possess background in business administration, economic, accounting, law or information in addition to their professional background and practical operation management experience. The Board includes 4 independent directors, which is, a 44% board independence, and there are 11% of directors being employees of the Company; 22% of directors are marital or within the second degree of kinship relationship with other Directors and 22% of directors are female. The following table demonstrates the implementation of the diversity policy for Board members:

Position	Name	Nationality	Gender	Age	Employed by the Company	Term of office for independent directors	Professional Knowledge and skill							
							Operational judgement	Accounting and Finance Analysis	Management	Crisis management	Industry knowledge	international perspective	Leadership	Strategic decision-making
Chairperson	Lin, Hsin-Yi	R.O.C.	Female	41~50		-	V	V	V	V	V	V	V	V
Director	Lin, Chia-Yu	R.O.C.	Male	61~70		-	V		V	V	V	V	V	V
Director	Lin, Ming-Che	R.O.C.	Male	51~60		-	V	V	V	V	V	V	V	V
Director	Chang, Jui-Lien	R.O.C.	Female	51~60	V	-	V	V	V	V	V	V	V	V
Independent director	Chiu, Shih-Fang	R.O.C.	Male	41~50		Less than 3 years	V		V	V	V	V	V	V
Independent director	Chang, Ming-Hui	R.O.C.	Male	61~70		Less than 3 years	V	V	V	V	V	V	V	V
Independent director	Jao, Shih-Chen	R.O.C.	Male	61~70		Less than 3 years	V	V	V	V	V	V	V	V
Independent director	Wu, Sheng-Chi	R.O.C.	Male	61~70		Less than 3 years	V		V	V	V	V	V	V

Board of Directors' Performance Evaluation Implementation Status:

Evaluation criteria	Implementation status
Directors concurrently serving as company officers may not exceed one-third of the total number of the board members	Achieved
Number of Independent directors is more than one-third of the total number of the board members	Achieved
Appropriate and diverse professional knowledge and skills	Achieved
Include at least one female director	Achieved
No more than half of the total number of independent directors hold office for more than three consecutive terms	Not applicable

(VI) Information on presidents, vice presidents, assistant vice presidents, and heads of departments and branches

April 30, 2023; number of shares; %

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience (education)	Concurrent positions in other companies now	Managerial officer as the spouse or relative with second degree of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Chang, Jui-Lien	Female	2017/02/01	600,200	0.90%	—	—	—	—	Department of Business Administration, National Chung Hsing University Executive Vice President, Bafang Yunji International Company Limited CFO, Bafang Yunji International Company Limited Vice President, Forever Enterprise Management Consulting Co., Ltd.	President, Bafang Yunji Restaurant Co., Ltd. President, Fang Sin International Trading Co., Ltd.	None	None	None	There are no circumstances in which the president or equivalent (top managerial officer) and the chairperson are the same person, spouses or relatives within 1st degree of kinship of each other, etc.
Chief finance officer	R.O.C.	Hong, Chia-Chun	Female	2021/03/23	8,000	0.01%	—	—	—	—	Graduate School of Accounting, National Chengchi University Assistant VP, Audit Department, PwC Taiwan CFO, Sanlih E-Television Inc. CFO, Standard Foods Corporation Finance and Administration Division Head/President, Standard Dairy Product Taiwan Limited	None	None	None	None	
Vice President	R.O.C.	Lin, Yu-Cheng	Male	2017/12/01	941,340	1.42%	—	—	—	—	Department of Business Affairs, New Taipei Municipal San-Chung Commercial and Industrial Vocational High School President, China Operations, Bafang Yunji International Company Limited	Legal Representative, Fujian Bafang Yunji Foods Co., Ltd. Executive Director and President, Fujian Bafang Yunji Foods Co., Ltd. Legal Representative, Fujian Bafang Yunji Restaurant & Management Co., Ltd. Executive Director and President, Fujian Bafang Yunji Restaurant & Management Co., Ltd.	None	None	None	
Vice President of Kaohsiung Branch	R.O.C.	Yuan, Jiann-Min	Male	2018/01/24	109,881	0.17%	—	—	—	—	Department of Wealth and Taxation Management, Kaohsiung University of Applied Science and Technology Assistant VP, Greater Kaohsiung Sales Department, Bafang Yunji International Company Limited Major, Ministry of National Defense	None	None	None	None	
Vice President of Operation Talent Center	R.O.C.	Huang, Wan-Ling	Female	2017/10/10	239,529	0.36%	2,000	—	—	—	Institute of Physical Education, Chinese Culture University Chairperson, Bafang Yunji Restaurant Co., Ltd.	None	None	None	None	
Vice President of Taoyuan-Hsinchu-Miaoli Sales Department	R.O.C.	Liao, Ya-Mei	Female	2020/12/01	112,012	0.17%	—	—	—	—	Department of Integrated Business, Taipei Shixin Junior College of Business Administration Assistant VP of Northern Taiwan Sales Department, Bafang Yunji International Company Limited	None	None	None	None	
Vice President of Corporate Purchasing Division:	R.O.C.	Kao, Hsiu-Ying	Female	2020/06/01	158,000	0.24%	—	—	—	—	Department of Applied Cosmetology, LeeMing Institute of Technology Director, Taiwan Frozen Meat Packers Association Vice President of Sales Department, Shang Lee Food Co., Ltd.	None	None	None	None	
Chief Audit Officer	R.O.C.	Tsai, Hsin-Ni	Female	2018/02/07	33,000	0.05%	—	—	—	—	Department of Finance, Tamkang University Manager, Investment Banking Department, Yuanta Securities Junior Manager, Underwriting Department, SinoPac Securities	None	None	None	None	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience (education)	Concurrent positions in other companies now	Managerial officer as the spouse or relative with second degree of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
R&D Chef, R&D Department	R.O.C.	Liang, She-Han	Male	2017/02/01	12,000	0.02%	—	—	—	—	Pooi To Middle School Top 10 Chefs of China Cross-Strait Restaurant Association in 2014 and 2019 Member, International Association Of Gourmet Master Chefs & Hospitality Executives Company Limited Chinese Chef, Fleur De Chine Hotel Chinese Chef, Palais de Chine Hotel. Chinese Chef, Holiday KTV	None	None	None	None	
Assistant VP, R&D Department	R.O.C.	Chiu, Chun-Yang	Male	2017/11/20	—	—	—	—	—	—	Department of Food Processing, National Taitung Junior College First Place in Chinese Cooking, Taiwan Provincial Skills Competition 1989 Manager of R&D Department, Bafang Yunji International Company Limited Yun-He International Co. Ltd. Production Section Chief of R & D Center, TTFB Company Limited Manager of Kitchen Section, TTFB Company Limited Assistant Manager of Group Food Business Group, Hung-Yuan Foods Co., Ltd.	None	None	None	None	
Assistant VP, Taoyuan-Hsinchu-Miaoli Sales Department	R.O.C.	Chen, Hsing-ku	Male	2020/12/01	15,000	0.02%	—	—	—	—	Department of Optometry, Jen-Teh Junior College of Medicine Manager of Development Department, OK Mart	None	None	None	None	
Assistant VP, FJ Veggie	R.O.C.	Lee, An-Yu	Female	2017/07/01	18,402	0.03%	—	—	—	—	Department of International Trade, Tamkang University Special Assistant to Chairperson, Bafang Yunji International Company Limited Senior Manager of Planning Center, Chailease Resources Technology Co., Ltd.	None	None	None	None	
Assistant VP of Store Audit Section, Audit Office	R.O.C.	Lee, Su-Fen	Female	2020/06/01	4,000	0.01%	—	—	—	—	Department of General Education, National Huwei Senior High School VP, Shangrila Boutique Hotel Ltd. VP, Volando Urai Spring Spa & Resort President, Li Ye Hotel Co., Ltd.	None	None	None	None	
Assistant VP, Liang She-Han Pork Ribs	R.O.C.	Lee, Chin-Wei	Male	2021/10/01	22,003	0.03%	—	—	—	—	Department of Finance and Economics, Takming Junior College of Science and Technology Sales Manager of Bafang Yunji International Company Limited Manager, Liang She-Han Pork Ribs	None	None	None	None	
Assistant VP, Public Relations and Customer Service Department:	R.O.C.	Hsieh, Pi-Lien	Female	2020/02/01	68,000	0.10%	—	—	—	—	Department of Journalism, Chinese Culture University Senior Text Reporter, Sanlih E-Television Inc. Text Reporter, Taiwan Television Enterprise, Ltd. Reporter, Broadcasting Corporation of China	None	None	None	None	

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Major experience (education)	Concurrent positions in other companies now	Managerial officer as the spouse or relative with second degree of kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Assistant VP, Storage and Transportation Department	R.O.C.	Lin, Cing-Tun	Male	2020/06/01	27,921	0.04%	—	—	—	—	Department of Integrated Business, Taipei Municipal Shilin High School of Commerce Plant Manager of Tamsui Plant, Bafang Yunji International Company Limited Overseer of Construction Affairs, Fuchenhang Co., Ltd.	None	None	None	None	
Assistant VP, Decoration Design Department:	R.O.C.	Chang, Lin-Yu	Female	2020/06/01	4,000	0.01%	—	—	—	—	Department. of Arts and Crafts, Fu-Hsin Trade & Arts School Assistant Manager, Bafang Yunji Designer, Artwork International Co., Ltd. Designer, R&E Enterprise Co., Ltd.	None	None	None	None	
Accounting Officer	R.O.C.	Huang, Lee-Chi	Female	2018/02/07	62,400	0.09%	—	—	—	—	Department of Accounting, National Chengchi University Audit Manager, Bafang Yunji International Company Limited Auditing Assistant Manager, Deloitte Taiwan Accounting Assistant Manager, Zuellig Pharma, Inc.	None	None	None	None	
Assistant VP, Corporate Management Division	R.O.C.	Cheng, Chiu-Chih	Female	2023/02/01	44,000	0.07%	—	—	—	—	Yuan Ze University MBA Human Resources Department Manager, Bafang Yunji International Company Limited	None	None	None	None	

III. Remuneration of directors, supervisors, President and Vice President

(I) Remuneration of regular and independent directors for 2022

Unit: In thousands of NT\$

Job Title	Name	Remuneration to directors								Sum of A, B, C and D and it as a % of the net profit after tax		Remuneration for concurrent position as an employee				A, B, C, D, E, F and G as a % of the net profit after tax		Remuneration from investees outside subsidiaries or from the parent company				
		Base remuneration (A)		Severance and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salary, bonus, allowance (E)		Severance and pension (F)					Remuneration to employees (G)			
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company			All companies in the financial statements		The Company	All companies in the financial statements
																Cash Amount	Stock Amount		Cash Amount	Stock Amount		
Director	Lin, Hsin-Yi																					
	Lin, Chia-Yu																					
	Chang, Jui-Lien																					
	Lee, Ming-Shen	8,006	8,006	-	-	5,980	5,980	250	250	14,236	12,236	8,240	8,240	-	-	480	-	480	-	22,956	22,956	-
	Fuyu Investment Co., Ltd. Representative: Lin, Ming-Che									2.15%	2.15%									3.47%	3.47%	
Independent Director	Chiu, Shih-Fang																					
	Chang, Ming-Hui	4,800	4,800	-	-	-	-	230	230	5,030	5,030	-	-	-	-	-	-	-	-	5,030	5,030	-
	Jao, Shih-Chen									0.76%	0.76%									0.76%	0.76%	
	Wu, Sheng-Chi																					

Note 1. The policy, system, criteria and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent and other factors: In accordance with the Articles of Incorporation and the "Regulations Governing the Remuneration of Directors and Functional Committees", the Company pays the independent directors fixed remuneration and travel expenses to attend meetings with reference to the usual industry standard, and they do not participate in the distribution of directors' remuneration.

Note 2. Except as disclosed above, the remuneration for the directors of the Company for providing services to all companies in the financial statements (such as serving as a non-employee consultant, etc.) in the most recent year: None

Remuneration ranges

Remuneration ranges for the directors of the Company	Name of director			
	Total amount of the first four remunerations (A+B+C+D)		Total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements
Less than NT\$1,000,000	Lee, Ming-Shen	Lee, Ming-Shen	Lee, Ming-Shen	Lee, Ming-Shen
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Lin, Chia-Yu, Chang, Jui-Lien, Lin, Ming-Che, Chiu, Shih-Fang, Chang, Ming-Hui, Jao, Shih-Chen, Wu, Sheng-Chi	Lin, Chia-Yu, Chang, Jui-Lien, Lin, Ming-Che, Chiu, Shih-Fang, Chang, Ming-Hui, Jao, Shih-Chen, Wu, Sheng-Chi	Lin, Chia-Yu, Lin, Ming-Che, Chiu, Shih-Fang, Chang, Ming-Hui, Jao, Shih-Chen, Wu, Sheng-Chi	Lin, Chia-Yu, Lin, Ming-Che, Chiu, Shih-Fang, Chang, Ming-Hui, Jao, Shih-Chen, Wu, Sheng-Chi
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	—	—	—	—
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	—	—	—	—
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Lin, Hsin-Yi	Lin, Hsin-Yi	Lin, Hsin-Yi	Lin, Hsin-Yi
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	—	—	Chang, Jui-Lien	Chang, Jui-Lien
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	—	—	—	—
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	—	—	—	—
More than NT\$100,000,000	—	—	—	—
Total	9 people	9 people	9 people	9 people

(II) Remuneration for President and Vice President for 2022

Unit: In thousands of NT\$

Job Title	Name	Salary (A)		Severance and pension (B)		Bonus and allowance (C)		Remuneration for employees (D) (Note 3)				A, B, C and D as a % of the net profit after tax (%)		Remuneration from investees outside subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chang, Jui-Lien	30,960	30,960	-	-	20,723	20,723	1,980	-	1,980	-	53,663 8.12%	53,663 8.12%	-
Vice President	Lin, Yu-Cheng													
Chief financial officer	Hong, Chia-Chun													
Vice President	Yuan, Jiann-Min													
Vice President	Huang, Wan-Ling													
Vice President	Liao, Ya-Mei													
Vice President	Lin, Li-Ju (Note 1)													
Vice President	Wu, Chiu-Lin (Note 2)													
Vice President	Kao, Hsiu-Ying													
Vice President	Ku, Wen-Chen (Note 3)													
Vice President	Hsiao, Hui-Yin (Note 4)													
Chief Audit Officer	Tsai, Hsin-Ni													

Note 1: VP Lin, Li-Ju left the Company on December 31, 2022

Note 2: VP Wu, Chiu-Lin left the Company on February 28, 2022

Note 3: VP Ku, Wen-Chen left the Company on September 30, 2022

Note 4: VP Hsiao, Hui-Yin left the Company on February 16, 2022

Note 5: The actual amount of employee remuneration has not yet been determined. The figures in column (D) are the 2022 pro forma remuneration based on the percentage of the actual remuneration distributed for 2021

Remuneration ranges

Remuneration ranges for each President and VP of the Company	Name of President and VP	
	The Company	All companies in the financial statements
Less than NT\$1,000,000	Hsiao, Hui-Yin, Wu, Chiu-Lin	Hsiao, Hui-Yin, Wu, Chiu-Lin
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Ku, Wen-Chen	Ku, Wen-Chen
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Yuan, Jiann-Min, Liao, Ya-Mei, Tsai, Hsin-Ni	Yuan, Jiann-Min, Liao, Ya-Mei, Tsai, Hsin-Ni
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Lin, Yu-Cheng, Huang, Wan-Ling, Lin, Li-Ju	Lin, Yu-Cheng, Huang, Wan-Ling, Lin, Li-Ju
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Chang, Jui-Lien, Hong, Chia-Chun	Chang, Jui-Lien, Hong, Chia-Chun
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	Kao, Hsiu-Ying	Kao, Hsiu-Ying
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)	—	—
More than NT\$100,000,000	—	—
Total	12 people	12 people

- (III) The name of the managerial officer in charge of the distribution of employee remuneration and the status of the distribution for 2022

The Board of Directors approved the distribution of remuneration for employees of NT\$12,000 thousand for 2022 by the resolution at the Board meeting on March 23, 2023 all of which was paid in cash. However, the actual amount of distribution to individual managerial officers has not yet been determined, and the maximum proposed amount for 2022 is based on the percentage of the actual distribution for 2021.

Job title	Name	Amount of stock	Amount of cash	Total	% of net income after tax
President	Chang, Jui-Lien	-	2,940	2,940	0.44%
Chief Financial Officer	Hong, Chia-Chun				
Vice President	Lin, Yu-Cheng				
Vice President	Yuan, Jiann-Min				
Vice President	Huang, Wan-Ling				
Vice President	Liao, Ya-Mei				
Vice President	Kao, Hsiu-Ying				
Chief Internal Auditor	Tsai, Hsin-Ni				
Assistant Vice President	Liang, She-Han				
Assistant Vice President	Chiu, Chun-Yang				
Assistant Vice President	Chen, Hsing-Ku				
Assistant Vice President	Lee, An-Yu				
Assistant Vice President	Lee, Su-Fen				
Assistant Vice President	Lee, Chin-Wei				
Assistant Vice President	Hsieh, Pi-Lien				
Assistant Vice President	Lin, Chin-Tun				
Assistant Vice President	Chang, Lin-Yu				
Chief Accounting Officer	Huang, Lee-Chi				
Assistant Vice President	Cheng, Chiu-Chih				

- (IV) Compare and describe the remuneration paid to directors, presidents, and vice presidents in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net profits after tax in the parent company only or individual financial statements, and explain the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.

- (1) Analysis of the remuneration paid to the Company's directors, supervisors, President and Vice President as a percentage of net profits after tax for the last two years by the Company and all companies in the consolidated financial statements

Unit: In thousands of NT\$

Job Title	Year		2021		2022		2022			
			Total remuneration		As a % of net profit after tax (%)		Total remuneration		As a % of net profit after tax (%)	
	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements		
Director	19,116	19,116	3.53%	3.53%	19,266	19,266	2.91%	2.91%		
President and VP	59,558	59,558	11.00%	11.00%	53,663	53,663	8.12%	8.12%		

- (2) The policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.

Article 15 of the Company's Articles of Incorporation: "The directors of the Company are entitled to remuneration and travel expenses and the amount is authorized to the Board of Directors to determine in accordance with their participation in and contribution to the operations of the Company at a level commensurate with the usual standard of the industry. The aforementioned remuneration and travel expenses of directors shall be paid regardless of operating profit or loss." And Article 16: "The Company shall use the current year's pre-tax profit before the distribution of the remuneration to employees and directors to make up for the accumulated loss, and if there is any remaining balance, the Company shall appropriate not less than 1% as employees' remuneration and not more than 1% as directors' remuneration. The aforementioned remuneration to directors may be made in cash only. "

In accordance with the "Regulations Governing the Remuneration of Directors and Functional Committees", the Company pays the independent directors a fixed remuneration and travel expenses to attend meetings, regardless of the Company's operating profit or loss. They do not have other remuneration and do not participate in the distribution of directors' remuneration. As for the regular directors, they only participate in the distribution of directors' remuneration and receive travel expenses for attending meetings, but receive no other remuneration. However, the Chairperson of the Board of Directors is responsible for the day-to-day operations, the formulation of the Company's business policies, and the final decision on important operating decisions, and receives a salary, bonus, and other director's remuneration. The bonus portion is granted in proportion to the net profit after tax depending on the achievement of the operating performance.

Remuneration of the President and Vice President is determined in accordance with the degree of their operating involvement and the value of their contributions, and in accordance with the laws and regulations, the Company's Articles of Incorporation and the "Regulations Governing the Remuneration of Managerial Officers" of the Company, by considering the appropriate and reasonable industry standards domestically and overseas, as well as the Company's future operating risks and operating performance to prevent senior managerial officers from engaging in actions that exceed the Company's risk tolerance or violate professional ethics in pursuit of remuneration, in order to

strike a balance between sustainable management and risk control.

As for the procedure for determining remuneration, the Company has established a Remuneration Committee, and the Remuneration Committee has discussed and approved the "Regulations Governing the Remuneration of Directors and Functional Committees" and "Regulations Governing the Remuneration of Managerial Officers" of the Company. The policies, systems, standards and structures for performance evaluation and remuneration of directors and managerial officers, as well as the remuneration of directors and managerial officers, shall be formulated in accordance with the aforementioned regulations and submitted to the Remuneration Committee for discussion, and the recommendations made by the Remuneration Committee shall be submitted to the Board of Directors for discussion as a reference for its decision.

IV. Operation of Corporate Governance

(I) Operation of the Board of Directors

For the most recent year (2022) and during the current year up to the date of publication of the annual report, the Board of Directors met 9 times (A), and the attendance of directors was as follows.

Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Actual attendance in person (%) [B/A]	Remarks
Chairperson	Lin, Hsin-Yi	9	0	100	-
Director	Lin, Chia-Yu	9	0	100	
Director	Representative Of FUYU INVESTMENT CO., LTD. Lin, Ming-Che	9	0	100	
Director	Chang, Jui-Lien	9	0	100	
Director	Lee, Ming-Shen	9	0	80	
Independent Director	Chiu, Shih-Fang	9	0	100	
Independent Director	Chang, Ming-Hui	9	0	100	
Independent Director	Jao, Shih-Chen	9	0	100	
Independent Director	Wu, Sheng-Chi	8	0	89	

Other matters required to be recorded :

1. If the operation of the Board of Directors is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described
 - (1) Matters listed in Article 14-3 of the Securities and Exchange Act : No such situation. Regarding matters listed in Article 14-5 of Securities and Exchange Act, please refer to the operation of Audit Committee (P29)

(2) Except of aforementioned items, independent director's dissenting opinions or reservations should be recorded in meeting minutes: No such situation

2. The recusal of the directors from motions that involved a conflict of interest. Specify the names of the directors, the content of the motions, and reason for recusal to avoid conflict of interest, and the participation in voting :

Term and session	Meeting date	Motion content	Reason for recusal to avoid conflict of interest	Voting results
14th session of the 4th term	2022/01/24	Payment of 2021 year-end bonuses to the managerial officers	The year-end bonuses for Chairperson Lin, Hsin-Yi and Director and President Chang, Jui-Lien were mentioned	Except for the two directors listed on the left who were recused due to their interests, all other directors present agreed to approve the proposal
17th session of the 4th term	2022/08/09	Distribution of employee compensation for 2021	The year-end bonuses for President Chang, Jui-Lien were mentioned	Except for the director listed on the left who were recused due to their interests, all other directors present agreed to approve the proposal
20th session of the 4th term	2023/01/17	2022 employee compensation and remuneration to Chairperson	The year-end bonuses for Chairperson Lin, Hsin-Yi and President Chang, Jui-Lien were mentioned	Except for the two directors on the left and director Lin, Chia-Yu who avoided due to interest, the other directors present agreed to pass

3. Listed companies should disclose information on the cycle and period, scope, method and content of the self-evaluation (or peer evaluation) by the Board of Directors and fill out Exhibit 2 (2) on the implementation of the Board of Directors' evaluation.

In order to carry through corporate governance and enhance the functions of the Board of Directors, the Company's Board of Directors approved the "Board of Directors' Performance Evaluation Measures" on April 8, 2021, as the basis for the evaluation of this year (2022). The relevant information is as follows:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Periodic evaluation once a year	2022	The entire Board of Directors, Individual directors, Functional committees	Internal self-evaluation by the Board of Directors, self-evaluation by the Board members, and peer evaluation	(I) Board of Directors' Performance Evaluation 1. Participation in the operation of the Company 2. Improvement of the quality of the Board of Directors' decision making 3. Composition and structure of the Board of Directors

				<ul style="list-style-type: none"> 4. Election and continuing education of the directors; and 5. Internal control (II) Performance evaluation of individual Board members (self or peer): <ul style="list-style-type: none"> 1. Alignment of the goals and mission of the Company 2. Awareness of the duties of a director 3. Participation in the operation of the Company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education; and 6. Internal control (III) Performance evaluation of functional committees: <ul style="list-style-type: none"> 1. Participation in the operation of the Company 2. Improvement in the quality of the functional committee's decision-making 3. Perception of functional committees' responsibilities 4. Composition and member appointment of functional committees 5. Internal control
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The Company has completed the self-evaluation of the performance of the Board of Directors for 2022 and the evaluation results were submitted to the Board of Directors for review and improvement on March 23, 2023. The overall average score of the self-evaluation of the Board of Directors' performance is 4.92 (out of 5), and the overall average score of the self-evaluation of individual Board members' performance is 4.96 (out of 5), indicating that the overall Board of Directors is operating well; the self-evaluation result of the Audit Committee performance is 4.96 (out of 5); the self-evaluation result of the Remuneration Committee's performance is 4.98 (out of 5).

4. Evaluation of the objective for enhancing the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and its implementation in the current year and the most recent year:

(1) Enhancing information transparency

A. The Company has established the "Rules of Procedure for the Board of Directors' Meetings" as the guidelines for the operation of the Board of Directors, and the Board of Directors approved the establishment of the Audit Committee on April 13, 2020, and the shareholders elected four independent directors and established the Audit Committee on June 24, 2020, in order to improve the Board of Directors' supervision and management functions, and fully carry through the corporate governance.

- B. The Company has established the “Rules Governing the Scope of Duties of Independent Directors” to enhance the independence and functions of independent directors and to fulfill the responsibilities of professionals and operators. The Company has also established the "Remuneration Committee Charter" and the "Audit Committee Charter" for the committees to make recommendations to the Board of Directors for reference, based on the professional and objective status of the committee members. The amendments to the "Rules Governing the Scope of Duties of Independent Directors" and the "Audit Committee Charter" were approved by the Board of Directors on April 8, in line with the implementation of Corporate Governance 3.0.
 - C. The Company's "Rules of Procedures for Board of Directors’ Meetings" not only stipulate matters where directors should recuse themselves to avoid conflicts of interest, but also stipulate that when the spouses or relatives within 2nd degree of kinship of a Board member or companies with which the directors have a controlling or subordinate relationship have an interest in the matters of the meetings, the directors should also recuse himself or herself to avoid conflicts of interest. The Board of Directors of the Company has, prior to the amendments to the Rules, complied with the above-mentioned principles and recused themselves to avoid conflicts of interest affecting the interests of shareholders of the Company.
 - D. In order to strengthen and enhance the functions of the Board of Directors, the Company has established a "Corporate Governance Best Practice Principles" to regulate the diversity of the composition of the Board of Directors and the professional competence required.
 - E. The Company has completely revamped its corporate website and added relevant disclosures in Chinese and English on the operation of the Board of Directors that can facilitate corporate governance, and the corporate website is located as follows: <https://www.8way.com.tw/>. Meanwhile, the Company regularly organizes investors’ conference.
 - F. The Company has a spokesperson and an acting spokesperson as a channel for external communication.
 - G. In order to protect the directors from the risks they assume in the execution of their business, the Company purchases liability insurance for the directors and managers every year and report to Board Meeting.
 - H. The Company arranges courses that meet the "Essentials of Directors' and Supervisors' Continuing Education" for directors every year in order to promote their ability to strengthen corporate governance. Eight directors have taken 6 hours of courses in 2022.
- (2) Establishment of the Remuneration Committee

The Company's Board of Directors approved the appointment of the members of the first Remuneration Committee on July 7, 2020, with four independent directors as members and established the “Remuneration Committee Charter”.

The committee will meet at least twice a year and may convene additional meetings as needed. The members of the Remuneration Committee are professional and independent, and are responsible for recommending, evaluating and monitoring the Company's overall remuneration policy and managerial remuneration levels, employee remuneration or other employee incentive programs, etc. in a professional and objective manner. The term of office of the members of the Remuneration Committee shall be the same as the term of the Board of Directors that appoints them, and each term shall be three years. The Company shall convene a meeting of the Board of Directors to appoint the new members of the Remuneration Committee after the shareholders' meeting to re-elect the directors in accordance with the regulations.

(3) Establishment of the Audit Committee

A. The Company established the first Audit Committee after the shareholders' meeting on June 24, 2020. The Audit Committee consists of four independent directors, one of whom is the convener and at least one of whom has accounting or financial expertise. The Board of Directors has established the "Audit Committee Charter". The members of the Audit Committee shall faithfully perform their duties and responsibilities as set forth in the Charter with the attention of good stewards, and shall be accountable to the Board of Directors, and shall submit their proposals to the Board of Directors for resolution. The Committee shall meet at least once a quarter and may meet as often as necessary.

B. The Audit Committee shall operate primarily for the purpose of overseeing the following.

- Financial statements ;
- Audit and accounting policies and procedures ;
- Internal control system and related policies and procedures ;
- Significant asset or derivative transactions ;
- Significant lending of funds and endorsements or guarantees for others ;
- Raising or issuing marketable securities ;
- Derivative financial instruments and cash investments ;
- Legal compliance ;
- Whether the managerial officers and directors have related party transactions and possible conflicts of interest ;
- Qualifications, independence and performance evaluation of attesting CPAs ;
- The hiring, dismissal or remuneration of an attesting certified public accountant ;
- The appointment or dismissal of a financial, accounting, or internal auditing officer ;
- Performance of Audit Committee's duties ;
- Self-evaluation of Audit Committee's performance

(II) Operation of the Audit Committee

For the most recent year (2022) and during the current year up to the date of publication of the annual report, the Company's Audit Committee met 9 times (A) :

Job Title	Name	Attendance in person Number of times (B)	Attendance by proxy Number of times	Actual attendance in person (%) [B/A]	Remarks
Independent Director	Chiu, Shih-Fang	9	0	100	-
Independent Director	Chang, Ming-Hui	9	0	100	-
Independent Director	Jao, Shih-Chen	9	0	100	-
Independent Director	Wu, Sheng-Chi	8	0	89	-

Other matters required to be recorded:

- If the operation of the Audit Committee is under any of the following circumstances, the date, period, proposal content, the resolution of the Audit Committee and the Company's handling of the opinions of the Audit Committee should be described

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

Term and session	Meeting date	Motion content	Independent directors' opinion	Resolution of the Audit Committee	The Company's handling of the opinions of the Audit Committee
12th session of the 1st term	2022/01/24	<ol style="list-style-type: none"> Budget increase and expansion of the Company's Tamsui Plant No. 3 at Tunshan Section, Tamsui District, New Taipei City 3 at Tunshan Section, The Company's plan to lend funds of NT\$100 million to subsidiary, Bafang Yunji Restaurant Co., Ltd. Proposal for the Company's endorsement and guarantee for subsidiary, Dante Coffee & Foods Co., Ltd. Proposal for the incremental capital of 100% owned investee, Bafang Yunji International (USA) Limited, and 60% owned investee, Bafang Yunji Foods LLC Change of the Company's attesting CPAs Fee of filling out the Company's Sustainability Report Proposal for the amendments to the Company's "Regulations Governing the Preparation of Financial Statements" Proposal for the amendments to the Company's "Corporate Governance Best Practice Principles" Proposal for the amendments to the 	None	Approved by all members present	Approved by all directors present

Term and session	Meeting date	Motion content	Independent directors' opinion	Resolution of the Audit Committee	The Company's handling of the opinions of the Audit Committee
		"Regulations Governing the Prevention of Insider Trading" of the Company 10. Proposal for the amendments to the Company's "Approval Authority Table"			
13th session of the 1st term	2022/03/22	1. Proposal to pass the Company's 2021 final business and accounting reports 2. Proposal to pass the Company's earnings distribution for 2021 3. The Company's plan to build the Dalin Plant 4. Issuance of the Company's "Statement of Internal Control System" 5. CPAs' professional fee and evaluation of their independence for 2022 6. Proposal for the amendments to the Company's "Procedures for Acquisition or Disposal of Assets" 7. Proposal for the amendments to the Company's "Enforcement Rules for Internal Audits" 8. Proposal for the amendments to the audit plan of U.S. subsidiaries 9. The amendments to the Company's "Rules of Procedure for Shareholders' Meetings"	None	Approved by all members present	Approved by all directors present
14th session of the 1st term	2022/05/04	1. Approved the Company's consolidated financial statements for the 1st quarter of 2022 2. Proposal for the amendments to the Company's "Corporate Social Responsibility Best Practice Principles" 3. Proposal for determination of tenancy with subsidiary	None	Approved by all members present	Approved by all directors present
15th session of the 1st term	2022/08/09	1. Approval the Company's consolidated financial statements for the 2nd quarter of 2022 2. Proposal to pass the Company's earnings distribution for the 1st half of 2022 3. Proposal to purchase the equity of Bafang Yunji International Company Limited from Bafang Yunji (Samoa) International Co., Ltd. 4. Proposal for the reduction capital of Bafang Yunji (Samoa) International Co., Ltd. 5. Proposal for the cancellation of Bafang Yunji (Samoa) Investment Company Limited 6. Proposal to donate to the "New Taipei City Bafang Yunji Social Welfare and Charity Foundation in the amount of NT\$3M 2022"	None	Approved by all members present	Approved by all directors present
16th session of	2022/10/07	1. Proposal for the incremental capital of Bafang Yunji international (USA)	None	Approved by all members	Approved by all directors

Term and session	Meeting date	Motion content	Independent directors' opinion	Resolution of the Audit Committee	The Company's handling of the opinions of the Audit Committee
the 1st term		<p>Limited and reinvest to subsidiaries of Bafang Yunji Foods LLC and Bafang Yunji Restaurant Group LLC</p> <p>2. Proposal to set up the production line of prepared frozen food at Tunshan Plant</p> <p>3. Proposal for Fujian Bafang Yunji Foods Co., Ltd. and Fujian Bafang Yunji Restaurant & Management Co., Ltd. go out of business</p>		present	present
17th session of the 1st term	2022/11/10	<p>1. Change of the Company's attesting CPAs</p> <p>2. Approval the Company's consolidated financial statements for the 3rd quarter of 2022</p> <p>3. Proposal to establish the Company's "Risk Management Processes and Procedures"</p> <p>4. Proposal to establish the Company's "Operational Procedure for Preparation and Validation of the Sustainability Report"</p> <p>5. Proposal for amendments to the Company's "Computer-based Information Systems" of internal control systems</p> <p>6. Proposal to establish the Company's "Procedures for Handling Material Inside Information"</p> <p>7. Proposal for amendments to the Company's "Rules of Procedure for Board of Directors Meetings"</p> <p>8. Proposal the 2023 audit plan</p>	None	Approved by all members present	Approved by all directors present
18th session of the 1st term	2023/01/17	<p>1. The Company's plan to lend funds of NT\$100 million to Bafang Yunji Restaurant Co., Ltd.</p> <p>2. The Company's plan to lend funds of US\$1.5 million and US\$3 million to subsidiaries, Bafang Yunji Foods LLC and Bafang Yunji Restaurant Group LLC, respectively</p> <p>3. Proposal for an endorsement guarantee for the subsidiary, Dante Coffee & Food Co., Ltd.</p> <p>4. Proposal for endorsement guarantees for the subsidiaries Bafang Yunji Foods LLC and Bafang Yunji Restaurant Group LLC</p> <p>5. Proposal for amendments to the Company's "Corporate Governance Best Practice Principles"</p>	None	Approved by all members present	Approved by all directors present
19th session of the 1st term	2023/03/23	<p>1. The Company's 2022 final business and accounting reports</p> <p>2. The Company's earnings distribution proposal for 2022</p> <p>3. CPAs' professional fee and evaluation of</p>	None	Approved by all members present	Approved by all directors present

Term and session	Meeting date	Motion content	Independent directors' opinion	Resolution of the Audit Committee	The Company's handling of the opinions of the Audit Committee
		their independence for 2023 4. Issuance of the Company's "Statement of Internal Control System" 5. Proposal for an endorsement guarantee for the subsidiary, Dante Coffee & Food Co., Ltd.			
20th session of the 1st term	2023/05/04	1. Approved the Company's consolidated financial statements for the 1st quarter of 2023 2. Established the "Regulations Governing Financial Operations between Related Parties" and abolished the "Regulations Governing Related Party Transactions" 3. Established the "Pre-approved Audit Procedures for Certified Accountants Providing Non-Assurance Services" 4. Proposed Pre-Approval of 2023 Project for Non-Assurance Services by Certified Public Accountants	None	Approved by all members present	Approved by all directors present

(2) In addition to the previous matters, other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors : No such situation

2. The recusal of the independent directors from motions that involved a conflict of interest. Specify the names of the independent directors, the content of the motions, and reason for recusal to avoid conflict of interest, and the participation in voting : No such situation

3. Communication between independent directors, internal audit officer and CPAs

(1) In 2022, the company's Chief Audit Executive attended every meeting of the board of directors and the audit committee to report and held a separate meeting with the independent directors every quarter to report the items designated by the independent directors or the quarterly audit findings. In addition, there are no other recommendations.

Date	Attendee	Communication Matter	Communication Result
2022/01/24	Independent Director, Chiu, Shih-Fang Independent Director, Chang, Ming-Hui Independent Director, Jao, Shih-Chen Independent Director, Wu, Sheng-Chi Chief Internal Auditor, Tsai, Hsin-Ni	1. Report on the execution of audit operations in 2021 2. 2022 Annual Subsidiary On-Site Audit Planning and Procedures	Passed with objection
2022/05/04	Independent Director, Chiu, Shih-Fang	1. Report on the execution of audit operations for first	Passed without objection

Date	Attendee	Communication Matter	Communication Result
	Independent Director, Chang, Ming-Hui Independent Director, Jao, Shih-Chen Independent Director, Wu, Sheng-Chi Chief Internal Auditor, Tsai, Hsin-Ni	quarter 2022 2. Independent directors ask questions about the project report: (1) Cash flow management (2) Inventory management (3) Management of restaurant's food safety	
2022/08/08	Independent Director, Chiu, Shih-Fang Independent Director, Chang, Ming-Hui Independent Director, Jao, Shih-Chen Independent Director, Wu, Sheng-Chi Chief Internal Auditor, Tsai, Hsin-Ni	1. Report on the execution of audit operations for second quarter 2022 2. Independent directors ask questions about the project report: Management of restaurant's food safety - regarding SOP to audit items	Passed without objection
2022/11/10	Independent Director, Chiu, Shih-Fang Independent Director, Chang, Ming-Hui Independent Director, Jao, Shih-Chen Independent Director, Wu, Sheng-Chi Chief Internal Auditor, Tsai, Hsin-Ni	1. Report on the execution of audit operations for 2022 2. Propose of 2023 audit plan	Passed without objection
2023/01/17	Independent Director, Chiu, Shih-Fang Independent Director, Chang, Ming-Hui Independent Director, Jao, Shih-Chen Independent Director, Wu, Sheng-Chi Chief Internal Auditor, Tsai, Hsin-Ni	Report on the execution of auditing operations of overseas subsidiaries in 2022	Passed without objection

(2) Communication between independent directors and CPAs

Deloitte attended the Audit Committee and the board of directors related to the proposal of financial statements and reported the result of financial statements review or audit to the Board of Directors each quarter in 2022. Besides, Deloitte had discussed the audit planning independently with the Audit Committee in November, 2022 and March, 2023, respectively.

Date	Attendee	Communication Matter	Communication Result
2022/11/10	Independent Director, Chiu, Shih-Fang Independent Director, Chang, Ming-Hui Independent Director, Jao, Shih-Chen	Communication on 2022 planning of audit objectives, audit scope, audit procedures	Passed without objection regarding on 2022 audit planning. Explanation of information environment proposed by independent director

Date	Attendee	Communication Matter	Communication Result
	Independent Director, Wu, Sheng-Chi Deloitte CPA, Kuo, Nai-Hua Deloitte Associate Manager, Huang, Hsien-Chen		
2023/03/23	Independent Director, Chiu, Shih-Fang Independent Director, Chang, Ming-Hui Independent Director, Jao, Shih-Chen Independent Director, Wu, Sheng-Chi Deloitte CPA, Lee, Li-Huang Deloitte Associate Manager, Huang, Hsien-Chen	Communication with independent directors about audit scope, audit adjustments, key audit matters, major issues discussed with management and audit conclusion of 2022 annual financial report	Passed without objection to the audit result of 2022 financial report

(III) The state of operation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor

Evaluation item	State of operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		In order to establish a good corporate governance system for the Company, the "Corporate Governance Best Practice Principles" have been formulated with reference to the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", which was approved and amended by the Board of Directors on January 24, 2022 and on January 17, 2023, respectively and disclosed on the Market Observation Post System and the Company's website.	No material difference from the Corporate Governance Best Practice Principles
II. The Company's equity structure and shareholders' interests (I) Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	✓		(I) To ensure the interests of shareholders, the Company has established "Rules of Procedures for Shareholders' Meetings" with a spokesperson, an acting spokesperson and a shareholder's mailbox. The Company has also appointed a professional stock affairs agency, "CTBC Bank Co., Ltd." to handle shareholders' related questions and proposals, and if legal issues are involved, a professional lawyer or legal affairs personnel will be appointed to handle the matter.	No material difference
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	✓		(II) The Company has stock affairs personnel to manage relevant information and has appointed a dedicated stock affairs agency to assist in stock-related matters, and is in possession of the list of major shareholders who actually control the Company and those who ultimately have control over the major shareholders.	No material difference
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	✓		(III) The financial and business operations between the Company and each subsidiary are independent and subject to the Company's control and audit. The Company has established the "Regulations Governing Related Party Transactions" and has clearly regulated the operation, business and financial transactions with affiliates to achieve a risk control mechanism.	No material difference

Evaluation item	State of operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	✓		(IV) The Company has established the "Regulations Governing the Prevention of Insider Trading" of the Company. The Company conducts education and training at least once a year to remind insiders of the regulations related to insider trading.	No material difference
III. Composition and responsibilities of the Board of Directors (I) Has the Board of Directors formulated and implemented a diversity policy on membership?	✓		(I) The Company's "Procedures for Election of Directors" specify that the composition of the Board of Directors shall be configured by taking into account diversity with respect to the Company's operations, business model and development needs, including but not limited to gender, age, nationality, culture and professional knowledge. The fourth Board of Directors of the Company has nine directors (currently composed of 8 directors including two female directors) in accordance with the Company's Articles of Incorporation, and the members of the Board of Directors each have different professional backgrounds in business, law, finance, technology and industry, etc. The composition of the Board of Directors is diverse and meets the development needs of the Company.	No material difference
(II) In addition to the Remuneration Committee and the Audit Committee established in accordance with law, has the Company voluntarily set up other functional committees?	✓		(II) In addition to the Remuneration Committee and the Audit Committee, the Company will evaluate the establishment of other functional committees as necessary.	No material difference
(III) Has the Company established measures for evaluating the performance of the Board of Directors and its evaluation method, and conducts performance evaluation annually and regularly, and submits the results of performance evaluation to the Board of Directors for reference of individual director's salary, remuneration and nomination for reappointment?	✓		(III) The Company has established the "Board of Directors' Performance Evaluation Measures" to implement corporate governance and enhance the functions of the Company's Board of Directors, and to establish performance targets to strengthen the efficiency of the Board of Directors' operations. The results of the performance evaluation for 2022 were completed in the first quarter of 2023 and presented to the Board of Directors on March 23, 2023.	No material difference

Evaluation item	State of operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
(IV) Does the Company regularly evaluate the independence of the attesting CPAs?	✓		(IV) In accordance with Article 29 of the Company's Corporate Governance Best Practice Principles, the Company shall periodically (at least once a year) evaluate the independence and competency of the appointed CPAs. In addition to obtain the statement of independence and Audit Quality Indicators (AQIs) of the CPAs. The Company also considers the content of the AQIs report, which include five dimensions (professionalism, quality control, independence, supervision, and innovation capabilities) and 13 indicators, as well as the standards listed in Exhibit 1 below. The Company's Board of Directors approved the independence evaluation of the CPAs on March 23, 2023, and they all met the Company's independence evaluation criteria.	No material difference
IV. Does the Company as a listed company have suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.)?	✓		The Company has dedicated personnel responsible for providing information necessary for directors and audit committee members to perform their business, assisting directors and audit committee members to comply with laws and regulations, conducting board meetings and shareholders' meetings in accordance with the law, and preparing minutes of board meetings and shareholders' meetings, etc.	No material difference
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social	✓		The Company has a spokesperson and an acting spokesperson to serve as a channel of communication with stakeholders, and contact information and mailboxes are available on the Company's website and the Market Observation Post System for stakeholders to contact at any time.	No material difference

Evaluation item	State of operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
responsibility issues that are of concern to stakeholders?				
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholder meetings?	✓		The Company has appointed the CTBC's Agency Department to handle the shareholders' meeting and related matters.	No material difference
VII. Information Disclosure (I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	✓		(I) The Company has set up a corporate website to disclose information on finance and business matters and corporate governance, which is taken care of by dedicated personnel and linked to the Market Observation Post System to facilitate real-time updates and disclosures.	No material difference
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company's earnings calls on its website, etc.)?	✓		(II) The Company has dedicated personnel responsible for information collection and disclosure, established the spokesperson and acting spokesperson system, and placed the proceedings of the earnings calls on the Company's website.	No material difference
(III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?		✓	(III) The Company announces and reports its annual financial statements, first, second and third quarter financial statements and monthly operations results within the prescribed period.	Early announcement and reporting will be evaluated as necessary in the future
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, Implementation of risk management policies and risk	✓		(I) Employee rights and interests: Establishment of an employee welfare committee, implementation of pension fund, and taking out employee group insurance. (II) Employee care: In addition to the relevant laws and regulations, the Company also provides benefits such as marriage subsidy for employees, wedding cash gift for employees' children, incentive payment for employees' childbirth, education	No material difference

Evaluation item	State of operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors and supervisors, etc.)?			<p>subsidy for children, and funeral allowances for employees and their dependents. In accordance with the regulations, an employee welfare committee is established with appropriation of welfare funds to handle employee welfare affairs such as employee travel and health checkup subsidies, birthday gifts, and medical emergency relief loans.</p> <p>(III) Investor relations: In accordance with relevant laws and regulations, the Company discloses finance and business matters operations and material information on the Market Observation Post System for investors' understanding, and establishes a spokesperson system to properly handle investors' inquiries and maintain good relations with investors.</p> <p>(IV) Supplier relationships: The Company establishes partnerships with suppliers based on the principle of equality and mutual benefit, and conducts audits from time to time to establish a food safety supply chain.</p> <p>(V) Stakeholders' rights: The Company discloses finance and business matters and material information on the Market Observation Post System for stakeholders' understanding.</p> <p>(VI) Directors' continuing education: All directors of the Company have professional backgrounds, and the Company takes a proactive approach in arranging for directors to participate in further education, and has conducted courses for directors in 2022. Please refer to the below Exhibit 2.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: "Risk Management Policy and Principles" was approved by the Board of Directors. The Company has established appropriate policies, procedures and internal controls for risk management in accordance with the relevant regulations, and significant financial activities are subject to review by the Board of Directors in accordance with the</p>	

Evaluation item	State of operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			<p>relevant regulations and internal control system.</p> <p>(VIII) Implementation of customer policy: The Company insists on providing "safe, fresh, tasty, and affordable" products under the management philosophy of putting consumers first.</p> <p>(IX) Liability insurance taken out for directors and managerial officers by the Company: The Company has taken out insurance for directors and managerial officers on August 6, 2022.</p> <p>(X) Succession plans for Board members and key management: The Company's Articles of Incorporation stipulate that a candidate nomination system shall be used for the election of directors. The Company has established "Corporate Governance Best Practice Principles" and "Procedures for Election of Directors" specify that the composition of the Board of Directors shall consider diversity, and formulate appropriate diversity policies for the company's own operations, operating patterns and development needs, including but not limited to basic conditions and values, professional knowledge and skills. The current Board of Directors of the Company has nine directors (currently composed of eight directors) including four independent directors taking into account diverse and complementary industry experience and financial, accounting, legal and information expertise. One of the current board members is also a member of the Company's senior management.</p> <p>Regarding the succession planning of the Board of Directors, the Company nurtures senior managers to join the Board of Directors to familiarize them with the operation of the Board of Directors and the business of each unit of the Company, and to deepen their industrial experience through job rotation.</p> <p>At present, the company still has a number of senior management talents,</p>	

Evaluation item	State of operation		Summary description	The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No		
			<p>with a sufficient talent pool who can be elected as future directors. In addition to diversity, the directors who are also managers of the company shall not exceed one-third of the directors' seats, will be gender-sensitive, and will have the knowledge, skills and qualities necessary to perform their duties.</p> <p>Key management levels:</p> <ol style="list-style-type: none"> 1. Succession plan: We have been reviewing the status of our succession pool for key management positions every year since 2022, and based on the results of the review, we plan for the development of each team. 2. Operating condition: Every year since 2022, the top management of each unit has been conducting a comprehensive review and planning for the succession of key management positions in their units. For those who hold important management positions, they are required to draw up a successor for their respective functions, and those who do not have a successor are required to propose a plan to train a suitable internal successor or find external talents to join the company. It is also necessary to evaluate the potential of the expected successor to move to the management level, and to provide appropriate training programs and educational training to train and practice the execution of the program for the management function. <p>(XI) The President is the most critical person in the development of the Company's operations and must have long-term experience in both the Company and the industry and an understanding of market trends in order to plan and lead the Company's development. Ms. Chang, Jui-Lien, the current President, joined the Company in 2009 and successively served as the CFO and Executive VP, leading the Company's financial, operational and business development related affairs, and was promoted to</p>	

Evaluation item	State of operation			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor
	Yes	No	Summary description	
			President in February 2017.	
<p>IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved: (Companies not included in the evaluation need not be filled in):</p> <p>The Company participated in the "Corporate Governance Evaluation" for the first time in 2022, and the expected improvements and enhancements in response to the results of the governance review are described below:</p> <ol style="list-style-type: none"> 1. Protection of shareholders' rights and equal treatment of shareholders: A majority of the conveners of the board of directors and the audit committee attend the shareholders' meeting in person: They will actively coordinate the attendance of directors and independent directors at the shareholders' meeting. 2. Strengthen the structure and operation of the Board of Directors: (1) The Company has established "Risk Management Policy and Procedures" on November 10, 2022, and is scheduled to establish a Risk Management Committee and a Corporate Governance Officer in 2023 (2) The Company has identified potential successors for succession planning at key management levels, and has prepared personal development plans and provided training for them 3. Enhancement of information transparency: (1) Simultaneous declaration of material information in English since 2023 (2) Completion of the English website by the end of 2023 4. Implement corporate responsibility: A unit for promoting the management of integrity has been set up and has been arranged to report to the Board of Directors in 2023. 				

Exhibit 1 : Independence and competence evaluation of the CPAs

Item	Evaluation Content	Yes	No
Independence evaluation of the CPAs			
1	No direct or indirect substantial financial interest between the CPA and the Company	v	
2	No borrowing/lending of fund between the CPA and the Company	v	
3	The accountant has no significant close business relationships or potential employment relationships with the Company	v	
4	The accountants and members of the audit team have not held or have held any position of directors, managers or significant influence on the audit case of the Company in the last two years	v	
5	The non-audit services provided by the accountant to the company do not directly affect the material items of the audit case	v	
6	The accountant does not promote or broker stocks or other securities issued by the Company	v	
7	The accountant shall not defend legal cases or other disputes between the Company and a third party, except for the business permitted by law	v	
8	The accountant is not related to a director, manager or person of the Company who has a material impact on the audit case	v	
9	The co-practicing accountant who has stepped down for less than one year has not held the position of director, manager or significant influence of the audit of the Company	v	
10	The Accountant does not accept gifts or special offers of significant value from the Company or its directors, managers or major shareholders	v	
11	Whether the term of office of the CPA exceeds seven consecutive years	v	
Competence evaluation of the CPAs			

Item	Evaluation Content	Yes	No
1	The accountant has no disciplinary record of the Accounting Committee in the last two years	v	
2	Does the accounting firm have sufficient scale, resources and regional coverage to handle corporate audit services?	v	
3	Do accounting firms have clear quality control procedures to ensure the quality of financial reports?	v	
4	Does the accounting firm keep the Board of Directors (Audit Committee) informed of any significant issues and developments in risk management, corporate governance, financial accounting and related risk control?	v	

Exhibit 2 : Directors' continuing education

Job Title	Name	Education date	Organization name	Course name	Hours of education
Chairperson	Lin, Hsin-Yi	2022/11/10	Taiwan Corporate Governance Association	How to prevent and respond to insider trading	3
		2022/08/09	Taiwan Corporate Governance Association	Talent Development and Succession Planning	3
Director	Lin, Chia-Yu	2022/11/10	Taiwan Corporate Governance Association	How to prevent and respond to insider trading	3
		2022/08/09	Taiwan Corporate Governance Association	Talent Development and Succession Planning	3
Director	Chang, Jui-Lien	2022/11/10	Taiwan Corporate Governance Association	How to prevent and respond to insider trading	3
		2022/08/09	Taiwan Corporate Governance Association	Talent Development and Succession Planning	3
Director	Lin, Ming-Che	2022/11/10	Taiwan Corporate Governance Association	How to prevent and respond to insider trading	3
		2022/08/09	Taiwan Corporate Governance Association	Talent Development and Succession Planning	3
Independent Director	Chiu, Shih-Fang	2022/11/10	Taiwan Corporate Governance Association	How to prevent and respond to insider trading	3
		2022/08/09	Taiwan Corporate Governance Association	Talent Development and Succession Planning	3
Independent Director	Chang, Ming-Hui	2022/11/10	Taiwan Corporate Governance Association	How to prevent and respond to insider trading	3
		2022/08/09	Taiwan Corporate Governance Association	Talent Development and Succession Planning	3
Independent Director	Jao, Shih-Chen	2022/11/10	Taiwan Corporate Governance Association	How to prevent and respond to insider trading	3
		2022/08/09	Taiwan Corporate Governance Association	Talent Development and Succession Planning	3
Independent Director	Wu, Sheng-Chi	2022/11/10	Taiwan Corporate Governance Association	How to prevent and respond to insider trading	3
		2022/08/09	Taiwan Corporate Governance Association	Talent Development and Succession Planning	3

(IV) If the Company has a Remuneration Committee, it shall disclose its composition and operation

1. Information on the members of the Remuneration Committee:

March 31, 2023					
Position (Note 1)	Criteria		Professional qualifications and experience	Status of independence	Number of other public companies in which the individual is concurrently serving as a Remuneration Committee member
	Name				
Convener (independent director)	Chiu, Shih-Fang		Refer to page 12 (IV) Professional Qualifications of Directors and Disclosure of Information on the Independence of Independent Directors		3
Member (independent director)	Chang, Ming-Hui				1
Member (independent director)	Jao, Shih-Chen				1
Member (independent director)	Wu, Sheng-Chi				0

2. Authorities of the Remuneration Committee

The Committee shall exercise the care of a good administrator in faithfully exercising the following authorities, and shall submit its recommendations for deliberation by the Board of Directors:

- (1) Review and propose amendments to the regulations on a regular basis.
- (2) Establish and regularly review the performance evaluation standards, annual and long-term performance goals, and policies, systems, standards and structures for remuneration of directors and managerial officers of the Company, and to disclose the contents of the performance evaluation standards in the annual report.
- (3) Periodically evaluate the achievement of the performance goals of the Company's directors and managerial officers, and to determine the content and amount of their individual remuneration based on the evaluation results obtained from the performance evaluation standards. The annual report shall disclose the results of individual performance evaluations of directors and managerial officers, and the relevance and reasonableness of the content and amount of individual remuneration to the results of performance evaluations, and report to the shareholders' meeting.

3. Information on the operation of the Remuneration Committee

- (1) There are four members of the Remuneration Committee of the Company.
- (2) The term of office of the current members: July 7, 2020 to June 23, 2023; in the most recent year (2022) and during the current year up to the date of publication of the annual report, the Remuneration Committee met 7 times (A), and the qualifications and attendance of the members are as follows.

Job Title	Name	Number of attendance in person (B)	Number of attendance by proxy	Attendance in person (%) (B/A)	Remarks
Convener	Chiu, Shih-Fang	7	0	100	-
Member	Chang, Ming-Hui	7	0	100	-
Member	Jao, Shih-Chen	7	0	100	-
Member	Wu, Sheng-Chi	6	0	86	-

Other matters required to be recorded:

1. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should state the date, period, proposal content, resolution of the board, and its handling of the committee's opinions: No such situation
2. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of the members' opinions should be stated: No such situation

(4) Contents of recent annual meeting and results of resolutions :

Term and session	Meeting date	Motion content	Committee Resolution results	The Company's handling of the opinions of the Remuneration Committee
7th session of the 1st term	2022/01/24	Distribution of 2021 year-end bonuses for the managerial officers	Approved by all members present	Approved by all directors present
8th session of the 1st term	2022/03/22	2021 employee compensation and remuneration to directors	Approved by all members present	Approved by all directors present
9th session of the 1st term	2022/08/09	The distribution of employee compensation for 2021	Approved by all members present	Approved by all directors present
10th session of the 1st term	2022/10/07	Adjustment a specified manager's compensation package	Approved by all members present	Approved by all directors present
11th session of the 1st term	2022/11/10	Evaluate and review the policies, systems, standards and structures of directors' and managers' compensation	Approved by all members present	Approved by all directors present
12th session of the 1st term	2023/01/17	Distribution of 2022 year-end bonuses for the managerial officers	Approved by all members present	Approved by all directors present
13th session of the 1st term	2023/03/23	2022 employee compensation and remuneration to directors	Approved by all members present	Approved by all directors present

(V) Implementation status of the promotion of sustainable development, the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX listed Companies and the reasons therefor

Assessment item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
I. Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the sustainable development policies and reporting to the board?	✓		(I) The Company's Board of Directors has established the Company's "Sustainable Development Best Practice Principles" and operates in accordance with the Principles. <ol style="list-style-type: none"> 1. Establish a sustainability reporting team to report to the Board of Directors on a regular basis. 2. Evaluate countermeasures to address issues related to climate change, including carbon management-related risks and future strategies and actions from regulatory, physical and other perspectives. 3. In response to global environmental policies, the Company has implemented the EASY FLOW corporate management e-signature system, scan to mail and online assessment system to achieve energy and carbon savings and paperless digitization. 4. Adopt green building materials for plant maintenance and invest in green energy equipment for new plants. 5. To make a contribution to environmental protection, the Company has set up Roof Solar Photovoltaic System on Xiluo Plant and Erlun Warehouse, the power generation capacity is 	No material difference

Assessment item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
			<p>99KWp and 177.94KWp, respectively.</p> <p>6. Comply with relevant laws and regulations and international standards, and develop policies and appeal procedures to protect consumer interests.</p> <p>7. Establish supplier management policies and require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor human rights issues.</p> <p>8. Establish and implement reasonable employee welfare measures and provide a safe and healthy working environment for employees.</p>	
II. Does the Company conduct risk assessment on environmental, social, and corporate governance issues, related to the Company's operations and establish related risk management policies or strategies?	✓		The Chairperson, President and each unit of the Company are responsible for managing the risk management policy and executing the risk measurement, as well as establishing the "Emergency Response Management System" and "Risk Management Policy and Principles" was approved by the Board of Directors. In addition, The Company has set up an emergency response team to handle specific types of major emergencies. The Audit Office prepares annual audit plans based on risk assessment results, performs audit operations and issues audit reports, implements monitoring mechanisms, controls the execution of risk management, and reports regularly to the Audit Committee and the Board of Directors.	No material difference
III.Environmental Issues				

Assessment item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(I) Does the Company establish proper environmental management system based on the characteristics of its industry?	✓		(I) The Company considers the impact on the ecological environment, promotes and educates consumers on the concept of sustainable consumption, and engages in operating activities such as research and development, procurement, operations and services in accordance with the following principles to reduce the impact of the Company's operations on the natural environment. 1. Reduce the consumption of resources and energy from products and services. 2. Reduce the emission from pollutants, toxic substances and waste, and properly dispose of the waste.	No material difference
(II) Does the Company endeavor to utilize energy use efficiency and use renewable materials which have low impact on the environment?	✓		(II) The Company endeavors to develop a sustainable environment, such as implementing waste reduction and resource recycling, prioritizing the use of green building materials in store renovations and plant construction, and having waste cooking oil properly disposed of by legal vendors.	No material difference
(III) Does the Company evaluate the potential risks and opportunities of climate change for the Company now and in the future, and take action on climate related issues?	✓		(III) The Company has been focusing on energy saving, carbon reduction and greenhouse gas reduction issues. AC temperature control is carried out throughout the year to effectively utilize energy to achieve the energy saving and carbon reduction goals. The Company has set up Roof Solar Photovoltaic System on Xiluo Plant and Erlun	No material difference

Assessment item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(IV) Does the Company count the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation, greenhouse gas reduction, water use reduction or other waste management?	✓		Warehouse, providing renewable energy capacity is 99KWp and 177.94KWp, respectively. (IV) The Company has calculated the greenhouse gas emissions, water consumption and total weight of waste for the past year and disclosed them in our sustainability report, and continue to promote various energy-saving measures.	No material difference
IV. Preserving Public Welfare (I) Does the Company formulate appropriate management policies and procedures according to relevant regulations and international Bill of Human Rights?	✓		(I) The Company is committed to protecting the basic human rights of its employees and support the United Nations Global Compact, the United Nation's Universal Declaration of Human Rights, and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work, among other internationally recognized human rights standards. In accordance with these international guidelines, the Company takes practical actions to realize its responsibility to respect and protect human rights and to comply with the laws and regulations related to labor and gender equality at the Company's location, and to eliminate any violations and infringements of human rights. The Company has established a Human Rights Policy that is focused on implementing diversity and inclusion in the workplace, ensuring equal	No material difference

Assessment item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(II) Does the Company declare reasonable employee welfare measures (including remuneration, vacations and other benefits) and appropriately reflect business performance or results on employee compensation?	✓		<p>employment opportunities etc.; complying with labor laws and regulations to ensure that employment policies are non-discriminatory and free from forced labor. The Company prohibits age discrimination, protects the labor rights and interests of the middle-aged and elderly, and creates a friendly employment environment; and does not illegally employ child labor.</p> <p>The company has comprehensive welfare measures and the vacations and other benefits for employees are provided in accordance with the Labor Standards Act and work rules. There is a vocational welfare association to provide diversified welfare care also. The company implements diversity in the workplace, and does not discriminate against employees in any form on the basis of their personal sex (including sexual orientation), race, class, age, marriage, language, ideology, religion, party, origin, place of birth, appearance, facial features, physical and mental disabilities, etc.</p> <p>(II) The company has comprehensive welfare measures and the vacations and other benefits for employees are provided in accordance with the Labor Standards Act and work rules. There is a vocational welfare association to provide diversified welfare care also. The Company has reserved no</p>	No material difference

Assessment item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(III) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		less than 1% of the profit earned for employee compensation in its Articles of Association and established the "Regulations for the Implementation of Employee Compensation" to reflect the business performance results on employees. (III) The Company inspects and maintains firefighting and sanitation appliances on a regular basis to protect the safety. The Company provides employees with a safe working environment and necessary first-aid measures to eliminate factors in the working environment that may affect employee safety and health, in order to reduce the risk of occupational accidents. We value the work-life balance of our employees and provide travel subsidies to enrich the concept of work-life balance. The Company cares about the health of our employees, regularly conduct health checks, tracks employees with abnormal medical examinations, and provides necessary medical information.	No material difference
(IV) Does the Company provide its employees with career development and training sessions?	✓		(IV) The Company provides subsidies for employees to participate in job-related training, as well as encourages employees to participate in overseas training courses.	No material difference
(V) Does the Company's products and services adhere to relevant laws, regulations and international standards for customer health and safety, customer privacy, marketing and labeling, and	✓		(V) The marketing and labeling of our products are governed by the Act Governing Food Safety and Sanitation. In addition, the Company provides several sources for customer comments and feedback, including the Company's official website,	No material difference

Assessment item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
<p>has the Company established relevant policies and appeal procedures to protect consumer interests?</p> <p>(VI) Does the Company establish a supplier management policy that requires suppliers to follow and implement related issues on environmental protection, occupational safety and health or labor rights?</p>	✓		<p>0800 Customer Service Hotline, Line@ FB and IG, etc. The customer service representatives handle all appeals fairly and promptly, while respecting and protecting the consumer's privacy.</p> <p>(VI) The Company has not yet established relevant regulations on contracts with suppliers; however, there are no material violations in environmental protection, occupational safety and health or labor rights from our major suppliers. In addition, the Food Safety Center visits our suppliers to check whether there is any record to affect the environment and society.</p>	No material difference
<p>V. Does the Company follow the international standards or guidelines for preparing sustainability reports or non-financial related reports? Have the previous released reports being verified by third-party certification entity with assurance or opinion statements?</p>		✓	<p>The Company has issued the Bafang Yunji Sustainability Report in August, 2022, and disclosed on the Company's website and TWSE MOPS that this report followed the core option guidelines and structure listed in the latest standards of the Global Sustainable Reporting Association (GRI), and got a limited assurance statement issued by Deloitte Taiwan in accordance with Using Statement of Assurance Principles No.1-" Audit and review of non-financial information".</p>	No material difference
<p>VI. If the Company has established the Sustainable Development Best Practice Principles based on the " Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies", please describe any discrepancy between these principles and the implementation: The Company's Board of Directors has formulated the Company's " Sustainable Development Best Practice Principles" based on the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and "Procedures for the preparation and verification of sustainability reports" to fulfill its corporate social responsibility and contribute to the balance and sustainable development in economy, society, environment and ecology. And has implemented these principles accordingly. There is no discrepancy between the principles and the implementation.</p>				

Assessment item	Implementation Status			Discrepancies with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
<p>VII. Other important information to facilitate a better understanding of the sustainable development practices:</p> <p>The Company has been committed to "altruism, sharing, and charity" since its establishment, taking care of its employees and helping the underprivileged groups and employees to start their own businesses. By the end of 2022, a total of NT\$13,840 thousand has been donated by the Company and the Bafang Dumpling Social Welfare Charity Foundation for social emergency relief, community services, arts and culture, and sports promotion and sponsorship. The following is a description of the 2022 social welfare projects:</p> <p>(I) "Support Program": Subsidized National PinTung University of Science and Technology, 8 senior high schools such as Beigang Senior High School and National Taitung Senior Commercial Vocational High School, 9 junior high schools such as Pingtung Municipal Jia Dong and Shimen, and poor and underprivileged students from 17 elementary schools such as Dingxi and Jiejiao, and support for CSR Action and Vox Nativa Association, a total of NT\$6.86 million.</p> <p>(II) "Excellence Cultivation Subsidy Program": Subsidized dozens of underprivileged students from New Taipei Municipal ZhuWei High School, National Chiayi University, National Cheng Kung University, Taiwan Fund for Children and Families, MingChuan University, University of Taipei, National Taiwan Ocean University, for a total of NT\$2.10 million.</p> <p>(III) "Skills Development Program for Underprivileged Students": donated NT\$120,000 to the Taiwan Fund for Children and Families for children cultivation.</p> <p>(IV) "Emergency Relief Program": Provided NT\$590,000 for medical emergency relief for the poor elderly and students.</p> <p>(V) "Epidemic Prevention Project": Worked with the Dingxi Elementary School Parents' Association to provide meals to medical and police personnel related to pandemic prevention, and to assist vulnerable families affected by the epidemic for a total of NT\$2.7 million.</p> <p>(VI) "Emergency and medical assistance for Group employees": A total of NT\$1.47 million was provided to employees in emergency and medical assistance.</p>				

(VI) The Practice of Ethical Corporate Management and Related Policies and Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies

Assessment item	Yes	No	Implementation Status	Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
			Summary	
I. Establishment of Ethical Corporate Management Policies and Programs				
(I) Does the Company establish ethical corporate management policies and procedures, approved by the Board of Directors, in its guidelines and external documents, as well as commitment from its Board and senior management to implement the policies?	✓		(I) The Company has established the "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct", both were approved by the Board of Directors to be the Company's policies and guidelines for ethical corporate management.	No material difference
(II) Does the Company established assessment mechanism against risks from unethical conduct, periodically analyze and assess operational activities with high potential for unethical conduct, and use these to establish solutions for prevention of unethical behaviors that at least encompass the preventive measures stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		(II) The Company has identified business activities in its business scope that are more likely to expose to the risk of unethical behavior in the "Procedures for Ethical Management and Guidelines for Conduct". The relevant operating procedures have been formulated accordingly. The Company also stipulates in its work rules that employees shall perform their duties in an honest, impartial, trustworthy and truthful manner and are strictly prohibited from offering, promising, requesting or accepting any improper gain, or engaging in other unethical acts that would violate integrity, breach the law or violate the duties entrusted to them, whether it is done directly or indirectly.	No material difference
(III) Does the Company establish policies to prevent unethical conduct	✓		(III) The Company has established the "Ethical Corporate Management Best Practice	No material difference

Assessment item	Yes	No	Implementation Status	Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
			Summary	
with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and commitment to implement the policies, and periodically assess said policies?			Principles" and "Procedures for Ethical Management and Guidelines for Conduct" to clearly state the relevant systems and procedures for preventing unethical conduct. Nine directors and all managerial officers (the associate manager level or higher) have signed the Statement of Integrity to implement the Ethical Management Policy. In addition, the Company has been promoting the ethical management policy by showing the corporate spirit of the Company on the website and providing training to employees from time to time in order to enhance their integrity and establish a good corporate culture. In 2022, the employees of Bafang Yunji (including subsidiaries of Bafang Yunji Restaurant and Dante Coffee) were provided to: (1) ethical management, (2) information security, (3) insider trading prevention and (4) food safety, with a total of 746 training times and a total of 855 training hours. The Company requires the suppliers and customers to adopt the same ethical management policy as well.	
II. Ethical Management Practices (I) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(I) The Ethical Corporate Management Best Practice Principles provide that the Company's employees shall not offer, promise, request or accept any improper gain, or engage in other unethical acts	No material difference

Assessment item	Yes	No	Implementation Status	Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
			Summary	
(II) Does the Company establish an exclusively (or concurrently) dedicated unit in charge of corporate integrity and to be supervised by the Board of Directors, which regularly (at least once a year) reports implementation status to the Board?	✓		that would violate integrity, breach the law or violate the duties entrusted to them, whether it is done directly or indirectly. In addition, the declaration of integrity and how to deal with any violation of integrity are also specified in the supplier's contract. (II) The Head of Legal Affairs Department of the President's Office is a dedicated unit for ethical corporate management under the Board of Directors, which is in charge of revising, implementing, explaining, providing consultation services, filing reports and other related duties, and supervising the implementation of the Procedures for Ethical Management and Guidelines for Conduct, as well as reporting regularly to the Board of Directors.	No material difference
(III) Does the Company establish and implement policies to prevent conflicts of interest and provide appropriate communication channels?	✓		(III) The directors, managers and other stakeholders attending or participating in the board of directors' meetings shall explain the details of their interests at the current board of directors' meeting if there is any risk of harm to the Company's interests, and shall refrain from participating in the discussion and voting, and shall recuse themselves from the discussion and voting, and shall not exercise their voting rights on behalf of other directors.	No material difference
(IV) Has the Company established effective systems for both accounting and internal	✓		(IV) The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures	No material difference

Assessment item	Yes	No	Implementation Status	Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
			Summary	
<p>control to facilitate ethical corporate management, with internal audit units formulating audit plans based on risk assessments of unethical conduct which are used to review compliance with measures for preventing unethical conduct, or which are audited by CPAs?</p> <p>(V) Does the Company provide internal and external ethical conduct educational trainings on regular basis?</p>	✓		<p>for Ethical Management and Guidelines for Conduct" to ensure that the Company implements the ethical corporate management and prevents any unethical conduct. from occurring. The Company has established effective accounting and internal control systems. The Company's internal audit unit regularly reviews compliance with these systems and prepares audit reports to the Board of Directors.</p> <p>(V) The Chairperson, President or senior management of the Company periodically communicate with employees the importance of integrity so that employees are fully aware of the Company's commitment to integrity, its policies, preventive measures and the consequences of unethical conduct.</p>	No material difference
<p>III. Operation of the Integrity Channel</p> <p>(I) Does the Company establish both a reward/punishment system and a complaint hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(II) Does the Company establish standard operating procedures and subsequent procedures of following investigations and relevant confidential mechanism?</p> <p>(III) Does the Company</p>	✓		<p>(I) The Company accepts reports on unlawful or unethical conduct, and has dedicated a mailbox to handle such reports directly by the Head of Legal Affairs Dept.. The identity of the whistleblower and the contents of the report will be kept confidential.</p> <p>(II) The Company has established "Regulations governing the whistle-blowing of breach good faith" for the investigation of complaints and relevant confidential mechanism.</p> <p>(III) The Company will keep the</p>	<p>No matter difference</p> <p>No material difference</p> <p>No material</p>

Assessment item	Yes	No	Implementation Status	Discrepancies with Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
			Summary	
provide proper whistleblower protection?			identity of the whistleblower and the contents of the report confidential and protect the whistleblower from being improperly treated.	difference
IV. Information Disclosure (I) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and Market Observation Post System (MOPS)?	✓		The Company has established the "Ethical Corporate Management Best Practice Principles" and "Regulations governing the whistleblowing of breach good faith", and has disclosed these on the Company's website. The Company also discloses the implementation status of the ethical corporate management in the annual report presented in the shareholders' meeting and the Company's website.	No material difference
V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No material difference				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g. review and amended its policies): The Company operates not only in compliance with laws and regulations, but also requires its suppliers to implement and follow the ethical management policies in their daily operations and managements.				

(VII) If the company has formulated corporate governance principles and related articles, it shall disclose the way of inquiry:

The relevant Corporate Governance Best Practice Principles and related rules are available on the Corporate Governance section of the Company's website and the Market Observation Post System.

(VIII) Other important information for understanding of the operations of corporate governance may be disclosed:

Please refer to the Company's website at <http://www.8way.com.tw>.

(IX) Status of implementation of internal control system

1. Statement of Internal Control System : Please refer to page 126
2. Where a CPA was entrusted to review the internal control system, the

review report should be disclosed : None

- (X) During the most recent year and during the current year up to the date of publication of the annual report, if the Company or its internal personnel have been punished in accordance with law, or the Company has punished its internal personnel for violating the provisions of the internal control system, the major deficiencies and improvements should be listed : None
- (XI) Important resolutions of the shareholder meeting and board meeting during the most recent year or during the current year and during the current year up to the date of publication of the annual report

1. Important resolutions of the Board of Directors

Date	Important resolutions of the Board of Directors
January 24, 2022	<ol style="list-style-type: none"> 1. Approved the Company's 2022 business plan 2. Approved the budget increase and expansion of the Tamsui Plant No. 3 at Tunshan Section, Tamsui District, New Taipei City 3. Lending of funds to the subsidiary restaurant in the amount of NT\$100 million 4. Approved the endorsement and guarantee for subsidiary, Dante 5. Approved the capital increase to the 100% owned investee, Bafang Yunji International (USA) Limited and 60% owned investee, Bafang Yunji Foods LLC 6. Established the Company's "Corporate Governance Best Practice Principles" 7. Amendment to the "Regulations Governing the Prevention of Insider Trading" of the Company
March 22, 2022	<ol style="list-style-type: none"> 1. 2021 final business and accounting reports 2. Earnings distribution proposal for 2021 3. Amendments to the Company's Articles of Incorporation 4. The plan to build the Dalin Plant 5. Remuneration to employees and remuneration to directors for 2021 6. Approval of the Statement of Internal Control System 7. Amendments to the "Procedures for Acquisition or Disposal of Assets" 8. Amendments to the "Rules of Procedure for Shareholders' Meetings" 9. Fixed the date and location of the 2022 regular shareholders' meeting of the Company and the content of the motion
May 4, 2022	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial statements for the first quarter of 2022 2. Amendments to the "Corporate Social Responsibility Best Practice Principles" 3. Approval the newly update motion of the 2022 regular shareholders' meeting
August 9, 2022	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial statements for the second quarter of 2022 2. The Company's earnings distribution for the 1st half of 2022

Date	Important resolutions of the Board of Directors
	<ol style="list-style-type: none"> 3. Approved the Purchase of shares in Bafang Yunji International Company Limited from Bafang Yunji (Samoa) International Co., Ltd. 4. Approved the capital reduction of Bafang Yunji (Samoa) International Co., Ltd. 5. Approved liquidation of Bafang Yunji (Samoa) Investment Company Limited
October 7, 2022	<ol style="list-style-type: none"> 1. Approved to increase capital to Bafang Yunji International (USA) Limited and reinvest to Bafang Yunji Foods LLC and Bafang Yunji Restaurant Group LLC 2. Approved the new production line of prepared frozen food in the Tamsui Plant No. 3 3. Proposed base date for the issuance of new shares through the exercise of the first employee stock option for 2020 by the employee in third quarter of 2022 4. Approved liquidation of Fujian Bafang Yunji Foods Co., Ltd. and Fujian Bafang Yunji Restaurant Co., Ltd.
November 10, 2022	<ol style="list-style-type: none"> 1. Approved the Company's consolidated financial statements for the third quarter of 2022 2. Establishment of the "Risk management policy and principles" 3. Establishment of the "Procedures for the preparation and verification of sustainability reports" 4. Amendment of the internal control of Computerized information system 5. Establishment of the "Procedures for handle material inside information" 6. Amendment of the "Rule of procedure of Board of Directors Meetings"
January 17, 2023	<ol style="list-style-type: none"> 1. 2023 business plan 2. Proposed base date for the issuance of new shares through the exercise of the first employee stock option for 2020 by the employee in fourth quarter of 2022 3. Lending of funds to a subsidiary in the amount of NT\$100 million 4. Lending of funds to Bafang Yunji Foods LLC and Bafang Yunji Restaurant Group LLC in the amount of US\$150 million and US\$300 million, respectively 5. Approved the endorsement and guarantee for subsidiary, Dante 6. Approved the endorsement and guarantee for subsidiaries, Bafang Yunji Foods LLC and Bafang Yunji Restaurant Group LLC 7. Amendment of the "Corporate Governance Best Practice Principles"
March 23, 2023	<ol style="list-style-type: none"> 1. 2022 final business and accounting reports 2. Earnings distribution proposal for 2022 3. Remuneration to employees and directors for 2022 4. Approved of the Statement of internal control system 5. Approved the endorsement and guarantee for subsidiary, Dante 6. Established the "Risk Management Committee Charter"

Date	Important resolutions of the Board of Directors
	7. Approved the re-election of the Board of Directors 8. Approved the list of candidates nominated by the Board of Directors (including independent directors) and resolved the eligibility of candidates 9. Lifting the restriction on non-competition for new directors 10. Fixed the date and location of the 2022 regular shareholders' meeting of the Company and the content of the motion
May 4, 2023	1. Approved the Company's consolidated financial statements for the first quarter of 2023 2. Proposed base date for the issuance of new shares through the exercise of the first employee stock option for 2020 by the employee in first quarter of 2023 3. Established the "Regulations Governing Financial Operations between Related Parties" and abolished the "Regulations Governing Related Party Transactions" 4. Established the "Pre-approved Audit Procedures for Certified Accountants Providing Non-Assurance Services" 5. Proposed Pre-Approval of 2023 Project for Non-Assurance Services by Certified Public Accountants

2. Important resolutions of the shareholders' meeting and their implementation status

Date	Resolution content	Implementation status
June 15, 2022 Regular Shareholders' Meeting	1. Earnings distribution proposal for 2021	The resolution has been fully implemented.
	2. 2021 business report and financial statements	The dividend record date was set to be July 11, 2022, and the distribution date of cash dividends was July 29, 2022.
	3. Amendments to the Company's Articles of Incorporation Explanation	The resolution has been fully implemented.
	4. Amendments to the Company's Procedures for Acquisition or Disposal of Assets	The resolution has been fully implemented.
	5. Amendments to Company's Rules of Procedure for Shareholders' Meetings	The resolution has been fully implemented.

(XII) During the most recent year and during the current year up to the date of publication of the annual report, if board directors or supervisors had different opinions on important resolutions approved by the Board of Directors with records or written statements, the main content of the opinions: None

(XIII) For the most recent year and during the current year up to the date of publication of the annual report, summary of the resignation and dismissal of the Company's chairperson, Presidents, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer: None

V. Information on CPAs' professional fee

Unit: In thousands of NT\$

CPA firm	CPA name	CPA audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte Taiwan	Kuo, Nai-Hua Lee, Li-Huang	2022.01.01 ~ 2022.12.31	5,650	1,190	6,840	Non-audit fees include the following services: 1. transfer pricing service 2. limited assurance service for Sustainability Report

- (I) Where the audit fee paid in the year of the change of CPA firm is less than the audit fee in the year before the change, the amount of the audit fee before and after the change and the reasons therefor should be disclosed: No such situation
- (II) Where the audit fee has decreased by 10% or more from the previous year, the amount, percentage and reasons therefor should be disclosed: No such situation

VI. Information on the change of CPAs:

If there is a change of CPAs in the last two years and the subsequent period, the following information shall be disclosed.

(I) About the predecessor CPA

Date of change	Approved by the Board of Directors on January 24, 2022		
Reason for change and description	Due to the internal job rotation and arrangement of the CPA firm of Deloitte Taiwan, CPA Lee, Li-Huang was replaced by CPA Chen, Hui-Ming		
Termination or rejection of appointment by the appointer or CPAs	Party involved	Certified Public Accountant	Appointer
	Condition		
	Proactive termination of appointment	Not applicable	Not applicable
	Rejection of appointment (reappointment)	Not applicable	Not applicable
Opinions in and reason for audit reports issued other than unqualified opinion in the last two years	No such situation		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or procedures
			Others
	No	✓	
	Explanation		
Other disclosures (Disclosures deemed necessary under Article 10.6.1.4 to 7 of The Guidelines)	None		

Date of change	Approved by the Board of Directors on November 10, 2022		
Reason for change and description	Due to the internal job rotation and arrangement of the CPA firm of Deloitte Taiwan, CPA Chen, Hui-Ming was replaced by CPA Lee, Li-Huang		
Termination or rejection of appointment by the appointer or CPAs	Party involved	Certified Public Accountant	Appointer
	Condition		
	Proactive termination of appointment	Not applicable	Not applicable
	Rejection of appointment (reappointment)	Not applicable	Not applicable
Opinions in and reason for audit reports issued other than unqualified opinion in the last two years	No such situation		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Audit scope or procedures
			Others
	No	✓	
	Explanation		
Other disclosures (Disclosures deemed necessary under Article 10.56.1.4 to 7 of The Guidelines)	None		

(II) About the successor CPA

CPA firm name	Deloitte Taiwan
CPA name	CPA Chen, Hui-Ming
Date of appointment	Approved by the Board of Directors on January 24, 2022
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment	Not applicable
Written opinion of the successor CPAs on matters on which the successor CPAs disagreed with the predecessor CPAs	None

CPA firm name	Deloitte Taiwan
CPA name	CPA Lee, Li-Huang
Date of appointment	Approved by the Board of Directors on November 10, 2022
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment	Not applicable
Written opinion of the successor CPAs on matters on which the successor CPAs disagreed with the predecessor CPAs	None

(III) The Company shall send a letter to the predecessor CPAs regarding the matters specified in items 1 and 2.3 of this subparagraph, and shall notify the predecessor CPAs to reply within ten days if they disagree. The Company shall disclose the predecessor CPAs' reply letter: Not applicable

VII. Any of The Company's Chairperson, President, or managerial officers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliated company within the recent year; disclose their names, job titles, and the periods during which they were employed by the auditor's firm or any of its affiliated company: None

VIII. Changes in transfer and pledge of shares by directors, supervisors, managerial officers and shareholders with more than 10% shareholding in the most recent year and during the current year up to the date of publication of the annual report if the counterparty to whom the shares are transferred or pledged is a related party, the name of such counterparty, its relationship with the Company, directors, supervisors, managerial officers and shareholders holding more than 10% of the total shares of the Company, and the number of shares acquired or pledged shall be disclosed.

(I) Changes in shareholdings of directors, supervisors, managerial officers and major shareholders

Position	Name	2022		2023/1/1~2023/4/17	
		Increase (decrease) in shareholding	Increase (decrease) in shares pledged	Increase (decrease) in shareholding	Increase (decrease) in shares pledged
Chairperson	Lin, Hsin-Yi	0	0	0	0
Director and major shareholder	Lin, Chia-Yu	551,000	0	0	0
Director and President	Chang, Jui-Lien	0	0	0	0
Director	Lee, Ming-Shen	0 Note 1	0 Note 1	-	-
Director and major shareholder	Fuyu Investment Co., Ltd.	1,114,000	4,600,000	0	0
	Representative: Lin, Ming-Che				
Independent director	Jao, Shih-Chen	0	0	0	0
Independent director	Wu, Sheng-Chi	0	0	0	0
Independent director	Chang, Ming-Hui	0	0	0	0
Independent director	Chiu, Shih-Fang	0	0	0	0
Vice President	Lin, Yu-Cheng	0	0	0	0
Vice President	Kao, Hsiu-Ying	150,000	0	0	0
Vice President	Liao, Ya-Mei	0	0	(5,000)	0
Vice President	Huang, Wan-Ling	0	0	0	0
Vice President	Yuan, Jiann-Min	0	0	0	0
Vice President	Lin, Li-Ju	(14,000)	0	- Note 2	- Note 2
Vice President	Ku, Wen-Chen	0 Note 3	0 Note 3	0	0

Position	Name	2022		2023/1/1~2023/4/17	
		Increase (decrease) in shareholding	Increase (decrease) in shares pledged	Increase (decrease) in shareholding	Increase (decrease) in shares pledged
Chief internal auditor	Tsai, Hsin-Ni	25,000	0	0	0
Assistant Vice President	Lee, An-Yu	(10,000)	0	0	0
Assistant Vice President	Chen, Hsing-Ku	0	0	0	0
Assistant Vice President	Chiu, Chun-Yang	0	0	0	0
Assistant Vice President	Liang, She-Han	(18,000)	0	0	0
Assistant Vice President	Hsieh, Pi-Lien	29,000	0	11,000	0
Assistant Vice President	Chang, Lin-Yu	(4,000)	0	0	0
Assistant Vice President	Lin, Chin-Tun	0	0	0	0
Assistant Vice President	Lee, Su-Fen	(4,000)	0	0	0
Assistant Vice President	Lee, Chin-Wei	(15,000)	0	0	0
Chief Financial Officer	Hong, Chia-Chun	0	0	0	0
Chief Accounting Officer	Huang, Lee-Chi	25,000	0	0	0
Vice President	Wu, Chiu-Lin	0 Note 4	0 Note 4	-	-
Vice President	Hsiao, Hui-Yin	0 Note 5	0 Note 5	-	-
Assistant Vice President	Cheng, Chiu-Chih	-	-	0 Note 6	0 Note 6

Note 1: Office assumed on May 3, 2022

Note 2: Office assumed on January 1, 2023

Note 3: Office assumed on September 30, 2022

Note 4: Office discharged on March 1, 2022

Note 5: Office assumed on February 16, 2022

Note 6: Office discharged on February 1, 2023

(II) The counterparty to whom the shares are transferred from directors, supervisors, managerial officers and major shareholders is a related party: None

(III) The counterparty to whom the shares are pledged by directors, supervisors, managerial officers and major shareholders is a related party: None

IX. Information on the top ten shareholders who are related to each other or as spouses or relatives within the second degree of kinship

April 17, 2023

Name	Shareholding		Shareholding Of Spouse And Minor Children		Shareholding In The Name Of Others		Name And Relationship Between Top 10 Major Shareholders Who Are Related To Each Other Or As Spouses Or Relatives Within The Second Degree Of Kinship		Remarks
	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Number Of Shares	Shareholding Percentage	Name	Relationship	
Fuyu Investment Co., Ltd.	10,418,966	15.70%	-	-	-	-	-	-	-
Representative: Su, Shu-Hsin	4,572,784	6.89%	5,105,963	7.70%	-	-	Lin, Chia-Yu	Spouse	-
							Lin, Hsin-Yi	Child	
							Lin, Yi-Chen	Child	
							Lin, Yi Hsien	Child	
Lin, Chia-Yu	5,105,963	7.70%	4,572,784	6.89%	-	-	Su, Shu-Hsin	Spouse	-
							Lin, Hsin-Yi	Child	
							Lin, Yi-Chen	Child	
							Lin, Yi-Hsien	Child	
Su, Shu-Hsin	4,572,784	6.89%	5,105,963	7.70%	-	-	Refer to information of representative of Fuyu Investment Co., Ltd.	Same as left	-
Lin, Yi-Hsien	3,277,988	4.94%	-	-	-	-	Lin, Chia-Yu	Father	-
							Su, Shu-Hsin	Mother	
							Lin, Hsin-Yi	Sister	
							Lin, Yi-Chen	Sister	
Lin, Hsin-Yi	3,183,628	4.80%	755,492	1.14%	-	-	Lin, Chia-Yu	Father	-
							Su, Shu-Hsin	Mother	
							Lin, Yi-Chen	Sister	
							Lin, Yi-Hsien	Sister	
Lin, Yi-Chen	2,652,988	4.00%	-	-	-	-	Lin, Chia-Yu	Father	-
							Su, Shu-Hsin	Mother	
							Lin, Hsin-Yi	Sister	
							Lin, Yi-Hsien	Sister	
Renaissance Capital Limited Partnership	1,361,000	2.05%	-	-	-	-	-	-	-
Allianz Global Investors Taiwan Fund Special Account	1,143,000	1.72%	-	-	-	-	-	-	-
Management Board of Public Service Pension Fund	1,105,000	1.67%	-	-	-	-	-	-	-
Standard Chartered International, entrusted with custody of ABS Direct Equity Fund LLC- External Manager Asia Series 3 Investment Account	1,100,000	1.66%	-	-	-	-	-	-	-

- X. The total number of shares and the consolidated equity stake percentage held in any single reinvested enterprise by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company

Unit: Shares; %

Investee	Investment by the Company		Investment by directors, supervisors, managerial officers and those directly or indirectly controlled enterprises		Total investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
Bafang Yunji Restaurant Co., Ltd.	15,000,000	100%	-	-	15,000,000	100%
Bafang Yunji (SAMOA) International Co., Ltd.	1,833,048	100%	-	-	1,833,048	100%
Bafang Yunji International Company Limited	17,500,000	100%			17,500,000	100%
Fang Sin International Trading Co., Ltd.	4,000,000	100%	-	-	4,000,000	100%
Bafang Co., Ltd.	30,000	100%	-	-	30,000	100%
Bafang Yunji International (USA) Limited	996	100%			996	100%
Dante Coffee & Foods Co., Ltd	8,120,000	85.29%			8,120,000	85.29%
Bafang Yunji Restaurant Group LLC	5,250,000	100%	-	-	5,250,000	100%
Fujian Bafang Yunji Foods Co., Ltd.	Note	100%	-	-	Note	100%
Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Note	100%	-	-	Note	100%
Hsin Chiao International Co. Limited	1	100%	-	-	1	100%
Long Success (HK) Industrial Limited	1	100%	-	-	1	100%
Rich Grade Limited	1	100%	-	-	1	100%
Wise Success Enterprise Limited	1	100%	-	-	1	100%
Jiashide Limited	10,000	100%	-	-	10,000	100%
Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Note	100%	-	-	Note	100%
Bafang Yunji Foods LLC	Note	59.25%	-	-	Note	59.25%
Bafang Yunji Restaurant Group LLC	Note	59.25%	-	-	Note	59.25%
Dante Creative Co., Ltd.	3,000,000	85.29%	-	-	3,000,000	85.29%
Sound Sino Group Limited	710,000	60.56%	-	-	710,000	60.56%

Note: It is a limited company with no shares issued, so there is no number of shares.

Four. Capital Raising

I. Capital and shares

(I) Source of share capital

1. Source of share capital

Unit: In thousands of shares; in thousands of NT\$

Year and month	Issue price	Authorized share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Using property other than cash as payment of shares	Others
2013.05	25	21,150	211,500	21,150	211,500	Cash capital increase of \$11,500 thousand	No	Note 1
2013.10	130	23,000	230,000	23,000	230,000	Cash capital increase of \$18,500 thousand	No	Note 2
2014.03	130	24,150	241,500	24,150	241,500	Cash capital increase of \$11,500 thousand	No	Note 3
2014.07	10	48,059	480,585	48,059	480,585	Capital surplus of \$239,085 thousand	No	Note 4
2015.08	25	51,059	510,585	51,059	510,585	Cash capital increase of \$30,000 thousand	No	Note 5
2017.07	10	100,000	1,000,000	60,045	600,448	Capital surplus of \$89,863 thousand	No	Note 6
2021.09	155	100,000	1,000,000	66,045	660,448	Cash capital increase of \$60,000 thousand	No	Note 7
2022.10	27.2	100,000	1,000,000	66,304	663,038	Exercise of employee stock options increase of \$2,590 thousand	No	Note 8
2023.02	27.2	100,000	1,000,000	66,326	663,258	Exercise of employee stock options increase of \$220 thousand	No	Note 9

Note 1: Bei-Fu-Jing-Si-Zi No. 1025026225

Note 2: Bei-Fu-Jing-Si-Zi No. 1025061875

Note 3: Bei-Fu-Jing-Si-Zi No. 1035133341

Note 4: Bei-Fu-Jing-Si-Zi No. 1035165202

Note 5: Jing-Shou-Shang-Zi No. 10401180440

Note 6: Jing-Shou-Shang-Zi No. 10601101790

Note 7: Jing-Shou-Shang-Zi No. 11001174340

Note 8: Jing-Shou-Shand-Zi No. 11101204840

Note 9: Jing-Shou-Shand-Zi No. 11230013990

2. Type of shares

May 10, 2023; Unit: Shares

Type of shares	Authorized share capital			Remarks
	Outstanding shares at the end of the year	Unissued shares	Total	
Registered common stock	66,344,796 (Note)	33,655,204	100,000,000	Note: As of May 10, 2023, the Company's total shares outstanding were 66,344,796 shares, among which 19,000 shares were issued for employees' exercising their employee stock options, which is the reason why such change in share numbers hasn't been filed with the competent authority.

(II) Shareholder structure

Apr.17, 2023; Unit: Shares

Shareholder structure	Government agencies	Financial institutions	Other juristic persons	Foreign institutions and foreigners	Individuals	Treasury stock	Total
Number of shareholders	0	4	61	122	9,564	0	9,751
Shareholding	0	603,000	17,875,873	8,932,435	38,933,488	0	66,344,796
Shareholding %	0.00%	0.91%	26.94%	13.46%	58.69%	0.00%	100.00%

(III) Dispersion of shareholding

1. Common stock

Apr.17, 2023; Unit: number of people/shares/%

Class of shareholding	Number of shareholders	Shareholding	Shareholding %
1-999	500	616,258	0.93%
1,000-5,000	4,165	7,008,420	10.56%
5,001-10,000	259	1,994,156	3.01%
10,001-15,000	84	1,086,245	1.64%
15,001-20,000	59	1,082,755	1.63%
20,001-30,000	42	1,071,502	1.62%
30,001-40,000	20	696,970	1.05%
40,001-50,000	10	459,280	0.69%
50,001-100,000	46	3,295,485	4.97%
100,001-200,000	28	3,867,845	5.83%
200,001-400,000	20	5,502,531	8.29%
400,001-600,000	1	526,000	0.79%
600,001-800,000	5	3,324,692	5.01%
800,001-1,000,000	2	1,891,340	2.85%
1,000,001 shares and more	10	33,921,317	51.13%
Total	9,751	66,344,796	100.00%

2. Preferred stock : None

(IV) List of major shareholders

Apr.17, 2023

Name of major shareholders	Shareholding (shares)	Shareholding %
Fuyu Investment Co., Ltd.	10,418,966	15.70%
Lin, Chia-Yu	5,105,963	7.70%
Su, Shu-Hsin	4,572,784	6.89%
Lin, Yi-Hsien	3,277,988	4.94%
Lin, Hsin-Yi	3,183,628	4.80%

Name of major shareholders	Shareholding (shares)	Shareholding %
Lin, Yi-Chen	2,652,988	4.00%
Renaissance Capital Limited Partnership	1,361,000	2.05%
Allianz Global Investors Taiwan Fund Special Account	1,143,000	1.72%
Management Board of Public Service Pension Fund	1,105,000	1.67%
Standard Chartered International, entrusted with custody of ABS Direct Equity Fund LLC- External Manager Asia Series 3 Investment Account	1,100,000	1.66%

(V) Stock price, net worth, earnings, dividends per share and related information for the last two years

Unit: NT\$: in thousands of shares

Item		Year	2021	2022	The current year up to March 31
Stock price per share	Highest		172.00	230.00	261.50
	Lowest		125.00	119.00	180.00
	Average		135.57	155.77	224.61
Net worth per share	Before distribution		45.31	49.49	46.37
	After distribution		41.08	44.48(Note 1)	46.37
Earnings per share (EPS)	Weighted average number of shares		61,952	66,127	66,338
	Earnings per share (EPS)		8.74	10.00	2.00
Dividends per share	Cash dividends		6.50	7.50(Note 1)	—
	Stock dividends	Stock dividends from earnings	—	—	—
		Stock dividends from capital surplus	—	—	—
	Accumulated unpaid dividends		—	—	—
Return on Analysis	Price to earnings ratio (Note 2)		15.51	15.58	—
	Price to dividends ratio (Note 3)		20.86	20.77	—
	Cash dividend yield (Note 4)		4.79%	4.81%	—

Note 1: Including the cash dividends for the second half of 2022 resolved by the Board of Directors on March 23, 2023

Note 2: Price to earnings ratio = Average closing price per share for the year/earnings per share

Note 3: Price to dividends ratio = Average closing price per share for the year/cash dividends per share

Note 4: Cash dividend yield = cash dividends per share/average closing price per share for the year

(VI) The Company's dividend policies and execution

1. Dividend policy as set forth in the Articles of Incorporation

The Company's earnings distribution or loss make-up is made after the end of each semi-fiscal year. If there is any surplus in earnings after the semi-fiscal year accounting close, the Company shall first pay tax, make up for the accumulated loss and then set aside 10% as legal reserve. However, if the accumulated legal reserve has reached the Company's paid-in capital, no more legal reserve should be provided for, and the remainder may be appropriated or reversed as a special reserve in accordance with the law or the regulations of the competent authorities. If there is still a surplus, the remainder shall be added to the accumulated undistributed earnings of the previous semi-fiscal year and the Board of Directors shall prepare an earnings distribution proposal. If the distribution is made by issuing new shares, the distribution shall be approved by the shareholders' meeting; if the distribution is made by cash, the distribution shall be approved by the Board of Directors.

If the Company has any surplus in earnings after the annual accounting close, the Company shall first pay tax, make up for the accumulated loss of previous years and then set aside 10% as legal reserve. However, if the legal reserve balance has reached the Company's paid-in capital, no more legal reserve should be provided for, and the remainder may be appropriated or reversed as a special reserve in accordance with the law or the regulations of the competent authorities. If there is still a surplus, the remainder shall be added to the accumulated undistributed earnings and the Board of Directors shall prepare an earnings distribution proposal. If the distribution is made by issuing new shares, the distribution shall be approved by the shareholders' meeting.

The Company may, in accordance with the provisions of the Company Act, authorize the distributable dividends and bonuses or legal reserve and capital surplus as provided in Article 241, paragraph 1 of the Company Act in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition, thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company is in a growth stage and its dividend policy is based on the different stages of Company's business development, profitability, medium- and long-term financial capital budget planning, and shareholders' interests, and other factors. Dividends are paid in the form of stock dividends or cash dividends as appropriate. No less than 20% of the available-for-distribution earnings is appropriated annually as stockholders' dividends, of which no less than 20% of the total dividends should be in cash.

2. Proposed distribution of dividends for the year

The proposed distribution of earnings for 2022 has been approved by the Board of Directors on March 23, 2023 and will be presented at the shareholders' meeting for adoption. The distribution status is as follows:

Bafang Yunji International Co., Ltd.
Earnings distribution table for 2022

Unit: NT\$

Item	Amount	
Unappropriated retained earnings at the beginning of the period		\$708,501,951
Add: Net income of 2022	660,953,684	
Add: Defined benefit plan remeasurement	1,886,604	
Less: Provision for legal reserve		
Provision for the first half of 2022	(31,970,901)	
Provision for the second half of 2022	(34,313,128)	
Add: Reversal of special reserve		
Reversal of the first half of 2022	22,319,005	
Reversal of the second half of 2022	27,689,648	
Earnings available for distribution		1,355,066,863
Distribution items:		
Cash dividends to shareholders (NT\$7.5 per share)		
Distributed in the first half of 2022 (NT\$2.48940834 per share)	(165,111,990)	
Distributed in the second half of 2022 (NT\$5.01059166 per share)	(332,426,682)	(497,538,672)
Unappropriated retained earnings at the end of the period		\$ 857,528,191

(VII) The effect of the proposed stock dividends by the shareholders' meeting on the Company's business results and earnings per share: None

(VIII) Remuneration for employees, directors, and supervisors

1. Percentages or ranges of employee bonus and remunerations to directors and supervisors under the "Articles of Incorporation"

The Company shall use the current year's pre-tax profit before the distribution of the remuneration to employees and directors and supervisors to make up for the accumulated loss, and if there is any remaining balance, the Company shall appropriate not less than 1% as employees' remuneration and not more than 1% as directors' and supervisors' remuneration. The determination of the distribution rates of remuneration to employees and directors and supervisors and whether employee remuneration is paid by stock or cash, shall be made by a resolution of the Board of Directors with the attendance of two-thirds of the directors and the approval of a majority of the directors present, and reported to the shareholders' meeting. The targets for distribution of remuneration to employee may include employees of subordinate companies who meet certain criteria. The aforementioned remuneration to directors and supervisors may be made in cash only.

2. The basis for estimating the amount of employee bonus and remuneration to directors and supervisors, the basis for calculating the number of shares to be distributed in stock, and the accounting treatment of discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

- (1) Please refer to the above for the basis for estimating the amount of employee bonus and remuneration to directors and supervisors
- (2) The basis for calculating the number of shares to be distributed in stock: None
- (3) The accounting treatment of discrepancy, if any, between the actual distributed amount and the estimated figure: If the actual distributed amount differs from the estimated figure, the difference is accounted for as a change in accounting estimate and is recorded in the year of distribution.

3. Distribution of remuneration approved by the Board of Directors

- (1) Employee bonus and remuneration to directors and supervisors distributed in the form of cash or stock if it differs from the amount estimated in the year in which the expense is recognized, the amount of the difference, the reason for the difference and the treatment of the difference should be disclosed.

On March 23, 2023, the Board of Directors approved the 2022 distribution of employees' remuneration and directors' remuneration in the amount of NT\$12,000 thousand and NT\$5,980 thousand, respectively, in cash, which is consistent with the amount estimated in the year of expense recognition.

- (2) The amount of employees' remuneration distributed in stock and its proportion to the sum of net profits after tax and total employees' remuneration in the parent company only or individual financial statements for the period: None

4. The actual distribution of the remuneration for employees, directors and supervisors in the previous year (including number of shares distributed, amount and share price), and if it is different from the remuneration recognized, the amount of the difference, the reason for the difference and the treatment of the difference should be disclosed.

The Board of Directors' Meeting on March 22, 2022 resolved to distribute NT\$10,000 thousand in cash as remuneration for employees and NT\$5,000 thousand in cash as remuneration for directors and supervisors for 2021, and there was no difference between the actual distribution and the estimated amount in the accounting book.

(IX) Repurchase of the Company's shares : None

II. Issuance of corporate bonds : None

III. Issuance of preferred stock : None

IV. Issuance of overseas depository receipts : None

V. Issuance of employee stock options

(I) The Company's employee stock options that have not yet expired and the effect on shareholders' equity:

April 17, 2023

Type of employee stock options	2020 employee stock options
Effective reporting date	July 29, 2020
Issue date	September 1, 2020
Number of units issued	600,000 unit (1 share/unit)
Number of shares issued to be subscribed as a percentage of the total number of shares issued	0.90%
Duration of subscription	5 years
Contract performance method	Issuance of new shares
Period and percentage (%) for employee restricted stock	After 2 years: 50% After 3 years: 75% After 4 years: 100%
Number of shares exercised and acquired	300,000 units
Amount of shares exercised and subscribed	\$8,154,300
Number of stock options unexercised	300,000 units
Price per share for unexercised stock options	NT\$26.9 (Note)
Number of stock options unexercised as a percentage of the total number of shares issued (%)	0.45%
Effect on shareholders' equity	The stock options are used to retain talents needed by the Company, to motivate employees and to enhance their motivation and sense of belonging. Therefore, it has a positive impact on shareholders' equity.

Note: Based on the measures for employee stock options, the price of stock options was adjusted due to cash dividends and cash capital increase.

(II) The names of managerial officers and the top ten employees who acquired stock options as of the date of publication of the annual report, and the acquisition and subscription status of the stock options.

April 17, 2023

Job Title	Name	Number of stock options acquired (in thousands of shares)	Number of stock options acquired as a percentage of the total number of shares issued	Excised				Unexcised				
				Number of stock options (in thousands of shares)	Price of stock options (NT\$)	Amount of stock options (in thousands of NT\$)	Number of stock options as a percentage of the total number of shares issued	Number of stock options (in thousands of shares)	Price of stock options (NT\$)	Amount of stock options (in thousands of NT\$)	Number of stock options as a percentage of the total number of shares issued	
Managerial officer	Vice President (VP)	Kao, Hsiu-Ying	480	0.72%	240	26.9~27.2	6,525	0.36%	240	26.9	6,456	0.36%
	Chief Audit Officer	Tsai, Hsin-Ni										
	Assistant VP	Hsieh, Pi-Lien										
	Assistant VP	Huang, Lee-Chi										
Employee	Plant Manager	Wei, Chen-Nan	120	0.18%	60	26.9~27.2	1,629	0.09%	60	26.9	1,614	0.09%
	Manager	Wu, Hsian-Lin										
	Manager	Su, Kuan-Ming										
	Manager	Yen, Chih-Lung										

(III) Private placement of employee stock options for the last three years and during the current year up to the date of publication of the annual report: None

VI. Issuance of employee restricted stocks: None

VII. Issuance of new shares in connection with merger and transfer of shares of other companies: None

VIII. Financing plans and implementations

As of the quarter up to the date of publication of the annual report, there is no previous issues or private placements of marketable securities that have not yet been completed or have been completed within the last three years and the benefits of the plans have not yet been realized.

Five. Operation Overview

I. Business activities

(I) Business Scope

1. The main contents of the business

The business items registered by the Company for operations are as follows

C103050 Manufacturing of Canning, Freezing, Dehydration, Pickled of Food

C104020 Manufacture of Bakery and Steam Products

C104020 Manufacture of Seasoning

C199010 Manufacture of Noodles, Vermicelli, and Similar Products

C199030 Instant Meal Box Food Manufacturing

C199040 Beans Processed Food Manufacturing

C199990 Manufacture of Other Food Products Not Elsewhere Classified

F102170 Wholesale of Foods and Groceries

F203010 Retail Sale of Food, Grocery and Beverage

F399040 Retail Sale No Storefront

F401010 International Trade

F501060 Restaurants

A102020 Agricultural Products Preparations

A102050 Crops Cultivation

A102060 Food Dealers

ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Sales percentage of main products

Unit: In thousands of NT\$

Product \ Year	2021		2022	
	Net operating revenue	Percentage (%)	Net operating revenue	Percentage (%)
Food processing	2,981,911	50.07%	3,337,710	49.09%
Food and beverage services	2,342,494	39.34%	2,722,496	40.04%
Others	630,715	10.59%	739,057	10.87%
Total	5,955,120	100.00%	6,799,263	100.00%

3. Current products (services) of the Company

The Company mainly operates Chinese restaurant chains. The restaurant group currently has six brands: The "BAFANG" brand provides sales and services of a wide range of pot stickers, dumplings, spicy wontons, noodle dishes, soups and beverages. The "Liang She-Han Pork Ribs" and "Bai Fung Bento" in Hong Kong provide a variety of rice/noodle dishes, soups and hand-shaken beverages, such as fried/marinated pork ribs, crispy chicken drumsticks, soy-poach chicken, red vinasse meat, chicken nuggets with pepper salt and soy-stewed meat. The "FJ Veggie" offers sales and services of a wide range of plant-based meals including pan-fried dumplings, dumplings, noodles and beverages. The "Dante Coffee" brand provides sales and services of coffee, tea and light meals. The brand "Bafang Noodles & More" in Hong Kong focuses on Taiwanese noodle dishes such as beef noodle/wonton noodle/spicy and sour noodle soup/various kinds of dry noodle/Taiwanese vermicelli, etc., together with Taiwanese popcorn chicken and various hot and cold hand-shaken drinks.

"Near-zero inventory" is an important operating goal for both plants and stores. The Group's operation mode is to produce and process all kinds of semi-finished or finished products required by the stores, such as stuffings, pot sticker skins, dumpling skins, noodles, various kinds of marinated meat, beverages, and side dishes, etc., from the central plants on the made-to-order basis, and through our own logistics fleet, we deliver daily to our direct sales and franchised stores in the "ordering today and delivering tomorrow" mode, and each store provides fresh meals to consumers in the form of freshly prepared, freshly cooked and freshly fried meals, ensuring food safety and hygiene and effectively reducing unnecessary waste of food ingredients.

4. New products (services) planned to be developed

- (1) Each brand will launch new products and seasonal limited products from time to time
- (2) Launch of frozen prepared food products and sale through stores and official website
- (3) Launch of a variety of side dishes
- (4) Expand online e-commerce platform and integrate online and offline
- (5) Expand the U.S. market with compound stores and adjust relevant products and services according to each store type

(II) Market and Sales Overview

1. Industry Current Status and Development

According to the Department of Statistics, Ministry of Economic Affairs, impacts of the COVID-19 pandemic persisted in 2022, and restaurant operators, in general, have been introducing Refrigerated and frozen food options supported by online retail, digital payment, and smart ordering solutions in an attempt to improve operating efficiency and increase revenues from delivery and takeaway orders. These solution is not only successfully extending the product to the consumer's table and changing the consumer's consumption pattern. As the public grew more receptive toward living with the virus, consumers became more willing to eat out and travel, particularly following the lessening of the COVID-19 threat and the distribution of domestic travel subsidies

since July. Social gatherings, weddings, funerals, celebrations, and banquets resumed as a result, and consumers eventually went back to their normal lifestyles. The prospect of recovering spending power has prompted restaurant operators to come up with new expansion plans and brands. Restaurants, beverage stores, and caterers all reported significant growth in revenues in 2022 over the previous year due to a low base of comparison, fluctuation in raw material cost, and an increase in the selling price in the 4th quarter. The restaurant segment, in particular, reported record-high single-month revenues at NT\$87.6 billion for the month of December, representing a 13.8% growth. Revenue growth for the year was reported at 18.9%, ending the consecutive two-year decline while setting a record for the highest revenues and growth of all time.

As borders re-open and travel restrictions are lifted locally and abroad, the restaurant segment should be able to resume its previous growth path.

Annual revenue statistics of Taiwan's food and beverage industry

Unit: In 100 millions of NT\$; %

Year	Restaurant industry		Beverage store industry		Catering and group meals industry		Total food and beverage industry	
	Revenue	Annual growth rate	Revenue	Annual growth rate	Revenue	Annual growth rate	Revenue	Annual growth rate
2017	6,020	3.9	939	4.7	415	0.0	7,374	3.7
2018	6,390	6.1	962	2.5	423	1.8	7,775	5.4
2019	6,695	4.8	994	3.3	426	0.9	8,116	4.4
2020	6,498	-2.94	978	-1.61	299	-29.81	7,775	-4.2
2021	6,094	-6.2	924	-5.5	261	-12.7	7,280	-6.4
2022	7,234	18.7	1,101	19.1	319	22.0	8,653	18.9

Source: Department of Statistics, Ministry of Economic Affairs

Number of players in the food and beverage industry in 2017~2022

Year	2017	2018	2019	2020	2021	2022
Number of players	136,906	141,823	146,009	153,689	160,138	163,643
Growth rate	4.8%	3.6%	3.0%	5.3%	4.2%	2.2%

Source: Ministry of Finance's Monthly Statistical Report_202301

The future development trend of the entire food and beverage industry has several directions:

(1) Multi-brand strategy from restaurant chains and differentiation by small stores

While the restaurant industry as a whole reported lower revenues for two years, several chain restaurant groups still bucked the trend to expand stores and introduced new brands, to develop competitive advantage in the forms of standardized processes and sheer size. Taiwan has long been known for its diverse dining culture, and local consumers' high degree of acceptance of foreign cultures has attracted the attention of foreign brands, bringing in a wave of exotic cuisines. There is also growing demand for premium dining options from high-end consumers following a surge in Michelin-starred restaurants and private kitchens. By comparison, there is still a vast number of medium and small-size restaurants in Taiwan, whose ability to withstand competition depends largely on how they differentiate themselves with niche characteristics and specialization.

(2) Ready-to-eat, ready-to-cook, and delivery services become the new norm

The pandemic not only changed consumers' behaviors but also prompted large restaurant operators to try out new business models. Delivery and takeaway service, whether through their own website or through collaboration with a courier platform, allows restaurant operators to adjust business strategies with greater flexibility. Owing to the outbreak of COVID-19, food delivery platforms enjoyed substantial growth in revenues over the last few years. According to the 2021 report by the Department of Statistics, Ministry of Economic Affairs, 51.6% of restaurants joined some kind of delivery platform in 2021, representing a 12.4% growth over 2020. Furthermore, the change in consumers' spending patterns gave many restaurant operators the incentives. They needed to develop ready-to-eat products that can be stored frozen and room-temperature served with simple preparation. These products also have the versatility of being sold in-store and over other physical or online channels for broader reach. The modern lifestyle has become so busy and stressful that more consumers are willing to pay extra money in exchange for time and convenience.

(3) Digital transformation and AI-assisted features

According to the "2022 Performance Survey Report for Wholesale, Retail, and Restaurant Businesses" published by the Ministry of Economic Affairs, more than 70% of restaurant operators have adopted digital solutions such as POS, credit card (or stored-value card) payment, and e-invoice; 67% of businesses make use of social networks (Facebook, Instagram etc.) or Line; more than 50% of businesses have adopted mobile payment or joined a delivery platform (such as Uber Eats or Foodpanda); 34.8% of businesses make use of online reservation and online ordering systems; whereas 1.8% of businesses adopt a new business model called cloud kitchen. Digital service has flourished due to the increased popularity of mobile devices, the disruption of the COVID-19 pandemic, and changes in consumers' behavior, which prompted restaurant operators to adopt digital transformations at a faster rate. Several restaurant operators have even begun using big data analysis to track consumer preferences, introduce exclusive discounts at appropriate timing, and determine the most effective approach to care for customers, increase brand recognition, and strengthen competitiveness.

(4) Uprise of sustainable dining and vegetarian diet

According to the 2020 Domestic and Foreign Economic Analysis Report published by the Ministry of Economic Affairs, there are approximately 375 million vegetarians worldwide that account for 5% of the total population. This global vegetarian movement has arisen primarily as a result of rising health awareness and increasing attention toward sustainability and environmental protection issues. About 12% of Taiwan's population are vegetarians, and most of whom are flexitarians. With a vegetarian population of 3 million, vegetarian restaurants have grown in numbers in the last few years, and even convenience stores have dedicated part of their shelf space to vegetarian food. Meanwhile, the increasing popularity of plant-based milk, plant-based meat, and plant-based protein such as tempeh brings more food variety to vegetarians of Chinese, western, and exotic cuisines alike. It is apparent that the meatless movement has yet to reach its full commercial potential.

(5) Increased operating cost and reduced profitability

According to the restaurant industry prospect survey conducted by the Ministry of Economic Affairs in May 2022, 49.3% of restaurant operators considered the reduction of raw material costs to be the number one priority. This response was believed to be the result of drastic climate change on a global scale, decreased food supply from weather anomalies, and uncertainties of the Russian-Ukraine war; all of which have prevented raw material prices from coming down. Shortage of labor has long plagued the restaurant business due to declining fertility rates, low salaries, uncertain work hours, and high attrition rates. In an attempt to recruit and retain talents, some restaurant operators chose to adjust or shorten business hours and increase leave breaks, while others raised salaries or adjusted compensation strategies. According to the consumer price index published by the Directorate General of Budget, Accounting and Statistics (DGBAS) as of December 2022, CPI for the rent category was reported at 102.73, reaching a record-high level yet again. Rental costs may climb even further, considering how interest rates have risen. Furthermore, rising environmental protection awareness may require restaurant operators to incur additional costs on the treatment of waste, exhaust, and noise, and make use of green supplies such as environment-friendly utensils to minimize pollution to the environment. Restaurants are operating at increasing costs, and failure to transfer costs to consumers would result in a loss of profitability.

(6) Home-based economy and personalized dining

The home-based economy has emerged as the mainstream after a prolonged threat of COVID-19. Many businesses have responded to this change with optimized e-commerce platforms and sales features, while some businesses introduced the concept of meal subscriptions. Through the use of a regular subscription service, restaurants are able to establish long-term interaction with consumers and strengthen customers' attachment. Takeaway and contactless services, too, have grown in popularity, which encourages restaurants to develop new products that are personalized and portable. Solo dining is another culture that has emerged over time as technologies progress and people become busier with their work duties. Increasing demand for solo dining eventually gives rise to new restaurants that serve individualized meals specifically for the single population.

(7) Proactive overseas expansion among restaurant chains

There have been increasing numbers of successful overseas expansions by Taiwanese restaurants in recent years, and many restaurant chains are looking to overseas markets for opportunities for growth. From China to the U.S., spending on restaurant services had grown considerably prior to the pandemic, and consumers were already receptive to Taiwanese food. As consumers resume normal lifestyles after the pandemic, we should see more restaurant chains expand overseas through joint ventures, direct stores, franchising, or licensing.

2. The correlation among the upstream, midstream and downstream industries:

Upstream	Midstream	Downstream
Supply of various agricultural and livestock products and packaging materials, such as: meat, vegetables, flour, beans, oil products, coffee beans, packaging materials, etc.	Central plants for processing raw materials of agricultural and livestock products, including various semi-finished products such as: fillings, dumpling skins/pan sticker skins, marinated ribs/chicken drumsticks, side dishes, etc., and finished products such as soy milk and black tea	Final processing and sale of franchised and direct sales stores

3. Various development trends of products

(1) Product differentiation and higher emphasis on value

Taiwan has been known for having a diverse food culture, and the widespread of restaurants makes it a preferred destination for gourmets. Not only are domestic restaurant chains eager to expand market share with new brands and new products, many international restaurant chains have also established a presence in Taiwan in recent years. Even convenience stores and supermarkets have joined the competition, offering better convenience with their long business hours and wide store coverage. While chain restaurants have the advantage of a centralized supply chain and promise consistency, medium and small size restaurants have to win consumers over through differentiation. Faced with such a competitive environment, restaurants will have to invest in creating a brand image, product differentiation, and value in order to win consumers over and stay competitive in the market.

(2) The rise of ready-to-eat products

According to the market survey on pre-cooked food by Global Information, global demand for pre-cooked food was estimated at US\$124 billion in 2020 and had been growing at a compound rate of 6.07% and is expected to exceed US\$187.3 billion in size by 2027. As for frozen foods, the market size is expected to grow to US\$105.7 billion between 2022 and 2026. Due to the pandemic, consumers are more inclined to

cook at home rather than eat out. Meanwhile, societal paradigm shifts with factors such as late marriage, declining fertility rates, an aging population, and one-person households also increased demand for pre-cooked foods that are long-lasting, easy to repare, and time-saving by a significant extent. This prominent trend has attracted restaurants and convenience stores to launch pre-cooked food products, whether through proprietary development or through collaboration with a third party. Consumers used to be concerned with how frozen foods may be inferior to freshly prepared foods due to loss of nutrients, but thanks to improvements in food technology and equipment, frozen foods now offer texture and quality that are comparable to freshly prepared foods, and may even retain more flavors in some circumstances. Advantages such as short preparation time, wide selection, and longer time to expiry have all increased consumers' willingness to purchase pre-cooked foods. Furthermore, frozen pre-cooked foods nowadays are made with textures that rival freshly prepared foods. Restaurants now have the option to either freeze the final product or make semi-finished preparations to save time and labor. We should expect tremendous opportunities from frozen or regular-temperature pre-cooked foods in the future, considering how modern consumers have a preference for prepackaged food.

(3) The rise of a sustainable diet and green meal

It is a well-known fact that the animal husbandry industry emits high levels of CO₂, second only to the petrochemical industry. From a supply chain perspective, the "food industry chain" is actually the world's highest carbon-emitting industry. According to the 2021 report jointly released by World Economic Forum and Boston Consulting Group (BCG), the food industry ranked first in the world's 8 highest carbon-emitting industries with 16.5 billion metric tons, representing 25% of overall carbon emission. At a time when sustainability is accepted as a common value, it is essential that restaurant operators begin exploring ways to lessen environmental impacts. Driven by rising sustainability and health awareness, many consumers are starting to rethink the ways they eat, and green meals emerged as a result. Many restaurants have introduced vegetarian menus made with local ingredients, using soy milk, oat milk, and other plant-based alternatives to replace cow's milk. Advancements in food technologies have opened up opportunities for plant-based meat, bringing broader food choices to consumers.

4. Competitive situation of products

Based on the business and sales survey results shown in the Ministry of Finance's "Financial and Trade Statistics Database," the number of restaurants in Taiwan had increased progressively from 136,000 in 2017 to 164,000 in 2022, by more than 26,000. A more detailed breakdown shows a 2.2% increase in the number of restaurants, a 2.4% decline in the number of caterers, and a 2.6% increase in the number of beverage suppliers. Furthermore, the 2022 "Taiwan Chain Stores Almanac" published by Taiwan Chain Stores and Franchise Association indicated a 0.6% reduction in the number of chain brands, whereas the number of chain stores increased by 3,257 or 2.9% over the previous year. The pandemic caused the superior to win and the inferior to lose and the big ones always bigger; overall, large businesses were able to grow while medium and large brands were forced to transform and upgrade. Today, restaurants are still presented with numerous challenges from the resurgence of COVID-19, increasing volatility in

the price of raw materials worldwide to global inflationary pressure. The threat of COVID-19, volatile food costs, high personnel costs, high turnover rates, labor shortage, intensive competition, reduced gross profit margins, and increasing rent have been identified as "Difficulties Encountered in the Operation of the Food and Beverage Industry" in the 2022 "Report of the Survey on Food and Beverage Business Operations" prepared by the Ministry of Economic Affairs. Restaurants should focus on reducing raw material costs, enhancing food safety control, and reducing personnel costs as the three main focuses of their operational plans for the future. In order to stand out from an ocean of competitors, restaurants not only have to observe consumers' needs and keep up with the latest trends, but are also required to come up with creative and distinctive offerings supported by diverse and efficient sales channels that help enhance consumers' loyalty and trust and strengthen the corporate brand.

Statistics of changes in the number of players in the food and beverage industry

	2020	2021(A)	2022(B)	Growth in the number of players(B-A)	Increase/decrease percentage
Restaurant industry	125,791	130,469	133,301	2,832	2.2%
Catering and group meals industry	2,273	2,255	2,202	-53	-2.4%
Beverage industry	141,823	27,414	28,140	726	2.6%
Total food and beverage industry	153,689	160,138	163,643	3,505	2.2%

Source: Ministry of Finance's Monthly Statistical Report_202301_Number of Profit-Seeking Enterprises and Sales

(III) Technology and R&D Overview

1. R&D expenses invested during the most recent year and during the current year up to the date of publication of the annual report.

Unit: In thousands of NT\$

Item \ Year	2022	Up to March 31, 2023
R&D expenses	21,117	5,815
Net operating revenue	6,799,263	1,726,172
As a percentage of net operating revenue (%)	0.31	0.34

2. Technology or product successfully developed during the most recent year or during the current year and during the current year up to the date of publication of the annual report

2021	Side dishes	white radish with grapefruit sauce, fruit Chinese yam, bean curd, cold and dressed okra, soft-boiled egg, plain and spicy braised pork ball
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	Soups	crispy sparerib soup, peanut pork feet soup, bamboo shoots and crispy sparerib soup, mushroom and braised port ball soup, four-herb soup
	Vegetables	wonton noodles with fresh vegetables, pearl wonton noodles with secret chili sauce, noodles with braised port balls and vegetables, dry noodles with double sauces
	Light meals	granola berry bowl with yogurt, grilled chicken crepes with wild mushroom and pesto, Italian style double-egg gratin skillet, marinated tomato and cheese bagel
	Beverages	pudding soy milk, pudding black tea, agar pudding soy milk, hot cocoa latte with ginger, grapefruit and lemon coffee, Sicilian coffee with lime, strawberry cream smoothie, white muscat cold brew coffee, oolong tea with red grapefruit and honey, four seasons green tea with pineapple and passion fruit.
	Meal box and bento	curry chicken, curry beef, braised pork with basil and rice, shredded pork with rice, spicy tofu with rice, chicken with rice
2022	Side dishes	Chayote Shoots Salad Inari Sushi, Veggie Brown Rice Pudding, Braised Seitan Rolls with Assorted Vegetables, Bean Curd Sticks (Yuba) Salad, Plum Flavored Lotus Root with Goji Berries, Cold Black Fungus with Goji Berries, Chinese Celery with Sliced Tofu Salad, Cold Dressed Chayote Shoots and Enoki Mushroom, Nagaimo Yam Salad with Passion Fruit Dressing, Seaweed Salad, Braised Peanuts, Braised Tofu, Passion Fruit Flavored Green Papaya Salad
	Soups	Spicy Braised Veggie Ball Soup
	Vegetables	Vegetarian Bun, Vegetarian Sauce, Vegetarian Carrot Cake
	Dumplings	Bottle Gourd Pot Stickers/Dumplings, Truffle Pot Stickers/Dumplings, Curry Pot Stickers/Dumplings, Fish & Yellow Chive Pot Stickers/Dumplings
	Meal box and bento	Oil-braised Chicken Wing and Thigh with Rice/Noodle, Black Pepper Pork Fillet Bento, Stewed Pork with Rice/Noodle, Noodles in Pork Bone Broth
	Beverages	Wenshan Pouchong Oolong Tea, Jinxuan Black Tea

(IV) Long-term and short-term development strategies and plans

1. Short-term business development plan

(1) In Taiwan, Bafang Yunji will continue remodeling stores with smart grills and automated noodle cookers for more consistent product quality and improved operating efficiency. The Company expects to complete the remodeling of key stores by the end of 2023 to provide a healthy and clean dining environment as well as consistent product quality to consumers' satisfaction. Meanwhile, more

resources will be directed to product development, and new offerings will be introduced on a seasonal basis to satisfy consumers' taste buds. For the second half of the year, the Company plans to introduce frozen prepared food to add to the diversity of products sold, whether through retailers or at stores, to make it convenient for consumers to dine at home.

- (2) With more than 200 stores opened, Liang, She-Han Pork Ribs has managed to build strong brand awareness in Taiwan. More emphasis will be directed toward improving product quality and increasing visitor count in 2023. FJ Veggie, a new brand introduced at the end of 2021, will continue expanding store coverage and aim to reach 60 stores by the end of 2023. As for Dante Coffee, we plan to first weed out underperformers and reduce to a profitable size before undertaking any expansion.
- (3) There were 55 Bafang Yunji stores, 11 Bai Fung Bento stores, and 5 Bafang Noodles stores (Bafang Noodles & More) in Hong Kong at the end of 2022. In 2023, the Company will continue expanding stores for its premium brands - Bai Fung Bento and Bafang Noodles & More, and introduce the Liang, She-Han Pork Ribs with the goal of opening two stores in the first half of the year.
- (4) In USA, the Company will focus on the introduction of Bafang Yunji compound stores that carry the Bafang Yunji spirit; these compound stores will be tasked with offering value-oriented meals and promoting Taiwan's food culture. The Company opened the 2nd direct store in Chino Hills in Southern California on January 6, 2023, and expect to have at least 8 stores while aiming for 10 by the end of the year. Aside from Southern California, we are actively looking for suitable locations in Northern California where we can establish a central factory to support our expansion efforts in that region.
- (5) Ongoing digital transformation of the stores

Labor shortage has long been a challenging issue for the restaurant industry, and the spread of COVID-19 in the last 3 years has gradually changed the ways consumers purchase, with electronic payment and online ordering making up a higher percentage of transactions. In response to this trend, the Company will continue introducing new services such as electronic payment, APP ordering, Line ordering, and QR code ordering in stores to give consumers more variety of ways to pay and order meals for optimal manpower allocation and improved operating efficiency.

2. Long-term business development plan

- (1) Multi-brand and multi-market development; localization and internationalization

At the end of 2022, the Company had 1,319 stores established locally and abroad. In Taiwan, the group has 1,001 "Bafang Yunji" stores, 201 "Liang, She-Han Pork Ribs" stores, 18 "FJ Veggie" stores, and 27 "Dante Coffee" stores, making it the only restaurant group in Taiwan that has more than one thousand

stores. In the future, the Company will continue growing the Taiwan market while at the same time expanding into overseas markets with a multi-brand and multi-market strategy. In Hong Kong, the Company will build on top of existing brands including "Bafang Yunji," "Bai Fung Bento," and "Bafang Noodles & More" with the introduction of "Liang, She-Han Pork Ribs" in 2023 while aiming to have 2 stores established in the first half. In the USA, the Company opened its first store in Southern California in March 2022 to signify its official entry into the U.S. market. This year, the Company plans to expand stores in Southern and continue to expand to Northern California. It is also part of our plan to expand into Japan and other markets after the USA, thereby establishing ourselves as the number one Chinese QSR while making Taiwanese delicacies known to the world.

(2) Expansion through online and physical integration

The Company has more than one thousand stores in Taiwan. This coverage enables consumers to make a purchase over the Company's online platform and collect goods at the nearest store or have them delivered to the designated location. The Company sells frozen dumplings, pot stickers, soy milk, black tea, squid balls, and various side dishes over its online platform. Due to the stress of the modern lifestyle, consumers have become more receptive to products that can be easily prepared as an alternative to dining out. For this reason, the Company will be marketing frozen, reheatable pre-cooked products that retain much of the flavors of freshly cooked food over its online platform and physical stores. Consumers can simply heat them up or take a few steps to prepare them before serving, all without taking much time. This integration between online platforms and physical stores helps grow revenues for stores and the central factory.

(3) Supply chain optimization

The Company adopts the practice of order today, deliver tomorrow. Its streamlined production and delivery model ensures that the freshest ingredients are supplied to stores on a daily basis. Although the majority of the food ingredients supplied to our stores are produced in our own central factories, a small portion of them is still purchased from other vendors. Whether produced in-house or purchased externally, choosing the right supply partners is the first step to ensuring quality. Through interactions, visits, counseling, and audits, we enforce supplier management in ways that not only ensure the safety and quality of food ingredients, but also aid in the improvement of factory efficiency and optimize the advantage of the central factory. The Company may also consider producing externally sourced supplies in-house if the production reaches economies of scale. The Company makes the centralized purchase of common food ingredients in high volume. For example, the Company makes contract purchases of cabbage directly from farmers for better control of cost and raw material supply.

(4) Proactive support for talent training and enhancement

The Company adopts a multi-brand and multi-market strategy that requires the support of outstanding talents from various fields and the presence of a robust talent development plan. We are actively recruiting talents including store supervisors, procurement staff, production staff, sales, IT staff, store auditors, marketing and planning staff, international management staff, and financial analysts. We hope to attract more talented people to join us through online or physical recruitment activities. We retain and train talents through the use of incentives, benefits, promotion systems, training, and career planning. We make employees aware of our business philosophy and corporate culture, and encourage them to grow with time to become the foundation of our sustainable future.

II. Market and Sales Overview

(I) Market Analysis

1. Regions of main products (services) sold (provided)

Unit: In thousands of NT\$

Year	2021		2022	
	Sales amount	Percentage (%)	Sales amount	Percentage (%)
Taiwan	4,800,450	80.61%	5,420,241	79.72%
Mainland China (including Hong Kong)	1,154,670	19.39%	1,247,666	18.35%
United States	-	-	131,356	1.93%
Total	5,955,120	100.00%	6,799,263	100.00%

2. Market Share

The market share of each food and beverage operator is not high due to the large size of the food and beverage market and the diverse eating habits of consumers, and the high variability of the unit price of food and beverage products. Therefore, in addition to revenue size, the total number of operating stores is also an important indicator for the market share. The market shares of the Company can be explained in terms of revenue size and number of operating stores as follows.

(1) Revenue size

Market share of the Company in Taiwan

Unit: In 100 millions of NT\$; %

Year	Taiwan restaurant industry Revenue	Bafang Yunji + Liang She-Han Pork Ribs Estimated revenue of Taiwan stores	Bafang Yunji + Liang She-Han Pork Ribs Market share in Taiwan
2021	6,094	97.7	1.60%
2022	7,234	109.5	1.51%

Source: Department of Statistics, Ministry of Economic Affairs of Taiwan and the Company's projections

The Company's standalone operating revenue is the turnover from the sale of food ingredients from the central plants to the stores. Therefore, the Company's standalone operating revenue can be regarded as the cost of materials for the stores to deduct the store turnover and estimate the market share in Taiwan, and the Company's market share in the restaurant industry in Taiwan was calculated to be 1.60% and 1.51% for the last two years.

(2) Number of operating stores

According to the 2021 Top 5000 large corporation in Taiwan ranked by the China Credit Information Service Ltd., there are 79 companies in the food and beverage industry listed in Top 5000, 16 fewer than in the previous year. In recent years, there has been no significant change in the Top 10 companies in the catering industry, and all of the 10 companies in the list have already established a sizeable restaurant chain.

TOP 10 of the food and beverage chains for the most recent three years

Rank	2019	2020	2021
1	Uni-Wonder Corporation	Uni-Wonder Corporation	Uni-Wonder Corporation
2	Wowprime Corporation	Wowprime Corporation	Wowprime Corporation
3	An-Shin Food Services Co., Ltd.	An-Shin Food Services Co., Ltd.	An-Shin Food Services Co., Ltd.
4	Mercuries F&B Co., Ltd.	Mercuries F&B Co., Ltd.	Mercuries F&B Co., Ltd.
5	TTFB Company Limited	TTFB Company Limited	Bafang Yunji International Co., Ltd.
6	Hi-Lai Foods Co., Ltd.	Feasttogether Group Co., Ltd.	TTFB Company Limited
7	Dintaifung Restaurant Co., Ltd.	Bafang Yunji International Co., Ltd.	Feasttogether Group Co., Ltd.
8	Gourmet Master Co., Ltd.	Hi-Lai Foods Co., Ltd.	Gourmet Master Co., Ltd.
9	Evergreen Sky Catering Corp.	Gourmet Master Co., Ltd.	Dintaifung Restaurant Co., Ltd.
10	Feasttogether Group Co., Ltd.	Dintaifung Restaurant Co., Ltd.	Hi-Lai Foods Co., Ltd.

Sources: China Credit Information Service Top 5000 Large Enterprises in Taiwan for the past five years, excerpted from the data in the past three years

The Company ranked among the top 10 restaurant brands for the first time in 2020 and improved its ranking to 5th place in 2021. By the end of 2022, the Company had 1,001 "Bafang Yunji" stores, 201 stores of the "Liang, She-Han Pork Ribs" brand introduced four years ago, 18 stores of the "FJ Veggie" brand recently launched at the end of 2021, and 27 "Dante Coffee" stores. It is the only chain restaurant in Taiwan that has more than one thousand stores.

3. Future market supply and demand and growth

According to the "2021 Comprehensive Analysis of Household Income and Expenditure" published by DGBAS, Executive Yuan, disposable income per household averaged NT\$1,091 thousand in 2021, up 1.0% from 2020; median disposable income per household was reported at NT\$929 thousand, up 0.1% from 2020; and average spending per household for 2021 was calculated at NT\$1,039 thousand, up 4.4% from 2020, and of which NT\$815 thousand were general consumptions, which were equivalent to the 2020

level. In 2021, the highest proportion of household spending was on residential services, utilities and other fuels (24.6%), followed by medical spending (17.8%) as the average life expectancy of the population increases and health care concepts are strengthened, while food, beverages and tobacco had increased slightly (15.8%) from the 15.6% in 2020. Restaurants and hotels decreased slightly in weight (12.8%) from 13.1% in 2020. Although restaurant and hotel spending decreased slightly in 2021 due to the pandemic, consumers were able to resume their normal lifestyles as the threat dissipated, thereby allowing the restaurant industry to recover much of its revenues in 2022. According to data published by the Department of Statistics, Ministry of Economic Affairs, Taiwan's food and beverage industry generated NT\$865.3 billion in revenues, up 18.9% from the previous year; NT\$723.4 billion of which were contributed by the restaurant industry, representing an 18.7% annual increase. The total restaurant count neared 164,000, up 2.2% from 2021. It is apparent that the market has such a strong demand that it continues to attract newcomers.

Although the food and beverage industry is back on a growth track, it is not without challenges and threats. In addition to the aging population, changes in household composition, improved living standards, and the increasing pace of the urban lifestyle, consumers now place more attention on the quality, health, and safety of food and have higher expectations of the convenience and diversity of products and services received. Meanwhile, advancements in digital technology, electronic payment, and food delivery service combined with new meal ordering services through websites, apps, and Line are changing the ways consumers spend their money. Today, food and beverage services are no longer limited to physical stores, but can also be delivered online as well. A restaurant is, by nature, a highly homogeneous business with a low entry barrier. Despite having an overwhelming number of competitors, several restaurant chains and fine dining brands from around the world have been eagerly seeking entry into the market in recent years. Furthermore, there has been intensifying competition from participants outside the restaurant industry, as convenience stores and large supermarkets, too, aim to cater to the eat-out population by offering freshly brewed coffee/tea, fresh food, dessert, and frozen pre-cooked foods and setting up dedicated dining areas inside stores. These competitors have made their way into the food and beverage market with their dense store coverage, convenience, and standardized product quality. Food manufacturers, too, caught wind of consumers' demand for convenient meals, and introduced ready-to-eat (RTE) and ready-to-cook (RTC) products to capture a piece of the pie. In such a competitive market, restaurant operators not only have to observe consumers' needs, but are also required to come up with innovative creations and high-quality dining services and products to maintain their reputation. Furthermore, it is essential for restaurants to speed up digital transformation in order to survive the competitive environment.

4. Competitive Advantages

(1) Excellent brand image that is highly recognizable by franchisees and consumers

The Company upholds "altruism, sharing, and charity" as its main corporate spirit. Since it was founded in 2000, the Company has helped nearly 200 employees and underprivileged persons start their own businesses as franchisees of various brands, operating more than 360 stores in total. In addition to providing business venture

opportunities, the Company has kept the price of supplies as consistent as possible in the last 22 years despite several increases in the cost of raw materials and labor. The Company had to adjust prices slightly for some of its products due to raw material shortage and inflation in the last two years; even so, the Company places franchisees' profitability as the top priority and aims to maintain a mutually beneficial relationship. The Company also subsidizes stores for upgrades, remodeling, and introduction of automated noodle cookers and smart grills as a way to provide consumers with safe, healthy, nutrition-dense, and tasty foods. Ongoing efforts are being made to improve service quality, and for which the Company has been trusted by its consumers.

- (2) The production-marketing model that combines a central factory with cold chain logistics provides the strongest support to the chain brand

The Company adopts the "order today, deliver tomorrow" model where a HACCP certified central factory makes centralized purchases and, with the help of standardized production, quality control, and cold chain logistics, delivers fresh ingredients to stores on a daily basis. This practice ensures the consistency, freshness, and safety of food ingredients delivered to stores, and helps reduce preparation work and unnecessary wastage at the retail end. By pre-processing the food ingredients, stores are able to serve food more quickly to consumers without compromising nutrition, health, or taste. For this reason, a central factory combined with efficient logistics provides the best support for a restaurant chain.

- (3) Centralized purchase and supply chain optimization for improved production efficiency

With more than one thousand stores under management, the Company purchases enormous volumes of raw material on a daily basis, and has a dedicated procurement unit that carefully selects qualified suppliers to work with. The procurement unit makes centralized purchases at high volumes to keep food costs within control. Production activities from raw material sourcing, processing, storage, and shipment of semi-finished/finished goods to logistics are carried out uniformly within the central factory to ensure a high degree of production efficiency and lower unit production cost. Using its own chilled/refrigeration warehouse, the Company is able to adopt a pre-purchase strategy in response to seasonal and price fluctuations in raw materials, in order to maximize the benefits derived from bulk purchases and reduce the risk of fluctuations in the ingredient costs, thereby keeping the Company's profitability stable.

- (4) Standardization of store operations without the need for a chef, allowing for fast replication and expansion

After accumulating nearly one thousand "Bafang Yunji" stores, the Company introduced and quickly expanded stores under new brands including "Liang, She-Han Pork Ribs" and "FJ Veggie." Bafang Yunji, Liang, She-Han Pork Ribs, and FJ Veggie all adopt standardized store practices; employees require minimal training to be able to operate machinery, and without the need for a chef. The central factory produces semi-finished/finished ingredients each day and supplies them to stores, where staff can prepare into a complete meal with a few simple steps. This model allows stores to be quickly replicated and expanded for market share improvement.

5. Favorable and unfavorable factors of development prospect and countermeasures

(1) Advantages

A. Ongoing growth of the food and beverage market

After officially becoming an aged society in 2018, Taiwan's population has aged at an increasing rate since then, and is expected to become a super-aged society by 2025. An aging population, low birth rate, and change in marital relationships have altered the modern household structure, with one-person households and small households making up a higher percentage. Meanwhile, increases in the number of working females combined with the hectic lifestyles of the modern population have created substantial demand for eating out. Furthermore, having lived three years under the threat of COVID-19 has prompted consumers to switch to online ordering and delivery service, which was the channel that carried restaurant operators through the most difficult times.

Although the restaurant market was affected by the epidemic in the past few years, with negative growth in revenue in 2020 and 2021, but even so, the restaurant industry still sees an increasing number of participants. According to data published by the Ministry of Economic Affairs, the food and beverage market had progressively returned to its former glory in 2022, with single-month revenues reaching record-high levels in December. This recovery indicates enormous demand within the food and beverage market, which is expected to grow further in the future.

B. Digital transformation favors sales expansion

Owing to technological advancements and faster Internet connection, services such as online reservation, online ordering, and food delivery have become the dominant trend, and many restaurant operators now offer online reservations, online ordering, and delivery services for their customers. The pandemic also made contactless service a popular choice; many restaurant operators have even found contactless ordering, payment, and delivery a viable way to mitigate the shortage of labor. This online and offline integration not only provides consumers with more convenient ways to purchase, but also helps restaurant operators expand. In addition to having more than one thousand physical stores, the Company has also developed its own sales platform and works with third-party platforms to bring products to customers. All Liang, She-Han Pork Ribs and FJ Veggie stores have introduced self-ordering kiosks that consumers may use to place orders without contact and make payments in a variety of ways.

C. A diverse dining culture favors businesses with strong development capabilities

It is fortunate to be a gourmet in Taiwan. Taiwan has long been famed for good food, and local consumers' tolerance for different flavors has attracted exotic cuisines from around the world in recent years, which further contributed to the diversity of

the dining culture. In response to the increase in the percentage of take-out meals and dietary choices, many chain restaurants are developing various brands to serve different cuisines to fulfill the various needs of consumers. The Company's "Bafang Yunji" lineup is mainly consisted of dumplings, pot stickers, and flour-based foods, whereas "Liang, She-Han Pork Ribs" primarily comprises rice-based meal boxes, and "FJ Veggie" offers vegetarian options of dumplings, pot stickers, flour-based foods, soup, and side dishes. These three brands adequately cover most consumers' demand for Chinese cuisine. Furthermore, the Company introduces new and seasonal offerings from time to time to satisfy consumers' needs for variety. The Company even has "Dante Coffee" which serves coffee, beverage, dessert, and light meal to complement the product lines of the restaurant group.

D. Industrialization of the food and beverage industry gives rise to instant and pre-made foods

Aside from eat-out options, the pandemic created new opportunities for consumers to cook at home. Driven by enormous market demand, businesses, from restaurants to food manufacturers, have committed significant resources to develop ready-to-eat (RTE) and ready-to-cook (RTC) products, both frozen and at room-temperature, that can be easily reheated and served. Furthermore, thanks to improvements in culinary arts, these products are now available in broader selection and offer flavors that rival freshly prepared food. They present great potential given the preferences of current consumers. Faced with COVID-19, inflation, and the ever-rising cost of raw materials and labor, it is essential for restaurant operators to find ways to raise efficiency and lower costs. Owing to improvements of food equipment and technology, manufacturers are able to extend the expiry of ready-made meals while retaining flavors that rival freshly made food. For restaurant operators, ready-made meals help shorten the preparation time, reduce costs, improve the stability and quality of the final product, and lessen food wastage. Due to the above advantages, many restaurant operators are starting to make use of ready-made foods for preparation. Some even go further as to make ready-to-eat and ready-made versions of their most popular dishes to bring similar restaurant experiences to consumers' tables. Ready-to-eat and ready-made foods require a well-managed central factory as well as cold chain, and they are more beneficial to the operation of chain restaurants.

(2) Disadvantages and countermeasures

A. High turnover rate of store employees

The restaurant industry is characterized by long business hours and hard work; it often requires employees to work flexible hours at salary levels that are below average, which makes the industry less appealing to generations Y (age 27-40) and Z (26 and below) due to their pursuit for work-life balance. High turnover rate of store employees has been a common problem within the restaurant industry.

Countermeasures:

1. Comprehensive promotion and reward system: The Company has an open and transparent system to promote, reward, and station employees overseas. Each store uses a profit-sharing system to stimulate employees' performance. Furthermore, top-performing employees are encouraged to start their own businesses as franchisees of the Company. Even a startup fund has even been set up to have employees take over better-performing direct stores. Through the use of a profit-sharing system, the Company encourages employees to work for their own business and thereby promote unity.
2. Introduction of digital technologies and simplify in-store preparation : In addition to self-ordering kiosks, APP order placement, Line@ ordering, and diverse payment options, new practices such as order self-pickup and tray return cart are being introduced to reduce manpower requirements. Meanwhile, smart grills and automated noodle cookers with simplified processes are being adopted throughout stores to shorten the learning curve while at the same time maintaining consistency of product quality.
3. Classroom and online training: The Company has direct training facilities located across all regions nationwide to train franchisees before and after store opening. Furthermore, the Company has an online training system that is capable of training and evaluating performance online to help store employees familiarize themselves with the processes of various workstations, and prevent any disruption in the transfer of knowledge following a change of staff.
4. Optimization of the meal preparation environment: Steps are being taken to replace gas-based cookers with electric equipment and to introduce ventilation systems, filter-type hoods, activated carbon deodorizers, electrostatic precipitators or exhaust treatment, and electrostatic meters to improve exhaust and odor within the meal preparation area for a safer and more friendly and comfortable work environment that minimizes attrition rate of store employees.

B. Rising food safety requirements

The issue of food health and safety has been gathering attention due to rising health awareness among consumers. Today, any issue concerning food safety tends to be scrutinized and covered extensively by the media. For restaurant operators, food safety is the foundation upon which competitiveness is built, and it is the fundamental responsibility of a restaurant operator to serve foods that are safe and healthy. As consumers become more demanding of the freshness and safety of food, it is essential that restaurant operators apply rigorous control in every step From Farm to Table to ensure that there is no defect whatsoever that may compromise food safety or consumers' health.

Countermeasures:

1. Enforcement of food safety policy: "Food Safety First, Customer Satisfaction" is the Company's food safety management policy. By exercising proper management over the entire food supply chain, from suppliers, production procedures, quality,

assurance, and logistics to stores, the Company aims to provide consumers with products that are safe, fresh, tasty, affordable, and easy to consume.

2. Food safety certification and traceability: All factories of the Company are HACCP-certified; the two largest production facilities in Tamsui have been certified for ISO22000. All factories have constructed their own laboratories for self-testing; they also engage third-party institutions for independent testing on the physical and chemical characteristics of food as well as micro-organism count, at frequencies that are higher than what the laws require for enhanced quality management. Furthermore, the order placement system has been connected to the traceability system so that 100% of the products produced at the factories and delivered to stores are traceable. Details of these are also uploaded onto the government's traceability platform in a manner that complies with laws.
3. Rigorous store audit: In addition to having an internal audit team conduct an unscheduled evaluation on store products, preparation procedures, inventory, equipment, environment, and personnel, the Company also engages third-party testing institutions - SGS and Intertek to perform surprise inspections on meals. A QR Code is posted on each store that consumers may scan to link to the SGS platform and view the results. The central factory adopts a "order today, deliver tomorrow" approach that delivers fresh ingredients to stores on a daily basis. The stores prepare food to order and maintain zero inventory so that all ingredients are kept in the freshest and safest state. The Company also engages a professional cleaning company to clean and sanitize stores on a regular basis.

C. With rising operating costs, restaurant operators are facing pressure on low profitability

Cost of raw materials, salary, and rental expense are three key determinants of the profitability of a restaurant. The COVID-19 pandemic and war between Russia and Ukraine have caused worldwide inflation, increasing the volatility and price of raw materials to the point where increases in salary, rental expense, and electricity expense are also imminent. Besides, in light of how sustainability is accepted as a common value and how consumers have grown aware of environmental protection, it is essential for restaurant operators to rethink, adjust, and adopt business practices that have less impact on the environment, even at the expense of additional operating costs. A restaurant is, by nature, a highly competitive business with a low entry barrier; the inability to transfer costs to consumers will lead to erosion of profit margin in the future.

Countermeasures:

1. The Company makes centralized purchases at high volume as a way to gain cost advantage, and the central factory currently produces at an economy of scale. The Company has long been selling food ingredients to stores at consistent pricing to help franchisees combat increases in the price of food, so that most of the economic benefits from production efficiency enhancement and bulk purchase can be directed back to franchisees.

2. The Company helps stores reduce manpower with the introduction of APP-based ordering system, self-ordering kiosks, diverse electronic payment tools, self-collection, and tray return stations. Smart grills and automated noodle cookers are making their way into stores to help reduce manpower while maintaining product quality.
- D. The proportion of franchised stores is relatively high, which requires resources to maintain the corporate brand image

The Company has more than one thousand stores under its brands; 88% of which are franchise stores, and the percentage is as high as 91% in Taiwan. Additional resources have to be invested in store management and maintenance of brand image.

Countermeasures:

1. The Company conducts strict assessments for store expansion. Franchisees are subject to strict screening and training, and must pass the assessment after training before signing the franchise contract to formally become a franchisee of the Company.
2. The Company regularly holds franchisee conferences to ensure that the stores recognize the Company's corporate culture and implement it in their daily operations.
3. The internal auditors unscheduled inspect food safety and hygiene, dress code, environmental cleanliness, inventory management, and customer response, and include them in the supervisory performance assessment and the monthly tracking review. The Company also engages independent third parties to conduct unscheduled inspections of meals served at stores. Franchisees that fail to make the required improvements are handled according to contract terms.
4. The Company has a customer service department that specializes in handling daily customer complaints. All complaints are quickly referred to the related store, supervisor, and central factory for improvements and preventions, whereas the improvement measures taken are replied back to consumers in a timely manner.
5. Each district supervisor is responsible for supervising and counseling stores within their assigned regions for compliance with the Company's policies, and thereby maintaining service quality across stores.

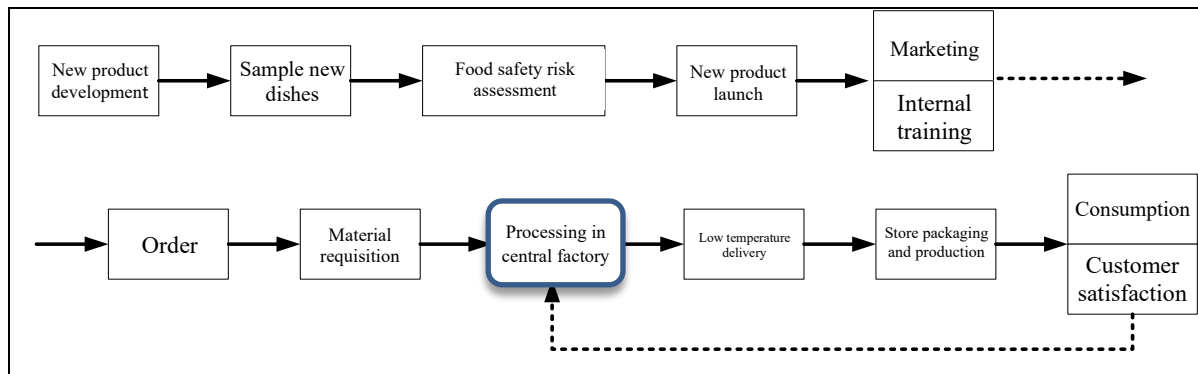
(II) Important applications and production process of major products

1. Important applications of the main products

In order to provide consumers with fresh and safe products, our central factory adopts the principle of "order today, deliver tomorrow" and "zero inventory" for production. All

kinds of semi-finished and finished products are stored at low temperature by our own logistics team and delivered to the chain stores all over Taiwan. The final processing is done in the stores, for example, hand-wrapped dumplings/potstickers, freshly fried ribs/chicken thighs, freshly prepared simple meals and beverages, etc., so that consumers can enjoy fresh and delicious meals at a reasonable price.

2. Production process of the main products



(III) Supply of major raw materials

The Company's main raw materials include meat, vegetables, and flour. Due to factors such as the agricultural and livestock products production cycle, quality yield, sufficient production capacity, and delivery time, the Company has maintained long-term cooperative partnerships with major suppliers for many years. The Company does not purchase more than 10% of its products from any single supplier, so there is no risk of shortage, interruption, or over-concentration in supply.

(IV) List of major suppliers and customers

1. The names of suppliers who accounted for more than 10% of the total purchases in any of the most recent 2 years, the purchases amount and percentage

The Company uses a wide range of raw materials for its products, and has diversified its sources of supply in a timely manner. No suppliers accounted for more than 10% of the total purchases in the most recent 2 years

2. The names of customers who accounted for more than 10% of the net operating revenue in any of the most recent 2 years, the revenue amount and percentage

The Company's main sales targets are franchised stores and general consumers, and no customer accounted for more than 10% of total sales in the most recent 2 years.

(V) Production volume and value for the most recent two years

The Company mainly operates a chain of restaurant brands. Due to the wide variety of

items sold and the different specifications, there is no clear quantitative standard for calculating production volume, so it is not applicable.

(VI) Sales volume and value for the most recent two years

Unit: In thousands of NT\$

Sales volume and value Main products	Year	2021				2022			
		Domestic sales		Export sales		Domestic sales		Export sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Food processing	Note	2,882,795	Note	99,116	Note	3,246,096	Note	91,614	
Food and beverage services	Note	1,314,250	Note	1,028,244	Note	1,463,417	Note	1,259,079	
Others	Note	603,405	Note	27,310	Note	710,728	Note	28,329	
Total	Note	4,800,450	Note	1,154,670	Note	5,420,241	Note	1,379,022	

Note: Due to the large number of items sold and different specifications, there is no basis for comparison due to the large difference in measurement units, so only the sales value is shown.

III. Information on employees within the last two years and during the current year up to the date of publication of the annual report

Unit : person

Year		2021	2022	Up to March 31, 2023
Number of employees	Managers	83	84	83
	General employees	608	620	614
	Store staff	657	637	596
	Part-time personnel	388	355	347
	Total	1,736	1,696	1,640
Average years of age		36.63	37.68	38.26
Average years of service		2.92	3.15	3.26
Education	Master's and higher	1.27%	1.12%	1.10%
	Bachelor's	34.85%	34.79%	34.33
	High school and below	63.88%	64.09%	64.57%

IV. Information on environmental protection expenditures

For the most recent year and during the current year up to the date of publication of the annual report, the amount of loss due to environmental pollution (including remuneration and environmental protection audit results of violations of environmental protection laws and regulations, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated) and the estimated amount of current and potential future losses and countermeasures should be disclosed and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated

Disposition date	Disposition reference number	Article of law violated	Substance of the legal violation	Content of the disposition	Measure taken
Department of Environmental Protection, New Taipei City Government March 15, 2022	Xin-Bei-Huan-Ji-Zi No.41-111-030474	Paragraph 2, Article 27 of the Waste Disposal Act	Unappropriated management and cleaning of catering premise result in ditches pollution by food leftover and cooking oil.	Fine of NT\$4,800	The Company's stores were already equipped with oil interceptors, and the Company would schedule its supplier for regular drainage gutter clearance to prevent cloggage. The Company paid the fine.
Department of Environmental Protection, New Taipei City Government April 8, 2022	Xin-Bei-Huan-Ji-Zi No.41-111-040562	Paragraph 2, Article 27 of the Waste Disposal Act	Leftover and food waste, food scraps, washing sewage or grease-contaminated drainage in the food service industry	Fine of NT\$1,200	The Company's stores were already equipped with oil interceptors, and the Company would schedule its supplier for regular drainage gutter clearance to prevent cloggage. The Company paid the fine.

V. Labor Relations

- (I) The Company's welfare measures, education, training and retirement systems and their implementation status, as well as the agreements between employees and management and measures to protect the rights and interests of employees

1. Employee welfare measures

In addition to the relevant laws and regulations, the Company also provides benefits such as marriage subsidy for employees, wedding cash gift for employees' children, incentive payment for employees' childbirth, education subsidy for children, and funeral allowances for employees and their dependents. In accordance with the regulations, an employee welfare committee is established with appropriation of welfare funds to handle employee welfare affairs such as employee travel and health checkup subsidies, birthday gifts, and medical emergency relief loans.

2. Employee education and training

The Company provides training programs for new employees and external and internal training programs for current employees based on content and requirements of jobs. It also holds special courses in accordance with the Company's Regulations Governing Education and Training Programs, or encourages continued education, professional courses or certificate courses for its employees.

3. Retirement system and implementation status

The Company has adopted the Regulations Governing Employee Retirements in accordance with the Labor Standards Act, and contributes part of the employees' monthly salaries to the pension fund in a dedicated pension fund account in the Bank of Taiwan. Since the enactment of the Labor Pension Act on July 1, 2005 and adoption of defined contribution pension plan, the Company's employees may choose the retirement mechanism prescribed in the Labor Standards Act or the pension system of the Labor Pension Act, and their seniority prior to their application to the Labor Pension Act shall be reserved. For workers choosing to be covered by the pension system in accordance with the Labor Pension Act, the Company contributes not less than 6% of the employees' monthly salaries to the pension fund.

4. Status of labor-management agreements and measures for preserving employees' rights and interests

The Company hold periodical labor-management meetings between the managements and employee representatives to not only promote the Company's policies, but to hear suggestions and communicate welfare system with employee representatives. In addition, the Company has set up the employee suggestion box at its manufacturing facilities, through which, employees may express ideas or raise suggestions to the Company. Through each communication platform, the Company endeavors to understand employees' needs and further improve its management regulations to create a people-oriented management system.

- (II) The losses suffered by the Company due to labor disputes in the most recent year and during the current year up to the date of publication of the annual report (including labor inspection results of violations of the labor pension act, the penalty date, the penalty number, the provisions of the regulation violated, the content of the regulation violated, and the penalty content should be stated), and the estimated amount of current and potential future losses and countermeasures and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated

The Company did not suffer any loss in the most recent fiscal year and up to the annual report publication date due to labor disputes or any violations of the Labor Standards Act found in labor inspection.

Disposition date	Disposition reference number	Article of law violated	Substance of the legal violation	Content of the disposition	Projected potential loses in the future	Measure taken
August 8, 2022	Xin-Bei-Fu-Lao-Jian-Zi No. 1114755068	Item 2, Article 22 of the Labor Standards Act	Wages are not paid to workers in full	Fine of NT\$40,00	Nil	Planning to amend the bonus regulation

VI. Cyber security management

- (I) Description of the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management

1. Cybersecurity risk management framework

To facilitate effective cybersecurity management, the Company has outlined the roles and responsibilities for every member of the management, and emphasizes the level of attention and support that the management has committed to enforce the management system in a persistent manner.

A Cybersecurity Promotion Team headed by the President has been assembled to oversee execution of the cybersecurity policy. The team convenes cybersecurity meetings and management review meetings on a regular basis to discuss matters relating to the execution of cybersecurity management, and in doing so, enhances overall cybersecurity protection.

2. Cyber security policy

The Company aims to strengthen the cyber security management, ensure the informational confidentiality, completeness, and availability, reinforce the reliability of the information equipment (including the computer hardware, software and peripherals) and systems, and promote the awareness of information security, and makes sure of avoiding interference, damage, invasion, and any unfavorable behaviors and attempts by any factors and to maintain its continuous operation.

3. Concrete management programs, and investments in resources for cyber security management

(1) Control of cybersecurity risks

The Company takes the initiative to plan and deploy cybersecurity measures, and makes persistent improvements to the cybersecurity environment to reduce cybersecurity risks. On the management level, the Company implements governance guidelines that cover every aspect from policy, system, organization, responsibility, manpower, IT asset and risk management, access control, physical environment, communication security, system development and maintenance, business continuity, supplier relations to compliance. On the technical level, the Company has deployed network firewalls, application firewalls, intrusion defense, and antivirus system to serve as protection. The Company has IT auditors in place to audit cybersecurity management within the organization on a yearly basis. They review existing cybersecurity practices, risk controls, as well as any improvements made to cyber incidents, and present findings to the Cybersecurity Promotion Team to facilitate control of cybersecurity risks.

(2) Employees' cybersecurity awareness

Through the use of social engineering drills, the Company simulates phishing attacks to test employee response, and takes subsequent actions to raise cybersecurity awareness and alert in every employee.

All employees are subjected to basic cybersecurity training. For existing employees, the Company organizes regular training and uses training videos to promote cybersecurity awareness among employees. Any issues discovered during cybersecurity audit are handled in a timely manner using corrective and preventive processes that improve the robustness of cybersecurity practices.

- (II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

The Company did not encounter any significant cyber security incidents.

VII. Important Contracts

Type of Contract	Counterparty	Term	Content	Restrictive terms
Procurement contract	Shang Lee Food Co., Ltd.	2022/01/01 - 2023/12/31	Supply of raw materials	None
Procurement contract	Livestock Business Division, Taiwan Sugar Corporation	2022/07/01 - 2023/06/30	Supply of raw materials	None
Franchise contract	Franchisee in the Group	As specified in the contract	Franchise contract	None
Lease contract	Flutai Co., Ltd.	3 to 5 years from the date of car delivery	Lease of refrigerator van	None
Lease contract	Pro Rental & Leasing Co., Ltd.	3 to 5 years from the date of car delivery	Lease of refrigerator van	None
Loan contract	Bank of Taiwan	2021/06/24 - 2023/06/24	Medium-term secured loan	None
Loan contract	Taishin International Bank	2022/08/02 - 2023/08/31	Short-term secured loan	None
Loan contract	Mega International Commercial Bank	2023/02/10 - 2024/02/10	Short-term secured loan	None
Loan contract	Taipei Fubon Bank	2022/09/15~2023/09/15	Short-term secured loan	None
Joint venture contract	GOLDEN STC INVESTMENTS LLC.	2020/08/29	Joint venture for US investment	Restrictions on share transfer

Six. Financial Position

I. Condensed financial information for the most recent 5 years

(I) Consolidated condensed balance sheets and statements of comprehensive income - IFRS

1. Consolidated condensed balance sheets – IFRS

Unit: In thousands of NT\$

		Financial information for the most recent 5 years					Financial information up to March 31, 2023
		2018	2019	2020	2021	2022	
Current assets		1,043,208	993,602	1,434,898	2,294,713	2,482,594	2,360,602
Property, plant and equipment		1,167,348	1,280,578	1,350,090	1,548,972	1,710,287	1,737,760
Intangible assets		5,577	5,862	5,775	6,434	16,161	15,896
Other assets		210,774	1,018,892	1,301,449	1,469,356	1,648,886	1,528,709
Total assets		2,426,907	3,298,934	4,092,212	5,319,475	5,857,928	5,642,967
Current liabilities	Before distribution	687,735	1,096,038	1,239,304	1,328,133	1,396,667	1,463,695
	After distribution	987,958	1,276,172	1,629,596	1,607,312	1,729,094 (Note 1)	1,463,695
Non-current liabilities		168,981	632,016	767,368	958,810	1,096,791	1,024,592
Total liabilities	Before distribution	856,716	1,728,054	2,006,672	2,286,943	2,493,458	2,488,287
	After distribution	1,156,939	1,908,188	2,396,964	2,566,122	2,825,885 (Note 1)	2,488,287
Equity attributable to shareholders of the parent company		1,549,803	1,570,880	2,016,345	2,992,362	3,282,314	3,076,720
Share capital		600,448	600,448	600,448	660,448	663,258	663,448
Capital surplus		4,911	28,895	34,649	970,319	988,905	990,766
Retained earnings	Before distribution	963,875	968,798	1,420,853	1,415,850	1,634,398	1,434,841
	After distribution	663,652	788,664	1,030,561	1,136,671	1,301,971 (Note 1)	1,434,841
Other equity		(19,431)	(27,261)	(39,605)	(54,255)	(4,247)	(12,335)
Treasury stock		-	-	-	-	-	-
Non-controlling interests		20,388	-	69,195	40,170	82,156	77,960
Total equity	Before distribution	1,570,191	1,570,880	2,085,540	3,032,532	3,364,470	3,154,680
	After distribution	1,269,968	1,390,746	1,695,248	2,753,353	3,032,043 (Note 1)	3,154,680

Note 1: The amount resolved by the Board of Directors on March 23, 2023

Note 2: The above financial information is based on the financial statements audited by CPAs. The financial information for the current year up to March 31 has been reviewed by CPAs.

2. Consolidated condensed statements of comprehensive income - IFRS

Unit: In thousands of NT\$, but earnings per share are in NT\$

	Financial information for the most recent 5 years					Financial information up to March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	4,463,557	4,832,700	5,184,034	5,955,120	6,799,263	1,726,172
Operating gross profit	1,878,417	1,919,270	2,047,035	2,232,394	2,525,869	613,437
Operating profit or loss	623,436	678,096	762,824	653,363	787,508	165,898
Non-operating income and expenses	(1,333)	(50,690)	52,868	22,139	45,712	893
Net profit before tax	622,103	627,406	815,692	675,502	833,220	166,791
Net profit for the period from continuing operations	490,935	485,323	633,678	525,690	645,076	129,373
Loss from discontinued operations	-	-	-	-	-	-
Net profit for the period	490,935	485,323	633,678	525,690	645,076	129,373
Other comprehensive income for the period (Net amount after tax)	8,132	(8,218)	(13,766)	(15,674)	54,801	(8,787)
Total comprehensive income for the period	499,067	477,105	619,912	510,016	699,877	120,586
Net profit attributable to shareholders of the parent company	490,835	485,668	633,611	541,341	660,953	132,870
Net profit attributable to non-controlling interests	100	(345)	67	(15,651)	(15,877)	(3,497)
Total comprehensive attributable to Shareholders of the parent company	498,967	477,450	619,845	526,706	712,847	124,782
Total comprehensive attributable to Non-controlling interests	100	(345)	67	(16,690)	(12,970)	(4,196)
Earnings per share (Note 1)	8.17	8.09	10.55	8.74	10.00	2.00

Note 1: The calculation is based on the weighted-average number of shares outstanding for the year and retroactively adjusted for the increase in the weighted-average number of shares outstanding due to the capital increase from earnings or capital surplus.

Note 2: The above financial information is based on the financial statements audited by CPAs. The financial information for the current year up to March 31 has been reviewed by CPAs.

3. Parent company only condensed balance sheets - IFRS

Unit: In thousands of NT\$

	Financial information for the most recent 5 years					Financial information up to March 31, 2023	
	2018	2019	2020	2021	2022		
Current assets	605,741	601,162	671,376	1,663,256	1,676,992	Not applicable	
Property, plant and equipment	887,480	975,666	1,002,018	1,019,787	1,107,712		
Intangible assets	3,950	4,117	4,228	5,920	15,424		
Other assets	675,766	845,062	1,133,339	1,177,488	1,459,794		
Total assets	2,172,937	2,426,007	2,810,961	3,866,451	4,259,922		
Current liabilities	Before distribution	496,809	656,963	606,418	674,156		714,110
	After distribution	797,032	837,097	996,710	953,335		1,046,537 (Note 1)
Non-current liabilities	126,325	198,164	188,198	199,933	263,498		
Total liabilities	Before distribution	623,134	855,127	794,616	874,089		977,608
	After distribution	923,357	1,035,261	1,184,908	1,153,268		1,310,035 (Note 1)
Equity attributable to shareholders of the parent company	1,549,803	1,570,880	2,016,345	2,992,362	3,282,314		
Share capital	600,448	600,448	600,448	660,448	663,258		
Capital surplus	4,911	28,895	34,649	970,319	988,905		
Retained earnings	Before distribution	963,875	968,798	1,420,853	1,415,850		1,634,398
	After distribution	663,652	788,664	1,030,561	1,136,671		1,301,971 (Note 1)
Other equity	(19,431)	(27,261)	(39,605)	(54,255)	(4,247)		
Treasury stock	-	-	-	-	-		
Non-controlling interests	-	-	-	-	-		
Total equity	Before distribution	1,549,803	1,570,880	2,016,345	2,992,362		3,282,314
	After distribution	1,249,580	1,390,746	1,626,053	2,713,183		2,949,887 (Note 1)

Note 1: The amount resolved by the Board of Directors on March 23, 2023.

Note 2: The above financial information is based on the financial statements audited by CPAs.

4. Parent company only condensed statements of comprehensive income - IFRS

Unit: In thousands of NT\$, but earnings per share are in NT\$

	Financial information for the most recent 5 years					Financial information up to March 31, 2023
	2018	2019	2020	2021	2022	
Operating revenue	2,936,727	3,214,388	3,554,319	4,015,944	4,544,860	Not applicable
Operating gross profit	1,112,143	1,101,266	1,222,448	1,252,504	1,392,102	
Operating profit or loss	649,765	599,198	689,565	610,508	700,841	
Non-operating income and expenses	(42,299)	10,493	95,477	73,837	121,855	
Net profit before tax	607,466	609,691	785,042	684,345	822,696	
Net profit for the period from continuing operations	490,835	485,668	633,611	541,341	660,953	
Loss from discontinued operations	-	-	-	-	-	
Net profit for the period	490,835	485,668	633,611	541,341	660,953	
Other comprehensive income for the period (Net amount after tax)	8,132	(8,218)	(13,766)	(14,635)	51,894	
Total comprehensive income for the period	498,967	477,450	619,845	526,706	712,847	
Net profit attributable to shareholders of the parent company	490,835	485,668	633,611	541,341	660,953	
Net profit attributable to non-controlling interests	-	-	-	-	-	
Total comprehensive attributable to Shareholders of the parent company	498,967	477,450	619,845	526,706	712,847	
Total comprehensive attributable to Non-controlling interests	-	-	-	-	-	
Earnings per share (Note 1)	8.17	8.09	10.55	8.74	10.00	

Note 1: The calculation is based on the weighted-average number of shares outstanding for the year and retroactively adjusted for the increase in the weighted-average number of shares outstanding due to the capital increase from earnings or capital surplus.

Note 2: The above financial information is based on the financial statements audited by CPAs.

(II) The names of attesting CPAs for the most recent 5 years and the audit opinions

Year	CPA firm	CPA name	Audit Opinions
2018	Deloitte Taiwan	Chen, Hui-Ming, Kuo, Nai-Hua	Unqualified opinion
2019	Deloitte Taiwan	Kuo, Nai-Hua, Chen, Hui-Ming	Unqualified opinion
2020	Deloitte Taiwan	Kuo, Nai-Hua, Lee, Li-Huang	Unqualified opinion
2021	Deloitte Taiwan	Kuo, Nai-Hua, Chen, Hui-Ming	Unqualified opinion
2022	Deloitte Taiwan	Kuo, Nai-Hua, Lee, Li-Huang	Unqualified opinion

II. Financial Analysis

(1) Consolidated financial analysis – IFRS

		Financial analysis for the most recent 5 years					Financial analysis up to March 31, 2023
		2018	2019	2020	2021	2022	
Capital structure (%)	Debt to assets ratio = total liabilities/total assets	35.30	52.38	49.04	42.99	42.57	44.10
	Long-term capital to property, plant and equipment ratio	148.98	172.02	211.31	257.68	260.85	240.50
Solvency (%)	Current ratio	151.69	90.65	115.78	172.78	177.75	161.28
	Quick ratio	114.09	69.38	94.69	148.19	154.94	137.55
	Interest coverage multiplier	212.31	32.89	43.71	31.18	29.92	23.49
Operating performance	Accounts receivable turnover rate (times)	55.75	58.20	56.15	51.81	50.44	48.38
	Average collection days	6.55	6.27	6.50	7.04	7.24	7.54
	Inventory turnover rate (times)	28.03	25.00	18.74	19.33	19.57	19.47
	Accounts payable turnover rate (times)	13.85	18.15	19.56	19.19	21.05	21.04
	Average sales days	13.02	14.60	19.48	18.88	18.65	18.74
	Property, plant and equipment turnover rate (times)	4.15	3.95	3.94	4.11	4.17	4.00
	Total assets turnover rate (times)	1.91	1.69	1.40	1.27	1.22	1.20
Profitability	Return on assets (%)	21.11	17.50	17.56	11.55	11.95	9.41
	Return on equity (%)	31.60	30.90	34.66	20.54	20.17	15.88
	Net profit before tax to paid-in capital ratio (%)	103.61	104.49	135.85	102.28	125.63	100.56
	Net profit margin (%)	11.00	10.04	12.22	8.83	9.49	7.49
	Earnings per share (NT\$)	8.17	8.09	10.55	8.74	10.00	2.00
Cash flow	Cash flow ratio (%)	101.51	91.10	103.33	80.64	99.38	58.06
	Cash flow adequacy ratio (%)	87.27	104.80	113.13	120.08	135.31	140.65
	Cash reinvestment ratio (%)	10.91	25.59	26.20	14.31	17.78	13.30
Leverage	Operating leverage	1.22	1.69	1.69	1.91	1.84	1.99
	Financial leverage	1.00	1.03	1.03	1.04	1.04	1.05

Please explain the reasons for the changes in the financial ratios for the last two years. (Analysis can be exempted if the change is less than 20%)

1. Increase in net profit before tax to paid-in capital ratio: the increase was mainly due to increase in net profit before tax in 2022.
2. Increase in cash flow ratio: the increase was mainly due to increase in net cash inflow generated from operations.
3. Increase in cash reinvestment ratio: the increase was mainly due to increase in net cash inflow generated from operations.

(2) Parent company only financial analysis – IFRS

		Financial analysis for the most recent 5 years					Up to March 31, 2023 Financial Analysis
		2018	2019	2020	2021	2022	
Capital structure (%)	Debt to assets ratio = total liabilities/total assets	28.68	35.25	28.27	22.61	22.95	Not applicable
	Long-term capital to property, plant and equipment ratio	188.86	181.32	220.01	313.04	320.10	
Solvency (%)	Current ratio	121.93	91.51	110.71	246.72	234.94	
	Quick ratio	90.71	63.87	78.22	211.49	199.30	
	Interest coverage multiplier	244.28	151.47	205.86	166.58	166.60	
Operating performance	Accounts receivable turnover rate (times)	44.70	45.70	42.87	40.70	43.16	
	Average collection days	8.17	7.99	8.51	8.97	8.46	
	Inventory turnover rate (times)	28.37	22.85	16.79	17.68	17.62	
	Accounts payable turnover rate (times)	12.14	15.94	17.61	17.81	18.49	
	Average sales days	12.87	15.97	21.74	20.64	20.71	
	Property, plant and equipment turnover rate (times)	3.68	3.45	3.59	3.97	4.27	
	Total assets turnover rate (times)	1.40	1.40	1.36	1.20	1.12	
Profitability	Return on assets (%)	23.56	21.26	24.31	16.31	16.36	
	Return on equity (%)	32.11	31.13	35.33	21.62	21.07	
	Net profit before tax to paid-in capital ratio (%)	101.17	101.54	130.74	103.62	124.04	
	Net profit margin (%)	16.71	15.11	17.83	13.48	14.54	
	Earnings per share (NT\$)	8.17	8.09	10.55	8.74	10.00	
Cash flow	Cash flow ratio (%)	125.20	87.39	118.42	93.37	112.56	
	Cash flow adequacy ratio (%)	80.63	86.80	86.97	95.64	89.79	
	Cash reinvestment ratio (%)	9.03	13.80	14.29	6.68	9.27	
Leverage	Operating leverage	1.08	1.19	1.19	1.25	1.25	
	Financial leverage	1.00	1.01	1.01	1.01	1.01	
<p>Please explain the reasons for the changes in the financial ratios for the last two years. (Analysis can be exempted if the change is less than 20%)</p> <ol style="list-style-type: none"> 1. Increase in cash flow ratio: Mainly due to increase in net cash inflow generated from operations. 2. Increase in cash reinvestment ratio: Mainly due to increase in net cash inflow generated from operations. 							

The calculation formula for the analysis items as follows

1. Capital structure

- (1) Debt to assets ratio = total liabilities/total assets
- (2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment

2. Solvency

- (1) Current ratio = current assets/current liabilities
- (2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities
- (3) Interests coverage multiplier = net profits before tax and interest expense/interest expense for the period

3. Operating performance

- (1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations)
- (2) Average collection days = 365/accounts receivable turnover rate
- (3) Inventory turnover rate = costs of goods sold/average inventory
- (4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations)
- (5) Average sales days = 365/inventory turnover rate
- (6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment
- (7) Total assets turnover rate = net sales/average total assets

4. Profitability

- (1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)]/average total assets
- (2) Return on equity = net profits after tax/average total equity
- (3) Net profit margin = net profits after tax/net sales
- (4) Earnings per share = (net profits attributable to shareholders of the parent - preferred stock dividend)/weighted average number of shares outstanding

5. Cash flow

- (1) Cash flow ratio = net cash flow from operating activities/current liabilities
- (2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years / sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend)/ (gross property, plant, and equipment + long-term investment + other non-current assets + working capitals)

6. Leverage:

(1) Operating leverage = (net operating revenues - variable operating costs and expenses)/operating profits

(2) Financial leverage = operating profits/ (operating profits - interest expense)

III. Audit Committee's review report on the most financial statement for the most recent year: Please refer to page 127

IV. Financial statements and Independent Auditor's Report (Consolidated) for the most recent year: Please refer to Attachment 1, pages 128 to 221

V. Financial statements and Independent Auditor's Report (Parent company only) for the most recent year: Please refer to Attachment 2, pages 222 to 298

VI. If the Company or its affiliates have experienced financial difficulties in the most recent year or during the current year up to the date of publication of the annual report and their effects on the Company's financial position: No such situation

Seven. Review and analysis of financial position and financial performance and risks

I. Financial status

Unit: In thousands of NT\$

Item	Year	2022	2021	Increase or decrease	
		Amount	Amount	Amount	%
Current assets		2,482,594	2,294,713	187,881	8.19
Investments accounted for using the equity method		-	-	-	-
Property, plant and equipment		1,710,287	1,548,972	161,315	10.41
Intangible asset		16,161	6,434	9,727	151.18
Other assets		1,648,886	1,469,356	179,530	12.22
Total assets		5,857,928	5,319,475	538,453	10.12
Current liabilities		1,396,667	1,328,133	68,534	5.16
Non-current liabilities		1,096,791	958,810	137,981	14.39
Total liabilities		2,493,458	2,286,943	206,515	9.03
Share capital		663,258	660,448	2,810	0.43
Capital surplus		988,905	970,319	18,586	1.92
Retained earnings		1,634,398	1,415,850	218,548	15.44
Other equity		(4,247)	(54,255)	50,008	(92.17)
Non-controlling interests		82,156	40,170	41,986	104.52
Total equity		3,364,470	3,032,532	331,938	10.95
<p>The main reasons for any material change in the Company's assets, liabilities and equity (the change between the two periods was 20% or more, with the amount of change reached NT\$10 million) during the most recent 2 years, and describe the effect thereof:</p> <ol style="list-style-type: none"> 1. Increase in other equity: Mainly due to increase in currency exchange gain arising from translation of foreign operation. 2. Increase in non-controlling interests: Mainly due to cash capital increase in the U.S. subsidiary, shareholders of non-controlling interests participated in the cash capital increase on its shareholding ratio in 2022. 					

II. Financial performance

(1) Financial performance

Unit: In thousands of NT\$

Item	Year	2022	2021	Increase or decrease	
		Amount	Amount	Amount	%
Net revenue		6,799,263	5,955,120	844,143	14.18
Operating costs		4,273,394	3,722,726	550,668	14.79
Gross profit		2,525,869	2,232,394	293,475	13.15
Operating expenses		1,738,361	1,579,031	159,330	10.09
Net operating profit		787,508	653,363	134,145	20.53
Non-operating income and expense		45,712	22,139	23,573	106.48
Income before tax		833,220	675,502	157,718	23.35
Income tax expense		188,144	149,812	38,332	25.59
Income after tax		645,076	525,690	119,386	22.71
Other comprehensive income		54,801	(15,674)	70,475	(449.63)
Total comprehensive income for the year		699,877	510,016	189,861	37.23

The main reasons for any material change in the Company's operating revenue, operating income, and income before tax (the change between the two periods was 20% or more, with the amount of change reached NT\$10 million) during the most recent 2 years, and describe the effect thereof:

1. Increase in net operating profit: Mainly due to revenue growth and proper control over operating expenses
2. Increase in non-operating income and expenses: Mainly due to the increase in subsidies from the Hong Kong government in 2022 for the COVID-19 pandemic as compared to 2021
3. Increase in income before tax: Mainly due to revenue growth, proper control over operating expenses and increase in non-operating income and expenses
4. Increase in income tax expense: Mainly due to increase in net profits
5. Increase in income after tax: Mainly due to revenue growth, proper control over operating expenses and increase in non-operating income and expenses
6. Increase in total comprehensive income for the year: Mainly due to increase in income after tax and increase in currency exchange gain arising from translation of foreign operation

- (2) The sales volume forecast and the basis therefor, and describe the effect upon the company's financial operations as well as measures to be taken in response

The Company's annual sales targets and the store expansion plan are set based on its past operating performance and market control, as well as its store expansion plans, while ensuring that the production capacity can accommodate those targets. The Company continues to monitor changes in the market and consumer behaviors, and is actively expanding the overseas markets, which is expected to be a driving force for operating growth.

III. Cash flow

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

Unit: In thousands of NT\$

Cash balance at the beginning of year	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by financing activities	Effect of exchange rate changes	Cash Balance (shortfall) Amount	Remedy for cash shortfall	
						Investment Plan	Financing Plan
1,247,725	1,388,032	(1,087,558)	(902,473)	44,290	690,016	-	-
Analysis of changes in cash flows for the most recent year							
1. Operating activities: The net cash inflows were mainly due to the profit from operations in the current year							
2. Investing activities: The net cash outflows were mainly due to the expansion of new plants, investment in equipment and acquisition of financial assets							
3. Financing activities: The net cash outflows were mainly due to payments for cash dividends and lease liabilities.							

(II) Improvement plan for the lack of liquidity:

The Company has no lack of cash flow.

(III) Cash liquidity analysis for the coming year

Unit: In thousands of NT\$

Cash balance at the beginning of year	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by financing activities	Effect of exchange rate changes	Cash Balance (shortfall) Amount	Remedy for cash shortfall	
						Investment Plan	Financing Plan
690,016	1,380,000	(400,000)	(950,000)	-	720,016	-	-
Analysis of changes in cash flows for 2023							
(1) Operating activities: Mainly due to the expected steady growth of operating revenue and net cash inflows from profit generation							
(2) Investing activities: The net cash outflows were mainly due to the construction and equipment payments for the continued store expansion and new plant expansion							
(3) Financing activities: The net cash outflows due to expected payments for cash dividends and lease liabilities							
(4) Remedy for expected cash shortfall: Not applicable							

IV. Major capital expenditures in the most recent year and the impact on finance position

The major capital expenditures of the Company in the most recent year were for the expansion of new factories and the purchase of production equipment to enhance production capacity and efficiency, as well as the continued expansion of stores in both domestic and overseas markets, resulting in an increase in overall capital expenditures, which were mainly

financed by the Company's operating capital and bank borrowings, and had no material impact on Company's finance and business.

V. Latest investment policy, the main reasons for gains or losses, countermeasures, and investment plan for the coming year

(I) Investment policy for the most recent year

The Company's investment policy for the most recent years is to continue to enhance brand awareness and store expansion based on the operating needs of each region, and to continue to focus on new regional development opportunities. The Company's financial and business management policy on the investees is in accordance with the relevant regulations of the Company's internal control system to supervise the operations the investees.

(II) Main reasons for profit or loss and improvement plan

Unit: in thousands of NT\$

Investee	Investment policy	Investment income or loss for the most recent year	Reasons for profit or loss and improvement plan
Bafang Yunji Restaurant Co., Ltd.	Operations of direct sales stores in Taiwan	44,638	Fairly good operating performance
Bafang Yunji (SAMOA) International Co., Ltd.	Holding company and owner of intellectual property rights	31,818	Recognition of gain or loss on investment in HK and China subsidiaries
Bafang Yunji International Company Limited	Operations in Hong Kong	114,450	Fairly good operating performance
Fang Sin International Trading Co., Ltd.	Purchase of imported raw materials	5,385	Fairly good operating performance
Bafang Co., Ltd.	Operations in Japan	(916)	Operation is under preparation
Bafang Yunji International (USA) Limited	U.S. holding company	(12,787)	Recognition of loss on investment in U.S. subsidiaries
Dante Coffee & Foods Co., Ltd.	Operations in Taiwan	(43,596)	The number of stores continues to decrease due to adverse impact caused by the pandemic. Operating objective is to make it to break even on profits and losses.
Bafang Yunji (SAMOA) Investment Company Limited	Holding company	-	The registration of investee was cancelled in November, 2022.
Bafang Yunji Restaurant Group Limited	A holding company established for the purpose of investing in Mainland China	(16,117)	Recognition of loss on investment in China subsidiaries
Fujian Bafang Yunji Foods Co., Ltd.	Central plant in South China market	(31,291)	Operations in Fujian area have been closed and the investee is pending for being deregistered.

Investee	Investment policy	Investment income or loss for the most recent year	Reasons for profit or loss and improvement plan
Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Operations of direct sales stores in South China market	15,411	Operations in Fujian area have been closed and the investee is pending for being deregistered.
Hsin Chiao International Co. Limited	Operations in Hong Kong	12,265	Fairly good operating performance
Long Success (HK) Industrial Limited	Operations in Hong Kong	22,710	Fairly good operating performance
Rich Grade Limited	Operations in Hong Kong	1,056	Fairly good operating performance
Wise Success Enterprise Limited	Operations in Hong Kong	(291)	Good operating performance
Jiashide Limited	Operations in Hong Kong	-	No substantial operations
Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Operations in Hong Kong	-	No substantial operations
Bafang Yunji Foods LLC	U.S. central plant	(14,469)	Operations have not achieved to economies of scale and operating objective is to make it to break even on profits and losses.
Bafang Yunji Restaurant Group LLC	Operations of direct sales stores in U.S.	2,334	Fairly good operating performance
Dante Creative Co., Ltd. (Note)	Operations in Taiwan	(1,389)	Operations have not achieved to economies of scale and operating objective is to make it to break even on profits and losses.
Sound Sino Group Limited (Note)	Dante's overseas holding company	(290)	Deregistration is pending
Shanghai Dante Coffee Co., Ltd (Note)	Operations of Dante direct sales stores in Shanghai, China	-	The registration of investee was cancelled in September, 2022.

Note: Expressed as shares directly and indirectly held by Dante

(III) Investment plan for the coming year

We will increase the investment amount based on the operating needs for each subsidiary in the future.

VI. Risk analysis and assessment

(I) The impact of change in interest rate, exchange rate change and inflation on the Company's profit and loss and future countermeasures

1. The effect upon the Company's profits (losses) of interest rate fluctuations, and response measures to be taken in the future

The Company's interest expense incurred by bank loans in 2022 was NT\$2,017 thousand, accounted for 0.24% of its profit before tax. There is no significant impact on the Company's profit. Because the Company's average collection period is 6~7 days resulting in sufficient cash in hand, its operation is mostly funded by own capital,

and interest rate fluctuation does not cause significant impact on the Company's profit.

2. The effect upon the Company's profits (losses) of exchange rate fluctuations, and response measures to be taken in the future

The Company's main businesses are food processing and chain restaurant service that tailor to domestic market demand, and the sales revenue is denominated in local currency. Whereas, some raw materials such as imported meats and corns for production are denominated in USD, and imported machineries are denominated in USD, EUR and JPY. The net exchange gain for 2022 was NT\$582 thousand representing 0.07% of profit before tax, and it has minor effect to the Company's profit. The Company constantly monitors the trend of exchange rate and market information, and will utilize proper hedging instruments to avoid any foreign exchange risk when it is necessary.

3. The effect upon the Company's profits (losses) of changes in the inflation rate, and response measures to be taken in the future

If the economy faces high inflation in the future, customers are expected to be thriftier in consumption and look for bargains. For a long time, the Company insists on providing cheap local meals, and it becomes an advantage under such a high inflation circumstance. When facing the negative impacts of rise in raw materials price, the Company, in addition to constant monitoring of raw materials market price change and maintaining good relationship with suppliers, predicts the price trend of raw materials, place advanced orders and signs long-term contracts for major materials. Moreover, the expansion of stores creates the economics of scale through bulk purchases and central kitchen production, which has reduced the impact of price hike on the Company.

- (II) Policies on high-risk, high-leverage investments, lending funds others, endorsement and guarantee, and derivatives transactions, main reasons for gain or loss, and future countermeasures

- (1)The Company focuses on its main business and does not engage in high-risk and highly leveraged investments. The Company has complete policies and internal control procedures over lending to others, providing endorsements and guarantees to others and derivatives transactions.
- (2)The Company and its subsidiaries are lending its capital or providing endorsements and guarantees to the Company's subsidiaries. The handing procedures are complying with the Company's Procedures for Lending Funds to Other Parties and Procedures for Endorsements and Guarantees.
- (3)The Company's derivatives transactions are purchasing structured deposits with 100% principal guaranteed and fixed returns. The handing procedures comply with the Company's Procedures for Acquisition or Disposal of Assets.

(III) Future research and development plans and estimated research and development expenses

Development of new products leads to competitiveness of a brand, and the Company's future R&D plan can be categorized into aspects of new product development of existing brands, product development of new brand and development of production equipment and improvement of manufacturing process. The Company's 2021 R&D expense was NT\$21,117 thousand, which accounted for 0.31% of the sales revenue. The Company will continue to invest in R&D to provide customers a diverse selection of products and quickly respond to market trend change. Please refer to relevant chapters of "V. Business Overview" of this annual report for the planned new products (services).

(IV) The impact of important domestic and foreign policy and legal changes on the Company's finance and business and countermeasures

The Company complies with related local and foreign regulations. The Company consistently pays close attention to any changes in local and foreign policies, including regulations about food safety, and provides management with related information promptly, which management can rely on to make adjustments for operating strategies. During recent year and as of the date of publication of this annual report, changes in related laws and policies have not had a significant impact on our operations.

(V) The impact of important changes in technology or industry on the Company's finance and business and countermeasures

The Company continuously monitors any change to the industry and market trend, follows the development and variation of relevant technology, and understand customer preference in order to roll out products that match the general public's needs. During the most recent year and during the current year up to the date of publication of the annual report, there is no developments in science and technology as well as industrial change that may have material effect on the Company's financial operations.

In response to market changes and the Company's overall operation and development strategies, some of the stores have introduced smart grills and automated noodle cookers and improved operating efficiency. In addition, the Company has accelerated to use digital technologies in stores, introducing APP ordering, Line ordering, and QR code ordering in order to enhance overall competitiveness in the industry. However, in response to change of customer payment behavior and trend of stay-at-home economy, the Company has launched various payment methods, such as EasyCard, JKOpay, LINE pay, and i-PASS at its stores, joined the delivery platforms and developed its official e-commerce website aligning with changes to consumer behavior.

In terms of cyber security, the Company has dedicated more staff and resources to customer information protection and storage and prevention of any improper or illegal intents.

(VI) The impact of change in corporate image on corporate crisis management and countermeasures

Since its foundation, the Company has upheld the business concepts of “altruism, sharing, charity” by taking care of frontline employees, assisting underprivileged and employees to start their ventures. Its founder established the Bafang Yunji Social Welfare Charitable Foundation in 2011 to actively give back to the society. From its founding to the end of 2022, the Company has donated NT\$13.84 million in total for disaster relieves, charity events, art and culture events and sports sponsorships. In addition, the Company’s food safety policy is centered on “Food safety first, customer satisfaction”, so it not only endeavors to manage food safety, but also pays attention to customers’ feedbacks and opinions by setting up a dedicated unit for customer relationship management. In Taiwan, the Company is well-known for its “Bafang Yunji” brand, and continues to grow its publicity by multiple new brands, including “Liang She-Han Pork Ribs”, “FJ Veggie” and “Dante Coffee”. The Company will put more effort in maintaining its corporate image, during the most recent year or during the current year up to the date of publication of the annual report, there is no effect on the Company's crisis management of changes in the Company's corporate image.

(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures:
No such situation

(VIII) Expected benefits and possible risks of plant expansion and countermeasures:

The U.S. subsidiary’s factory in South California has been put into operation in 2022, which let the Company officially break in the U.S. market. In response to plans to expanding stores in the future, cold and frozen warehouse will be expanded to take advantage of bulk purchasing and enhance logistic benefits. The capital expenditure plans will be implemented after evaluated carefully.

(IX) Risks of concentrations of purchases or sales and countermeasures

1. Risks associated with purchasing operation

The Company has maintained long-term relationship with certain suppliers for many years in order to obtain reliable and stable supplies of raw materials and in consideration of growth cycle, yield, capacity and delivery of fresh produces. Both parties have worked well together and have not encountered risk of shortage. Each major raw material can be sourced from more than two suppliers as a mean to mitigate risk associated with purchasing concentration. During the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, there is no individual supplier accounts for more than 10% of the net purchase, so there is no risk associated with purchasing concentration.

2. Risks associated with sales

The Company’s central kitchen sells to its franchisers and direct stores. As of the date of publication of the annual report, the number of the Group’s stores in the globe exceeds 1,000, plus customers of the chain restaurants directly owned by its subsidiary are general public, so there is no sale to individual customer exceeding

10% of the net sales during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, and there is no risks associated with sales concentration.

- (X) The impact on the Company and risks of the massive transfer or change of shares by directors, supervisors or major shareholders with 10% stake or more and countermeasures

During the most recent year or during the current year up to the date of publication of the annual report, there is no significant share transfer by the Company's directors, supervisors or shareholders holding greater than a 10 percent stake in the Company.

- (XI) The impact on the Company and risks of change in management rights and countermeasures

During the most recent fiscal year and up to the date of publication of the annual report, there is no change to the Company's management.

- (XII) For litigious and non-litigious matters, please list major litigious, non-litigious or administrative disputes that have been resolved or are still proceeding involving the Company and/or any director, supervisor, the President, any person with actual responsibility for the firm and any major shareholder holding a more than 10% of the shares, and the affiliated companies. Moreover, where such a dispute could materially affect shareholders' equity or the prices of the securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report

1. For the most recent year and the current year up to the date of publication of the annual report, if the Company has been convicted by final and binding judgments or is still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices, the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved and the handling of the case now shall be disclosed: None
2. For the most recent year and the current year up to the date of publication of the annual report, if the Company's directors, supervisors, Presidents, persons in charge of the Company, substantial shareholders holding more than 10 percent of the shares, and affiliated companies have been convicted by final and binding judgments or is still bound by significant litigation, non-litigation or administrative disputes, the results of which may have a significant impact on shareholder interests or securities prices: None

- (XIII) Other material risks and countermeasures: None

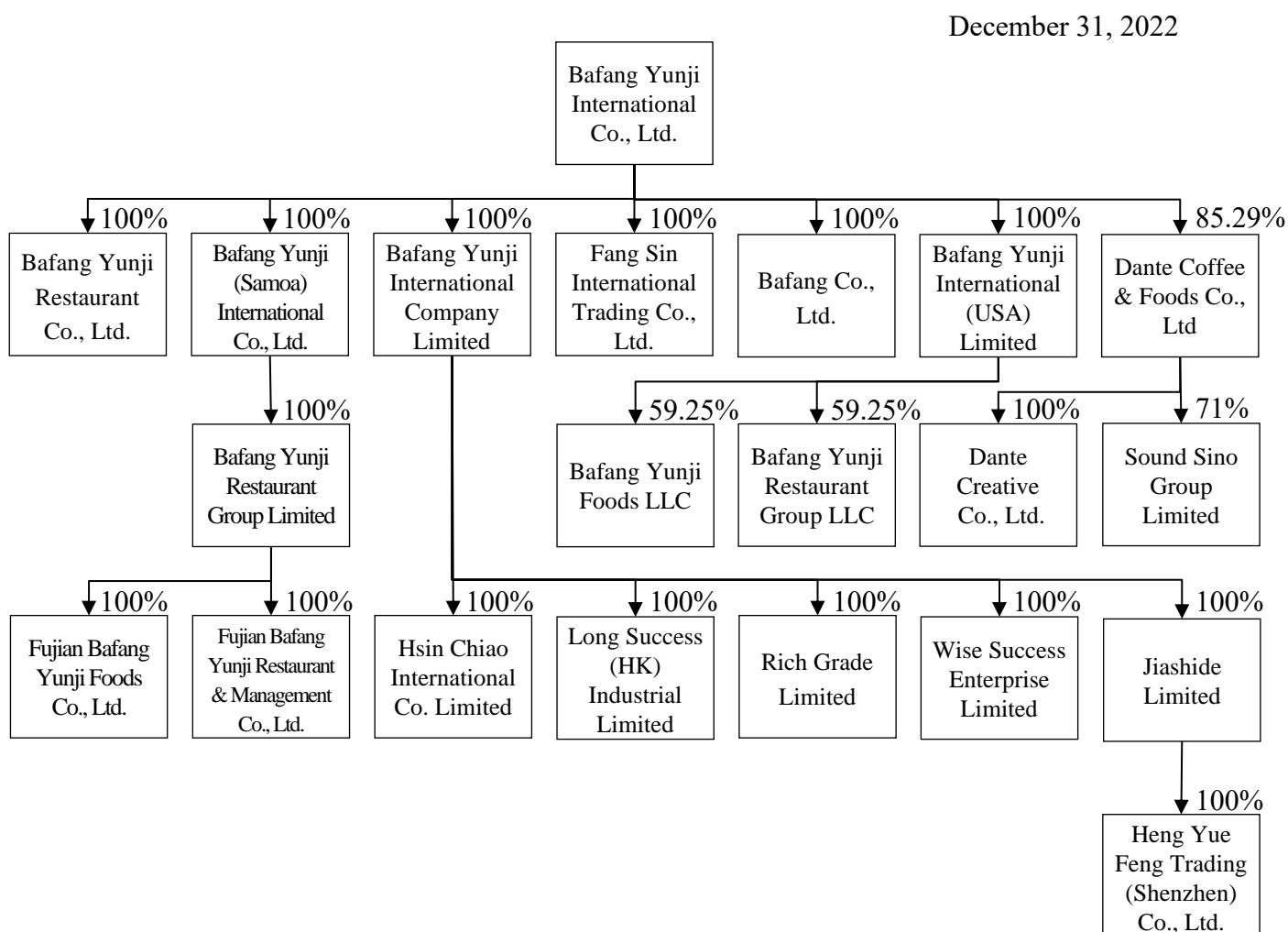
VII. Other material matters: None

Eight. Special Matters

I. Information on affiliated entities

(I) Consolidated business report of affiliated enterprises

1. Organizational chart of affiliated enterprises



2. Basic information on affiliated enterprises

Unit: In thousands of NT\$ and foreign currency

Company Name	Date of Establishment (Year)	Place of registration	Paid-in capital	Major business scope or products
Bafang Yunji Restaurant Co., Ltd.	2013/01/28	Taiwan	150,000	Catering services
Bafang Yunji (SAMOA) International Co., Ltd.	2012/12/07	Samoa	USD 1,833	Investment management

Company Name	Date of Establishment (Year)	Place of registration	Paid-in capital	Major business scope or products
Bafang Yunji International Company Limited	2008/02/21	Hong Kong	HKD 17,500	Food processing Catering services
Fang Sin International Trading Co., Ltd.	2016/12/27	Taiwan	40,000	Food trading
Bafang Co., Ltd.	2017/06/08	Japan	JPY 300,000	Food processing Catering services
Bafang Yunji International (USA) Limited	2020/07/20	United States	USD 4,980	Investment management
Dante Coffee & Foods Co., Ltd.	1993/10/27	Taiwan	95,200	Catering services
Bafang Yunji Restaurant Group Limited	2010/08/18	Hong Kong	USD 12,940	Investment management
Fujian Bafang Yunji Foods Co., Ltd.	2013/06/21	Mainland China	USD 3,500	Food processing
Fujian Bafang Yunji Restaurant & Management Co., Ltd.	2013/07/04	Mainland China	USD 3,700	Catering services
Hsin Chiao International Co. Limited	2011/05/11	Hong Kong	-	Transportation
Long Success (HK) Industrial Limited	2012/04/05	Hong Kong	-	Catering services
Rich Grade Limited	2012/04/20	Hong Kong	-	Catering services
Wise Success Enterprise Limited	2012/09/06	Hong Kong	-	Transportation
Jiashide Limited	2012/09/10	Hong Kong	HKD 10	Investment management
Heng Yue Feng Trading (Shenzhen) Co., Ltd.	2010/12/02	Mainland China	RMB 8,000	Food trading
Bafang Yunji Foods LLC	2020/08/19	United States	USD 4,300	Food processing
Bafang Yunji Restaurant Group LLC	2020/09/01	United States	USD 3,500	Catering services
Dante Creative Co., Ltd.	2021/10/18	Taiwan	30,000	Food processing
Sound Sino Group Limited	2002/02/08	Samoa	USD1,000	Investment management

3. Reasons for presumption of the controlling and subordinate relationship and information related to personnel: None
4. The industry covered by the business of all affiliated enterprises:
The franchise of restaurant chains, the sale of related products and the catering services
5. Information on directors, supervisors, presidents of each affiliated enterprise

Unit: share; %

Company Name	Position	Name or Representative	Shareholding	
			Number of shares	Shareholding percentage
Bafang Yunji Restaurant Co., Ltd.	Chairperson	Lin, Hsin-Yi (Note 1)	15,000,000	100.00%
	Director	Lin, Yu-Cheng (Note 1)		

Company Name	Position	Name or Representative	Shareholding	
			Number of shares	Shareholding percentage
Bafang Yunji (SAMOA) International Co., Ltd.	Director	Lin, Chia-Yu	-	-
Bafang Yunji International Company Limited	Director	Liu, Hsu-Chun		
	Director	Lin, Hsin-Yi		
	Director	Liu, Hsu-Kai		
	Director	Lin, Yi-Hsien		
Fang Sin International Trading Co., Ltd.	Chairperson	Lin, Hsin-Yi (Note 1)	4,000,000	100.00%
	Director	Lin, Yu Cheng (Note 1)		
Bafang Co., Ltd.	Director	Lin, Chia-Yu	-	-
Bafang Yunji International (USA) Limited	Director	Lin, Hsin-Yi	-	-
Dante Coffee & Foods Co., Ltd	Chairperson	Lin, Hsin-Yi (Note 1)	8,120,000	85.29%
	Director	Lin, Yi-Chen (Note 1)		
	Director	Lin, Yi-Hsien	-	-
	Supervisor	Lin, Yu-Cheng	-	-
Bafang Yunji Restaurant Group Limited	Director	Lin, Chia-Yu	-	-
Fujian Bafang Yunji Foods Co., Ltd.	Director	Lin, Yu-Cheng	-	-
	Supervisor	Hsu, Ming-Chun	-	-
Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Director	Lin, Yu-Cheng	-	-
	Supervisor	Hsu, Ming-Chun	-	-
Hsin Chiao International Co. Limited	Director	Liu, Hsu-Chun	-	-
Long Success (HK) Industrial Limited	Director	Liu, Hsu-Chun	-	-
Rich Grade Limited	Director	Liu, Hsu-Chun	-	-
Wise Success Enterprise Limited	Director	Lin Hsin-Yi	-	-
Jiashide Limited	Director	Liu, Hsu-Chun	-	-
	Director	Bafang Yunji International Company Limited	10,000	100.00%
Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Director	Liu, Hsu-Kai	-	-
	Supervisor	Liu, Hsu-Chun	-	-
Bafang Yunji Foods LLC	Director	Lin, Yi-Chen	-	-
	Director	Lin Hsin-Yi		
	Director & Managerial officer	Tone Hsu		
Bafang Yunji Restaurant Group LLC	Director	Lin, Yi-Chen	-	-
	Director	Lin Hsin-Yi		
	Director & Managerial officer	Stephanie Peng		
Dante Creative Co., Ltd.	Chairperson	Lin, Yi-Hsien (Note 2)	3,000,000	100.00%
Sound Sino Group Limited	Director	Chang, Chun-Jen	-	-

Note 1: The representative of the corporate shareholder, Bafang Yunji International Co., Ltd.

Note 2: The representative of the corporate shareholder, Dante Coffee & Foods Co., Ltd

6. Operating status of each affiliated enterprise

Unit: in thousands of NT\$

Company Name	Capital	Total assets	Total liabilities	Net worth	Net revenue	Operating gains	Current profit or loss	Earnings per share (EPS) (NT\$)
Bafang Yunji Restaurant Co., Ltd.	150,000	941,603	728,976	212,627	1,349,976	(68,514)	44,638	2.98
Bafang Yunji (SAMOA) International Co., Ltd.	50,055	27,794	-	27,794	-	(903)	31,818	17.36
Bafang Yunji International Company Limited	68,618	955,754	418,066	537,688	1,210,300	89,397	114,450	6.54
Fang Sin International Trading Co., Ltd.	40,000	57,951	11,148	46,803	153,918	2,629	5,385	1.35
Bafang Co., Ltd.	81,621	56,270	158	56,112	-	(492)	(916)	(30.53)
Bafang Yunji International (USA) Limited	150,947	130,229	599	129,630	-	(651)	(12,787)	(12,837.74)
Dante Coffee & Foods Co., Ltd	95,200	126,890	125,851	1,039	126,081	(42,364)	(51,115)	(5.37)
Bafang Yunji Restaurant Group Limited	397,549	17,295	-	17,295	-	(247)	(16,117)	(3.07)
Fujian Bafang Yunji Foods Co., Ltd.	105,941	18,976	4,472	14,504	30,977	(14,278)	(31,291)	-
Fujian Bafang Yunji Restaurant & Management Co., Ltd.	113,129	18,423	17,714	709	10,365	6,768	15,411	-
Hsin Chiao International Co. Limited	-	30,175	3,227	26,948	31,300	12,634	12,265	12,264,726
Long Success (HK) Industrial Limited	-	154,352	75,086	79,266	416,192	20,405	22,710	22,710,126
Rich Grade Limited	-	21,462	10,332	11,130	21,033	(112)	1,056	1,056,111
Wise Success Enterprise Limited	-	1,055	596	459	-	(33)	(291)	(291,479)
Jiashide Limited	39	-	-	-	-	-	-	-
Heng Yue Feng Trading (Shenzhen) Co., Ltd.	6,891	-	-	-	-	-	-	-
Bafang Yunji Foods LLC	129,072	168,377	70,914	97,463	52,802	(22,795)	(24,206)	-
Bafang Yunji Restaurant Group LLC	108,040	313,783	209,660	104,123	131,356	5,126	3,831	-
Dante Creative CO., LTD.	30,000	42,784	14,273	28,511	84,822	(1,771)	(1,389)	(0.46)
Sound Sino Group Limited	32,442	-	492	(492)	-	-	(408)	(0.41)

(II) Consolidated financial statements of affiliated enterprises

Please refer to Attachment I

(III) Affiliation report

The Company is not an affiliate to another company under the Chapter of Affiliated Enterprises of the Company Act; therefore, the Company is not required to prepare a report on its relationship with the controlling company.

II. Private placement of marketable securities: None

III. Holding or disposition of the Company's shares by subsidiaries: None

IV. Other supplementary information: None

V. Occurrences of events defined under Article 36-3-2 of the Securities and Exchange Act in the latest year and during the current year up to the date of publication of the annual report that significantly impacted shareholders' equity or security prices shall also be explained on an item-by-item basis: None

Bafang Yunji International Co., Ltd. Statement Of Internal Control System

March 23, 2023

Based on the findings of a self-assessment, Bafang Yunji International Co., Ltd. (the Company) states the following with regard to its internal control system during the year 2022:

1. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency 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 the Company takes immediate remedial actions in response to any identified deficiencies.
3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the 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) environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each key component consists of several parts. Please refer to the "Regulations" for more information.
4. The Company 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, the Company believes that, on December 31, 2022, 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 of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of the Company'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 Act.
7. This Statement was passed by the Board of Directors in their meeting held on March 23, 2023, with none of the eight attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Bafang Yunji International Co., Ltd.

Chairperson: Lin, Hsin-Yi (Signature/Seal)

President: Chang, Jui-Lien (Signature/Seal)

Bafang Yunji International Co., Ltd.
Audit committee's Review Report

The Company's 2022 business report, financial statements and consolidated statements and earnings distribution proposal have been reviewed by the Audit Committee and found to be in compliance. We hereby report the above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please review.

Bafang Yunji International Co., Ltd.

Convener of the Audit Committee: Chiu, Shih-Fang

March 23, 2023

Attachment 1

REPRESENTATION LETTER

The entities to be included in the consolidated financial statements of affiliated enterprises in 2022 (from January 1, 2022 to December 31, 2022) pursuant to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those to be included in the consolidated financial statements pursuant to the International Financial Reporting Standard 10. Further, the related information to be disclosed in the consolidated financial statement of affiliated enterprises has been disclosed in the said consolidated financial statements. Accordingly, the Company did not prepare the consolidated financial statements of affiliated enterprises separately.

Declared by

Company Name: Bafang Yunji International Co., Ltd.

Chairperson: Lin, Hsin-Yi

March 23, 2023

Independent Auditor’s Report

The Board of Directors and Shareholders
Bafang Yunji International Co., Ltd.

Audit Opinion

We have audited the accompanying consolidated balance sheet of Bafang Yunji International Co., Ltd. and its subsidiaries (the “Group”) as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and the notes to the consolidated financial statements, including the summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and cash flows for the years then ended, in conformity with the requirements of Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards, International Accounting Standards, and IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

The basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of the Group in accordance with The Norms of Professional Ethics for Certified Public Accountants, 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 for the year ended December 31, 2022. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matter of the consolidated financial statements for the ended December 31, 2022 is stated as follows:

Authenticity of sales revenues from shipments to specific customers

The Group is principally engaged in food processing, food ingredients trading and providing food and beverage services. Based on the materiality and the presumption of significant risk in revenue recognition in the Statement of Auditing Standards; Therefore, we believe that the authenticity of sales revenues from shipments to specific customers recognized by the Group has a significant impact on the financial statements. Therefore, the authenticity of the sales revenues from shipments to specific customers is listed as a key audit matter of this year. For a description of the revenue recognition policy, please refer to Note 4(13).

We conducted the following audit procedures:

1. Understand and test the design and implementation of internal control relevant to revenue recognition for specific customers.
2. Review a selected sample of the revenue details of the specific customers, review the supporting documentation and test the collection status to confirm that the sales transaction occurred.
3. Review whether significant sales returns and discounts have occurred for the specific customers since the balance sheet date to confirm whether there is any material misstatement of revenues.

Other Matters

We have also audited the parent company only financial statements of Bafang Yunji International Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibilities of Management and Those in Charge with Governance of the consolidated Financial Statements

The responsibility of management is to prepare fairly presented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, and IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, and maintain necessary internal control related to the preparation of consolidated financial statements in order to ensure material misstatement caused by fraud or error does not exist in the consolidated financial statements.

In preparing the consolidated financial statements, the management is also responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters

related to a going concern and using the going concern basis of accounting. Unless the management either intends to liquidate the Group or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including member of The Audit Committee) are responsible for overseeing the reporting process of the financial statements of the Group.

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. 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. Misstatements are considered material, individually or in 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 maintain 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 countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in the Group.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, 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 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 disclosure is inappropriate, 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 as a going concern.
5. Evaluate the overall presentation, structure, and content of the consolidated financial statements, including disclosures, whether the consolidated financial statements represent

the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit of the Group. 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 in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 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.

Deloitte Taiwan

CPA Kuo, Nai-Hua
Financial Supervisory Commission
approval document
Jin-Guan-Zheng-Shen-Zi No. 1070323246

CPA Lee, Li-Huang
Securities and Futures Commission
approval document
Tai-Cai-Zheng (6) Zi No. 0930128050

March 28, 2023

Bafang Yunji International Co., Ltd. and subsidiaries
Consolidated Balance Sheets
December 31, 2022 and 2021

Unit: In thousands of NT\$

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6, and 35)	\$ 690,016	12	\$ 1,247,725	24
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7, and 35)	110,228	2	94,302	2
1140	Financial assets measured at amortized cost – current (Notes 4, 8, 9, 35 and 37)	1,127,766	19	415,374	8
1170	Accounts receivable (Notes 4, 11, 26, 35 and 36)	138,581	2	126,579	2
1197	Lease receivables (Notes 4, 12 and 36)	53,991	1	46,410	1
1200	Other receivables (Notes 4, 11, 35 and 36)	21,838	-	18,288	-
1220	Current income tax assets (Notes 4 and 28)	327	-	8,373	-
130X	Inventories (Notes 4 and 13)	227,027	4	209,748	4
1429	Other prepayments (Note 18)	91,591	2	116,833	2
1470	Other current assets (Notes 19 and 37)	21,229	-	11,081	-
11XX	Total current assets	<u>2,482,594</u>	<u>42</u>	<u>2,294,713</u>	<u>43</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4, 10 and 35)	3,750	-	3,750	-
1600	Property, plant and equipment (Notes 4 and 15 and 37)	1,710,287	29	1,548,972	29
1755	Right-of-use assets (Notes 4, 16 and 36)	1,286,237	22	1,078,379	20
1780	Other intangible assets (Notes 4 and 17)	16,161	-	6,434	-
1840	Deferred income tax assets (Notes 4 and 28)	6,677	-	31,596	1
1915	Prepayments for equipment (Note 19)	82,252	2	80,076	2
194D	Long-term lease receivables (Notes 4, 12 and 36)	105,029	2	123,482	2
1920	Refundable deposits (Notes 19 and 36)	164,941	3	152,073	3
15XX	Total non-current assets	<u>3,375,334</u>	<u>58</u>	<u>3,024,762</u>	<u>57</u>
1XXX	Total assets	<u>\$ 5,857,928</u>	<u>100</u>	<u>\$ 5,319,475</u>	<u>100</u>
	Liabilities and equity				
	Current liability				
2100	Short-term loans (Notes 20, 35 and 37)	\$ 30,000	1	\$ 27,000	1
2150	Notes payable (Notes 21 and 35)	2,551	-	2,836	-
2170	Accounts payable (Notes 21 and 35)	198,717	3	202,014	4
2200	Other payables (Notes 22, 35 and 36)	567,475	10	551,742	10
2230	Current income tax liabilities (Notes 4 and 28)	96,306	2	75,155	2
2280	Lease liabilities - current (Notes 4, 16, 33, 35 and 36)	437,514	7	392,229	7
2322	Long-term loans due within one year (Notes 20, 33, 35 and 37)	4,153	-	14,586	-
2399	Other current liabilities (Note 23)	59,951	1	62,571	1
21XX	Total current liabilities	<u>1,396,667</u>	<u>24</u>	<u>1,328,133</u>	<u>25</u>
	Non-current liabilities				
2540	Long-term loans (Notes 20, 33, 35 and 37)	33,878	1	71,362	1
2570	Deferred income tax liabilities (Notes 4 and 28)	3,237	-	594	-
2580	Lease liabilities - non-current (Notes 4, 16, 33, 35 and 36)	1,009,692	17	843,953	16
2550	Provision for liabilities (Notes 4 and 23)	7,627	-	8,875	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 24)	2,246	-	4,974	-
2645	Deposits received (Notes 22, 33, 35 and 36)	40,111	1	29,052	1
25XX	Total non-current liabilities	<u>1,096,791</u>	<u>19</u>	<u>958,810</u>	<u>18</u>
2XXX	Total liabilities	<u>2,493,458</u>	<u>43</u>	<u>2,286,943</u>	<u>43</u>
	Equity (Notes 14, 25, 30 and 32)				
3110	Common stock	663,258	11	660,448	12
3200	Capital surplus	988,905	17	970,319	18
	Retained earnings				
3310	Legal reserve	405,884	7	348,629	7
3320	Special reserve	31,936	1	48,589	1
3350	Undistributed earnings	1,196,578	20	1,018,632	19
3300	Total retained earnings	<u>1,634,398</u>	<u>28</u>	<u>1,415,850</u>	<u>27</u>
	Other equity				
3410	Exchange differences on translation of financial statements of foreign operations	(4,247)	-	(54,255)	(1)
	Equity attributable to shareholders of the Company	3,282,314	56	2,992,362	56
36XX	Non-controlling interests	82,156	1	40,170	1
3XXX	Total equity	<u>3,364,470</u>	<u>57</u>	<u>3,032,532</u>	<u>57</u>
	Total liabilities and equity	<u>\$ 5,857,928</u>	<u>100</u>	<u>\$ 5,319,475</u>	<u>100</u>

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

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd. and subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

Unit: In thousands of NT\$
But earnings per share are in NT\$

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenues (Notes 4, 26, 36 and 42)	\$ 6,799,263	100	\$ 5,955,120	100
5000	Operating costs (Notes 13 and 27)	(4,273,394)	(63)	(3,722,726)	(62)
5900	Gross profit	<u>2,525,869</u>	<u>37</u>	<u>2,232,394</u>	<u>38</u>
	Operating expenses (Notes 24, 27 and 36)				
6100	Selling and marketing	(1,306,403)	(19)	(1,204,665)	(20)
6200	General and administrative	(410,841)	(6)	(355,202)	(6)
6300	Research and development	(21,117)	(1)	(19,164)	(1)
6000	Total operating expenses	(<u>1,738,361</u>)	(<u>26</u>)	(<u>1,579,031</u>)	(<u>27</u>)
6900	Net operating profit	<u>787,508</u>	<u>11</u>	<u>653,363</u>	<u>11</u>
	Non-operating income and expenses (Notes 27, 31 and 36)				
7100	Interest income	14,421	-	3,402	-
7010	Other income	98,359	2	48,954	1
7020	Other gains and losses	(38,257)	(1)	(7,836)	-
7050	Finance costs	(28,811)	-	(22,381)	(1)
7000	Total non-operating income and expenses	<u>45,712</u>	<u>1</u>	<u>22,139</u>	<u>-</u>
7900	Net profit before tax	833,220	12	675,502	11
7950	Income tax expense (Notes 4 and 28)	(188,144)	(3)	(149,812)	(2)
8200	Net profit for the year	<u>645,076</u>	<u>9</u>	<u>525,690</u>	<u>9</u>
	Other comprehensive income (Notes 4, 25 and 28)				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	2,358	-	18	-

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Code		2022		2021	
		Amount	%	Amount	%
8349	Income tax related to items that will not be reclassified to profit or loss	(\$ 472)	-	(\$ 3)	-
8360	Items that may subsequently be reclassified to profits or loss				
8361	Exchange differences arising on translation of foreign operations	65,373	1	(19,353)	-
8399	Income tax related to items that may subsequently be reclassified to profit or loss	(12,458)	-	3,664	-
8300	Other comprehensive income for the year	54,801	1	(15,674)	-
8500	Total comprehensive income for the year	<u>\$ 699,877</u>	<u>10</u>	<u>\$ 510,016</u>	<u>9</u>
	Net profits attributable to				
8610	Shareholders of the Parent	\$ 660,953	9	\$ 541,341	9
8620	Non-controlling interests	(15,877)	-	(15,651)	-
8600		<u>\$ 645,076</u>	<u>9</u>	<u>\$ 525,690</u>	<u>9</u>
	Total comprehensive attributable to				
8710	Shareholders of the Parent	\$ 712,847	10	\$ 526,706	9
8720	Non-controlling interests	(12,970)	-	(16,690)	-
8700		<u>\$ 699,877</u>	<u>10</u>	<u>\$ 510,016</u>	<u>9</u>
	Earnings per share (Note 29)				
9710	Basic	<u>\$ 10.00</u>		<u>\$ 8.74</u>	
9810	Diluted	<u>\$ 9.92</u>		<u>\$ 8.68</u>	

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

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd. and subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: In thousands of NT\$

Equity attributable to shareholders of the Company

Code		Share capital		Retained earnings			Other equity items	Total	Non-controlling interests	Total equity	
		Number of shares (in thousands of shares)	Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings				Exchange differences arising on translation of foreign operations
A1	Balance as of January 1, 2021	60,045	\$ 600,448	\$ 34,649	\$ 257,154	\$ 27,261	\$ 1,136,438	(\$ 39,605)	\$ 2,016,345	\$ 69,195	\$ 2,085,540
	Appropriation and distribution of earnings										
B1	Legal reserve	-	-	-	91,475	-	(91,475)	-	-	-	-
B3	Special reserve	-	-	-	-	21,328	(21,328)	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(540,403)	-	(540,403)	-	(540,403)
E1	Cash capital increase	6,000	60,000	912,967	-	-	-	-	972,967	-	972,967
N1	Share-based payment transaction	-	-	25,628	-	-	-	-	25,628	-	25,628
M5	Actual acquisition of partial interests in a subsidiary	-	-	(2,925)	-	-	(5,956)	-	(8,881)	8,881	-
D1	Net profit for 2021	-	-	-	-	-	541,341	-	541,341	(15,651)	525,690
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	15	(14,650)	(14,635)	(1,039)	(15,674)
D5	Total comprehensive income for 2021	-	-	-	-	-	541,356	(14,650)	526,706	(16,690)	510,016
O1	Non-controlling interests	-	-	-	-	-	-	-	-	(21,216)	(21,216)
Z1	Balance as of December 31, 2021	66,045	660,448	970,319	348,629	48,589	1,018,632	(54,255)	2,992,362	40,170	3,032,532
N1	Share-based payment transaction	-	-	13,562	-	-	-	-	13,562	-	13,562
	Appropriation and distribution of earnings										
B1	Legal reserve	-	-	-	57,255	-	(57,255)	-	-	-	-
B3	Special reserve	-	-	-	-	(16,653)	16,653	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(444,291)	-	(444,291)	-	(444,291)
N1	Common stocks issued under the employee stock ownership plan	281	2,810	4,833	-	-	-	-	7,643	-	7,643
M5	From difference between the consideration received and the carrying amount of the subsidiaries' net assets acquired or disposal	-	-	191	-	-	-	-	191	780	971
D1	Net profits for 2022	-	-	-	-	-	660,953	-	660,953	(15,877)	645,076
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	1,886	50,008	51,894	2,907	54,801
D5	Total comprehensive income for 2022	-	-	-	-	-	662,839	50,008	712,847	(12,970)	699,877
O1	Non-controlling interests	-	-	-	-	-	-	-	-	54,176	54,176
Z1	Balance as of December 31, 2022	66,326	\$ 663,258	\$ 988,905	\$ 405,884	\$ 31,936	\$ 1,196,578	(\$ 4,247)	\$ 3,282,314	\$ 82,156	\$ 3,364,470

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

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd. and subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

Unit: In thousands of NT\$

Code		2022	2021
	Cash flows from operating activities		
A10000	Net profits before tax for the year	\$ 833,220	\$ 675,502
A20010	Adjustments for		
A20100	Depreciation expenses	654,542	591,780
A20200	Amortization expenses	3,308	2,091
A20300	Expected credit loss reversed	(835)	-
A20400	Net (Gain) loss on financial assets and liabilities measured at fair value through profit or loss	(702)	66
A20900	Finance costs	28,811	22,381
A21200	Interest income	(14,421)	(3,402)
A21900	Share-based compensation	13,562	25,628
A22500	Loss (Gain) on disposal and scrapping of property, plant and equipment	15,699	(5,167)
A22800	Loss on disposal of intangible assets	6	-
A23100	Losses on disposal of subsidiaries	401	4,456
A23800	Reversal of provision for decline in value and obsolescence of inventories	(624)	-
A24600	Gains on rent concessions	(4,883)	(4,610)
A29900	Lease modification gain	(1,935)	(885)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	-	409
A31150	Accounts receivable	(11,292)	(28,867)
A31180	Other receivables	(3,323)	(5,163)
A31200	Inventory	(16,749)	(34,288)
A31230	Prepayments	25,242	(30,820)
A31240	Other current assets	(259)	(170)
A32130	Notes payable	(285)	(9,920)
A32150	Accounts payable	(3,297)	31,536
A32180	Other payables	9,753	7,563
A32230	Other current liabilities	(2,620)	3,477
A32240	Net defined benefit liabilities	(370)	(506)
A33000	Cash inflows from operations	1,522,949	1,241,091
A33100	Interest received	11,415	1,228
A33300	Interest paid	(2,017)	(2,028)
A33500	Income tax paid	(144,315)	(169,267)
AAAA	Net cash inflows from operating activities	<u>1,388,032</u>	<u>1,071,024</u>

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Code		2022	2021
	Cash flows from investing activities		
B00100	Purchase of financial assets at fair value through profit or loss	(\$ 450,539)	(\$ 138,924)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	435,315	44,556
B00040	Purchase of financial assets measured at amortized cost	(712,392)	(385,002)
B02300	Proceeds from disposal of subsidiaries	(69)	-
B02700	Payment for property, plant and equipment	(353,767)	(453,958)
B02800	Proceeds from disposal of property, plant and equipment	67,707	88,457
B03700	Increase in refundable deposits	(12,868)	(6,399)
B04500	Payments of intangible assets	(13,004)	(3,656)
B04600	Proceeds from disposal of intangible assets	-	29
B05350	Acquisition of right-of-use assets.	-	(8,139)
B06100	Decrease in lease receivables	55,142	37,202
B06500	Increase in other financial assets	(9,889)	-
B06600	Decrease in other financial assets	-	2,769
B07100	Increase in prepayments for equipment	(93,194)	(55,674)
BBBB	Net cash outflows from investing activities	(1,087,558)	(878,739)
	Cash flows from financing activities		
C00100	Borrowing of short-term loans	3,000	-
C00200	Repayment of short-term loans	-	(43,000)
C01600	Borrowing of long-term loans	2,161	87,619
C01700	Repayment of long-term loans	(53,647)	(113,247)
C03000	Increase in deposits received	11,059	1,945
C04020	Repayment of lease principals	(498,545)	(455,291)
C04500	Distribution of cash dividends	(429,291)	(390,291)
C04600	Cash capital increase	-	972,967
C04800	Exercise of employee share options	7,643	-
C05400	Acquisition of equity in subsidiaries	-	(21,216)
C05500	Disposal of ownership interests in subsidiaries (without losing control)	971	-
C05800	Change in non-controlling interests	54,176	-
CCCC	Net cash (outflows) inflows from financing activities	(902,473)	39,486
DDDD	Effect of change in exchange rate on cash and cash equivalents	44,290	(11,506)

(Continued on next page)

(Continued from previous page)

<u>Code</u>		<u>2022</u>	<u>2021</u>
E000	(Decrease) Increase in cash and cash equivalents for the period	(\$ 557,709)	\$ 220,265
E00100	Cash and cash equivalents at the beginning of the year	<u>1,247,725</u>	<u>1,027,460</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 690,016</u>	<u>\$ 1,247,725</u>

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

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd. and subsidiaries

Notes to consolidated financial statements

For the Years Ended December 31, 2022 and 2021

(Amounts in New Taiwan dollars thousands unless otherwise stated)

1. Company History

Bafang Yunji International Co., Ltd. (hereinafter referred to as the "Company") was established on January 19, 2000, and is currently engaged in restaurant business, wholesale of food and groceries, retail of beverages, manufacturing of processed bean products, and manufacturing of baked and steamed food products.

The Company's shares have been listed and traded on the Taiwan Stock Exchange since September 2021.

The consolidated financial statements are presented in NTD, which is the functional currency of the Company.

2. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 23, 2023.

3. Application of New and Revised Standards and Interpretation

- (1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The Group applied the amendments to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards. Refer to Note 4 for information relating to the relevant accounting policies.

- (2) Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023

New, Amended or Revised Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2023 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2023.

A. Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a. The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b. The Group chose the accounting policy from options permitted by the standards;
- c. The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d. The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e. The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

B. Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

- (3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended or Revised Standards and Interpretation	Effective Date Issued by IASB (Note 1)
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 IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024(Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023

New, Amended or Revised Standards and Interpretation	Effective Date Issued by IASB (Note 1)
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

A. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendment provides that if the Consolidated Company sells or contributes an asset to an affiliated party (or joint venture), or if the Consolidated Company loses control of a subsidiary but retains significant influence (or joint control) over the subsidiary, the Consolidated Company recognizes all of the gains or losses resulting from such transactions if the aforementioned asset or former subsidiary meets the definition of "business combinations" for "business" under IFRS 3.

In addition, if the Consolidated Company sells or contributes assets to affiliated companies (or joint ventures), or the Consolidated Company loses the control over a subsidiary but retains significant influence on the subsidiaries (or joint control), and if the aforementioned assets or subsidiary not in compliance with the definition of IFRS 3 “Business,” the Consolidated Company is to recognize the profit and loss of the transactions only within the equity scope of the affiliated companies (or joint ventures) irrelevant to the investors, in other words, the profit and loss attributable to the Consolidated Company should be offset.

B. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the

Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period. The 2020 amendment provides the purpose to clarify that settlement refers to the transfer to the counterparty of cash, other economic resources or equity instruments of the Consolidated Company that results in the extinguishment of the liability. However, if the terms of the liability may result in transferring the Consolidated Company's equity instruments at the option of the counterparty, and if the option is separately recognized in equity in accordance with IAS 32, "Financial Instruments: Presentation" the above-mentioned provisions do not affect the classification of the liability.

Except for the above impact, as of the date the consolidated financial statements are approved and released, the Consolidated Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Consolidated Company, and will make appropriate disclosure after the evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

The consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

(2) Basis of preparation

Except for the financial instruments on the basis of fair value and the recognition of net defined benefit liabilities on the basis of the present value of net defined benefit obligation net of the fair value of planned assets, this consolidated financial statement was compiled on the basis of historical cost.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of related input value:

- A. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).

- B. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
 - C. Level 3 input value: the unobservable input value of asset or liability.
- (3) Standards in differentiating current and noncurrent assets and liabilities

Current assets include:

- A. Assets held primarily for trading purposes;
- B. Assets expected to be realized within 12 months of the balance sheet date; and
- C. Cash and cash equivalents (excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date).

Current liabilities include:

- A. Liabilities held primarily for trading purposes;
- B. Liabilities due for settlement within 12 months after the balance sheet date, and
- C. Liabilities whose settlement deadline cannot be unconditionally deferred until at least 12 months after the balance sheet date.

Those that are not current assets or liabilities above are classified as noncurrent assets or liabilities.

(4) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and entities controlled by the Company (subsidiaries). The consolidated comprehensive income statements include the operating profits or losses of the acquired or disposed subsidiaries for the period from the date of acquisition or up to the date of disposal. The subsidiaries' financial statements have been properly adjusted to make the accounting policies consistent with the accounting policies of the Consolidated Company. In preparing the consolidated financial statements, all inter-company transactions, account balances, income and expenses have been eliminated. The total comprehensive income of the subsidiaries is attributable to shareholders of the Company and non-controlling interests, even if the non-controlling interests become a loss balance as a result.

When a change in the Consolidated Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The carrying amounts of the Consolidated Company and non-controlling interests have been adjusted to reflect the changes in their relative interests in subsidiaries. The difference between the adjustment of the non-controlling interests and the fair value of the

consideration paid or received is recognized directly in equity attributable to shareholders of the Company.

For details of subsidiaries, shareholding percentage and business scope, please refer to Note 14 and Exhibit 7 of Note 41.

(5) Foreign currency

For the transactions conducted in a currency other than the business entity's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when each entity prepares its financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in profit or loss in the period in which they occur.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as profit or loss in the period. However, for the changes in fair value recognized in other comprehensive income, the exchange difference is recorded in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a retranslation.

Upon preparation of the consolidated financial reports, the assets and liabilities of overseas operating institutions (including the subsidiaries or affiliates in the countries of business operation or those using currencies different from the Company's) were converted to NTD based on the exchange rate quoted on every balance sheet date. Income and expense items are translated at the average exchange rate for the period and the exchange differences are booked in other comprehensive income (and attributed to shareholders and non-controlling interests of the Company, respectively.)

If the Consolidated Company disposes of all interests in a foreign operation, or disposes of a portion of an interest in a subsidiary of a foreign operation but loses control, or disposes of a retained interest in an affiliate of a foreign operation that is a financial asset and is accounted for under the accounting policy for financial instruments, all cumulative translation differences attributable to shareholders of the Company and related to the foreign operations will be reclassified to profit or loss.

(6) Inventories

Inventories include raw materials, supplies, semi-finished goods, finished goods, and merchandise inventories. Inventories are valued in accordance with the lower of cost or net cash value. When comparing

cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. The cost of inventories is calculated using the weighted-average method.

(7) Investments in Affiliates

The Consolidated Company has a significant influence on an affiliated company that is not a subsidiary or joint venture.

The Consolidated Company adopts the equity method for investment in affiliates.

Under the equity method, investments in the affiliated companies were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the affiliated company and other comprehensive profit or loss by the consolidated company. Additionally, the change in the interests the Consolidated Company' holds in the affiliates was recognized pro rata to the shareholding percentages.

The Consolidated Company assesses impairment by comparing the recoverable amount to the carrying amount of an investment as a whole (including goodwill) as a single asset. The impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of impairment loss can be recognized to the extent that the recoverable amount of the investment subsequently increases.

Gains or losses from upstream, downstream and side-stream transactions with affiliates and joint ventures are recognized in the consolidated financial statements only to the extent that they are not related to the Consolidated Company's equity interest in the affiliates and joint ventures

(8) Property, plant and equipment

Property, plant, and equipment shall be recognized based on cost. Subsequent costing shall be measured on the cost net of accumulated depreciations and accumulated impairments.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. If the lease period is shorter than the useful life, depreciation is provided over the lease period. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

In removing property, plant, and equipment from book, the difference between the net proceeds of disposition and the book value shall be recognized as profit or loss.

(9) Intangible assets

A. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at cost, net of accumulated amortization. Depreciation is recognized using the straight-line method for intangible asset. The Consolidated Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates.

B. Derecognition

In removing intangible assets from book, the difference between the net proceeds of disposition and the book value shall be recognized as profit or loss for the period.

(10) Impairment of property, plant and equipment, right-of-use assets, intangible assets (except for goodwill) and assets related to contract costs

The consolidated company at each balance sheet date is to assess whether there is any indication of the impairment occurring to the tangible and intangible assets. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the consolidated company is to estimate the recoverable amount of the respective cash-generating unit.

The intangible asset with indefinite useful lives and not yet available for use should be tested for impairment at least annually or should be tested when there is an indication of impairment.

The recoverable amount is the fair value net of cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

An impairment loss is recognized for inventory, property, plant and equipment and intangible assets recognized under customer contracts in accordance with the inventory impairment rules and the above rules. Then, an impairment loss is recognized for the amount by which the carrying amount of the contract cost-related assets exceeds the remaining balance of the consideration expected to be received for the provision of the related goods or services, less directly related costs. Next, the carrying amount of the contract cost-related assets is included in the respective cash-generating unit for the purpose of assessing the impairment of the cash-generating unit.

When the impairment loss was reversed subsequently, the carrying amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, but the increased carrying amount may not exceed the carrying amount of the asset or cash-generating unit without recognizing the impairment loss in prior periods (net of amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(11) Financial instrument

When the Consolidated Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the consolidated balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

A. Financial instrument

The regular way of purchase or sale of financial assets are recognized and derecognized based on the accounting on the transaction date.

a. Types of measurement

The types of financial assets held by the Consolidated Company are financial assets at fair value through profit or loss and financial assets measured at amortized cost and investments in equity instruments measured at fair value through other comprehensive income.

I. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are mandatorily measured at fair value through profit or loss and those designated as at fair value through profit or loss. Financial assets

mandatorily measured at fair value through profit or loss include investments in equity instruments investments not designated by the Consolidated Company as being measured at fair value through other comprehensive income, and investments in debt instruments not qualified for classification as being measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, while dividends, interests and gains or losses arising from remeasurement are recognized in other gains and losses. Please refer to Note 35 for the determination of fair value.

II. Financial assets measured at amortized cost

The Consolidated Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

- i. The financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and
- ii. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets (including cash and cash equivalents, accounts receivable measured at amortized cost), after initial recognition, are measured at their total carrying amount determined using the effective interest method, less amortized cost of any impairment loss, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases.

- i. Interest income on financial assets that are credit-impaired upon acquisition or creation is calculated using the credit-adjusted effective interest rate multiplied by the amortized cost of the financial assets.
- ii. Interest income on financial assets that are not credit-impaired upon acquisition or creation but become credit-impaired subsequently is calculated using the effective interest rate multiplied by the amortized cost of the financial assets from the next reporting period after the impairment.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with

minimal risk of changes in value within 3 months from the acquisition date and are used to meet short-term cash commitments.

III. Investment in equity instruments at fair value through other comprehensive income

The Consolidated Company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the acquirer under corporate combinations and acquisition or with consideration at fair value through other comprehensive income for measurement.

Investment in equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as profit or loss.

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the Consolidated Company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

b. Impairment of financial assets and contract assets

The Consolidated Company at each balance sheet date assesses the impairment loss of financial assets (including accounts receivable) at amortized cost and contract assets according to the expected credit loss.

An allowance is recognized for losses on accounts receivable and contract assets based on the expected credit losses over the duration other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit loss over 12 months, and if there is a significant increase, an allowance for loss is recognized based on the expected credit loss over the duration.

Expected credit loss is a weighted average credit loss based on the risk of default. Expected credit loss in a 12-month period represents the expected credit loss arising from possible defaults of the financial instruments within 12 months after the reporting date, and the ongoing expected credit loss represents the expected credit loss arising from all possible defaults of the financial instruments during the expected duration of the financial instruments.

The carrying amount of all financial assets is reduced through an allowance account, except for the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income, which is recognized in other comprehensive income and does not reduce the carrying amount.

c. Derecognition of financial assets

The Consolidated Company has financial assets derecognized only when the contractual rights from the cash flows of a financial asset become invalid or when the financial assets are transferred, and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

IFRS9 describes when a financial asset is derecognized in its entirety, the difference between its carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss. The difference between the carrying amount of a financial asset carried at amortized cost and the consideration received is recognized in profit or loss when the financial asset is derecognized as a whole. When an investment in an equity instrument that is measured at fair value through other comprehensive income is derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

B. Financial liabilities

a. Subsequent measurement

All financial liabilities of the Consolidated Company are measured at amortized cost using the effective interest method.

b. Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the carrying amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

C. Equity instruments

The debt and equity instruments issued by the Consolidated Company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Consolidated Company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types and calculated separately by repurchase category. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

(12) Provision for liabilities

The amount recognized as provision for liabilities (including contractual obligations under leases that specifically state that the leased assets are to be maintained or restored before being returned to the lessor) is the best estimate of the amount required to settle the obligation at the balance sheet date, taking into account the risk and uncertainty of the obligation. Provision for liabilities shall be measured based on the discount value of the estimated cash flow for the settlement of obligation.

(13) Recognition of revenue

The consolidated company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

A. Revenue from merchandise sales

Revenue from merchandise sales is derived from sales of food ingredients to franchisees and from sales of food and beverage in self-operated stores.

The Consolidated Company recognizes revenue and accounts receivable at the point of delivery of the franchisee's food ingredients to the franchisee's designated location, when the franchisee has the right to set the price and use the merchandise and has the primary responsibility for the merchandise at the time of sale, and bears the risk of obsolescence of the merchandise. Revenue from the sale of food and beverages in self-operated stores is recognized at the time of customer purchase.

B. Licensing revenue

Licensing revenue is generated from the licensing of franchisee chain. The business practice of the Consolidated Company is to continuously analyze consumers' preferences for products in order to launch new products, conduct pricing analysis and marketing activities, while the franchisee is required to launch new products. Since the aforementioned business practices do not transfer merchandises or services to the franchisee, the nature of the license is to provide the franchisee with access to intellectual property existing during the license period, and the

original license fee is recognized as licensing revenue on a straight-line basis over the license period.

(14) Leases

The Consolidated Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date

For contracts with lease and non-lease components, the Consolidated Company apportions the consideration in the contracts based on the relative individual prices and treats them separately.

A. The Consolidated Company is the lessor

A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

When the Consolidated Company subleases a right-of-use asset, the classification of the sublease is determined by the right-of-use asset (not the subject asset). If the primary lease is a short-term lease to which the Consolidated Company applies the recognition exemption, the sublease is classified as an operating lease.

Net investment in leases is measured at the sum of the present value of lease payments receivable and the unguaranteed residual value plus the original direct cost and expressed as finance lease receivables. Finance income is allocated to each accounting period to reflect the constant rate of return on the Consolidated Company's outstanding net lease investments in each period. For lease modifications that are not accounted for as separate leases, if the lease modification becomes effective on the inception date of the lease and the lease would be classified as an operating lease, the lease modification is accounted for as a new lease and the carrying amount is measured by the balance of the finance lease receivable before the effective date of the lease modification.

Lease payments for operating leases upon deduction of lease incentives are recognized as income on a straight-line basis in relevant lease periods. Initial direct costs generated in the acquisition of operating leases are added to the underlying asset carrying amount and recognized as expenses on a straight-line basis in lease periods.

B. The Consolidated Company is the lessee

Right-of-use assets and lease liabilities are recognized at the lease inception date, except for leases of low-value underlying assets to which the recognition exemption applies and short-term leases for which lease payments are recognized as expenses on a straight-line basis over the lease period.

Right-of-use assets are measured initially at cost (consisting of the original measurement amount of the lease liability, lease payments made before the inception date of the lease less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment, and the remeasurement of the lease liability is adjusted.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease inception date to the end of their useful lives or the expiration of the lease period, whichever is sooner. If ownership of the subject asset will be acquired at the end of the lease period, or if the cost of the right-of-use asset reflects the exercise of a purchase option, depreciation is provided from the lease commencement date to the end of the useful life of the subject asset.

Lease liabilities are measured initially at the present value of lease payments (including fixed payments, effective fixed payments, variable lease payments dependent on indices or rates, and lease termination penalties reflected in the lease period, net of lease incentives received). If the implicit interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If that rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease period. If there is a change in future lease payments due to changes in the lease period, expected payments under the residual value guarantee, evaluation of the subject asset purchase option or changes in the index or rate used to determine the lease payments, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not treated as separate leases, the remeasurement of the lease liability due to a reduction in the scope of the lease is accounted for as a reduction of the right-of-use asset and recognized as a gain or loss on partial or full termination of the lease; the remeasurement of the lease liability due to other modifications is accounted for as an adjustment to the right-of-use asset. The lease liabilities are expressed separately in the consolidated balance sheet.

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss as a

deduction of expenses of variable lease payments, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(15) Borrowing costs

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring.

(16) Government subsidies

Government grants are recognized only when there is reasonable assurance that the Group will comply with any conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants are intended to compensate.

(17) Employee benefits

Government grants that compensate for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

A. Short-term employee benefits

Liabilities related to short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

B. Retirement benefits

Under defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and rereasurement) of defined benefit pension plan is actuarially determined using the projected unit credit method. Service cost (including current and prior service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit asset may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

(18) Share-based payment agreement

Equity Settled Share-based Payment Agreement to Employees

For equity-settled share-based payment agreement, expenses are recognized on a straight-line basis over the vesting period based on the fair value of the equity instruments at the date of grant and the best estimate of the number of shares expected to be vested, with a simultaneous adjustment to capital surplus - employee stock options. If gain is realized as of the day of transfer, recognize as expenses in full amount as of the transfer day. The equity-settled share-based payment agreements granted to employees are recognized on the grant date when the number of shares subscribed by employees is determined.

(19) Income tax

Income tax expense represents the sum of the current income tax and deferred income tax.

A. Current income tax

The Consolidated Company determines income (loss) for the period in accordance with the regulations enacted by the income tax reporting jurisdictions and calculates income tax payable (recoverable) accordingly.

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

B. Deferred income tax

Deferred income tax is computed in accordance with the temporary differences between the book value of assets and liabilities and the tax bases of taxable income.

Deferred income tax liabilities are generally recognized in accordance with all taxable temporary differences. Deferred tax assets are recognized when there are likely to have taxable income available for deductible temporary difference or tax credit from loss carryforward.

All taxable provisional differences relevant to the investment in subsidiaries and affiliates were recognized as deferred income tax liabilities, except an event while the Consolidated Company could control the time point of recovery of the control over the provisional difference or while the said provisional difference would be very likely not recoverable in the foreseeable future. The deductible temporary differences related to such investments are recognized as deferred income tax assets when there is likely a sufficient taxable income available for realizing a temporary difference and within the expected reverse in the foreseeable future.

The carrying amount of deferred income tax asset must be reviewed at each balance sheet date. The carrying amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The carrying amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequence resulted from the book value of the assets or liabilities expected to be recovered or liquidated on the balance sheet date.

C. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity.

If the current income tax or deferred income tax is resulting from a business combination, the income tax effect is included in the accounting process for business combinations.

5. Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties

When adopting accounting policies, the Consolidated Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources. Actual results may differ from estimates.

The Consolidated Company included the economic impact of the COVID-19 outbreak in the consideration of significant accounting estimates, and management will review the estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which the estimate is revised; if a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which the estimate is revised and in the future period.

Estimations, and Main Sources of Assumption Uncertainties

A. Estimation of impairment on financial assets

The estimation of impairment on accounts receivable and debt instrument investments is based on assumptions regarding the probability of default and the loss rate upon default made by the consolidated company. The consolidated company considers historical experience, current market conditions, and forward-looking information to make these assumptions and select input values for impairment assessment. Please refer to Note 9 "Credit risk management of debt instrument investments" and Note 11 "Notes and accounts receivable and other receivables" for the significant assumptions and input values used. If actual cash flows in the future are less than the consolidated company's expectations, significant impairment losses may arise. In addition, the uncertainty of the effects caused by inflation and interest rate hikes, the uncertainty of the effects caused by fluctuations in inflation and market interest rates, and the effects of financial market volatility on credit risk of financial assets all contribute to significant uncertainty in the estimation of default probabilities.

B. Impairment of inventories

The net realizable value of inventories is estimated as the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Such estimates are made based on the current market conditions and historical sales experience of similar products, and changes in market conditions could significantly affect these estimates.

6. Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 10,889	\$ 11,436
Checking accounts and demand deposits	583,417	778,609
Cash equivalents (investments with original maturity of less than 3 months)		
Bonds with repurchase agreement	65,000	257,680
Bank time deposits	<u>30,710</u>	<u>200,000</u>
	<u>\$ 690,016</u>	<u>\$ 1,247,725</u>

The interest rate ranges at the balance sheet date for bank deposits and bonds with repurchase are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank deposits	0.001%~4.5%	0.001%~0.03%
Bonds with repurchase agreement	0.59%~0.62%	0.26%~0.3%

7. Financial instruments at fair value through profit or loss

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Mandatorily measured at fair value through profit or loss		
Mixed financial assets		
- Structured deposits	<u>\$ 110,228</u>	<u>\$ 94,302</u>

The Consolidated Company entered into structured time deposit contracts with financial institutions. The structured time deposit includes an embedded derivative that is not closely related to the host contract. As the host contract included in the hybrid contract is an IFRS 9 asset, it is assessed as a mandatory classification at fair value through profit or loss for the entire hybrid contract.

8. Financial assets measured at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Time deposits with original maturity over 3 months	<u>\$1,127,766</u>	<u>\$ 415,374</u>

As of December 31, 2022 and 2021, the interest rate ranges for time deposits with original maturity over 3 months were 0.34% to 5.12% and 0.12% to 0.59% per annum.

9. Credit risk management of investments in debt instruments

The Consolidated Company's investments in debt instruments are classified as financial assets at amortized cost.

December 31, 2022

	Measured at amortized cost
Total carrying amount	<u>\$1,127,766</u>
Allowance for losses	<u>-</u>
Amortized cost	<u>\$1,127,766</u>

December 31, 2021

	Measured at amortized cost
Total carrying amount	<u>\$ 415,374</u>
Allowance for losses	<u>-</u>
Amortized cost	<u>\$ 415,374</u>

The credit risk of the Consolidated Company's bank deposits and other financial instruments is measured and monitored by the Consolidated Company's finance department. Since the Consolidated Company's trade counterpart and performing party are banks, financial institutions with investment grade or higher, and corporate organizations with good credit ratings, there is no significant doubt about the performance of the contracts and therefore no significant credit risk.

The Consolidated Company's current credit risk rating mechanism and the total carrying amounts of investments in debt instruments of each credit rating are as follows:

Credit rating	Definition	Recognition basis for expected credit loss	Expected credit loss rate	Total carrying amount as of December 31, 2022	Total carrying amount as of December 31, 2021
Normal	Debtors have low credit risk and sufficient ability to repay contractual cash flow obligations	12-month expected credit loss rate	0%~0.01%	<u>\$1,127,766</u>	<u>\$415,374</u>

10. Financial assets at fair value through other comprehensive income

Investment in equity instruments at fair value through other comprehensive income

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Domestic investments		
Stocks of non-listed companies		
Common stock of La Fresh Information Co., Ltd.	\$ <u>3,750</u>	\$ <u>3,750</u>

The Consolidated Company invested in the common stock of La Fresh Information Co., Ltd. for medium- and long-term strategic purposes and expects to earn profits from the long-term investment. The management of the Consolidated Company considers that it is inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and therefore elects to designate these investments as measured at fair value through other comprehensive income or loss.

11. Accounts receivable and other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts receivable</u>		
Total carrying amount measured at amortized cost		
Non-related party	\$ 139,200	\$ 128,022
Related party	1,254	1,140
Less: Allowance for losses	(1,873)	(2,583)
	<u>\$ 138,581</u>	<u>\$ 126,579</u>
<u>Other receivables</u>		
Receivables for disposal of equipment	\$ 9,401	\$ 9,517
Receivables for interest	343	-
Receivables due from related parties	10	1
Others	<u>12,084</u>	<u>8,770</u>
	<u>\$ 21,838</u>	<u>\$ 18,288</u>

(1) Accounts and notes receivable

The Consolidated Company's sales of merchandises to franchise customers are based on the credit period agreed upon by both parties, and the credit period is 3 to 15 days. Cash (or EasyCard and mobile payment) is mostly used for collection and payment for food and beverage sales, except for accounts receivable from some locations in hypermarkets or department stores and those from conglomerate partnerships, which are mainly based on the credit period negotiated by both parties, with the credit period ranging from 30 to 90 days after the monthly cut-off date. In determining the recoverability of accounts

receivable, the Consolidated Company considers any changes in the credit quality of accounts receivable from the original credit date to the balance sheet date.

To mitigate credit risk, the Consolidated Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Consolidated Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible receivables. Accordingly, the Company's management believes that the credit risk of the Consolidated Company has been significantly reduced.

The Consolidated Company uses the simplified IFRS 9 method to recognize an allowance for losses on accounts receivable based on expected credit losses over the duration of the receivables. The expected credit losses for the duration of the period are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition, the economic situation of the industry, as well as the GDP forecast and industry outlook. Since the credit loss history of the Consolidated Company shows that there is no significant difference in the loss patterns of different customer groups, the allowance matrix does not further differentiate between customer groups and only uses the number of days to establish accounts receivable to determine the expected credit loss rate.

If there is evidence that the counterparty is in serious financial difficulty and the Consolidated Company cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation or the debt has been outstanding for more than 120 days, the Consolidated Company directly writes off the related receivables, but continues the recovery activities, and the amount recovered from the recovery is recognized in profit or loss.

The Consolidated Company measures the allowance for losses on receivables based on the allowance matrix as follows:

December 31, 2022

	<u>0~30 days</u>	<u>31~60 days</u>	<u>61~90 days</u>	<u>91~120 days</u>	<u>120 days or more</u>	<u>Total</u>
	0.26%~	1.64%~	2.94%~	41.87%~		
Expected credit loss rate	1.25%	45.13%	65.09%	78.06%	100%	
Total carrying amount	\$ 132,513	\$ 6,494	\$ 988	\$ 114	\$ 345	\$ 140,454
Allowance for losses						
(Lifetime ECLs)	(956)	(393)	(95)	(84)	(345)	(1,873)
Amortized cost	<u>\$ 131,557</u>	<u>\$ 6,101</u>	<u>\$ 893</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 138,581</u>

December 31, 2021

	0~30 days	31~60 days	61~90 days	91~120 days	120 days or more	Total
Expected credit loss rate	0.01% ~ 0.18%	0.22% ~ 29.43%	10.65% ~ 65.39%	43.93% ~ 100%		
Total carrying amount	\$ 116,616	\$ 11,325	\$ 1,044	\$ 96	\$ 81	\$ 129,162
Allowance for losses (Lifetime ECLs)	(<u>1,531</u>)	(<u>688</u>)	(<u>210</u>)	(<u>73</u>)	(<u>81</u>)	(<u>2,583</u>)
Amortized cost	<u>\$ 115,085</u>	<u>\$ 10,637</u>	<u>\$ 834</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 126,579</u>

The above is an aging analysis based on the posting date.

The changes in the allowance for losses on accounts receivable were as follows:

	Year ended December 31,	
	2022	2021
Balance at the beginning of the period	\$ 2,583	\$ 2,634
Less: Actual write-off for the period		(11)
Reversal of impairment loss	(835)	-
Foreign currency translation differences	<u>125</u>	(<u>40</u>)
Balance at the end of the period	<u>\$ 1,873</u>	<u>\$ 2,583</u>

(2) Other receivables

The Consolidated Company does not accrue interest on other receivables. To mitigate credit risk, the Consolidated Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Consolidated Company reviews the recoverable amounts of other receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible other receivables.

12. Lease receivables

	December 31, 2022	December 31, 2021
Current	\$ 53,991	\$ 46,410
Non-current	<u>105,029</u>	<u>123,482</u>
	<u>\$ 159,020</u>	<u>\$ 169,892</u>
Undiscounted lease payments		
Year 1	\$ 58,327	\$ 48,790
Year 2	47,004	46,833
Year 3	34,295	34,933
Year 4	15,715	24,561
Year 5	4,734	9,506
More than 5 years	<u>3,281</u>	<u>11,107</u>
	163,356	175,730
Unrealized interest income	(<u>4,336</u>)	(<u>5,838</u>)

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
receivable		
Lease receivables	<u>\$ 159,020</u>	<u>\$ 169,892</u>

The Consolidated Company subleases its leased stores to franchise owners. All leases are denominated in NTD and fixed annual lease payments are received. As the remaining period of the lease is fully covered by sublease, they are classified as lease receivables.

The implied interest rate for the lease period was decided not to change at the contract date and was 1.7% per annum as of December 31, 2022.

The Consolidated Company measures the allowance for losses on lease receivables based on expected credit losses over the duration of the lease. As of the balance sheet date, there were no overdue lease receivables, and considering the counterparty's past default record, the future development of the industry related to the subject matter of the lease and the value of the collateral, the Consolidated Company concluded that the above lease receivables were not impaired.

For all lease commitments entered into by the Consolidated Company as of December 31, 2022 and 2021, there were no lease agreements with lease periods beginning after the balance sheet date.

13. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials	\$ 153,628	\$ 148,262
Semi-finished products	8,586	9,939
Finished goods	22,232	16,932
Merchandise inventories	<u>42,581</u>	<u>34,615</u>
	<u>\$ 227,027</u>	<u>\$ 209,748</u>

The nature of cost of goods sold is as follows:

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 4,274,018	\$ 3,722,726
Gain from price recovery of inventories	(624)	-
	<u>\$ 4,273,394</u>	<u>\$ 3,722,726</u>

14. Subsidiary

(1) Subsidiaries included in consolidated financial statements

Entities covered by the consolidated financial statements are as follows:

Name of investee	Name of subsidiary	Nature of business	Shareholding percentage		Explanation
			December 31, 2022	December 31, 2021	
Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	Food and beverage manufacturing and sales	100%	100%	-
Bafang Yunji International Co., Ltd.	Bafang Yunji (Samoa) International Co., Ltd.	Holding	100%	100%	(1) 、(4)
Bafang Yunji International Co., Ltd.	Fang Sin International Trading Co., Ltd.	International Trade	100%	100%	-
Bafang Yunji International Co., Ltd.	Bafang Co., Ltd.	Food and beverage manufacturing and sales	100%	100%	-
Bafang Yunji International Co., Ltd.	Bafang Yunji International (USA) Limited	Holding	100%	100%	(2)
Bafang Yunji International Co., Ltd.	Dante Coffee & Foods Co., Ltd.	Food and beverage manufacturing and sales	85.29%	85.29%	(3)
Bafang Yunji International Co., Ltd.	Bafang Yunji International Company Limited	Food and beverage manufacturing and sales	100%	-	(4)
Bafang Yunji (Samoa) International Co., Ltd.	Bafang Yunji Restaurant Group Limited	Holding	100%	100%	(5)
Bafang Yunji (Samoa) International Co., Ltd.	Bafang Yunji International Company Limited	Food and beverage manufacturing and sales	-	100%	(4)
Bafang Yunji (Samoa) International Co., Ltd.	Bafang Yunji (Samoa) Investment Company Limited	Holding	-	100%	(10)
Bafang Yunji Restaurant Group Limited	Fujian Bafang Yunji Foods Co., Ltd.	Food and beverage manufacturing and sales	100%	100%	-
Bafang Yunji Restaurant Group Limited	Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Food and beverage manufacturing and sales	100%	100%	-
Bafang Yunji International Company Limited	Jiashide Limited	Holding	100%	100%	-
Bafang Yunji International Company Limited	Hsin Chiao International Co. Limited	Transportation	100%	100%	-
Bafang Yunji International Company Limited	Long Success (HK) Industrial Limited	Food and beverage manufacturing and sales	100%	100%	-
Bafang Yunji International Company Limited	Rich Grade Limited	Food and beverage manufacturing and sales	100%	100%	-
Bafang Yunji International Company Limited	Wise Success Enterprise Limited	Transportation	100%	100%	-
Jiashide Limited	Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Food wholesale	100%	100%	-
Bafang Yunji International (USA) Limited	Bafang Yunji Foods LLC	Food and beverage manufacturing and sales	59.25%	60%	(6) 、(7)
Bafang Yunji International (USA) Limited	Bafang Yunji Restaurant Group LLC	Food and beverage manufacturing and sales	59.25%	60%	(6) 、(7)
Dante Coffee & Foods Co., Ltd.	Sound Sino Group Limited	Holding	71%	71%	-
Dante Coffee & Foods Co., Ltd.	Dante Creative Co., LTD.	Food and beverage manufacturing and sales	100%	100%	(8)
Sound Sino Group Limited	Shanghai Dante Coffee Co., Ltd	Food and beverage manufacturing and sales	-	100%	(9)

Remarks:

- A. Bafang Yunji (Samoa) International Co., Ltd. executed the capital reduction and refunded cash \$472,514 thousand (US dollars 14,859 thousand) in September 2022.
- B. The Consolidated Company invested \$76,833 thousand (USD 2,480 thousand) in Bafang Yunji International (USA) Limited on

January 26 and October 17, 2022, respectively, with a 100% ownership in both cases.

- C. On July 15, 2021, the Consolidated Company acquired 16.27% of the shares of Dante Coffee & Foods Co., Ltd. with \$21,216 thousand. For information on the Equity transactions with non-controlling interests, please refer to Note 32.
- D. The board of directors of the Consolidated Company passed a resolution on August 9, 2022 to adjust the internal organization for better support of operational and management requirements. As part of the re-organization, the Company paid \$460,969 thousand in cash to Bafang Yunji (Samoa) International Co., Ltd. to acquire 100% equity ownership in Bafang Yunji International Company Limited. The Consolidated Company had applied accounting treatment for re-organization and valued the net worth of Bafang Yunji International Company Limited at \$476,538 thousand (HKD 119,618 thousand) as of July 31, 2022; this transaction resulted in an increase and decrease to the capital surplus of the Company and Bafang Yunji (Samoa) International Co., Ltd. by \$15,569 thousand, respectively.
- E. Bafang Yunji Restaurant Group Limited executed the capital reduction and refunded cash \$10,752 thousand (US dollars 350 thousand) in May 2022.
- F. On September of 2022, the Consolidated Company sold 0.75% of the shares of Bafang Yunji Foods LLC and Bafang Yunji Restaurant Group LLC for \$637 thousand (USD 21 thousand) and \$334 thousand (USD 11 thousand), respectively, in cash, and maintained a 59.25% ownership after the disposal.
- G. On January 28 and October 18, 2022, the Consolidated Company invested \$41,511 thousand (USD 1,369 thousand) in Bafang Yunji Foods LLC and invested \$37,666 thousand (USD 1,185 thousand) in Bafang Yunji Restaurant Group LLC, respectively, with a 59.25% ownership in both cases.
- H. In October 2022, the Consolidated Company invested \$30,000 thousand in Dante Creative Co., LTD.
- I. Shanghai Dante Coffee Co., Ltd was deregistered in September 2022.
- J. Bafang Yunji (Samoa) Investment Company Limited was deregistered in November 2022.

For information on the principal place of business and the country of incorporation, please refer to Note 41, Exhibit 7, "Information on investees, locations, etc." and Exhibit 8, "Information on investment in Mainland China".

- (2) Subsidiaries not included in the consolidated financial statements: None.

(3) Information on subsidiaries with significant non-controlling interests

Name of subsidiary	Principal place of business	Percentage of equity and voting rights held by non-controlling interests	
		December 31, 2022	December 31, 2021
Bafang Yunji Foods LLC	United States	40.75%	40%
Bafang Yunji Restaurant Group LLC	United States	40.75%	40%

Name of subsidiary	Profit or loss allocated to non-controlling interests		Non-controlling interests	
	Year ended December 31,		December 31, 2022	December 31, 2021
	2022	2021		
Bafang Yunji Foods LLC	(\$ 9,737)	(\$ 3,450)	\$ 39,716	\$ 18,665
Bafang Yunji Restaurant Group LLC	1,497	(2,647)	42,430	13,973
Others	(7,637)	(9,554)	10	7,532
Total	(\$ 15,877)	(\$ 15,651)	\$ 82,156	\$ 40,170

The following aggregated financial information for each subsidiary has been prepared using amounts before elimination of intercompany transactions.

December 31, 2022

	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC	Others
Current assets	\$ 54,829	\$ 66,810	\$ 81,691
Non-current assets	113,547	246,973	53,460
Current liabilities	(13,612)	(18,975)	(103,492)
Non-current liabilities	(57,302)	(190,685)	(30,763)
Equity	\$ 97,461	\$ 104,123	\$ 896
Equity attributable to:			
Shareholders of the Company	\$ 57,745	\$ 61,693	\$ 886
Non-controlling interests	39,716	42,430	10
	\$ 97,461	\$ 104,123	\$ 896

December 31, 2021

	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC	Others
Current assets	\$ 22,879	\$ 24,944	\$ 106,551
Non-current assets	73,656	49,262	155,775
Current liabilities	(7,221)	(2,785)	(121,544)
Non-current liabilities	(42,652)	(36,489)	(88,945)
Equity	<u>\$ 46,662</u>	<u>\$ 34,932</u>	<u>\$ 51,837</u>
Equity attributable to:			
Shareholders of the Company	\$ 27,997	\$ 20,959	\$ 44,305
Non-controlling interests	<u>18,665</u>	<u>13,973</u>	<u>7,532</u>
	<u>\$ 46,662</u>	<u>\$ 34,932</u>	<u>\$ 51,837</u>

For the year ended December 31, 2022

	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC	Others
Operating revenue	<u>\$ 52,802</u>	<u>\$ 131,356</u>	<u>\$ 151,064</u>
Net profit for the year from continuing operations	(\$ 24,206)	<u>\$ 3,831</u>	(\$ 51,233)
Net profit for the year	(24,206)	3,831	(51,233)
Other comprehensive income	<u>5,224</u>	<u>1,788</u>	<u>292</u>
Total comprehensive income	(\$ 18,982)	<u>\$ 5,619</u>	(\$ 50,941)
Net profit attributable to:			
Shareholders of the Company	(\$ 14,469)	\$ 2,334	(\$ 43,596)
Non-controlling interests	(9,737)	<u>1,497</u>	(7,637)
	<u>(\$ 24,206)</u>	<u>\$ 3,831</u>	<u>(\$ 51,233)</u>
Total comprehensive attributable to:			
Shareholders of the Company	(\$ 11,332)	\$ 3,417	(\$ 43,419)
Non-controlling interests	(7,650)	<u>2,202</u>	(7,522)
	<u>(\$ 18,982)</u>	<u>\$ 5,619</u>	<u>(\$ 50,941)</u>

For the year ended December 31, 2021

	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC	Others
Operating revenue	\$ <u>-</u>	\$ <u>-</u>	\$ <u>178,347</u>
Net profit for the year from continuing operations	(\$ <u>8,626</u>)	(\$ <u>6,617</u>)	(\$ <u>43,694</u>)
Net profit for the year	(<u>8,626</u>)	(<u>6,617</u>)	(<u>43,694</u>)
Other comprehensive income	(<u>1,495</u>)	(<u>1,121</u>)	<u>16</u>
Total comprehensive income	(\$ <u>10,121</u>)	(\$ <u>7,738</u>)	(\$ <u>43,678</u>)
Net profit attributable to:			
Shareholders of the Company	(\$ <u>5,176</u>)	(\$ <u>3,970</u>)	(\$ <u>34,140</u>)
Non-controlling interests	(<u>3,450</u>)	(<u>2,647</u>)	(<u>9,554</u>)
	(\$ <u>8,626</u>)	(\$ <u>6,617</u>)	(\$ <u>43,694</u>)
Total comprehensive attributable to:			
Shareholders of the Company	(\$ <u>6,073</u>)	(\$ <u>4,643</u>)	(\$ <u>34,131</u>)
Non-controlling interests	(<u>4,048</u>)	(<u>3,095</u>)	(<u>9,547</u>)
	(\$ <u>10,121</u>)	(\$ <u>7,738</u>)	(\$ <u>43,678</u>)

15. Property, plant and equipment

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Self-use	<u>\$ 1,710,287</u>	<u>\$ 1,548,972</u>

Self-use

	Land	Building and construction	Transportation equipment	Food and beverage equipment	Office equipment	Machinery equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment pending acceptance	Total
<u>Cost</u>										
Balance at January 1, 2022	\$ 412,861	\$ 629,255	\$ 47,343	\$ 300,779	\$ 17,977	\$ 495,496	\$ 288,457	\$ 84,493	\$ 38,197	\$ 2,314,858
Addition	-	2,655	6,784	67,690	9,756	12,946	194,142	15,647	33,573	343,193
Reclassification	-	130	-	6,975	1,033	83,598	27,211	6,055	(33,984)	91,018
Disposal	-	-	(4,210)	(52,818)	(5,176)	(23,816)	(63,178)	(11,215)	-	(160,413)
Net exchange differences	(1,485)	22,117	1,565	7,791	1,251	6,426	12,036	446	2,067	52,214
Balance at December 31, 2022	\$ 411,376	\$ 654,157	\$ 51,482	\$ 330,417	\$ 24,841	\$ 574,650	\$ 458,668	\$ 95,426	\$ 39,853	\$ 2,640,870
<u>Accumulated depreciation and impairment</u>										
Balance at January 1, 2022	-	\$ 100,764	\$ 30,018	\$ 146,740	\$ 13,262	\$ 267,770	\$ 159,404	\$ 47,928	-	\$ 765,886
Depreciation expenses	-	28,612	5,931	51,119	2,742	63,946	53,188	11,828	-	217,366
Disposal	-	-	(3,579)	(19,992)	(3,188)	(19,249)	(21,514)	(9,601)	-	(77,123)
Net exchange differences	-	1,850	1,286	6,309	907	5,677	8,038	387	-	24,454
Balance at December 31, 2022	-	\$ 131,226	\$ 33,656	\$ 184,176	\$ 13,723	\$ 318,144	\$ 199,116	\$ 50,542	-	\$ 930,583
Net amount at December 31, 2022	\$ 411,376	\$ 522,931	\$ 17,826	\$ 146,241	\$ 11,118	\$ 256,506	\$ 259,552	\$ 44,884	\$ 39,853	\$ 1,710,287

	Land	Building and construction	Transportation equipment	Food and beverage equipment	Office equipment	Machinery equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost										
Balance at January 1, 2021	\$ 419,429	\$ 460,234	\$ 50,443	\$ 243,007	\$ 18,057	\$ 437,395	\$ 253,705	\$ 84,114	\$ 43,840	\$ 2,010,224
Addition	-	121,293	246	129,796	3,061	42,968	104,014	3,012	50,400	454,790
Reclassification	-	53,770	-	5,926	152	19,982	847	2,035	(55,742)	26,970
Disposal	-	-	(2,878)	(75,608)	(2,991)	(3,029)	(67,185)	(4,526)	-	(156,217)
Net exchange differences	(6,568)	(6,042)	(468)	(2,342)	(302)	(1,820)	(2,924)	(142)	(301)	(20,909)
Balance at December 31, 2021	\$ 412,861	\$ 629,255	\$ 47,343	\$ 300,779	\$ 17,977	\$ 495,496	\$ 288,457	\$ 84,493	\$ 38,197	\$ 2,314,858
Accumulated depreciation and impairment										
Balance at January 1, 2021	\$ -	\$ 76,770	\$ 26,903	\$ 126,821	\$ 14,435	\$ 219,400	\$ 153,999	\$ 41,806	\$ -	\$ 660,134
Depreciation expenses	-	25,551	6,271	40,783	2,017	52,864	39,807	10,248	-	177,541
Disposal	-	-	(2,757)	(18,899)	(2,919)	(2,747)	(32,082)	(4,006)	-	(63,410)
Net exchange differences	-	(1,557)	(399)	(1,965)	(271)	(1,747)	(2,320)	(120)	-	(8,379)
Balance at December 31, 2021	\$ -	\$ 100,764	\$ 30,018	\$ 146,740	\$ 13,262	\$ 267,770	\$ 159,404	\$ 47,928	\$ -	\$ 765,886
Net amount at December 31, 2021	\$ 412,861	\$ 528,491	\$ 17,325	\$ 154,039	\$ 4,715	\$ 227,726	\$ 129,053	\$ 36,565	\$ 38,197	\$ 1,548,972

The Consolidated Company's property, plant and equipment are depreciated on a straight-line basis over the following useful lives:

Building and construction	
Plant main building	22 to 50 years
Wastewater treatment equipment	10 years
Renovation construction	4 to 5 years
Transportation equipment	1 to 7 years
Office equipment	1 to 10 years
Machinery equipment	1 to 7 years
Leasehold improvements	2 to 7 years
Other equipment	3 to 15 years

For property, plant and equipment pledged as collateral for loans by the Consolidated Company, please refer to Note 37.

16. Lease agreements

(1) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Land	\$ 156,566	\$ 58,186
Building	996,685	895,084
Transportation equipment	<u>132,986</u>	<u>125,109</u>
	<u>\$ 1,286,237</u>	<u>\$ 1,078,379</u>
	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Addition of right-of-use assets.		
Land	\$ 106,772	\$ 24,515
Building	649,324	703,297
Transportation equipment	<u>53,215</u>	<u>58,521</u>
	<u>\$ 809,311</u>	<u>\$ 786,333</u>
Depreciation expenses of right-of-use assets		

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	\$ 8,391	\$ 2,409
Building	384,033	373,404
Transportation equipment	<u>44,752</u>	<u>38,426</u>
	<u>\$ 437,176</u>	<u>\$ 414,239</u>

(2) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carry amount of lease liabilities		
Current	<u>\$ 437,514</u>	<u>\$ 392,229</u>
Non-current	<u>\$1,009,692</u>	<u>\$ 843,953</u>

The discount rate range for lease liabilities is as follows

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	1.42%	1.42%
Building and construction	1.25% ~ 4.75%	1.25% ~ 4.75%
Transportation equipment	1.25% ~ 1.7%	1.25% ~ 1.7%

(3) Significant lease activities and terms

The Consolidated Company leases certain land and buildings as plants and offices with lease periods from 2016 to 2041, upon termination of which, the Consolidated Company has no bargain purchase option for the leased land and buildings.

The Consolidated Company incurred lease modification gains of \$1,935 thousand and lease modification gains of \$855 thousand for 2022 and 2021, respectively.

The Consolidated Company negotiated with some lessors on building leases in 2022 and 2021 due to the severe impact of the COVID-19 pandemic on the market economy, and the lessors agreed to unconditionally reduce the rental amounts in 2022 and 2021. The Consolidated Company recognized \$4,883 thousand and \$4,610 thousand (recorded as operating expenses - reduction in rental expense) in 2022 and 2021, respectively, for the effect of the aforementioned rental reduction.

(4) Sublease

The total future lease payments to be received under operating subleases are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year 1	\$ 1,723	\$ 939
Year 2	1,200	523
Year 3	1,215	-

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Year 4	945	-
Year 5	-	-
More than 5 years	-	-
	<u>\$ 5,083</u>	<u>\$ 1,462</u>

(5) Information on other leases

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Short-term lease expenses	<u>\$ 6,175</u>	<u>\$ 4,521</u>
Lease expenses for low-value assets	<u>\$ 563</u>	<u>\$ 447</u>
Variable lease payment expense not included in the measurement of lease liabilities	<u>\$ 13,901</u>	<u>\$ 11,125</u>
Total cash (outflows) from leases	<u>(\$ 519,184)</u>	<u>(\$ 471,384)</u>

The Consolidated Company elected to apply the exemption from recognition to certain office equipment leases that qualify as low-value asset leases and did not recognize the related right-of-use assets and lease liabilities for these leases.

All lease commitments with lease periods beginning after the balance sheet date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lease commitments	<u>\$ 11,860</u>	<u>\$121,800</u>

17. Other intangible assets

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Cost</u>		
Balance at the beginning of the year	\$ 22,233	\$ 20,112
Acquired separately	13,004	3,656
Disposal in the period	(367)	(188)
Reclassification	-	(1,190)
Net exchange differences	504	(157)
Balance at the end of the year	<u>\$ 35,374</u>	<u>\$ 22,233</u>

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Accumulated depreciations</u>		
Balance at the beginning of the year	\$ 15,799	\$ 14,337

	Year ended December 31,	
	2022	2021
Amortization expenses	3,308	2,091
Disposal in the period	(361)	(159)
Reclassification	-	(330)
Net exchange differences	467	(140)
Balance at the end of the year	<u>\$ 19,213</u>	<u>\$ 15,799</u>
Net amount at the end of the year	<u>\$ 16,161</u>	<u>\$ 6,434</u>

Amortization expense is provided on a straight-line basis over the following useful lives:

Computer software costs	5 to 10 years
-------------------------	---------------

18. Prepayments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Prepaid rental	\$ 7,332	\$ 7,746
Prepaid insurance	1,765	1,656
Prepayments for goods	49,531	84,080
Supplies inventory	8,475	9,067
Retained tax credits and input tax	6	2,559
Others	24,482	11,725
	<u>\$ 91,591</u>	<u>\$ 116,833</u>

Prepayments for goods

The Consolidated Company's prepayments mainly consist of prepayments made under purchase contracts for materials with domestic and foreign vendors.

19. Other assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Temporary payments	\$ 298	\$ 605
Other financial assets - current (1)	20,286	10,397
Others	645	79
	<u>\$ 21,229</u>	<u>\$ 11,081</u>
<u>Non-current</u>		
Prepayments for equipment (2)	<u>\$ 82,252</u>	<u>\$ 80,076</u>
Refundable deposits (3)	<u>\$ 164,941</u>	<u>\$ 152,073</u>

(1) Other financial assets - restricted bank deposits

The Consolidated Company's other financial assets-restricted bank demand deposits are mainly trust lodgments for the issuance of stored value cards and gift certificates, as described in Note 37.

(2) Prepayments for equipment

The Consolidated Company's prepayments for equipment are advanced payments for the purchase of property, plant and equipment used in the production of products or services.

(3) Refundable deposits

The refundable deposits are cash pledges provided by the Consolidated Company under lease agreements to acquire the real estate right-of-use assets in its sales stores.

20. Loans

(1) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Secured loans (Note 39)	<u>\$ 30,000</u>	<u>\$ 27,000</u>

The bank loans were secured by pledges of the Consolidated Company's own land and buildings (Please refer to Note 37), with effective interest rates ranging from 1.775% and 1.16% per annum as of December 31, 2022 and 2021. The amount drawn was used for short-term operating turnover and material purchases.

(2) Long-term loans

	Maturity date	Material terms	Effective interest rate	December 31, 2022	December 31, 2021
Secured loans (Note 37)					
Hang Seng Bank Limited					
Mortgaged loans	2016.11.28 -2031.11.28	The total borrowing amount is HK\$3,112,000 and the principal is repayable in 180 equal installments from the date of borrowing (2016.11.28), with interest charged monthly. Redeemed in advance as of 2022.08.01	2.2%	-	7,706
Mortgaged loans	2018.5.31- 2033.5.31	The total borrowing amount is HK\$2,280,000 and the principal is repayable in 100 equal installments from the date of borrowing (2018.6.30), with interest charged monthly. Redeemed in advance as of 2022.08.01	2.5%	-	6,469
Mortgaged loans	2021.6.1- 2031.6.1	The total borrowing amount is HK\$10,600,000 and the principal is repayable in 120 equal installments from the date of borrowing (2021.6.1), with interest charged monthly.	2.5%	36,139	35,954

Mega International

	Maturity date	Material terms	Effective interest rate	December 31, 2022	December 31, 2021
Commercial Bank					
Mortgaged loans	2018.7.5 -2025.7.4	The total borrowing amount is \$70,000 thousand and the principal is repayable in 84 equal installments from the date of borrowing (2018.7.5), with interest charged monthly. Redeemed in advance as of 2022.07.20	1.17%	-	35,819
TOYOTA FINANCE					
Mortgaged loans	2022.3.23 -2027.4.22	The total borrowing amount is US\$36,726 and the principal is repayable in 60 equal installments from the date of borrowing (2022.3.23), with interest charged monthly.	3.9%	977	-
Mortgaged loans	2022.12.24 -2027.12.24	The total borrowing amount is US\$28,326 and the principal is repayable in 60 equal installments from the date of borrowing (2022.11.24), with interest charged monthly.	1.99%	915	-
Less: current portion Long-term bank loans				(<u>4,153</u>) \$ <u>33,878</u>	(<u>14,586</u>) \$ <u>71,362</u>

Bank loans are secured by pledges of the Company's own land, buildings and machinery equipment.

21. Notes payable and accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes payable</u>		
Incurring as a result of operations	<u>\$ 2,551</u>	<u>\$ 2,836</u>
<u>Accounts payable</u>		
Incurring as a result of operations	<u>\$ 198,717</u>	<u>\$ 202,014</u>

(1) Notes payable

As of December 31, 2022 and 2021, the Consolidated Company had no notes payable to banks in its accounting book.

(2) Accounts payable

The average credit period for accounts payable ranges from 7 to 30 days. The Consolidated Company has a financial risk management policy to ensure that all accounts payable are paid within the prearranged credit period.

22. Other liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Other payables		

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-related party		
Salaries payable and bonus	\$ 212,049	\$ 214,873
Business tax payable	31,181	10,879
Service expenses payable	4,668	4,052
Social insurance & housing fund payable	-	15,960
Remuneration payable to employees and directors and supervisors	17,980	15,000
Insurance premiums payable	15,232	15,092
Pension payable	8,511	9,360
Equipment payables	23,381	32,401
Dividends payable	165,112	150,112
Others	<u>89,101</u>	<u>83,753</u>
	567,215	551,482
Related party (Note 36)		
Others	<u>260</u>	<u>260</u>
	<u>\$ 567,475</u>	<u>\$ 551,742</u>
Other liabilities		
Financial liabilities	\$ 38,592	\$ 40,774
Advanced receipts	1,208	1,253
Temporary receipts	496	2,385
Receipts under custody	<u>19,655</u>	<u>18,159</u>
	<u>\$ 59,951</u>	<u>\$ 62,571</u>
<u>Non-current</u>		
Other liabilities		
Deposits received	<u>\$ 40,111</u>	<u>\$ 29,052</u>

23. Provision for liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Non-current</u>		
Decommissioning liabilities	<u>\$ 7,627</u>	<u>\$ 8,875</u>
		<u>Decommissioning liabilities</u>
Balance as of January 1, 2022		\$ 8,875
Provision for the year		2,383
Disposal in the year		(3,937)
Net exchange differences		<u>306</u>
Balance as of December 31, 2022		<u>\$ 7,627</u>

	Decommissioning liabilities
Balance as of January 1, 2021	\$ 7,672
Provision for the year	3,200
Disposal in the year	(1,897)
Net exchange differences	(100)
Balance as of December 31, 2021	<u>\$ 8,875</u>

The provision for decommissioning liabilities is the estimated cost of restoring the original condition of the leased assets to the lessor when the Consolidated Company leases the stores from the owners.

24. Retirement benefit plans

(1) Defined contribution plan

The Consolidated Company's pension plan under the Labor Pension Act is a government-administered defined contribution pension plan, which requires the Consolidated Company to contribute 6% of employees' monthly salaries to the individual accounts of the Bureau of Labor Insurance.

Within the Consolidated Company, including the Company and subsidiaries, Bafang Yunji Restaurant Co., Ltd., Dante Coffee & Foods Co., Ltd., and Dante Creative Co., Ltd. recognized \$37,943 thousand and \$37,300 thousand of expenses in the consolidated statements of comprehensive income for 2022 and 2021, respectively, in accordance with the specified contribution percentage of the defined contribution plan.

The employees of the Consolidated Company's subsidiaries in Mainland China and Hong Kong are subject to the retirement benefit plans operated by the local governments. The subsidiary is required to contribute a certain percentage of salary costs to the retirement benefit plan to fund the plan. The Consolidated Company's obligation to this government-operated retirement benefit plan is only to contribute a specific amount. The amount contributed in 2022 and 2021 was recognized as expenses in the consolidated statements of comprehensive income with a total of \$12,933 thousand and \$9,775 thousand, respectively.

Within the Consolidated Company, Bafang Yunji Restaurant Group LLC and Bafang Yunji Foods LLC do not have retirement plans for their employees. Fang Sin International Trading Co., Ltd., Bafang Co., Ltd., and Shanghai Dante Coffee Co., Ltd do not have regular employees on their payroll, and therefore are not applicable to retirement benefit plans.

(2) Defined benefit plan

The pension plan of the Company under the Labor Standards Act of the ROC is a government-administered defined benefit pension plan. Employees' pension payments are based on the average salary for the six

months before the date of retirement. The companies contribute 4% of the employees' monthly salaries to the pension fund, which is deposited in the name of the Supervisory Committee of Labor Retirement Reserve in a dedicated account in the Bank of Taiwan. Before the end of the year, if the estimated balance in the account is not sufficient to pay the employees who are expected to meet the retirement criteria in the following year, the difference will be made up in one lump sum by the end of March of the following year. The Consolidated Company does not have the right to influence the investment management strategy as the dedicated account is entrusted to be administered by the Bureau of Labor Funds of the Ministry of Labor.

The amounts of defined benefit plan included in the balance sheet are shown as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 11,498	\$ 13,034
Fair value of plan assets	(<u>9,252</u>)	(<u>8,060</u>)
Net defined benefit liabilities	<u>\$ 2,246</u>	<u>\$ 4,974</u>

Changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
January 1, 2021	<u>\$ 12,896</u>	<u>(\$ 7,398)</u>	<u>\$ 5,498</u>
Service costs			
Interest expenses (income)	<u>64</u>	<u>(38)</u>	<u>26</u>
Recognized in profit or loss	<u>64</u>	<u>(38)</u>	<u>26</u>
Remeasurement			
Actuarial gains (losses) from changes in demographic assumptions	440	-	440
Return on planned assets (other than the amount included in net interest)	-	<u>(92)</u>	<u>(92)</u>
Actuarial gains - changes in financial assumptions	<u>(767)</u>	-	<u>(767)</u>
Actuarial gains - adjustments through experience	<u>401</u>	<u>-</u>	<u>401</u>
Recognized in other comprehensive income	<u>74</u>	<u>(92)</u>	<u>(18)</u>
Contribution from the employer	<u>-</u>	<u>(532)</u>	<u>(532)</u>
December 31, 2021	<u>\$ 13,034</u>	<u>(\$ 8,060)</u>	<u>\$ 4,974</u>
January 1, 2022	<u>\$ 13,034</u>	<u>(\$ 8,060)</u>	<u>\$ 4,974</u>
Service costs			
Interest expenses (income)	114	<u>(73)</u>	41
Current service cost	<u>117</u>	<u>-</u>	<u>117</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Recognized in profit or loss	<u>231</u>	<u>(73)</u>	<u>158</u>
Remeasurement			
Actuarial gains (losses) from changes in demographic assumptions	-	-	-
Return on planned assets (other than the amount included in net interest)	-	(591)	(591)
Actuarial gains - changes in financial assumptions	(1,302)	-	(1,302)
Actuarial gains - adjustments through experience	<u>(465)</u>	<u>-</u>	<u>(465)</u>
Recognized in other comprehensive income	<u>(1,767)</u>	<u>(591)</u>	<u>(2,358)</u>
Contribution from the employer	<u>-</u>	<u>(528)</u>	<u>(528)</u>
December 31, 2022	<u>\$ 11,498</u>	<u>(\$ 9,252)</u>	<u>\$ 2,246</u>

The amounts recognized in profit or loss for defined benefit plan are summarized by function as follows:

	Year ended December 31,	
	<u>2022</u>	<u>2021</u>
Operating expenses	<u>\$ 158</u>	<u>\$ 26</u>

The Consolidated Company is exposed to the following risks as a result of the pension system under the “Labor Standards Act”:

- A. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Consolidated Company's plan assets is based on the income at a rate no less than the local bank's 2-year time deposit rate.
- B. Interest rate risk: A decrease in interest rates on government bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
- C. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member's salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Consolidated Company's defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.625%	0.875%
Expected rate of salary increase	3%	3%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase by 0.25%	(\$ <u>393</u>)	(\$ <u>486</u>)
Decrease by 0.25%	<u>\$ 412</u>	<u>\$ 513</u>
Expected rate of salary increase		
Increase by 0.25%	<u>\$ 400</u>	<u>\$ 494</u>
Decrease by 0.25%	(\$ <u>383</u>)	(\$ <u>472</u>)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The expected contributions to the plan for the next year	<u>\$ 539</u>	<u>\$ 550</u>
Average duration to maturity of defined benefit obligations	16.2 years	17.6 years

25. Equity

(1) Share capital

Common stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized number of shares (in thousands)	<u>100,000</u>	<u>100,000</u>
Authorized share capital	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>66,326</u>	<u>66,045</u>
Issued share capital	<u>\$ 663,258</u>	<u>\$ 660,448</u>

The issued common stock has a par value of \$10 per share and each share has one voting right and is entitled to receive dividends.

On July 20, 2021, the Board of Directors of the Company resolved to increase capital by cash with issuance of 6,000 thousand shares of common stock at a par value of \$10 per share and at a premium of \$155 per share, resulting in a paid-in capital of \$660,448 thousand after the capital increase. The registration of the aforementioned cash capital increase was approved into effect by the Taiwan Stock Exchange Corporation on August 4, 2021, and the Board of Directors authorized the Chairperson to decide on September 7, 2021 as the base date for the capital increase and the change registration was approved by the Department of Commerce, Ministry of Economic Affairs on September 30, 2021.

The main reason for the Company's capital changes in 2022 was due to the issuance of 281 thousand shares for \$2,810 thousand, converted from employee share options. The changes were registered on October 24, 2022 and February 3, 2023, respectively.

(2) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>For loss make-up, payment in cash or capitalization as equity (A)</u>		
Share issue premium	\$ 950,069	\$ 924,436
Difference between the actual acquisition price and the book value of the subsidiary	191	-
Employee share-based payment remuneration costs	22,735	22,735
Lapsed employee stock options	<u>132</u>	<u>132</u>
	<u>973,127</u>	<u>947,303</u>
<u>Not for any purpose</u>		
Employee stock options	<u>15,778</u>	<u>23,016</u>
	<u>\$ 988,905</u>	<u>\$ 970,319</u>

Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(3) Retained Earnings and Dividend Policy

In accordance with the earnings distribution policy of the Company's Articles of Incorporation, the surplus earning distribution or losses make-up proposal may be made after the end of each semi-annual fiscal year. The Board of Directors shall resolve the distribution of earnings in cash, and the shareholders' meeting shall resolve the distribution of earnings by issuing new shares.

In accordance with the earnings distribution policy of the Company's Articles of Incorporation, if there are any surplus earnings as indicated in the final accounting results, the Company shall first pay tax and make up for the accumulated losses, and then set aside 10% as legal reserve, except when the accumulated legal reserve has reached the amount of the Company's paid-in capital, and the rest shall be set aside as special reserve or offset by reversal of special reserve as required by law; If there are still remaining earnings, the Board of Directors shall prepare a proposal for the distribution of the remainder together with the accumulated undistributed earnings, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. In accordance with the earnings distribution policy of the Company's Articles of Incorporation, the Board of Directors is authorized to distribute dividends and bonuses, or all or part of the legal reserve and capital surplus as provided in paragraph 1, Article 241 of the Company Act, to shareholders in cash by a resolution with the attendance of a majority of the directors and the approval of at least two-thirds of the directors present and report to the shareholders' meeting.

The Company's policy on the distribution of remuneration to employees and remuneration to directors as stipulated in the Company's Articles of Incorporation is described in Note 27(7) Remuneration to Employees, Directors and Supervisors.

The Company is in a growth stage and its dividend policy is based on the different stages of Company's business development, profitability, medium- and long-term financial capital budget planning, and shareholders' interests, and other factors. Dividends are paid in the form of stock dividends or cash dividends as appropriate. No less than 20% of the available-for-distribution earnings is appropriated annually as stockholders' dividends, of which no less than 20% of the total dividends should be in cash.

The legal reserve should be appropriated until the balance reaches the total paid-in capital of the Company. The legal reserve may be used to make up for losses if the Company has no losses, the excess of legal reserve over 25% of the paid-in capital may be capitalized as equity or distributed in cash.

According to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses. When the Company appropriates special capital reserve for the net debit balance of the other components of stockholders' equity, it only sets aside the reserve against the accumulated balance of undistributed earnings in the prior periods.

The Board of Directors resolved the earnings distribution for 2022 and 2021 as follows:

	January 1 to June 30, 2022	July 1 to December 31, 2021	January 1 to June 30, 2021
Board of Directors' resolution date	August 9, 2022	March 22, 2022	August 10, 2021
Legal reserve	<u>\$ 31,971</u>	<u>\$ 25,284</u>	<u>\$ 28,256</u>
Appropriation (reversal) of special earnings.	(<u>\$ 22,319</u>)	<u>\$ 5,666</u>	<u>\$ 8,984</u>
Cash dividends	<u>\$ 165,112</u>	<u>\$ 279,179</u>	<u>\$ 150,112</u>
Cash dividends per share (NT\$)	<u>\$ 2.49</u>	<u>\$ 4.23</u>	<u>\$ 2.27</u>

The Board of Directors' meeting on March 23, 2023 proposed the following earnings distribution for the second half of 2022.

	July 1 to December 31, 2022
Legal reserve	<u>\$ 34,313</u>
Special reserve	(<u>\$ 27,689</u>)
Cash dividends	<u>\$ 332,427</u>
Cash dividends per share (NT\$)	<u>\$ 5.01</u>

The above cash dividends have been approved by the Board of Directors, and the rest are subject to the resolution of the shareholders' meeting scheduled to be held on June 15, 2023.

(4) Special reserve

	Year ended December 31,	
	2022	2021
Balance at the beginning of the year	\$ 48,589	\$ 27,261
Provision for special reserve		
Provision for deductions to other equity items	-	21,328
Reversal of special reserve		
Reversal of deductions to other equity items	(<u>16,653</u>)	<u>-</u>
Balance at the end of the year	<u>\$ 31,936</u>	<u>\$ 48,589</u>

(5) Other equity items

Exchange differences on translation of financial statements of foreign operations

	Year ended December 31,	
	2022	2021
Balance at the beginning of the year	(\$ 54,255)	(\$ 39,605)
Exchange differences on translation of financial statements of foreign operations	62,466	(18,314)
Income tax related to translation of financial statements of foreign operations	(12,458)	3,664
Balance at the end of the year	<u>(\$ 4,247)</u>	<u>(\$ 54,255)</u>

(6) Non-controlling interests

	Year ended December 31,	
	2022	2021
Balance at the beginning of the year	\$ 40,170	\$ 69,195
Net loss for the year	(15,877)	(15,651)
Other comprehensive income for the year		
Exchange differences on translation of financial statements of foreign operations	2,907	(1,039)
Purchase of non-controlling interests in the subsidiary, Dante (Note 32)	-	(12,335)
From difference between the consideration received and the carrying amount of the subsidiaries' net assets disposal	780	-
Increase in non-controlling interests due to cash capital increase by subsidiary.	<u>54,176</u>	<u>-</u>
Balance at the end of the year	<u>\$ 82,156</u>	<u>\$ 40,170</u>

26. Revenue

	Year ended December 31,	
	2022	2021
<u>Revenue from customer contracts</u>		
Revenue from merchandise sales	\$ 6,781,392	\$ 5,943,455
Licensing revenue	<u>17,871</u>	<u>11,665</u>
	<u>\$ 6,799,263</u>	<u>\$ 5,955,120</u>

(1) Description of customer contracts

A. Revenue from merchandise sales

The revenue from merchandise sales is derived from the manufacturing and sale of products related to restaurant chains and the sale of food ingredients used by franchisees to manufacture and sell related products. The Consolidated Company recognizes revenue and accounts receivable at the point when the products are manufactured, sold and the food ingredients delivered to the franchisee's designated location, as the customer has the right to set the price and use the merchandise and has the primary responsibility for the merchandise at the time of resale, and bears the risk of obsolescence of the merchandise. Revenue from merchandise sales is based on contract agreements with fixed prices.

B. Licensing revenue

Licensing revenue is the licensing revenue received by the Consolidated Company from franchisees. The nature of licensing is to provide franchisees with access to intellectual property that exists during the licensing period.

(2) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (Note 11)	<u>\$ 138,581</u>	<u>\$ 126,579</u>	<u>\$ 98,081</u>

(3) Disaggregation of revenue from contracts with customers

	Year ended December 31,				
	2022				
	Taiwan	Hong Kong	China	United States	Total
Revenue from merchandise sales	\$ 5,402,827	\$ 1,209,843	\$ 37,366	\$ 131,356	\$ 6,781,392
Licensing revenue	<u>17,414</u>	<u>457</u>	<u>-</u>	<u>-</u>	<u>17,871</u>
	<u>\$ 5,420,241</u>	<u>\$ 1,210,300</u>	<u>\$ 37,366</u>	<u>\$ 131,356</u>	<u>\$ 6,799,263</u>

	Year ended December 31,			
	2021			
	Taiwan	Hong Kong	China	Total
Revenue from merchandise sales	\$ 4,789,268	\$ 1,098,480	\$ 55,707	\$ 5,943,455
Licensing revenue	<u>11,182</u>	<u>360</u>	<u>123</u>	<u>11,665</u>
	<u>\$ 4,800,450</u>	<u>\$ 1,098,840</u>	<u>\$ 55,830</u>	<u>\$ 5,955,120</u>

27. Net profit from continuing operations

(1) Interest income

	Year ended December 31,	
	2022	2021
Bank deposits	\$ 11,758	\$ 1,228
Interest receivable on leases	<u>2,663</u>	<u>2,174</u>
	<u>\$ 14,421</u>	<u>\$ 3,402</u>

(2) Other income

	Year ended December 31,	
	2022	2021
Rental income	\$ 3,290	\$ 3,628
Government subsidies (Note 31)	62,615	20,132
Others	<u>32,454</u>	<u>25,194</u>
	<u>\$ 98,359</u>	<u>\$ 48,954</u>

(3) Other gains and losses

	Year ended December 31,	
	2022	2021
Gain (Loss) on disposal of property, plant and equipment	(\$ 15,699)	\$ 5,167
Gain (Loss) on financial assets at fair value through profit or loss	702	(66)
Losses on disposal of subsidiaries	(401)	(4,456)
Net foreign currency exchange loss	(582)	(848)
Lease modification gain	1,935	885
Other losses	<u>(24,212)</u>	<u>(8,518)</u>
	<u>(\$ 38,257)</u>	<u>(\$ 7,836)</u>

(4) Financial costs

	Year ended December 31,	
	2022	2021
Interest on bank loans	\$ 2,017	\$ 2,028
Interest on lease liabilities	<u>26,794</u>	<u>20,353</u>
	<u>\$ 28,811</u>	<u>\$ 22,381</u>

No interest was capitalized in 2022 and 2021 of the Consolidated Company.

(5) Depreciation and amortization

	Year ended December 31,	
	2022	2021
Depreciation expenses summarized by function		
Operating costs	\$ 342,029	\$ 298,417
Operating expenses	<u>312,513</u>	<u>293,363</u>
	<u>\$ 654,542</u>	<u>\$ 591,780</u>
Amortization expenses summarized by function		
Operating costs	127	113
Selling expenses	455	365
Administrative expenses	<u>2,726</u>	<u>1,613</u>
	<u>\$ 3,308</u>	<u>\$ 2,091</u>

(6) Employee benefit expenses

	Year ended December 31,	
	2022	2021
Short-term employee benefits	\$ 1,371,629	\$ 1,149,003
Retirement benefits		
Defined contribution plan	50,876	47,075
Defined benefit plan (Note 24)	158	26
Share-based payment		
Equity settlement (Note30)	<u>13,562</u>	<u>25,628</u>
Total employee benefit expenses	<u>\$ 1,436,225</u>	<u>\$ 1,221,732</u>
Summarized by function		
Operating costs	\$ 611,211	\$ 517,442
Operating expenses	<u>825,004</u>	<u>704,290</u>
	<u>\$ 1,436,225</u>	<u>\$ 1,221,732</u>

(7) Remuneration to employees, directors and supervisors

In accordance with the provision of the Articles of Incorporation, the Company shall use the current year's pre-tax profit before the distribution of the remuneration to employees and directors to make up for the accumulated loss, and if there is any remaining balance, the Company shall appropriate not less than 1% as employees' remuneration and not more than 1% as directors' remuneration. The remuneration to employees, directors and supervisors for 2022 and 2021 were resolved by the Board of Directors on March 23, 2023 and March 22, 2022, respectively, as follows:

Estimated percentage

	Year ended December 31,	
	2022	2021
Remuneration to employees	1.43%	1.43%
Remuneration to directors and supervisors	0.71%	0.71%

Amount

	Year ended December 31,	
	2022	2021
	Cash	Cash
Remuneration to employees	\$ 12,000	\$ 10,000
Remuneration to directors and supervisors	5,980	5,000

If there is any change in the amount after the publication of the annual consolidated financial statements, it will be handled as a change in accounting estimate and the adjustment will be posted in the next year.

The actual amounts of remuneration to employees, directors and supervisors in 2021 and 2020 did not differ from the amounts recognized in the financial statements in 2021 and 2020.

For information on remuneration to employees, directors and supervisors resolved by the Board of Directors, please visit the Market Observation Post System.

28. Income tax for continuing operations

(1) Major components of income tax expense recognized in profit or loss

The major components of income tax expense are as follows

	Year ended December 31,	
	2022	2021
Income tax for the current year		
Generated in the current year	\$ 175,023	\$ 144,883
Surtax on undistributed earnings	1,896	8,317
Adjustments to prior years	(3,407)	(16,288)
	<u>173,512</u>	<u>136,912</u>
Deferred income tax		
Generated in the current year	\$ 14,632	\$ 12,900
Income tax expense recognized in profit or loss	<u>\$ 188,144</u>	<u>\$ 149,812</u>

The reconciliation of accounting income to income tax expense for the period is as follows:

	Year ended December 31,	
	<u>2022</u>	<u>2021</u>
Net income before tax from continuing operations	<u>\$ 833,220</u>	<u>\$ 675,502</u>
Income tax expense on net profit before tax at the rate applicable to income of the relevant country	\$ 182,138	\$ 158,876
Tax-exempt income	(7,415)	(1,093)
Surtax on undistributed earnings	1,896	8,317
Unrecognized deduction by loss carryforward for the current period	14,932	-
Adjustment to current income tax expense of prior years	(<u>3,407</u>)	(<u>16,288</u>)
Income tax expense recognized in profit or loss	<u>\$ 188,144</u>	<u>\$ 149,812</u>

(2) Income tax recognized in other comprehensive income

	Year ended December 31,	
	<u>2022</u>	<u>2021</u>
<u>Deferred income tax</u>		
Generated in the current year		
— Remeasurement of defined benefit plan	(\$ 472)	(\$ 3)
— Exchange differences from foreign operations	(<u>12,458</u>)	<u>3,664</u>
Income tax recognized in other comprehensive income	(<u>\$ 12,930</u>)	<u>\$ 3,661</u>

(3) Current income tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current income tax assets		
Tax refund receivable	<u>\$ 327</u>	<u>\$ 8,373</u>
Current income tax liabilities		
Income tax payable	<u>\$ 96,306</u>	<u>\$ 75,155</u>

(4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:
For the year ended December 31, 2022

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized loss on decline in value of inventories	\$ 1,714	\$ 457	\$ -	\$ 2,171
Unrealized doubtful accounts expense	22	49	-	71
Undistributed earnings of subsidiaries	14,215	(14,215)	-	-
Exchange differences from foreign operations	13,566	-	(12,458)	1,108
Unrealized exchange losses	3	1,751	-	1,754
Defined benefit plan	1,314	-	(472)	842
Others	<u>762</u>	<u>(31)</u>	<u>-</u>	<u>731</u>
	<u>\$ 31,596</u>	<u>(\$ 11,989)</u>	<u>\$ 12,930</u>	<u>\$ 6,677</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Undistributed earnings of subsidiaries	\$ -	(\$ 2,597)	\$ -	(\$ 2,597)
Payment differences of defined contribution plan	(566)	(74)	-	(640)
Unrealized exchange gains	<u>(28)</u>	<u>28</u>	<u>-</u>	<u>-</u>
	<u>(\$ 594)</u>	<u>(\$ 2,643)</u>	<u>\$ -</u>	<u>(\$ 3,237)</u>

For the year ended December 31, 2021

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized loss on decline in value of inventories	\$ 1,714	\$ -	\$ -	\$ 1,714
Unrealized doubtful accounts expense	22	-	-	22
Undistributed earnings of subsidiaries	27,219	(13,004)	-	14,215
Exchange differences from foreign operations	9,902	-	3,664	13,566
Unrealized exchange losses	18	(15)	-	3
Defined benefit plan	1,317	-	(3)	1,314
Others	<u>549</u>	<u>213</u>	<u>-</u>	<u>762</u>
	<u>\$ 40,741</u>	<u>(\$ 12,806)</u>	<u>\$ 3,661</u>	<u>\$ 31,596</u>
Deferred income tax liabilities				
Temporary differences				
Payment differences of defined contribution plan	(\$ 464)	(\$ 102)	\$ -	(\$ 566)
Unrealized exchange	<u>(36)</u>	<u>8</u>	<u>-</u>	<u>(28)</u>

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
gains	(\$ 500)	(\$ 94)	\$ -	(\$ 594)

(5) Income tax assessment status

The income tax returns of the Company and its Taiwan subsidiaries had been assessed by the tax authorities through 2020.

29. Earnings per share (EPS)

Unit: NT\$ per share

	Year ended December 31,	
	2022	2021
Basic earnings per share	<u>\$ 10.00</u>	<u>\$ 8.74</u>
Diluted earnings per share	<u>\$ 9.92</u>	<u>\$ 8.68</u>

Earnings attributable to shareholders of the Company and the weighted-average number of shares of common stock used to calculate earnings per share were as follows:

Net profit for the year

	Year ended December 31,	
	2022	2021
Net profit attributable to shareholders of the Company	<u>\$ 660,953</u>	<u>\$ 541,341</u>
Net profit used to calculate diluted earnings per share	<u>\$ 660,953</u>	<u>\$ 541,341</u>

Number of shares

Unit: In thousands of shares

	Year ended December 31,	
	2022	2021
Weighted-average number of shares of common stock used to calculate basic earnings per share	66,127	61,952
Impact of potential common stock with dilutive effect:		
Remuneration to employees	71	98
Employee stock options	<u>409</u>	<u>302</u>
Weighted-average number of shares of common stock used to calculate diluted earnings per share	<u>66,607</u>	<u>62,352</u>

If the Company has the option to pay remuneration to employees in stock or cash, the calculation of diluted earnings per share will adopt the assumption that employee remuneration will be paid in stock and is included in the weighted-average number of shares of common shares outstanding for the purpose of calculating diluted earnings per share when the potential common shares have a dilutive effect. The dilutive effect of these potential common shares will continue to be considered in the calculation of diluted earnings per share prior to the issuance of shares in the following year's resolution for remuneration to employees.

30. Share-based payment agreement

(1) The Company's employee stock option plan

In September 2020, the Company granted 600 thousand units of stock options to employees, each unit of which is entitled to one share of common stock. The grant was made to employees of the Company and its subsidiaries who meet certain criteria. The stock options are granted for a duration of 5 years, and the holders of the stock options can exercise a certain percentage of the stock options granted after 2 years from the date of grant. The exercise price of the stock options is the closing price of the Company's common stock on the date of issuance. In the event of a change in the Company's common stock after the issuance of the stock options, the exercise price of the stock options shall be adjusted in accordance with the prescribed formula.

Information on employee stock options is as follows:

	Year ended December 31,			
	2022		2021	
	Unit: (In thousands)	Weighted average exercise price (NT\$)	Unit: (In thousands)	Weighted average exercise price (NT\$)
Employee stock options				
Outstanding at the beginning of the year	600	\$ 28	600	\$ 30
Exercised in the year	(<u>281</u>)	27.2	<u>-</u>	-
Outstanding at the end of the year	<u>319</u>	26.9	<u>600</u>	28
Exercisable at the end of the year	<u>19</u>	26.9	<u>-</u>	
Weighted average fair value of options granted in the year (NT\$)	<u>\$ -</u>	-	<u>\$ -</u>	

Information on employee stock options outstanding is as follows:

	December 31, 2022	December 31, 2021
Range of exercise price (NT\$)	\$ 26.9	\$ 28
Weighted average remaining contract period (years)	2.67 years	3.67 years

The Company used the Black-Scholes valuation model for all employee stock options granted in September 2020, and the input values used in the valuation model were as follows:

	<u>September 2020</u>
Share price on grant date	124.2 years
Exercise price	NT\$30
Expected volatility	19.74-20.76%
Duration	3.5/4/4.5 years
Expected dividend yield	5.14%
Risk-free interest rate	0.24%/0.27%/0.29%

The Company recognized remuneration costs of \$13,562 thousand and \$17,262 thousand in 2022 and 2021, respectively, for share-based payment agreements.

(2) Cash capital increase reserved for employee stock options in 2021

On July 20, 2021, the Board of Directors resolved to increase capital by cash with issuance of 6,000 thousand shares of common stock at \$10 per share, amounting to \$60,000 thousand. The employee stock options for the cash capital increase were granted on August 26, 2021. According to Article 267 of the Company Law, 15% of the stock options were reserved for employee stock options, with a total of 900 thousand shares and a recognized remuneration cost of \$8,366 thousand.

31. Government subsidies

Bafang Yunji International Company Limited, received subsidies from the "Anti-Epidemic Fund" - Food License Holders Subsidy Scheme under the Anti-Epidemic Fund as a result of the financial assistance provided by the government of the Hong Kong Special Administrative Region to food license holders to alleviate the severe impact of the pandemic on the restaurant and food-related industries, respectively, which were included in non-operating income and expenses - other income in the consolidated statement of comprehensive income. The Consolidated Company recognized other income of \$54,515 thousand and \$16,412 thousand in 2022 and 2021, respectively.

In 2022, the Company received subsidies from the Ministry of Economic Affairs for the "Data Sharing and Innovative Service Program for Retailers and Service Providers" and from the Council of Agriculture, Executive Yuan, for the slaughterhouse support program for a sum of \$8,100 thousand, which was included in non-operating income and expenses - other income in the consolidated statement of comprehensive income.

Dante Coffee & Foods Co., Ltd. received a subsidy of \$3,720 thousand from the Ministry of Economic Affairs of Taiwan in response to COVID-19 relief in June 2021, which was included in non-operating

income and expenses - other income in the consolidated statement of comprehensive income.

32. Equity transactions with non-controlling interests

On July 15, 2021, the Consolidated Company acquired the shares of Dante Coffee & Foods Co., Ltd., resulting in an increase in ownership from 69.02% to 85.29%.

Since the above transaction did not change the Consolidated Company's control over the subsidiary, the Consolidated Company treated it as an equity transaction.

	<u>Dante Coffee & Foods Co., Ltd.</u>
Consideration paid for the acquisition	\$ 21,216
Carrying amount of net assets of subsidiaries (transferred in) transferred out of non-controlling interests based on relative changes in equity	(12,335)
Equity transaction difference	<u>\$ 8,881</u>

33. Non-cash transaction

(1) Non-cash transaction

Except as disclosed elsewhere in the notes, the Consolidated Company entered into the following non-cash transactions of investing activities in 2022 and 2021.

A. Acquisition of property, plant and equipment

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Increase in property, plant and equipment	\$ 343,193	\$ 454,790
Add: Equipment payables at the beginning of the period	32,401	32,872
Decrease in decommissioning liabilities for the period	3,937	1,897
Less: Equipment payables at the end of the period	(23,381)	(32,401)
Increase in decommissioning liabilities for the period	(2,383)	(3,200)
Cash paid	<u>\$ 353,767</u>	<u>\$ 453,958</u>
Disposal of property, plant and equipment		
Disposal price	\$ 67,591	\$ 97,974

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Add: Disposal price receivable at the beginning of the period	9,517	-
Less: Disposal price receivable at the end of the period	<u>(9,401)</u>	<u>(9,517)</u>
Cash received	<u>\$ 67,707</u>	<u>\$ 88,457</u>

- B. The Consolidated Company reclassified prepayments for equipment to property, plant and equipment of \$91,018 thousand and \$26,970 thousand in 2022 and 2021, respectively.
- C. In 2021, the Consolidated Company reclassified intangible assets to right-of-use assets of \$860 thousand.
- D. In 2022 and 2021, the Consolidated Company reclassified right-of-use assets to lease receivables of \$41,607 thousand and \$204,920 thousand, respectively.

(2) Changes in liabilities from financing activities

For the year ended December 31, 2022

	January 1, 2022	Cash flow	New/amended contracts	Cumulative translation adjustments	Interest expenses	Rental concession	December 31, 2022
Short-term loans	\$ 27,000	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Long-term loans	85,948	(51,486)	-	3,569	-	-	38,031
Lease liabilities	1,236,182	(498,545)	644,937	42,721	26,794	(4,883)	1,447,206
Deposits received	29,052	11,059	-	-	-	-	40,111
	<u>\$ 1,378,182</u>	<u>(\$ 535,972)</u>	<u>\$ 644,937</u>	<u>\$ 46,290</u>	<u>\$ 26,794</u>	<u>(\$ 4,883)</u>	<u>\$ 1,555,348</u>

For the year ended December 31, 2021

	January 1, 2022	Cash flow	New/amended contracts	Cumulative translation adjustments	Interest expenses	Rental concession	December 31, 2022
Short-term loans	\$ 70,000	(\$ 43,000)	\$ -	\$ -	\$ -	\$ -	\$ 27,000
Long-term loans	112,012	(25,628)	-	(436)	-	-	85,948
Lease liabilities	1,047,626	(455,291)	636,781	(8,677)	20,353	(4,610)	1,236,182
Deposits received	27,107	1,945	-	-	-	-	29,052
	<u>\$ 1,256,745</u>	<u>(\$ 521,974)</u>	<u>\$ 636,781</u>	<u>(\$ 9,113)</u>	<u>\$ 20,353</u>	<u>(\$ 4,610)</u>	<u>\$ 1,378,182</u>

34. Capital risk management

The Consolidated Company conducts capital management to ensure that the Group's businesses are able to maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

The Consolidated Company's capital structure consists of the Consolidated Company's net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., share capital, capital surplus, retained earnings and other equity items).

The Consolidated Company is not subject to other external capital requirements.

The Group's capital structure is reviewed annually by the Consolidated Company's key management, which includes consideration of the cost of each type of capital and the related risks. The Consolidated Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debt or paying off old debt, as recommended by key management.

35. Financial instrument

- (1) Fair value information - financial instruments not measured at fair value

The Consolidated Company's management considers that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values.

- (2) Fair value information - financial instruments measured at fair value on a repeated basis

A. Fair value hierarchy

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Structured deposits	\$ _____ -	\$ <u>110,228</u>	\$ _____ -	\$ <u>110,228</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Stocks of domestic non-listed companies	\$ _____ -	\$ _____ -	\$ <u>3,750</u>	\$ <u>3,750</u>

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Financial assets at fair value through profit or loss</u>				
Structured deposits	\$ _____ -	\$ <u>94,302</u>	\$ _____ -	\$ <u>94,302</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Stocks of domestic non-listed companies	\$ _____ -	\$ _____ -	\$ <u>3,750</u>	\$ <u>3,750</u>

There were no transfers between Level 1 and Level 2 fair value measurements in 2022 and 2021.

B. The reconciliation of financial instruments measured at fair value in Level 3

For the year ended December 31, 2022

	Financial assets at fair value through other comprehensive income
	<u>Equity instruments</u>
Balance at the beginning of the year	\$ 3,750
Balance at the end of the year	<u>\$ 3,750</u>
Unrealized other gains and losses for the period	<u>\$ -</u>

For the year ended December 31, 2021

	Financial assets at fair value through other comprehensive income
	<u>Equity instruments</u>
Balance at the beginning of the year	\$ 3,750
Purchase	-
Balance at the end of the year	<u>\$ 3,750</u>
Unrealized other gains and losses for the period	<u>\$ -</u>

C. Level 2 fair value measurement valuation techniques and input values

<u>Type of financial instruments</u>	<u>Valuation techniques and input values</u>
Structured deposits mandatorily measured at fair value through profit or loss	The fair value is based on the discounted value of future cash flows using the discount rate curve derived from quoted prices in the open market.

D. Level 3 fair value measurement valuation techniques and input values

The fair value of unlisted (over-the-counter) equity instruments is based on an analysis of the investee's financial condition and operating results, recent transaction prices, quoted prices in active markets for similar instruments and valuation multipliers for comparable companies, and is not based on assumptions supported by observable market prices or interest rates. Significant unobservable input values are as follows, and the fair value of these investments would increase when the liquidity discount is reduced.

(3) Type of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Measured at amortized cost (Note 1)	\$ 2,163,428	\$ 1,970,436
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	110,228	94,302
Financial assets at fair value through other comprehensive income	3,750	3,750
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	915,477	939,366

Note 1: The balances include financial assets measured at amortized cost such as cash and cash equivalents, accounts receivable, financial assets at amortized cost - current, other receivables, other financial assets - current, and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost such as short-term loans, notes payable, accounts payable, other payables, other financial liabilities - current, long-term loans and deposits received.

(4) Financial risk management objectives and policies

The Consolidated Company's major financial instruments include equity investments, accounts receivable and accounts payable. The Consolidated Company's financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks associated with the Consolidated Company's operations through internal risk reports that analyze the risk of violence according to the level and breadth of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Consolidated Company's finance department reviews the extent of each risk through annual budgeting and proposes financial planning measures in advance to effectively control each risk. We also regularly evaluate and review the development of each financial risk and adjust the risk countermeasures. When a significant risk is identified, the risk is reported to the management through the management meeting and the countermeasures are taken.

A. Market risk

The Company's major financial risks arising from its operating activities are foreign currency exchange rate risk (see a. below) and interest rate risk (see b. below).

a. Exchange rate risk

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date are disclosed in Note 40.

Sensitivity analysis

The Consolidated Company is mainly affected by the fluctuation of the USD exchange rate.

The following table details the sensitivity analysis of the Consolidated Company when the exchange rate of the New Taiwan dollar (functional currency) changes 1% against each relevant foreign currency. 1% is the sensitivity ratio used by the Consolidated Company for internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The amounts disclosed below represent the effect of a 1% weakening (strengthening) of the NTD against the respective currencies that would increase (decrease) net profit before tax.

	<u>Impact of USD</u>	
	<u>2022</u>	<u>2021</u>
Profit or loss	\$ 4,482	\$ 832

b. Interest rate risk

Interest rate risk arises because entities in the Consolidated Company borrow funds at both fixed and floating interest rates and maintain bank deposits. However, because interest rates do not fluctuate significantly, the impact of changes in market interest rates on the Consolidated Company's revenue and operating cash flows is limited.

The carrying amounts of the Consolidated Company's financial assets and liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
- Financial assets	\$ 1,223,476	\$ 967,356
- Financial liabilities	-	-
Cash flow interest rate risk		
- Financial assets	603,703	789,006
- Financial liabilities	68,031	112,948

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments as of the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding at the reporting date. The rate of change used in reporting interest rates internally to key management of the Group is an increase or decrease in interest rates by 1%, which represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased or decreased by 1%, with all other variables held constant, the Consolidated Company's net profit before tax would have increased by \$5,357 thousand and \$6,761 thousand for fiscal years 2022 and 2021, respectively, mainly due to the increase in the Consolidated Company's variable-rate bank deposits.

c. Other price risks

The Consolidated Company had securities price risk due to investment in equity instruments. The Consolidated Company's management manages risk by holding a portfolio of different risky investments. In addition, the Consolidated Company assigns a specific team to monitor price risk and assesses when to increase the hedge of the hedged risk.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure at the balance sheet date.

If equity prices had increased/decreased by 3%, consolidated income for fiscal years 2022 and 2021 would have increased/decreased by \$113 thousand due to changes in fair value through other comprehensive income.

The sensitivity of the Consolidated Company to financial asset price risk did not change in 2022 and 2021 mainly because the Consolidated Company's holding of financial assets measured at fair value through other comprehensive income and loss did not change in the current year.

B. Credit risk

Credit risk refers to the risk of financial loss resulting from the default of contractual obligations by the counterparties. As of the balance sheet date, the maximum exposure to credit risk of the Consolidated Company to financial loss due to non-performance of counterparties' obligations and financial guarantees provided by the Consolidated Company mainly arises from the carrying amount of financial assets recognized in the Consolidated Balance Sheet.

The Consolidated Company's policy is to transact only with creditworthy counterparties and to obtain adequate guarantees, if necessary, to mitigate the risk of financial loss arising from default. The Consolidated Company continuously monitors credit risk and the creditworthiness of counterparties, and controls credit risk through credit limits on counterparties that are reviewed and approved by management on an annual basis. In addition, the Consolidated Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible receivables. The Consolidated Company's customer base is large and unrelated, so the concentration of credit risk is not high.

C. Liquidity risk

The Consolidated Company manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Consolidated Company's management monitors the use of bank financing facilities and ensures compliance with the terms of the loan agreements.

The ultimate responsibility for liquidity risk management rests with the Consolidated Company's Board of Directors, which has established an appropriate liquidity risk management framework to address the Consolidated Company's short-, medium- and long-term funding and liquidity management needs.

Bank loans are an important source of liquidity for the Consolidated Company. As of December 31, 2022 and 2021, the Consolidated Company had unutilized financing facilities, as described in (2) Financing Facilities below.

a. Liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contract maturities of non-derivative financial liabilities was prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Company could be required to make repayment. Accordingly, the Consolidated Company's bank loans that may be required to be repaid immediately are listed in the table below at the earliest possible date, without considering the probability that the bank will immediately enforce the right; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the yield rate at the balance sheet date.

December 31, 2022

	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years or more</u>
Floating interest rate instrument				
Short-term loans	\$ 30,100	\$ -	\$ -	\$ -
Long-term loans	5,276	10,560	10,373	16,961
Lease liabilities	463,353	344,190	437,083	295,586
No interest-bearing liabilities				
Notes payable	2,551	-	-	-
Accounts payable	198,717	-	-	-
Other payables	567,475	-	-	-
Deposits received	<u>40,111</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,307,583</u>	<u>\$ 354,750</u>	<u>\$ 447,456</u>	<u>\$ 312,547</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1~5 years</u>	<u>5~10 years</u>	<u>10~15 years</u>	<u>15~20 years</u>	<u>20 years or more</u>
Lease liabilities	<u>\$ 463,353</u>	<u>\$ 781,273</u>	<u>\$ 216,711</u>	<u>\$ 48,647</u>	<u>\$ 30,228</u>	<u>\$ -</u>

December 31, 2021

	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years or more</u>
Floating interest rate instrument				
Short-term loans	\$ 27,021	\$ -	\$ -	\$ -
Long-term loans	15,882	31,764	17,437	27,612
Lease liabilities	416,785	327,521	447,058	110,331
No interest-bearing liabilities				
Notes payable	2,836	-	-	-
Accounts payable	202,014	-	-	-
Other payables	551,742	-	-	-
Deposits received	<u>29,052</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,245,332</u>	<u>\$ 359,285</u>	<u>\$ 464,495</u>	<u>\$ 137,943</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1~5 years</u>	<u>5~10 years</u>	<u>10~15 years</u>	<u>15~20 years</u>	<u>20 years or more</u>
Lease liabilities	<u>\$ 416,785</u>	<u>\$ 774,579</u>	<u>\$ 98,429</u>	<u>\$ 7,134</u>	<u>\$ 4,768</u>	<u>\$ -</u>

The above non-derivative financial assets and liabilities with floating rate instruments are subject to change because the floating rate differs from the interest rate estimated at the balance sheet date.

b. Financing Facilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank loan facilities (renewable by mutual consent)		
- Amount drawn	\$ 30,000	\$ 27,000
- Amount undrawn	<u>250,000</u>	<u>40,000</u>
	<u>\$ 280,000</u>	<u>\$ 67,000</u>
Bank long-term loan facilities		

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
- Amount drawn	\$ 38,031	\$ 85,948
- Amount undrawn	<u>180,000</u>	<u>100,000</u>
	<u>\$ 218,031</u>	<u>\$ 185,948</u>

36. Related party transactions

All intercompany transactions, account balances, revenues and expenses between the Company and subsidiaries, which are related parties of the Company, are eliminated upon consolidation and are therefore not disclosed in the notes.

(1) Name of related party and the relationship

<u>Name of related party</u>	<u>Relationship with the Consolidated Company</u>
Worldway International Group Limited	Substantive related party
Meide Eatery	Substantive related party
Chengde Eatery	Substantive related party
Wuhua Eatery	Substantive related party
Taiyuan Eatery	Substantive related party
Yutingyuan Enterprise	Substantive related party
Taimanhan Diner	Substantive related party
Taimanji Diner	Substantive related party
Su, Hsiao-Chi	Substantive related party
Lung, Chia-Hui	Substantive related party
New Taipei City Private Bafang Yunji Social Welfare Charitable Foundation (hereinafter referred to as Bafang Yunji Foundation)	Substantive related party

(2) Operating revenue

<u>Account item</u>	<u>Type of related party/Name</u>	<u>Year ended December 31,</u>	
		<u>2022</u>	<u>2021</u>
Sales revenue	Substantive related party		
	Others	\$ 44,997	\$ 39,514
Licensing revenue	Substantive related party		
	Others	<u>633</u>	<u>569</u>
		<u>\$ 45,630</u>	<u>\$ 40,083</u>

The Consolidated Company's sales price and collection period to related parties are the same as those to regular customers.

(3) Manufacturing expenses and operating expenses

<u>Account</u>	<u>Type of related party/Name</u>	<u>Year ended December 31,</u>	
		<u>2022</u>	<u>2021</u>
Operating expenses	Substantive related party		
Service expenses	Others	<u>\$ 3,360</u>	<u>\$ 3,090</u>
Donation	Bafang Yunji Foundation	<u>\$ 3,000</u>	<u>\$ 3,090</u>

(4) Receivables from related parties

<u>Account</u>	<u>Type of related party/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Accounts receivable	Substantive related party		
	Others	<u>\$ 1,254</u>	<u>\$ 1,140</u>
Other receivables	Substantive related party		
	Others	<u>\$ 10</u>	<u>\$ 1</u>

The outstanding receivables due from related parties were not guaranteed. No impairment loss on receivables due from related parties was recognized in 2022 and 2021.

(5) Payable to related parties

<u>Account</u>	<u>Type of related party/Name</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables	Substantive related party		
	Others	<u>\$ 260</u>	<u>\$ 260</u>

The outstanding payables due to related parties were not guaranteed.

(6) Lease agreement – the Consolidated Company is lessee

<u>Type of related party</u>		<u>Year ended December 31,</u>	
		<u>2022</u>	<u>2021</u>
<u>Acquisition of right-of-use</u>			
Substantive related party			
Others		<u>\$ 5,999</u>	<u>\$ -</u>
<u>Account</u>	<u>Type of related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lease liabilities	Substantive related party		
	Others	<u>\$ 3,037</u>	<u>\$ -</u>

Type of related party	Year ended December 31,	
	2022	2021
<u>Interest expenses</u>		
Substantive related party		
Others	\$ 106	\$ 32

Year ended December 31,				
2022				
Type of related party	Lease subject matter	Lease period	Rental determination	Monthly rental
Substantive related party				
Others	2304, Tsuen Wan Industrial Centre, Hong Kong	2022.1.1~2023.12.31	Bargain	\$ 128
Others	2302, Tsuen Wan Industrial Centre, Hong Kong	2022.1.1~2023.12.31	Bargain	128

Year ended December 31,				
2021				
Type of related party	Lease subject matter	Lease period	Rental determination	Monthly rental
Substantive related party				
Others	2304, Tsuen Wan Industrial Centre, Hong Kong	2021.1.1~2021.12.31	Bargain	\$ 117
Others	2302, Tsuen Wan Industrial Centre, Hong Kong	2021.1.1~2021.12.31	Bargain	117

(7) Lease agreement - the Consolidated Company is lessor

Operating lease

The Consolidated Company leased its assets under an operating lease to the Bafang Yunji Foundation in 2022 and 2021. As of December 31, 2022 and 2021, the total amount of future lease payments to be received was \$281 thousand and \$338 thousand, respectively. The lease income recognized in 2022 and 2021 were as follows:

Account	Type of related party/Name	Year ended December 31,	
		2022	2021
Rental income	Substantive related party		
	Others	\$ 57	\$ 57

Capital sublease

The Consolidated Company subleased the formerly recorded right-to-use assets under capital leases to Chengde Eatery and Yutingyuan Enterprise in 2021. As of December 31, 2022 and 2021, the balance of lease receivables was \$6,042 thousand and \$10,380 thousand, respectively. No allowance for losses has been provided for capital lease receivables in 2022 and 2021.

(8) Deposits received

<u>Type of related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Substantive related party		
Others	<u>\$ 450</u>	<u>\$ 450</u>

(9) Other income

<u>Type of related party</u>	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Substantive related party		
Others	<u>\$ 185</u>	<u>\$ 18</u>

(10) Remuneration to key management

Salary and remuneration to directors and other key management for 2022 and 2021 was as follows:

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 93,070	\$ 95,993
Retirement benefits	959	1,708
Share-based payment		
Equity settlement	<u>7,911</u>	<u>9,254</u>
	<u>\$ 101,940</u>	<u>\$ 106,955</u>

Salary and remuneration to directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

37. Pledged assets

The following assets have been pledged as collaterals for loans from financial institutions, payments for Taipei Agricultural Products Marketing Corporation, and the issuance of stored-value cards, with the book value of each account as follows.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets measured at		
amortized cost - current		
Bank time deposit	\$ 10,376	\$ 15,372
Other financial assets - current	20,286	10,397
Property, plant and equipment		
Land	93,474	230,500
Building and construction	<u>124,493</u>	<u>306,788</u>
	<u>\$ 248,629</u>	<u>\$ 563,057</u>

38. Significant Contingent Liabilities and Unrecognized Contract Commitments

In addition to those described in other notes, the Consolidated Company had the following significant commitments and contingencies as of the balance sheet date.

- (1) As a result of the plant expansion plan approved by the Board of Directors in March 2022 and September 2021, the Consolidated Company entered into contracts for the construction and purchase of related plant and equipment for a total amount of \$70,431 thousand and \$64,289 thousand, respectively, as of December 31, 2022 and 2021, and paid \$30,546 thousand and \$5,637 thousand, respectively.
- (2) Except for the plant expansion plan, the Consolidated Company had the following unrecognized contractual commitments:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Purchase of property, plant and equipment	<u>\$ 87,994</u>	<u>\$ 16,782</u>

39. Significant Subsequent Events

In addition to those disclosed in other notes, there are no other significant subsequent events as of March 23, 2023.

40. Information on foreign currency assets and liabilities with significant effect

The following information is presented in foreign currencies other than the functional currency of the Consolidated Company, and the exchange rates disclosed are the rates at which the foreign currencies were translated into the functional currency. Information on foreign currency assets and liabilities with significant effect as follows

Unit: In thousands of each foreign currency

December 31, 2022

<u>Financial assets</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Total carrying amount</u>
<u>Monetary items</u>			
USD	\$ 14,595	30.71 (USD: NTD)	\$ 448,214
CNY (RMB)	45	4.408 (CNY: NTD)	198
HKD	1,892	3.938 (HKD: NTD)	7,452

December 31, 2021

<u>Financial assets</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Total carrying amount</u>
<u>Monetary items</u>			
USD	\$ 3,148	27.68	\$ 87,122

	Foreign currency	Exchange rate	Total carrying amount
CNY (RMB)	45	(USD: NTD) 4.344	195
HKD	4,520	(CNY: NTD) 3.549 (HKD: NTD)	16,040
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	143	27.68 (USD: NTD)	3,946

The Consolidated Company's realized and unrealized foreign currency exchange gain or loss for 2022 and 2021 were exchange loss of \$582 thousand and \$848 thousand, respectively.

41. Additional Disclosure

- (1) Information on Significant Transactions
 - A. Financing provided to others. (Exhibit 1)
 - B. Endorsements/guarantees provided. (Exhibit 2)
 - C. Marketable securities held at the end of the period. (Exhibit 3)
 - D. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Exhibit 4)
 - E. Acquisition of real estate amounting to NT\$300 million or 20% of the paid-in capital. (None)
 - F. Disposal of real estate amounting to NT\$300 million or 20% of the paid-in capital. (None)
 - G. Purchase or sale of goods from or to related parties amounting to NT100 million or 20% of the paid-in capital. (Exhibit 5)
 - H. Receivables due from related parties amounting to NT\$100 million or 20% of the paid-in capital. (None)
 - I. Trading in derivative instruments. (Notes 7 and 35)
 - J. Intercompany relationships and significant intercompany transactions. (Exhibit 6)
- (2) Information on Investees (Exhibit 7)
- (3) Information on investment in Mainland China:
 - A. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding percentage, profit or loss for the period and investment income and loss recognized, investment carrying

amount at the end of the period, repatriated investment income and losses, and investment limit for Mainland China. (Exhibit 8)

- B. Significant transactions with Mainland China investees directly or indirectly through third regions, as well as their prices, payment terms, and unrealized profits or losses: (Exhibit 8)
- a. The amount and percentage of purchases and the related ending balance and percentage of payables.
 - b. The amount and percentage of sales and the related ending balance and percentage of receivables.
 - c. The amount of property transactions and the amount of resulting gains or losses.
 - d. The ending balance of endorsement guarantee of notes or the provision of collateral and its purpose.
 - e. The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation
 - f. Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.

- (4) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the shares. (Exhibit 9)

42. Segment information

Information provided to the key operating decision maker for the purpose of allocating resources and measuring departmental performance, with emphasis on the type of product or service delivered or provided.

<u>Reportable department</u>	<u>Operating brands</u>
Taiwan	- Bafang Yunji - Liang She-Han Pork Ribs - FJ Veggie - Dante Coffee
Hong Kong	- Bafang Yunji - Bai Fung Bento - Bafang Noodles & More
Mainland China	- Bafang Yunji
United States	- Bafang Yunji

(1) Segment Revenue and Operating Results

The revenue and operating results of the Consolidated Company's continuing operations, analyzed by reportable segment, are as follows:

	Year ended December 31, 2022				
	<u>Taiwan</u>	<u>Hong Kong</u>	<u>China</u>	<u>United States</u>	<u>Total</u>
Revenue from external customers	\$ 5,420,241	\$ 1,210,300	\$ 37,366	\$ 131,356	\$ 6,799,263
Inter-segment revenue	<u>86,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,556</u>

	Year ended December 31, 2022				
	Taiwan	Hong Kong	China	United States	Total
Segment revenue	<u>\$ 5,506,797</u>	<u>\$ 1,210,300</u>	<u>\$ 37,366</u>	<u>\$ 131,356</u>	6,885,819
Internal eliminations					(86,556)
Consolidated revenue					<u>\$ 6,799,263</u>
Segment profit or loss	<u>\$ 722,219</u>	<u>\$ 143,912</u>	<u>\$ 2,312</u>	<u>(\$ 18,320)</u>	\$ 850,123
Interest income					14,421
Rental income					3,290
Gain on disposal of property, plant and equipment					(15,699)
Exchange gain					(582)
Financial costs					(28,811)
Other gains and losses					<u>10,478</u>
Net income before tax from continuing operations					<u>\$ 833,220</u>

	Year ended December 31, 2021				
	Taiwan	Hong Kong	China	United States	Total
Revenue from external customers	\$ 4,800,450	\$ 1,098,840	\$ 55,830	\$ -	\$ 5,955,120
Inter-segment revenue	69,739	-	-	-	69,739
Segment revenue	<u>\$ 4,870,189</u>	<u>\$ 1,098,840</u>	<u>\$ 55,830</u>	<u>\$ -</u>	6,024,859
Internal eliminations					(69,739)
Consolidated revenue					<u>\$ 5,955,120</u>
Segment profit or loss	<u>\$ 595,148</u>	<u>\$ 97,235</u>	<u>(\$ 4,879)</u>	<u>(\$ 14,009)</u>	\$ 673,495
Interest income					3,402
Rental income					3,628
Gain on disposal of property, plant and equipment					5,167
Exchange gain					(848)
Financial costs					(22,381)
Other gains and losses					<u>13,039</u>
Net income before tax from continuing operations					<u>\$ 675,502</u>

The revenues reported above were generated from transactions with external customers. Inter-segment sales were fully eliminated in 2022 and 2021.

Segment profit represents the profit earned by each segment, excluding the share of headquarters management costs and directors' remuneration, share of profit or loss of affiliated companies using the equity method, profit or loss on disposal of affiliated companies, rental income, interest income, profit or loss on disposal of property, plant and equipment, profit or loss on financial assets at fair value through profit or loss (valuation gain or loss on financial instruments), net (gain) loss on foreign currency exchange, finance costs, and income tax expense. and income tax expense. This measure is provided to the key operating decision maker for the purpose of allocating resources to the segment and measuring its performance.

(2) Segment total assets

	December 31, 2022	December 31, 2021
Taiwan	\$ 4,387,151	\$ 4,287,341
Hong Kong	955,754	763,074

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Mainland China	19,761	55,784
United States	<u>488,585</u>	<u>181,680</u>
Total segment assets	5,851,251	5,287,879
Unallocated assets	<u>6,677</u>	<u>31,596</u>
Total consolidated assets	<u>\$ 5,857,928</u>	<u>\$ 5,319,475</u>

For the purpose of monitoring segment performance and allocating resources to segments:

All assets, other than those of equity-method affiliates and current and deferred income tax assets are allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by each reportable segment.

(3) Revenue from major products and services

The Consolidated Company is principally engaged in the manufacturing and sale of products related to restaurant chains and the sale of food ingredients used in the manufacturing and sale of related products by franchisees as a single product category; therefore, information by product category is not required.

(4) Regional information

The Consolidated Company operates primarily in four regions - Taiwan, Hong Kong, Mainland China and the United States.

Information on the Consolidated Company's revenue from external customers from continuing operations by region and non-current assets by region of assets is presented below.

	<u>Revenue from external customers</u>		<u>Non-current assets (Note)</u>	
	<u>2022</u>	<u>2021</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Taiwan	\$ 5,420,241	\$ 4,800,450	\$ 2,418,392	\$ 2,337,286
Hong Kong	1,210,300	1,098,840	589,425	520,552
Mainland				
China	37,366	55,830	319	12,411
United States	<u>131,356</u>	<u>-</u>	<u>360,521</u>	<u>122,917</u>
	<u>\$ 6,799,263</u>	<u>\$ 5,955,120</u>	<u>\$ 3,368,657</u>	<u>\$ 2,993,166</u>

Note: Non-current assets do not include deferred income tax assets.

(5) Information on major customers

For 2022 and 2021, there was no single customer whose revenue amounted to 10% or more of the Consolidated Company's total revenue.

Bafang Yunji International Co., Ltd. and subsidiaries
Financing provided to others
For the year ended December 31, 2022

Exhibit 1

Unit: In thousands of NT\$/foreign currency

No. (Note 1)	Lender	Borrower	Financial statement account	Related party or not	Maximum amount for the period	Ended Balance	Actual amount drawn	Interest rate range	Nature of Financing (Note 2)	Amount of business transactions	Reasons for short-term financing	allowance for doubtful accounts	Collaterals		Financing limit for each borrower (Note 3)	Aggregate financing limit (Note 3)	Note
													Irem	Value			
0	Bafang Yunji International Co., Ltd.	Fang Sin International Trading Co., Ltd.	Other receivables - related parties	Yes	\$ 30,000	\$ -	\$ -	0%	the need for short-term financing	\$ -	Operating turnover	\$ -	—	\$ -	\$ 656,463	\$ 656,463	
0	Bafang Yunji International Co., Ltd.	Dante Coffee & Foods Co., Ltd.	Other receivables - related parties	Yes	50,000	-	-	1.165%	the need for short-term financing	-	Operating turnover	-	—	-	656,463	656,463	
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	Other receivables - related parties	Yes	100,000	100,000	-	1.165%	the need for short-term financing	-	Operating turnover	-	—	-	656,463	656,463	
1	Fujian Bafang Yunji Foods Co., Ltd.	Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Other receivables - related parties	Yes	4,130 RMB 915,918	4,039 RMB 915,918	4,039 RMB 915,918	0%	the need for short-term financing	-	Operating turnover	-	—	-	5,801	5,801	

Note 1: The number column is filled out as follows:

(1) Fill in 0 for the issuer.

(2) Each invested company is numbered in sequential order starting from 1.

Note 2: For nature of funds lending, fill in if it is for business transaction or there is a need for short-term financial accommodation

Note 3: The limit of funds lent to individual recipients is \$3,282,314 thousand * 20% of the net worth of the company that lends funds (Bafang Yunji International Co., Ltd.) = \$656,463 thousand; the total limit of funds lent is \$3,282,314 thousand * 20% of the net worth of the company that lends funds (Bafang Yunji International Co., Ltd.) = \$656,463 thousand.

The limit of funds lent to individual recipients is \$14,504 thousand * 40% of the net worth of the company that lends funds (Fujian Bafang Yunji Foods Co., Ltd.) = \$5,801 thousand; the total limit of funds lending is \$14,504 thousand * 40% of the net worth of the company that lends funds (Fujian Bafang Yunji Foods Co., Ltd.) = \$5,801 thousand.

Bafang Yunji International Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2022

Exhibit 2

Unit: In thousands of NT\$, unless otherwise specified

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Company name	Nature of Relationship (Note 2)											
0	Bafang Yunji International Co., Ltd.	Dante Coffee & Foods Co., Ltd.	(2)	\$ 656,463	\$ 110,000	\$ 110,000	\$ 30,000	\$ -	3.35	\$ 1,312,926	Y	N	N	

Note 1: The number column is filled out as follows:

- (1) Fill in 0 for the issuer.
- (2) Each invested company is numbered in sequential order starting from 1.

Note 2: Relationship with the Company:

- (1) The companies with which it has business relations.
- (2) Subsidiaries in which the company directly holds more than 50% of its total outstanding common stocks.
- (3) Companies in which the total outstanding common stocks held by the parent company and its subsidiaries, calculated on a combined basis, exceed 50%.
- (4) The parent company that directly or indirectly holds more than 50% of the total outstanding common stocks through its subsidiaries.
- (5) Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- (6) Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

Note 3: Limit on endorsements/ guarantees provided for a single party: not exceeding 20% of the Company's net assets as of December 31, 2022: \$3,282,314 thousand * 20% = \$656,463 thousand.
Ceiling on total amount of endorsements/ guarantees provided: not exceeding 40% of the Company's net assets as of December 31, 2022: \$3,282,314 thousand * 40% = \$1,312,926 thousand.

Bafang Yunji International Co., Ltd. and subsidiaries
Marketable securities held at the end of the period
December 31, 2022

Exhibit 3

Unit: In thousands of NT\$, unless otherwise specified

Holding company name	Type and name of marketable securities	Relationship with the issuers of the marketable securities	Financial statement Account	End of the period				Note
				Number of shares	Carrying amount	Shareholding percentage	Fair value	
Bafang Yunji International Co., Ltd.	<u>Structured deposits</u>							
	President DSU NTD 100% Capital Protected Structured Instrument	-	Financial assets at fair value through profit or loss - current	-	\$ <u>110,228</u>	-	\$ <u>110,228</u>	
Bafang Yunji Restaurant Co., Ltd.	<u>Bonds with repurchase agreement</u>							
	Yulon Finance Corporation	-	Cash and cash equivalents	-	\$ <u>30,000</u>	-	\$ <u>30,000</u>	
Bafang Yunji Restaurant Co., Ltd.	<u>Bonds with repurchase agreement</u>							
	Yulon Finance Corporation	-	Cash and cash equivalents	-	\$ <u>20,000</u>	-	\$ <u>20,000</u>	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Cash and cash equivalents	-	<u>15,000</u>	-	<u>15,000</u>	
					<u>\$ 35,000</u>	-	<u>\$ 35,000</u>	
Fang Sin International Trading Co., Ltd.	<u>Stocks of domestic non-listed companies</u>							
	La Fresh Information Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	150,000	\$ <u>3,750</u>	3.7%	\$ <u>3,750</u>	

Note: For information on investment in subsidiaries, affiliates and joint venture interests, please refer to Exhibits 7 and 8.

Bafang Yunji International Co., Ltd. and subsidiaries
Purchase or sale of goods from or to related parties amounting to NT100 million or 20% of the paid-in capital
For the year ended December 31, 2022

Exhibit 4

Unit: In thousands of NT\$, unless otherwise specified

Purchaser/Seller	Counterparty	Relationship	Transaction				Difference in transaction terms compared to third party transactions		Notes and accounts receivable (payable)		Note
			purchases (sales)	Amount	percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	percentage of total notes and accounts receivable (payable)	
Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	subsidiary	Sales	\$ 620,398	13.65%	Semi-monthly settlement	Same transaction price as with regular customers	Same credit term as with regular customers	\$ 22,676	20.63%	Note 1

Note 1: The above transactions have been eliminated in the consolidated financial statements.

Bafang Yunji International Co., Ltd. and subsidiaries
Acquisition or sale of the same security with the accumulated cost reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Exhibit 5

Unit: In thousands of NT\$, unless otherwise specified

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2022		Addition (Note)		Disposal				Balance as at December 31, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain(loss) on disposal	Number of shares	Amount
Bafang Yunji International Company Limited	Stocks	Investments accounted for under the equity method	Bafang Yunji (Samoa) International Co., Ltd.	subsidiary	-	\$ -	17,500,000	\$ 476,538	-	\$ -	\$ -	\$ -	17,500,000	\$ 476,538

Note: The Consolidated Company had applied accounting treatment for re-organization and valued the net worth of Bafang Yunji International Company Limited at \$476,538 thousand (HKD 119,618 thousand) as of July 31, 2022.

Bafang Yunji International Co., Ltd. and subsidiaries
Intercompany relationships and significant intercompany transactions
For the year ended December 31, 2022

Exhibit 6

Unit: In thousands of NT\$, unless otherwise specified

Serial No. (Note 1)	Company name	counterparty	Relationship (Note 2)	History of transaction			
				Financial statement Accounts	Amount	Trading term	As a percentage of total consolidated revenue or total assets (Note 3)
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	1	Sales revenue	\$ 620,398	Same as regular transaction price	9
		"	1	Accounts receivable	22,676	Same as regular transaction price	-
		"	1	Advertising expenses	49,641	Same as regular transaction price	1
		"	1	Miscellaneous expenses - marketing incentive payments	43,503	Same as regular transaction price	1
		Fang Sin International Trading Co., Ltd.	1	Purchases	67,361	Same as regular transaction price	1
1	Fang Sin International Trading Co., Ltd.	Bafang Yunji International Company Limited	3	Sales revenue	78,712	Same as regular transaction price	1
2	Dante Creative CO., LTD.	Dante Coffee & Foods Co., Ltd.	3	Sales revenue	50,321	Same as regular transaction price	1
3	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC	3	Sales revenue	46,231	Same as regular transaction price	1

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

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

Note 2: Relationship between transaction company and counterparty is classified into the following Three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount during the year to consolidated total operating revenues for income statement accounts.

Note 4: The Company may determine discretionally whether to have the material transactions in the Exhibit illustrated according to its materiality.

Bafang Yunji International Co., Ltd. and subsidiaries
Information on investees, locations, etc.
For the year ended December 31, 2022

Exhibit 7

Unit: In thousands of NT\$, unless otherwise specified

Name of investor	Name of investee	Location	Principal business	Original investment amount		Holding at the end of the period			Profit or loss of investee for the period	Investment income or loss recognized in the period	Note	
				End of the period	End of last year	Number of shares	Ratio	Carrying amount				
Bafang Yunji International Co., Ltd.	Bafang Yunji (Samoa) International Co., Ltd.	Samoa	Investment management	\$ 50,055 USD 1,833,048	\$ 522,568 USD 16,691,980	1,833,048	100	\$ 27,794 USD 905,040	\$ 31,818 USD 1,119,196	\$ 31,818 USD 1,119,196	Note 1	
	Bafang Yunji Restaurant Co., Ltd.	Taiwan	Food and beverage services	150,727	150,727	15,000,000	100	212,627	44,638	44,638	Note 1	
	Fang Sin International Trading Co., Ltd.	Taiwan	Food trading	40,000	40,000	4,000,000	100	46,803	5,385	5,385	Note 1	
	Bafang Co., Ltd.	Japan	Food processing and food and beverage services	81,621 JPY 300,000,000	81,621 JPY 300,000,000	30,000	100	56,112 JPY 241,444,240	(916) (JPY 4,025,745)	(916) (JPY 4,025,745)	Note 1	
	Bafang Yunji International (USA) Limited	United States	Investment management	150,947 USD 4,980,000	74,114 USD 2,500,000	996	100	129,630 USD 4,221,115	(12,787) (USD 429,002)	(12,787) (USD 429,002)	Note 1	
	Bafang Yunji International Company Limited	Hong Kong	Food processing and food and beverage services	476,538 HKD 119,617,830	- HKD -	17,500,000	100	537,688 HKD 136,538,404	114,450 HKD 30,070,960	65,938 HKD 16,920,574	Note 1	
	Dante Coffee & Foods Co., Ltd.	Taiwan	Food and beverage services	86,920	86,920	8,120,000	85.29	886	(51,115)	(43,596)	Note 1	
	Bafang Yunji Restaurant Group Limited	Hong Kong	Investment management	397,549 USD 12,940,438	408,301 USD 13,290,438	5,250,000	100	17,295 USD 563,192	(16,117) (USD 540,743)	(16,117) (USD 540,743)	Note 1	
	Bafang Yunji International Company Limited	Hong Kong	Food processing and food and beverage services	- USD -	140,000 USD 4,280,035	-	-	- HKD -	114,450 HKD 30,070,960	48,512 HKD 13,150,386	Note 1	
Bafang Yunji (Samoa) International Co., Ltd.	Bafang Yunji (Samoa) Investment Company Limited	Samoa	Investment management	-	-	-	-	-	-	-	Note 1	
Bafang Yunji Restaurant Group Limited	Fujian Bafang Yunji Foods Co., Ltd.	Mainland China	Food processing	105,941 USD 3,500,000	105,941 USD 3,500,000	-	100	14,504 RMB 3,289,239	(31,291) (RMB 7,055,878)	(31,291) (RMB 7,055,878)	Notes 1, 2	
	Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Mainland China	Food and beverage services	113,129 USD 3,700,000	113,129 USD 3,700,000	-	100	709 RMB 160,734	(15,411) RMB 3,475,012	(15,411) RMB 3,475,012	Notes 1, 2	
Bafang Yunji International Company Limited	Hsin Chiao International Co. Limited	Hong Kong	Transportation	- HKD 1	- HKD 1	1	100	26,948 HKD 6,843,158	12,265 HKD 3,222,471	12,265 HKD 3,222,471	Note 1	
	Long Success (HK) Industrial Limited	Hong Kong	Food and beverage services	- HKD 1	- HKD 1	1	100	79,266 HKD 20,128,482	22,710 HKD 5,966,928	22,710 HKD 5,966,928	Note 1	
	Rich Grade Limited	Hong Kong	Food and beverage services	- HKD 1	- HKD 1	1	100	11,130 HKD 2,826,365	1,056 HKD 277,486	1,056 HKD 277,486	Note 1	
	Wise Success Enterprise Limited	Hong Kong	Transportation	- HKD 1	- HKD 1	1	100	459 HKD 116,549	(291) (HKD 76,584)	(291) (HKD 76,584)	Note 1	
	Jiashide Limited	Hong Kong	Investment management	6,891 RMB 1,500,000	6,891 RMB 1,500,000	10,000	100	- RMB -	- RMB -	- RMB -	Note 1	
	Jiashide Limited	Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Mainland China	Food trading	6,891 RMB 1,500,000	6,891 RMB 1,500,000	-	100	- RMB -	- RMB -	- RMB -	Notes 1, 2
	Bafang Yunji International (USA) Limited	Bafang Yunji Foods LLC	United States	Food processing	76,454 USD 2,547,750	35,575 USD 1,200,000	-	59.25	57,745 USD 1,880,379	(24,206) (USD 812,134)	(14,469) (USD 485,445)	Note 1
Bafang Yunji International (USA) Limited	Bafang Yunji Restaurant Group LLC	United States	Food and beverage services	64,008 USD 2,073,750	26,681 USD 900,000	-	59.25	61,693 USD 2,008,886	3,831 USD 128,533	2,334 USD 78,298	Note 1	
Dante Coffee & Foods Co., Ltd.	Sound Sino Group Limited	Samoa	Investment management	23,034 USD 710,000	23,034 USD 710,000	710,000	71	(349) (USD 11,372)	(408) (USD 13,705)	(290) (USD 9,731)	Note 1	
	Dante Creative CO., LTD.	Taiwan	Food processing	30,000	30,000	3,000,000	100	28,511	(1,389)	(1,389)	Note 1	
Sound Sino Group Limited	Shanghai Dante Coffee Co., Ltd	Mainland China	Food and beverage services	- USD -	43,797 USD 1,350,000	-	-	- RMB -	- RMB -	- RMB -	Notes 1, 2	

Note 1: The above investment income or loss of the investee for 2022 was recognized based on the investee's financial statements for the same period audited by CPAs.

Note 2: Please refer to Exhibit 8 for the information on investees in Mainland China.

Bafang Yunji International Co., Ltd. and subsidiaries
Information on investment in Mainland China
For the year ended December 31, 2022

Exhibit 8

Unit: In thousands of NT\$, unless otherwise specified

1. The name of the investees in Mainland China, main business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment income and losses, investment book value, repatriated investment income and loss.

Name of investee in Mainland China	Main business	Paid-in capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of investee for the period	Shareholding percentage of the Company's direct or indirect investment	Investment income or loss recognized in the period	Carrying amount of investments at the end of the period	Investment income remitted back as of the end of the period	Note
					Remittance	Recovery							
Fujian Bafang Yunji Foods Co., Ltd.	Food processing	\$ 105,941	(2)	\$ 105,941 USD 3,500,000	\$ -	\$ -	\$ 105,941 USD 3,500,000	(\$ 31,291) (RMB 7,055,878)	100	(\$ 31,291) (RMB 7,055,878)	\$ 14,504 RMB 3,289,239	\$ -	
Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Food and beverage services	113,129	(2)	113,129 USD 3,700,000	-	-	113,129 USD 3,700,000	15,411 RMB 3,475,012	100	15,411 RMB 3,475,012	709 RMB 160,734	-	
Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Food trading	6,891	(2)	6,891 RMB 1,500,000	-	-	6,891 RMB 1,500,000	-	100	-	-	-	
Shanghai Dante Coffee Co., Ltd.	Food and beverage services	-	(2)	31,096 USD 958,500	-	-	- USD -	- RMB -	-	- RMB -	- RMB -	-	

2. Investment quota for Mainland China.

Accumulated amount of investment from Taiwan to mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for mainland China as stipulated by the Investment Commission, MOEA
\$ 502,428 (USD 16,341,534)	\$ 502,428 (USD 16,341,534)	\$ 2,018,682

Note 1: The investment methods can be divided into the following three types, and just indicate as such.

- (1) Invest in mainland China directly.
- (2) Invest in Mainland China through companies in third regions. (Please specify the investment company of the third region).
- (3) Other methods

Note 2: In the column of investment income or loss recognized in the current period.

- (1) If the investment is under preparation and there is no investment income or loss, it should be noted.
- (2) The basis for recognizing investment income or losses is divided into the following three categories, which should be specified.
 - A. The financial statements have been audited by an international CPA firm with which CPA firms in the ROC. has a cooperative relationship.
 - B. The financial statements have been audited by the attesting CPA of the parent company in Taiwan.
 - C. Others: Unaudited financial statements.

Note 3: In accordance with the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" of the Investment Commission dated 2008.8.29, the higher of 60% of the net worth of the investor company or the consolidated net worth shall be the limit.

Note 4: Including the deregistration of Zhejiang Fuyu Foods Co., Ltd. in July 2020, Xiamen Fuyu Bafang Equity Investment Co., Ltd. in February 2021, and Zhejiang Fuyu Foods Co., Ltd. and Zhejiang Fuyu Restaurant & Management Co., Ltd. in March 2021, and Shanghai Dante Coffee Co., Ltd was deregistered in September 2022.the accumulated investment amount of \$253,433 thousand remitted from Taiwan was not repatriated back.

3. Significant transactions with investees in Mainland China directly or indirectly through third-region businesses: None.
4. Endorsement, guarantee or provision of collaterals provided to investees in Mainland China directly or indirectly through third-region businesses: None.
5. For financial accommodation provided to investees in Mainland China directly or indirectly through third-region businesses, please refer to Exhibit 1 for details of the relevant circumstances.
6. Other transactions that have a significant effect on the current profit or loss or financial position: None.

Bafang Yunji International Co., Ltd.
Information on major shareholders
December 31, 2022

Exhibit 9

Name of major shareholders	Shares	
	Shareholding	Shareholding percentage
Fu Yu Investment Co., Ltd.	10,418,966	15.70%
Lin, Chia-Yu	5,105,963	7.69%
Su, Suh-Hsing	4,572,784	6.89%
Lin, Yi-Hsien	3,336,988	5.03%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

Attachment 2

Independent Auditor's Report

The Board of Directors and Shareholders

Bafang Yunji International Co., Ltd.

Audit Opinion

We have audited the accompanying parent company only balance sheet of Bafang Yunji International Co., Ltd. (the "Company") as of December 31, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, and the notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2022 and 2021, and its parent company only financial performance and cash flows for the years then ended, in conformity with the requirements of Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the parent company only financial statements. We are independent of the Company in accordance with The Norms of Professional Ethics for Certified Public Accountants, 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 parent company only financial statements for the year ended December 31, 2022. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matter of the 2022 parent company only financial statements for the ended December 31, 2022 is stated as follows:

Authenticity of sales revenues from shipments to specific customers

The Company is principally engaged in food processing, food ingredients trading and providing food and restaurant services. Based on the materiality and the presumption of significant risk in revenue recognition in the Statement of Auditing Standards; Therefore, we believe that the authenticity of sales revenues from shipments to specific customers recognized by the Company has a significant impact on the financial statements. Therefore, the authenticity of the sales revenues from shipments to specific customers is listed as a key audit matter of this year. For a description of the revenue recognition policy, please refer to Note 4(11).

We conducted the following audit procedures:

1. Understand and test the design and implementation of internal control relevant to revenue recognition for specific customers.
2. Review a selected sample of the revenue details of the specific customers, review the supporting documentation and test the collection status to confirm that the sales transaction occurred.
3. Review whether significant sales returns and discounts have occurred for the specific customers since the balance sheet date to confirm whether there is any material misstatement of revenues.

Responsibilities of Management and Those in Charge with Governance of the parent company only Financial Statements

The responsibility of management is to prepare fairly presented parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintain necessary internal control related to the preparation of parent company only financial statements in order to ensure material misstatement caused by fraud or error does not exist in the parent company only financial statements.

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

Those in charge of governance (including member of The Audit Committee) are responsible for overseeing the reporting process of the financial statements of the Company.

Auditor's Responsibilities for the Audit of the parent company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only

financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report. 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. Misstatements are considered material, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in the Company.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company 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 parent company only financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including disclosures, whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit of the Company. 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 in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2022 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.

Deloitte Taiwan

CPA Kuo, Nai-Hua
Financial Supervisory Commission
approval document
Jin-Guan-Zheng-Shen-Zi No. 1070323246

CPA Lee, Li-Huang
Securities and Futures Commission
approval document
Tai-Cai-Zheng (6) Zi No. 0930128050

March 28, 2023

Bafang Yunji International Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2022 and 2021

Unit: In thousands of NT\$

Code	Assets	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents (Notes 4, 6, and 31)	\$ 104,308	2	\$ 790,679	21
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7, and 31)	110,228	3	94,302	2
1141	Financial assets measured at amortized cost - current (Notes 4, 8, 9, 31 and 33)	1,074,251	25	400,374	10
1170	Accounts receivable - unrelated parties (Notes 4, 10 and 31)	85,898	2	70,088	2
1180	Accounts receivable - related parties (Notes 4, 10, 31 and 32)	23,994	1	29,658	1
1200	Other receivables (Notes 4, 10, and 31)	3,778	-	2,566	-
1210	Other receivables - related parties (Notes 4, 10, 31 and 32)	1,413	-	29,406	1
1220	Current tax assets (Notes 4 and 25)	327	-	-	-
130X	Inventories (Notes 4 and 11)	189,425	4	168,426	4
1410	Prepayments (Note 16)	64,342	2	69,083	2
1470	Other current assets (Note 17, 31 and 33)	19,028	-	8,674	-
11XX	Total current assets	<u>1,676,992</u>	<u>39</u>	<u>1,663,256</u>	<u>43</u>
Non-current assets					
1550	Investments accounted for using the equity method (Notes 4, 12 and 32)	1,011,540	24	820,136	21
1600	Property, plant and equipment (Notes 4, 13, 32 and 33)	1,107,712	26	1,019,787	27
1755	Right-of-use assets (Notes 4, 14 and 32)	325,293	8	243,976	6
1801	Intangible assets (Notes 4 and 15)	15,424	-	5,920	-
1840	Deferred income tax assets (Notes 4 and 25)	5,405	-	30,830	1
1915	Prepayments for equipment (Note 17)	69,028	2	39,690	1
1990	Other non-current assets (Notes 17 and 31)	48,528	1	42,856	1
15XX	Total non-current assets	<u>2,582,930</u>	<u>61</u>	<u>2,203,195</u>	<u>57</u>
1XXX	Total assets	<u>\$ 4,259,922</u>	<u>100</u>	<u>\$ 3,866,451</u>	<u>100</u>
Liabilities and equity					
Current liabilities					
2100	Short-term loans (Notes 18, 31 and 32)	\$ -	-	\$ 27,000	1
2150	Notes payable (Notes 19 and 31)	-	-	1,000	-
2170	Accounts payable - unrelated parties (Notes 19 and 31)	171,042	4	162,388	4
2180	Accounts payable - related parties (Notes 19, 31 and 32)	3,532	-	3,101	-
2200	Other payables - unrelated parties (Notes 20 and 31)	374,797	9	336,940	9
2220	Other payables - related parties (Notes 20, 31 and 32)	10,622	-	10,942	-
2280	Lease liabilities - current (Notes 4, 14, 31 and 32)	58,598	2	53,838	2
2230	Current income tax liabilities (Notes 4 and 25)	86,813	2	62,697	2
2322	Long-term loans due within one year (Notes 18, 31 and 33)	-	-	9,996	-
2399	Other current liabilities (Note 20)	8,706	-	6,254	-
21XX	Total current liabilities	<u>714,110</u>	<u>17</u>	<u>674,156</u>	<u>18</u>
Non-current liabilities					
2540	Long-term loans (Notes 18, 31 and 33)	-	-	25,823	1
2580	Lease liabilities - non-current (Notes 4, 14, 31 and 32)	245,725	6	167,042	4
2570	Deferred income tax liabilities (Notes 4 and 25)	3,237	-	594	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	2,246	-	4,974	-
2645	Deposits received (Note 31)	12,290	-	1,500	-
25XX	Total non-current liabilities	<u>263,498</u>	<u>6</u>	<u>199,933</u>	<u>5</u>
2XXX	Total liabilities	<u>977,608</u>	<u>23</u>	<u>874,089</u>	<u>23</u>
Equity (Notes 22 and 27)					
3110	Common stock	663,258	16	660,448	17
3200	Capital surplus	998,905	23	970,319	25
Retained earnings					
3310	Legal reserve	405,884	9	348,629	9
3320	Special reserve	31,936	1	48,589	1
3350	Undistributed earnings	1,196,578	28	1,018,632	27
3300	Total retained earnings	<u>1,634,398</u>	<u>38</u>	<u>1,415,850</u>	<u>37</u>
3400	Other equity	(4,247)	-	(54,255)	(2)
3XXX	Total equity	<u>3,282,314</u>	<u>77</u>	<u>2,992,362</u>	<u>77</u>
Total liabilities and equity		<u>\$ 4,259,922</u>	<u>100</u>	<u>\$ 3,866,451</u>	<u>100</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2022 and 2021

Unit: In thousands of NT\$
But earnings per share are in NT\$

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenues (Notes 4, 23 and 32)	\$ 4,544,860	100	\$ 4,015,944	100
5000	Operating costs (Notes 4, 11, 24 and 32)	(3,152,758)	(70)	(2,763,440)	(69)
5900	Gross profit	<u>1,392,102</u>	<u>30</u>	<u>1,252,504</u>	<u>31</u>
	Operating expenses (Notes 21, 24 and 32)				
6100	Selling and marketing	(373,650)	(8)	(362,150)	(9)
6200	General and administrative	(303,332)	(7)	(266,942)	(7)
6300	Research and development	(14,279)	-	(12,904)	-
6000	Total operating expenses	(691,261)	(15)	(641,996)	(16)
6900	Net operating profit	<u>700,841</u>	<u>15</u>	<u>610,508</u>	<u>15</u>
	Non-operating income and expenses (Notes 12, 24, 28 and 32)				
7100	Interest income	10,507	-	834	-
7010	Other income	29,961	1	17,375	-
7020	Other gains and losses	(4,125)	-	(1,145)	-
7050	Financial costs	(4,968)	-	(4,133)	-
7070	Share of profits of subsidiaries and associates	<u>90,480</u>	<u>2</u>	<u>60,906</u>	<u>2</u>
7000	Total non-operating income and expenses	<u>121,855</u>	<u>3</u>	<u>73,837</u>	<u>2</u>
7900	Net profit before tax	822,696	18	684,345	17
7950	Income tax expense (Notes 4 and 25)	(161,743)	(3)	(143,004)	(4)
8200	Net profit for the year	<u>660,953</u>	<u>15</u>	<u>541,341</u>	<u>13</u>
8310	Other comprehensive income				
8311	Items that will not be reclassified to profit or loss				
	Remeasurement of defined benefit plans (Notes 4 and 21)	2,358	-	18	-

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Code		2022		2021	
		Amount	%	Amount	%
8349	Income tax related to items that will not be reclassified to profit or loss (Notes 4 and 25)	(\$ 472)	-	(\$ 3)	-
8360	Items that may subsequently be reclassified to profits or loss				
8361	Exchange differences arising on translation of foreign operations (Note 22)	62,466	1	(18,314)	-
8399	Income tax related to items that may subsequently be reclassified (Notes 4, 22 and 25)	(12,458)	-	3,664	-
8300	Total other comprehensive income (net)	<u>51,894</u>	<u>1</u>	<u>(14,635)</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 712,847</u>	<u>16</u>	<u>\$ 526,706</u>	<u>13</u>
	Earnings per share (Note 26)				
9710	Basic	<u>\$ 10.00</u>		<u>\$ 8.74</u>	
9810	Diluted	<u>\$ 9.92</u>		<u>\$ 8.68</u>	

The accompanying notes are an integral part of the parent company only financial statements.

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2022 and 2021

Unit: In thousands of NT\$

Code		Share capital		Capital surplus	Retained earnings			Other equity	Total equity
		Number of shares (in thousands of shares)	Amount		Legal reserve	Special reserve	Undistributed earnings	Exchange differences arising on translation of foreign operations	
A1	Balance as of January 1, 2021	60,045	\$ 600,448	\$ 34,649	\$ 257,154	\$ 27,261	\$ 1,136,438	(\$ 39,605)	\$ 2,016,345
	Appropriation and distribution of earnings								
B1	Legal reserve	-	-	-	91,475	-	(91,475)	-	-
B3	Special reserve	-	-	-	-	21,328	(21,328)	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	(540,403)	-	(540,403)
E1	Cash capital increase	6,000	60,000	912,967	-	-	-	-	972,967
N1	Share-based payment transaction	-	-	25,628	-	-	-	-	25,628
M5	Actual acquisition of partial interests in a subsidiary	-	-	(2,925)	-	-	(5,956)	-	(8,881)
D1	Net profit for 2021	-	-	-	-	-	541,341	-	541,341
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	15	(14,650)	(14,635)
D5	Total comprehensive income for 2021	-	-	-	-	-	541,356	(14,650)	526,706
Z1	Balance as of December 31, 2021	66,045	660,448	970,319	348,629	48,589	1,018,632	(54,255)	2,992,362
N1	Share-based payment transaction	-	-	13,562	-	-	-	-	13,562
	Appropriation and distribution of earnings								
B1	Legal reserve	-	-	-	57,255	-	(57,255)	-	-
B3	Special reserve	-	-	-	-	(16,653)	16,653	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	(444,291)	-	(444,291)
E1	Cash capital increase	-	-	-	-	-	-	-	-
N1	Issuance of shares due to exercise of employee share options	281	2,810	4,833	-	-	-	-	7,643
M5	From difference between the consideration received and the carrying amount of the subsidiaries' net assets during actual disposal	-	-	191	-	-	-	-	191
D1	Net profits for 2022	-	-	-	-	-	660,953	-	660,953
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	1,886	50,008	51,894
D5	Total comprehensive income for 2022	-	-	-	-	-	662,839	50,008	712,847
Z1	Balance as of December 31, 2022	66,326	\$ 663,258	\$ 988,905	\$ 405,884	\$ 31,936	\$ 1,196,578	(\$ 4,247)	\$ 3,282,314

The accompanying notes are an integral part of the parent company only financial statements.

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd.
Parent Company Only Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

Unit: In thousands of NT\$

Code		2022	2021
	Cash flows from operating activities		
A10000	Net profit before tax from continuing operations	\$ 822,696	\$ 684,345
A20010	Adjustments for		
A20100	Depreciation expenses	172,625	149,944
A20200	Amortization expenses	2,832	1,726
A20400	Net losses on financial assets and liabilities measured at fair value through profit or loss	(702)	66
A22400	Share of profits of subsidiaries, affiliates and joint ventures accounted for using the equity method	(90,480)	(60,906)
A20900	Financial costs	4,968	4,133
A21200	Interest income	(10,507)	(834)
A21900	Share-based compensation	13,562	25,628
A22500	Loss on disposal of property, plant and equipment	403	316
A29900	Lease modification profit	(268)	-
A29900	Loss on disposal of intangible assets	6	-
A30000	Net change in operating assets and liabilities		
A31150	Accounts receivable	(15,810)	(6,339)
A31160	Accounts receivable - related parties	5,664	3,260
A31180	Other receivables	(1,212)	(1,282)
A31190	Other receivables - related parties	2,993	(1,402)
A31200	Inventories	(20,999)	(24,262)
A31230	Prepayments	4,740	(16,218)
A31240	Other current assets	(336)	(212)
A32130	Notes payable	(1,000)	1,000
A32160	Accounts payable - related parties	431	22,110
A32150	Accounts payable	8,654	(501)
A32180	Other payables	16,509	(6,510)
A32190	Other payables - related parties	(320)	183
A32230	Other current liabilities	2,452	4,153
A32240	Net defined benefit liabilities	(370)	(506)
A33000	Cash inflows from operations	916,531	777,892
A33100	Interest received	10,507	834
A33300	Interest paid	(405)	(1,159)
A33500	Income tax paid	(122,816)	(148,077)
AAAA	Net cash inflows from operating activities	<u>803,817</u>	<u>629,490</u>

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<u>Code</u>		<u>2022</u>	<u>2021</u>
	Cash flows from investing activities		
B00100	Purchase of financial assets at fair value through profit or loss	(\$ 450,539)	(\$ 138,924)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	435,315	44,556
B00040	Purchase of financial assets measured at amortized cost	(673,877)	(400,002)
B01800	Increase in long-term equity investments accounted for using the equity method	(537,802)	(21,216)
B02700	Payment for property, plant and equipment	(119,536)	(92,908)
B02800	Proceeds from disposal of property, plant and equipment	146	43
B03800	Increase in refundable deposits	(5,672)	(5,760)
B04400	Decrease in other receivables - related parties	25,000	5,000
B04500	Payments of intangible assets	(12,342)	(3,418)
B05350	Acquisition of right-of-use assets.	-	(6,996)
B06500	Increase in other financial assets	(10,018)	(8,363)
B07100	Increase in prepayments for equipment	(99,104)	(17,464)
B07600	Receipt of dividends from subsidiaries	27,021	38,476
B09900	Refund of share price for capital reduction by subsidiaries	<u>472,514</u>	<u>-</u>
BBBB	Net cash outflows from investing activities	(<u>948,894</u>)	(<u>606,976</u>)
	Cash flows from financing activities		
C00200	Decrease in short-term loans	(27,000)	(43,000)
C01700	Repayment of long-term loans	(35,819)	(59,996)
C03000	Increase in deposits received	10,790	1,240
C04020	Repayment of lease principals	(67,617)	(55,676)
C04500	Distribution of cash dividends	(429,291)	(390,291)
C04600	Cash capital increase	-	972,967
C04800	Employee share options executed	<u>7,643</u>	<u>-</u>
CCCC	Net cash (outflows) inflows from financing activities	(541,294)	<u>425,244</u>
EEEE	(Decrease) increase in cash and cash equivalents	(686,371)	447,758
E00100	Cash and cash equivalents at the beginning of the year	<u>790,679</u>	<u>342,921</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 104,308</u>	<u>\$ 790,679</u>

The accompanying notes are an integral part of the parent company only financial statements.

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd.

Notes to parent company only financial statements

For the Years Ended December 31, 2022 and 2021

(Amounts in New Taiwan dollars thousands unless otherwise stated)

1. Company History

Bafang Yunji International Co., Ltd. (hereinafter referred to as "the Company") was established on January 19, 2000, and is currently engaged in restaurant business, wholesale of food and groceries, retail of beverages, manufacturing of processed bean products, and manufacturing of baked and steamed food products.

The Company's shares have been listed and traded on the Taiwan Stock Exchange since September 2021.

The parent company only financial statements are presented in NTD, which is the functional currency of the Company.

2. Date and Procedure for Approval of Financial Statements

The parent company only financial statements were approved by the Board of Directors on March 23, 2023.

3. Application of New and Revised Standards and Interpretation

- (1) Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the Company's accounting policies.

Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The Company applied the amendments to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards. Refer to Note 4 for information relating to the relevant accounting policies.

- (2) Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2023.

New, Amended or Revised Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2023 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2023.

A. Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a. The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b. The Company chose the accounting policy from options permitted by the standards.
- c. The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d. The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or
- e. The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

B. Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company’s financial position and financial performance.

- (3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New, Amended or Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
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 IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023

New, Amended or Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

A. Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments provides that if the Company sells or contributes an asset to an affiliated party (or joint venture), or if the Company loses control of a subsidiary but retains significant influence (or joint control) over the subsidiary, the Company recognizes all of the gains or losses resulting from such transactions if the aforementioned asset or former subsidiary meets the definition of "business combinations" for "business" under IFRS 3.

In addition, if the Company sells or contributes assets to affiliated companies (or joint ventures), or the Company losses the control over a subsidiary but retains significant influence on the subsidiaries (or joint control), and if the aforementioned assets or subsidiary not in compliance with the definition of IFRS 3 “Business,” the Company is to recognize the profit and loss of the transactions only within the equity scope of the affiliated companies (or joint ventures) irrelevant to the investors, in other words, the profit and loss attributable to the Company should be offset.

B. Amendments to IAS 1 “Classification of Liabilities as Current or Non-current” (referred to as the “2020 amendments”) and “Non-current Liabilities with Covenants” (referred to as the “2022 amendments”)

The 2020 amendments aim to clarify whether a liability is classified as noncurrent; the Company should assess whether it has the right to defer settlement at the end of the reporting period for at least 12 months after the reporting period. If the Company has such a right as of the end of the reporting period, the liability is classified as noncurrent whether or not the Company exercises its right to defer settlement of a liability.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the

Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments provide the purpose to clarify that settlement refers to the transfer to the counterparty of cash, other economic resources or equity instruments of the Company that results in the extinguishment of the liability. However, if the terms of the liability may result in transferring the Company's equity instruments at the option of the counterparty, and if the option is separately recognized in equity in accordance with IAS 32, "Financial Instruments: Presentation" the above-mentioned provisions do not affect the classification of the liability.

Except for the above impact, as of the date the parent company only financial statements are approved and released, the Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Company, and will make appropriate disclosure after the evaluation.

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and relevant laws and regulations.

(2) Basis of preparation

Except for the financial instruments on the basis of fair value and the recognition of net defined benefit liabilities on the basis of the present value of net defined benefit obligation net of the fair value of planned assets, the parent company only financial statements were compiled on the basis of historical cost.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of related input value:

- A. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).

- B. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
- C. Level 3 input value: the unobservable input value of asset or liability.

In preparing its financial statements, the Company uses the equity method to account for its investment in subsidiaries and affiliates. In order to make the same the current profit or loss, other comprehensive income and equity in the parent company only financial statements as the current year's profit or loss, other comprehensive income and equity attributable to shareholders of the Company in the consolidated financial statements, certain accounting differences between the parent company only basis and consolidated basis are adjusted for "investments accounted for using the equity method", "profit or loss share of subsidiaries, affiliates and joint ventures accounted for using the equity method", "other comprehensive income share of subsidiaries, affiliates and joint ventures accounted for using the equity method" and related equity items.

(3) Standards in differentiating current and noncurrent assets and liabilities

Current assets include:

- A. Assets held primarily for trading purposes;
- B. Assets expected to be realized within 12 months of the balance sheet date; and
- C. Cash and cash equivalents (excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date).

Current liabilities include:

- A. Liabilities held primarily for trading purposes;
- B. Liabilities due for settlement within 12 months after the balance sheet date (current liabilities even if a long-term refinancing or rescheduling agreement is completed after the balance sheet date and before the financial statements are authorized for issuance), and
- C. Liabilities whose settlement deadline cannot be unconditionally deferred until at least 12 months after the balance sheet date. If the terms of the liability, at the option of the counterparty, result in the settlement of the liability by the issuance of equity instruments, the classification is not affected.

Those that are not current assets or liabilities above are classified as noncurrent assets or liabilities.

(4) Foreign currency

For the transactions conducted in a currency other than the Company's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when the Company prepares its financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in profit or loss in the period in which they occur.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as profit or loss in the period. However, for the changes in fair value recognized in other comprehensive income, the exchange difference is recorded in other comprehensive income.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a retranslation.

Upon preparation of the parent company only financial reports, the assets and liabilities of overseas operating institutions (including the subsidiaries or affiliates in the countries of business operation or those using currencies different from the Company's) were converted to NTD based on the exchange rate quoted on every balance sheet date. Income and expense items are translated at the average exchange rate for the period and the exchange differences are booked in other comprehensive income.

(5) Inventories

Inventories include raw materials, supplies, semi-finished goods, finished goods, and merchandises. Inventories are valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. The cost of inventories is calculated using the weighted-average method.

(6) Investment in subsidiaries

The Company adopts the equity method for investment in subsidiaries.

A subsidiary is an entity over which the Company has control.

Under the equity method, investments in the subsidiaries were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and other comprehensive profit or loss by the Company.

Additionally, the change in the interests the Company holds in subsidiaries is recognized pro rata to the shareholding percentages.

When a change in the Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity

The Company assesses impairment based on the cash-generating units as a whole in the financial statements and compares their recoverable amounts with their carrying amounts. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. Impairment losses attributable to goodwill must not be reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the subsidiary at fair value at the date of loss of control. The difference between the fair value of the remaining investment and the carrying amount of the investment at the date of loss of control, if any, is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the parent company only financial statements. Gains or losses from upstream and side-stream transactions with subsidiaries are recognized in the parent company only financial statements only to the extent that they are not related to the Company's equity interest in the subsidiary.

(7) Property, plant and equipment

Property, plant, and equipment shall be recognized based on cost. Subsequent costing shall be measured on the cost net of accumulated depreciations and accumulated impairments.

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Costs include professional service expanses and loan costs that meet the capitalization conditions. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

Property, plant and equipment are depreciated separately over their useful lives on a straight-line basis for each significant component. If the lease period is shorter than the useful life, depreciation is provided over the lease period. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each

year and defers the effect of changes in applicable accounting estimates.

In removing property, plant, and equipment from book, the difference between the net proceeds of disposition and the book value shall be recognized as profit or loss.

(8) Intangible assets

A. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at cost, net of accumulated amortization and accumulated impairment losses. Depreciation is recognized using the straight-line method for intangible asset. The Company reviews the estimated useful lives, residual values and depreciation methods at least at the end of each year and defers the effect of changes in applicable accounting estimates. Intangible asset with indefinite useful lives is measured at cost net of accumulated impairment losses.

B. Derecognition

In removing intangible assets from book, the difference between the net proceeds of disposition and the book value shall be recognized as profit or loss for the period.

(9) Impairment of property, plant and equipment, right-of-use assets, intangible assets (except for goodwill) and assets related to contract costs

The Company at each balance sheet date is to assess whether there is any indication of the impairment occurring to the tangible and intangible assets. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company is to estimate the recoverable amount of the respective cash-generating unit. Shared assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

The recoverable amount is the fair value net of cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its carrying amount, the carrying amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

The intangible asset with indefinite useful lives and not yet available for use should be tested for impairment at least annually or should be tested when there is an indication of impairment.

An impairment loss is recognized for inventory, property, plant and equipment and intangible assets recognized under customer contracts in

accordance with the inventory impairment rules and the above rules. Then, an impairment loss is recognized for the amount by which the carrying amount of the contract cost-related assets exceeds the remaining balance of the consideration expected to be received for the provision of the related goods or services, less directly related costs. Next, the carrying amount of the contract cost-related assets is included in the respective cash-generating unit for the purpose of assessing the impairment of the cash-generating unit.

When the impairment loss was reversed subsequently, the carrying amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, but the increased carrying amount may not exceed the carrying amount of the asset or cash-generating unit without recognizing the impairment loss in prior periods (net of amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(10) Financial instrument

When the Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the consolidated balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

A. Financial assets

The regular way of purchase or sale of financial assets are recognized and derecognized based on the accounting on the transaction date.

a. Types of measurement

The types of financial assets held by the Company are financial assets at fair value through profit or loss and financial assets at measured amortized cost.

I. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are mandatorily measured at fair value through profit or loss and those designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments investments not designated by the Company as being measured at fair value through other comprehensive income, and investments in

debt instruments not qualified for classification as being measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, while dividends, interests and gains or losses arising from remeasurement are recognized in other gains and losses. Please refer to Note 7 for the determination of fair value.

II. Financial assets measured at amortized cost

The Company's financial assets, if meeting both of the following conditions, are classified as financial assets at amortized cost:

- i. The financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and
- ii. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets (including cash and cash equivalents, accounts receivable measured at amortized cost), after initial recognition, are measured at their total carrying amount determined using the effective interest method, less amortized cost of any impairment loss, with any foreign currency exchange gain or loss recognized in profit or loss.

Interest income is calculated by multiplying the effective interest rate by the total carrying amount of the financial assets, except for the following two cases.

- i. Interest income on financial assets that are credit-impaired upon acquisition or creation is calculated using the credit-adjusted effective interest rate multiplied by the amortized cost of the financial assets.
- ii. Interest income on financial assets that are not credit-impaired upon acquisition or creation but become credit-impaired subsequently is calculated using the effective interest rate multiplied by the amortized cost of the financial assets from the next reporting period after the impairment.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with minimal risk of changes in value within 3 months from the acquisition date and are used to meet short-term cash commitments.

- b. Impairment of financial assets and contract assets

The Company at each balance sheet date assesses the impairment loss of financial assets (including accounts receivable) at amortized cost and contract assets according to the expected credit loss.

An allowance is recognized for losses on accounts receivable and contract assets based on the expected credit losses over the duration other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the expected credit loss over 12 months, and if there is a significant increase, an allowance for loss is recognized based on the expected credit loss over the duration.

Expected credit loss is a weighted average credit loss based on the risk of default. Expected credit loss in a 12-month period represents the expected credit loss arising from possible defaults of the financial instruments within 12 months after the reporting date, and the ongoing expected credit loss represents the expected credit loss arising from all possible defaults of the financial instruments during the expected duration of the financial instruments.

The carrying amount of all financial assets is reduced through an allowance account, except for the allowance for losses on investments in debt instruments measured at fair value through other comprehensive income, which is recognized in other comprehensive income and does not reduce the carrying amount.

c. Derecognition of financial assets

The difference between the carrying amount of a financial asset carried at amortized cost and the consideration received is recognized in profit or loss when the financial asset is derecognized as a whole. When investments in debt instruments measured at fair value through other comprehensive income are derecognized as a whole, the difference between its carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss. When an investment in an equity instrument that is measured at fair value through other comprehensive income is derecognized as a whole, the cumulative gain or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

B. Equity instruments

The debt and equity instruments issued by the Company are classified as financial liabilities or equity pursuant to the

contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments issued by the Company are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The retrieval of the Company's own equity instruments is recognized and deducted under equity. The Company's equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

C. Financial liabilities

a. Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b. Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the carrying amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

(11) Recognition of revenue

The Company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

A. Revenue from merchandise sales

Revenue from merchandise sales is derived from sales of food ingredients to franchisees, etc.

The Company recognizes revenue and accounts receivable at the point of delivery of the franchisee's food ingredients to the franchisee's designated location, when the franchisee has the right to set the price and use the merchandise and has the primary responsibility for the merchandise at the time of sale, and bears the risk of obsolescence of the merchandise.

B. Licensing revenue

The Company's licensing revenue is generated from the licensing of franchisee chain. The business practice of the Company is to continuously analyze consumers' preferences for products in order to launch new products, conduct pricing analysis and marketing activities, while the franchisee is required to launch new products. Since the aforementioned business practices do not transfer merchandises or services to the franchisee, the nature of the license is to provide the franchisee with access to intellectual property existing during the license period, and the

original license fee is recognized as licensing revenue on a straight-line basis over the license period.

(12) Leases

The Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date

A. The Company is the lessor

A lease is classified as a capital lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the classification of the sublease is determined by the right-of-use asset (not the subject asset). If the primary lease is a short-term lease to which the Company applies the recognition exemption, the sublease is classified as an operating lease.

Lease payments for operating leases upon deduction of lease incentives are recognized as income on a straight-line basis in relevant lease periods. Initial direct costs generated in the acquisition of operating leases are added to the underlying asset carrying amount and recognized as expenses on a straight-line basis in lease periods.

B. The Company is the lessee

Right-of-use assets and lease liabilities are recognized at the lease inception date, except for leases of low-value underlying assets to which the recognition exemption applies and short-term leases for which lease payments are recognized as expenses on a straight-line basis over the lease period.

Right-of-use assets are measured initially at cost (consisting of the original measurement amount of the lease liability, lease payments made before the inception date of the lease less lease incentives received, original direct cost and estimated cost of restoration of the subject asset) and subsequently at cost less accumulated depreciation and accumulated impairment, and the remeasurement of the lease liability is adjusted.

The right-of-use assets are depreciated on a straight-line basis over the period starting from the lease inception date to the end of their useful lives or the expiration of the lease period, whichever is sooner. If ownership of the subject asset will be acquired at the end of the lease period, or if the cost of the right-of-use asset reflects the exercise of a purchase option, depreciation is provided from the lease commencement date to the end of the useful life of the subject asset.

Lease liabilities are measured initially at the present value of lease payments (including fixed payments, effective fixed payments, variable lease payments dependent on indices or rates, and lease termination penalties reflected in the lease period, net of lease incentives received). If the implicit interest rate of the lease is readily determinable, the lease payments are discounted using that rate. If that rate is not readily determinable, the lessee's incremental borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease period. If there is a change in future lease payments due to changes in the lease period, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. The lease liabilities are expressed separately in the balance sheet.

Rentals under leases that do not depend on changes in indices or rates are recognized as expense in the period in which they are incurred.

(13) Borrowing costs

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

The income of a temporary investment with a specific loan that has not yet met the essential requirement of capital expenditure is deducted from the loan cost that meets the essential requirement of capitalization.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring.

(14) Employee benefits

A. Short-term employee benefits

Liabilities related to short-term employee benefits are measured at the non-discounted amount expected to be paid in exchange for employee services.

B. Retirement benefits

Under defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined benefit cost (including service cost, net interest and remeasurement) of defined benefit pension plan is actuarially

determined using the projected unit credit method. Service cost (including current and prior service cost) and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expense as incurred. Remeasurements (including actuarial gains and losses and return on plan assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability (asset) represents the deficit (remaining) of the defined benefit pension plan appropriation. The net defined benefit asset may not exceed the present value of refunds of appropriations from the plan or reductions in future appropriations.

(15) Share-based payment agreement

Equity Settled Share-based Payment Agreement to Employees

For equity-settled share-based payment agreement, expenses are recognized on a straight-line basis over the vesting period based on the fair value of the equity instruments at the date of grant and the best estimate of the number of shares expected to be vested, with a simultaneous adjustment to capital surplus - employee stock options. If gain is realized as of the day of transfer, recognize as expenses in full amount as of the transfer day. The equity-settled share-based payment agreements granted to employees are recognized on the grant date when the number of shares subscribed by employees is determined.

(16) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

A. Current income tax

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

B. Deferred income tax

Deferred income tax is computed in accordance with the temporary differences between the book value of assets and liabilities and the tax bases of taxable income.

Deferred income tax liabilities are generally recognized in accordance with all taxable temporary differences. Deferred

income tax assets are recognized when there are likely to have taxable income available for deductible temporary difference

All taxable provisional differences relevant to the investment in subsidiaries and affiliates were recognized as deferred income tax liabilities, except an event while the Consolidated Company' could control the time point of recovery of the control over the provisional difference or while the said provisional difference would be very likely not recoverable in the foreseeable future. The deductible temporary differences related to such investments are recognized as deferred income tax assets when there is likely a sufficient taxable income available for realizing a temporary difference and within the expected reverse in the foreseeable future.

The carrying amount of deferred income tax asset must be reviewed at each balance sheet date. The carrying amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The carrying amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequence resulted from the book value of the assets or liabilities expected to be recovered or liquidated on the balance sheet date.

C. Current and deferred income tax

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity.

5. **Significant Accounting Judgments and Estimations, and Main Sources of Assumption Uncertainties**

When adopting accounting policies, the Company's management is required to make judgments, estimates and assumptions that are based on historical experience and other factors that are not readily apparent from other sources Actual results may differ from estimates.

The Company included the economic impact of the COVID-19 outbreak in the consideration of significant accounting estimates, and management will review the estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period,

it is recognized in the period in which the estimate is revised; if a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which the estimate is revised and in the future period.

Estimations, and Main Sources of Assumption Uncertainties

A. Estimation of impairment on financial assets

The estimation of impairment on accounts receivable and debt instrument investments is based on assumptions regarding the probability of default and the loss rate upon default made by the consolidated company. The consolidated company considers historical experience, current market conditions, and forward-looking information to make these assumptions and select input values for impairment assessment. Please refer to Note 9 "Credit risk management of debt instrument investments" and Note 11 "Notes and accounts receivable and other receivables" for the significant assumptions and input values used. If actual cash flows in the future are less than the consolidated company's expectations, significant impairment losses may arise. In addition, the uncertainty of the effects caused by inflation and interest rate hikes, the uncertainty of the effects caused by fluctuations in inflation and market interest rates, and the effects of financial market volatility on credit risk of financial assets all contribute to significant uncertainty in the estimation of default probabilities.

B. Impairment of inventories.

The net realizable value of inventories is estimated as the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Such estimates are made based on the current market conditions and historical sales experience of similar products, and changes in market conditions could significantly affect these estimates.

6. Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 692	\$ 518
Checking accounts and demand deposits	42,906	332,481
Cash equivalents (investments with original maturity of less than 3 months)		
Bonds with repurchase agreement	30,000	257,680
Bank time deposit	30,710	200,000
	<u>\$104,308</u>	<u>\$790,679</u>

The interest rate ranges at the balance sheet date for bank deposits and bonds with repurchase are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank deposits	0.105%~4.5%	0.001%~0.03%
Bonds with repurchase agreement	0.59%	0.26%~0.3%

7. Financial instruments at fair value through profit or loss

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Mandatorily measured at fair value through profit or loss		
Mixed financial assets		
- Structured deposits	<u>\$ 110,228</u>	<u>\$ 94,302</u>

The Company entered into structured time deposit contracts with financial institutions. The structured time deposit includes an embedded derivative that is not closely related to the host contract. As the host contract included in the hybrid contract is an IFRS 9 asset, it is assessed as a mandatory classification at fair value through profit or loss for the entire hybrid contract.

8. Financial assets measured at amortized cost

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
Time deposits with original maturity over 3 months	<u>\$1,074,251</u>	<u>\$400,374</u>

As of December 31, 2022 and 2021, the interest rate ranges for time deposits with original maturity over 3 months were 0.85% to 5.12% and 0.33% to 0.59% per annum, respectively. The Company set pledge as loan guarantee, please refer to Note 33.

9. Credit risk management of investments in debt instruments

The Company's investments in debt instruments are classified as financial assets at amortized cost.

December 31, 2022

Total carrying amount	<u>\$1,074,251</u>
Allowance for losses	<u>-</u>
Amortized cost	<u>\$1,074,251</u>

December 31, 2021

	Measured at amortized cost
Total carrying amount	<u>\$ 400,374</u>
Allowance for losses	<u>-</u>
Amortized cost	<u>\$ 400,374</u>

The credit risk of the Company's bank deposits and other financial instruments is measured and monitored by the Company's finance department. Since the Company's trade counterpart and performing party are banks, financial institutions with investment grade or higher, and corporate organizations with good credit ratings, there is no significant doubt about the performance of the contracts and therefore no significant credit risk.

The Company's current credit risk rating mechanism and the total carrying amounts of investments in debt instruments of each credit rating are as follows:

Credit rating	Definition	Recognition basis for expected credit loss	Expected credit loss rate	Total carrying amount as of December 31, 2022	Total carrying amount as of December 31, 2021
Normal	Debtors have low credit risk and sufficient ability to repay contractual cash flow obligations	12-month expected credit loss rate	0%~0.01%	<u>\$ 1,074,251</u>	<u>\$ 400,374</u>

10. Notes receivable, accounts receivable and other receivables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Accounts receivable</u>		
Measured at amortized cost		
Total carrying amount - non-related parties	\$ 86,375	\$ 70,565
Less: Allowance for losses	(477)	(477)
	<u>\$ 85,898</u>	<u>\$ 70,088</u>
Total carrying amount - related parties (Note 32)	<u>\$ 23,994</u>	<u>\$ 29,658</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Other receivables</u>		
Non-related parties (3)	<u>\$ 3,778</u>	<u>\$ 2,566</u>
Related parties (Note 32)		
Loan receivable - fixed interest rate (2)	\$ -	\$ 25,000
Others	1,413	4,406
	<u>\$ 1,413</u>	<u>\$ 29,406</u>

(1) Accounts and notes receivable

The Company's sales of merchandises to customers are based on the credit period agreed upon by both parties, and the credit period is 3 to 15 days. In determining the collectability of accounts receivable, the Company considers any changes in the credit quality of accounts receivable from the original credit date to the balance sheet date.

To mitigate credit risk, the Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible receivables. Accordingly, the Company's management believes that the credit risk of the Company has been significantly reduced.

The Company uses the simplified IFRS 9 method to recognize an allowance for losses on accounts receivable based on expected credit losses over the duration of the receivables. The expected credit losses for the duration are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition, the economic situation of the industry, as well as the GDP forecast and industry outlook. Since the credit loss history of the Company shows that there is no significant difference in the loss patterns of different customer groups, the allowance matrix does not further differentiate between customer groups and only uses the number of days to establish accounts receivable to determine the expected credit loss rate.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably expect to recover the amount, for example, if the counterparty is in liquidation or the debt has been outstanding for more than 120 days, the Company directly writes off the related receivables, but continues the recovery activities, and the amount recovered from the recovery is recognized in profit or loss.

The Company measures the allowance for losses on accounts receivable based on the allowance matrix as follows:

December 31, 2022

	<u>0~30 days</u>	<u>31~60 days</u>	<u>61~90 days</u>	<u>91~120 days</u>	<u>120 days or more</u>	<u>Total</u>
Expected credit loss rate	0.26%	45.13%	65.09%	76.66%	100%	
Total carrying amount	\$ 109,919	\$ 168	\$ 90	\$ -	\$ 192	\$ 110,369
Allowance for losses (Lifetime ECLs)	(<u>150</u>)	(<u>76</u>)	(<u>59</u>)	-	(<u>192</u>)	(<u>477</u>)
Amortized cost	<u>\$ 109,769</u>	<u>\$ 92</u>	<u>\$ 31</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,892</u>

December 31, 2021

	<u>0~30 days</u>	<u>31~60 days</u>	<u>61~90 days</u>	<u>91~120 days</u>	<u>120 days or more</u>	<u>Total</u>
Expected credit loss rate	0.18%	30.4%	65.39%	76.66%	100%	
Total carrying amount	\$ 99,888	\$ 6	\$ 180	\$ 90	\$ 59	\$ 100,223
Allowance for losses (Lifetime ECLs)	(145)	(3)	(180)	(90)	(59)	(477)
Amortized cost	<u>\$ 99,743</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,746</u>

The above is an aging analysis based on the posting date

The changes in the allowance for losses on accounts receivable were as follows:

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Balance at the beginning of the year	\$ 477	\$ 477
Balance at the end of the year	<u>\$ 477</u>	<u>\$ 477</u>

(2) Other receivables - loan receivables

The interest rate exposure and contract maturities of the Company's loan receivables are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Loan receivables		
No more than 1 year	<u>\$ -</u>	<u>\$ 25,000</u>

The following is the content of the loan receivables.

	<u>Maturity date</u>	<u>Collaterals</u>	<u>Effective interest rate</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Loan receivables of NT\$25,000 thousand	April 19, 2022	None	-	<u>\$ -</u>	<u>\$ 25,000</u>

(3) Other receivables

To mitigate credit risk, the Company's management assigns a dedicated team to determine credit limits, approve credit facilities and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of other receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible other receivables.

11. Inventories

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Raw materials	\$ 143,024	\$ 126,786
Semi-finished products	8,662	9,939
Finished goods	20,511	15,011

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Merchandise inventories	17,228	16,690
	<u>\$ 189,425</u>	<u>\$ 168,426</u>

The nature of cost of goods sold is as follows:

	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cost of inventories sold	\$ 3,152,758	\$ 2,763,440
Loss on decline in value of inventories	-	-
	<u>\$ 3,152,758</u>	<u>\$ 2,763,440</u>

12. Investments accounted for using equity method

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Investment in subsidiaries	<u>\$ 1,011,540</u>	<u>\$ 820,136</u>

Investment in subsidiaries

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bafang Yunji Restaurant Co., Ltd.	\$ 212,627	\$ 192,468
Bafang Yunji (Samoa) International Co., Ltd.	27,794	420,472
Fang Sin International Trading Co., Ltd.	46,803	43,960
Bafang Co., Ltd.	56,112	59,035
Bafang Yunji International (USA) Limited	129,630	59,896
Dante Coffee & Foods Co., Ltd.	886	44,305
Bafang Yunji International Company Limited	537,688	-
	<u>\$ 1,011,540</u>	<u>\$ 820,136</u>

<u>Name of subsidiary</u>	<u>Percentage of ownership and voting rights</u>		<u>Note</u>
	<u>December 31, 2022</u>	<u>December 31, 2021</u>	
Bafang Yunji Restaurant Co., Ltd.	100%	100%	-
Bafang Yunji (Samoa) International Co., Ltd.	100%	100%	(1) 、(3)
Fang Sin International Trading Co., Ltd.	100%	100%	-
Bafang Co., Ltd.	100%	100%	-
Bafang Yunji International (USA) Limited	100%	100%	(2)
Dante Coffee & Foods Co., Ltd.	85.29%	85.29%	(4)
Bafang Yunji International Company Limited	100%	-	(3)

Remarks:

- A. Bafang Yunji (Samoa) International Co., Ltd. executed the capital reduction and refunded cash \$472,514 thousand (US dollars 14,859 thousand) in September 2022.
- B. The Company invested \$76,833 thousand (USD 2,480 thousand) in Bafang Yunji International (USA) Limited on January 26 and October 17, 2022, respectively, with a 100% ownership in both cases.
- C. The board of directors of the Consolidated Company passed a resolution on August 9, 2022 to adjust the internal organization for better support of operational and management requirements. As part of the re-organization, the Company paid \$460,969 thousand in cash to Bafang Yunji (Samoa) International Co., Ltd. to acquire 100% equity ownership in Bafang Yunji International Company Limited. The Consolidated Company had applied accounting treatment for re-organization and valued the net worth of Bafang Yunji International Company Limited at \$476,538 thousand (HKD 119,618 thousand) as of July 31, 2022; this transaction resulted in an increase and decrease to the capital surplus of the Company and Bafang Yunji (Samoa) International Co., Ltd. by \$15,569 thousand, respectively.
- D. On July 15, 2021, the Company acquired 16.27% of the shares of Dante Coffee & Foods Co., Ltd. with \$21,216 thousand. For information on the Equity transactions with non-controlling interests, please refer to Note 32.

For the details of the indirect investment in subsidiaries, please refer to Notes 37, Exhibits 6.

13. Property, plant and equipment

	<u>December 31, 2022</u>							<u>December 31, 2021</u>	
Self-use	<u>\$ 1,107,712</u>							<u>\$ 1,019,787</u>	
<u>Self-use</u>								Unfinished construction and equipment pending acceptance	Total
	Land	Building and construction	Machinery equipment	Office equipment	Transportation equipment	Leasehold improvements	Other equipment		
Cost									
Balance at January 1, 2022	\$ 368,741	\$ 417,676	\$ 424,389	\$ 42,923	\$ 32,184	\$ 39,964	\$ 71,795	\$ 12,893	\$ 1,410,565
Addition	-	2,655	8,206	1,492	160	68,432	15,459	29,480	125,884
Reclassification	-	130	69,844	475	-	-	6,055	(6,737)	69,767
Disposal	-	-	(1,259)	(1,181)	(1,189)	(857)	(171)	-	(4,657)
Balance at December 31, 2022	<u>\$ 368,741</u>	<u>\$ 420,461</u>	<u>\$ 501,180</u>	<u>\$ 43,709</u>	<u>\$ 31,155</u>	<u>\$ 107,539</u>	<u>\$ 93,138</u>	<u>\$ 35,636</u>	<u>\$ 1,601,559</u>
Accumulated depreciation									
Balance at January 1, 2022	\$ -	\$ 76,844	\$ 204,180	\$ 26,500	\$ 16,593	\$ 29,368	\$ 37,293	\$ -	\$ 390,778
Depreciation expenses	-	19,857	59,223	6,282	3,794	6,685	11,336	-	107,177
Reclassification	-	-	-	-	-	-	-	-	-
Disposal	-	-	(1,173)	(1,105)	(861)	(857)	(112)	-	(4,108)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 96,701</u>	<u>\$ 262,230</u>	<u>\$ 31,677</u>	<u>\$ 19,526</u>	<u>\$ 35,196</u>	<u>\$ 48,517</u>	<u>\$ -</u>	<u>\$ 493,847</u>
Net amount at December 31, 2022	<u>\$ 368,741</u>	<u>\$ 323,760</u>	<u>\$ 238,950</u>	<u>\$ 12,032</u>	<u>\$ 11,629</u>	<u>\$ 72,343</u>	<u>\$ 44,621</u>	<u>\$ 35,636</u>	<u>\$ 1,107,712</u>

	Land	Building and construction	Machinery equipment	Office equipment	Transportation equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost									
Balance at January 1, 2021	\$ 368,741	\$ 356,039	\$ 365,089	\$ 34,284	\$ 31,939	\$ 34,184	\$ 68,331	\$ 43,839	\$ 1,302,446
Addition	-	7,867	41,663	7,652	245	5,648	2,928	24,795	90,798
Reclassification	-	53,770	19,982	2,344	-	847	2,034	(55,741)	23,236
Disposal	-	-	(2,345)	(1,357)	-	(715)	(1,498)	-	(5,915)
Balance at December 31, 2021	\$ 368,741	\$ 417,676	\$ 424,389	\$ 42,923	\$ 32,184	\$ 39,964	\$ 71,795	\$ 12,893	\$ 1,410,565
Accumulated depreciation									
Balance at January 1, 2021	\$ -	\$ 58,069	\$ 156,066	\$ 21,925	\$ 11,806	\$ 23,559	\$ 29,003	\$ -	\$ 300,428
Depreciation expenses	-	18,775	50,391	5,886	4,787	6,482	9,585	-	95,906
Reclassification	-	-	-	-	-	-	-	-	-
Disposal	-	-	(2,277)	(1,311)	-	(673)	(1,295)	-	(5,556)
Balance at December 31, 2021	\$ -	\$ 76,844	\$ 204,180	\$ 26,500	\$ 16,593	\$ 29,368	\$ 37,293	\$ -	\$ 390,778
Net amount at December 31, 2021	\$ 368,741	\$ 340,832	\$ 220,209	\$ 16,423	\$ 15,591	\$ 10,596	\$ 34,502	\$ 12,893	\$ 1,019,787

There was no indication of impairment of property, plant and equipment listed above in 2022 and 2021 as assessed by management.

Depreciation expense is provided on a straight-line basis over the following useful lives:

Building and construction	
Plant main building	22 to 50 years
Wastewater treatment equipment	10 years
Renovation construction	4 to 5 years
Machinery equipment	1 to 7 years
Office equipment	1 to 10 years
Transportation equipment	1 to 7 years
Leasehold improvements	2 to 7 years
Other equipment	3 to 15 years

For property, plant and equipment pledged as collateral for loans by the Company, please refer to Note 33.

14. Lease agreements

(1) Right-of-use assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carrying amount of right-of-use assets		
Land	\$156,567	\$ 58,186
Building	35,873	60,681
Transportation equipment	<u>132,853</u>	<u>125,109</u>
	<u>\$325,293</u>	<u>\$243,976</u>
	<u>Year ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Addition of right-of-use assets.		
Land	\$106,772	\$ 24,515
Building	1,082	8,054
Transportation equipment	<u>52,844</u>	<u>58,522</u>
	<u>\$160,698</u>	<u>\$ 91,091</u>
Depreciation expenses of right-of-use assets		

	Year ended December 31,	
	<u>2022</u>	<u>2021</u>
Land	\$ 8,391	\$ 2,408
Building	12,543	13,202
Transportation equipment	<u>44,514</u>	<u>38,428</u>
	<u>\$ 65,448</u>	<u>\$ 54,038</u>

(2) Lease liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Carry amount of lease liabilities		
Current	<u>\$ 58,598</u>	<u>\$ 53,838</u>
Non-current	<u>\$245,725</u>	<u>\$167,042</u>

The discount rate range for lease liabilities is as follows

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Land	1.42%	1.42%
Building	1.25%~1.7%	1.25%~1.7%
Transportation equipment	1.25%~1.7%	1.25%~1.7%

(3) Significant lease activities and terms

The Company leases certain land and buildings as plants and offices with lease periods from 2018 to 2041, upon termination of which, the Company has no bargain purchase option for the leased buildings.

(4) Information on other leases

	Year ended December 31,	
	<u>2022</u>	<u>2021</u>
Lease expenses for low-value assets	<u>\$ 229</u>	<u>\$ 275</u>
Total cash (outflows) from leases	<u>(\$ 67,846)</u>	<u>(\$ 55,951)</u>

The Company elected to apply the exemption from recognition to certain office equipment leases that qualify as low-value asset leases and did not recognize the related right-of-use assets and lease liabilities for these leases.

All lease commitments with lease periods beginning after the balance sheet date are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Lease commitments	<u>\$ 4,008</u>	<u>\$121,800</u>

The Company's other financial assets-restricted bank demand deposits are mainly trust lodgments for gift certificates, as described in Note 33.

(2) Prepayments for equipment

The Company's prepayments for equipment are advanced payments for the purchase of property, plant and equipment used in the production of products or services.

(3) Refundable deposits

The refundable deposits are cash pledges provided by the Company under lease agreements.

18. Short-term loans

(1) Short-term loans

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Secured loans (Note 33)</u>		
Bank loans	<u>\$ -</u>	<u>\$ 27,000</u>

The bank loans were secured by pledges of the Company's own land and buildings, with effective interest rates ranging from 1.16% per annum as of December 31, 2021. The amount drawn was used for short-term operating turnover and material purchases.

(2) Long-term loans

	<u>Maturity date</u>	<u>Material terms</u>	<u>Effective interest rate</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Mega International Commercial Bank Mortgaged loans	2018.7.5-2025.7.4	The total borrowing amount is \$70,000 thousand and the principal is repayable in 84 equal installments from the date of borrowing (2018.7.5), with interest charged monthly. Redeemed in advance as of 2022.07.20	1.17%	\$ -	\$ 35,819
Less: current portion Long-term bank loans				<u>-</u>	<u>(9,996)</u>
				<u>\$ -</u>	<u>\$ 25,823</u>

Bank loans are secured by pledges of the Company's own land, buildings and construction and equipment.

19. Notes payable and accounts payable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Notes payable</u>		
Incurred as a result of operations - non-related parties	\$ <u> -</u>	\$ <u> 1,000</u>
<u>Accounts payable</u>		
Incurred as a result of operations - non-related parties	\$ 171,042	\$ 162,388
Incurred as a result of operations - related parties	<u> 3,532</u>	<u> 3,101</u>
	<u>\$ 174,574</u>	<u>\$ 165,489</u>

The average credit period for the purchase of raw materials is 30 to 60 days.

20. Other liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Current</u>		
<u>Other payables</u>		
Salaries payable and bonus	\$ 107,566	\$ 110,432
Remuneration payable to employees and directors and supervisors	17,980	15,000
Insurance premiums payable	8,418	7,745
Retirement benefits payable	5,015	4,898
Equipment payables	10,877	4,529
Business tax payable	22,368	18,398
Service expenses payable	2,455	1,242
Dividends payable	165,112	150,112
Others	<u> 35,006</u>	<u> 24,584</u>
	<u>\$ 374,797</u>	<u>\$ 336,940</u>
Other payables - related parties		
Marketing and advertising expenses payable	\$ 7,816	\$ 8,474
Others	<u> 2,806</u>	<u> 2,468</u>
	<u>\$ 10,622</u>	<u>\$ 10,942</u>
Other liabilities - current		
Financial liabilities	\$ 3,106	\$ 2,575
Advanced receipts	-	11
Temporary receipts	388	1,082
Receipts under custody	<u> 5,212</u>	<u> 2,586</u>
	<u>\$ 8,706</u>	<u>\$ 6,254</u>

21. Retirement benefit plans

(1) Defined contribution plan

The Company's pension plan under the Labor Pension Act is a government-administered defined contribution pension plan, which requires the Company to contribute 6% of employees' monthly salaries to the individual accounts of the Bureau of Labor Insurance. The Company recognized pension costs of \$19,737 thousand and \$19,310 thousand for 2022 and 2021, respectively.

(2) Defined benefit plan

The pension plan of the Company under the Labor Standards Act of the ROC is a government-administered defined benefit pension plan. Employees' pension payments are based on the average salary for the six months before the date of retirement. The Company contributes 4% of the employees' monthly salaries to the pension fund, which is deposited in the name of the Supervisory Committee of Labor Retirement Reserve in a dedicated account in the Bank of Taiwan. Before the end of the year, if the estimated balance in the account is not sufficient to pay the employees who are expected to meet the retirement criteria in the following year, the difference will be made up in one lump sum by the end of March of the following year. The Company does not have the right to influence the investment management strategy as the dedicated account is entrusted to be administered by the Bureau of Labor Funds of the Ministry of Labor.

The amounts of defined benefit plan included in the parent company only balance sheet are shown as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligations	\$ 11,498	\$ 13,034
Fair value of plan assets	(<u>9,252</u>)	(<u>8,060</u>)
Net defined benefit liabilities	<u>\$ 2,246</u>	<u>\$ 4,974</u>

Changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
January 1, 2021	<u>\$ 12,896</u>	(<u>\$ 7,398</u>)	<u>\$ 5,498</u>
Service costs			
Interest expenses (income)	<u>64</u>	(<u>38</u>)	<u>26</u>
Recognized in profit or loss	<u>64</u>	(<u>38</u>)	<u>26</u>
Remeasurement			
Actuarial gains (losses) from changes in demographic assumptions	440	-	440
Return on planned assets (other than the amount included in net interest)	-	(92)	(92)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Actuarial gains - changes in financial assumptions	(767)	-	(767)
Actuarial gains - adjustments through experience	<u>401</u>	<u>-</u>	<u>401</u>
Recognized in other comprehensive income	<u>74</u>	(<u>92</u>)	(<u>18</u>)
Contribution from the employer	<u>-</u>	(<u>532</u>)	(<u>532</u>)
December 31, 2021	<u>\$ 13,034</u>	(<u>\$ 8,060</u>)	<u>\$ 4,974</u>
January 1, 2022	<u>\$ 13,034</u>	(<u>\$ 8,060</u>)	<u>\$ 4,974</u>
Service costs			
Interest expenses (income)	114	(73)	41
Current service cost	<u>117</u>	<u>-</u>	<u>117</u>
Recognized in profit or loss	<u>231</u>	(<u>73</u>)	<u>158</u>
Remeasurement			
Actuarial gains (losses) from changes in demographic assumptions	-	-	-
Return on planned assets (other than the amount included in net interest)	-	(591)	(591)
Actuarial gains - changes in financial assumptions	(1,302)	-	(1,302)
Actuarial gains - adjustments through experience	(465)	<u>-</u>	(465)
Recognized in other comprehensive income	(<u>1,767</u>)	(<u>591</u>)	(<u>2,358</u>)
Contribution from the employer	<u>-</u>	(<u>528</u>)	(<u>528</u>)
December 31, 2022	<u>\$ 11,498</u>	(<u>\$ 9,252</u>)	<u>\$ 2,246</u>

The amounts recognized in profit or loss for defined benefit plan are summarized by function as follows:

	Year ended December 31,	
	2022	2021
Operating expenses	<u>\$ 158</u>	<u>\$ 26</u>

The Company is exposed to the following risks as a result of the pension system under the “Labor Standards Act”:

- A. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own

management or entrusted third parties, but the amount allocated to the Company's plan assets is based on the income at a rate no less than the local bank's 2-year time deposit rate.

- B. Interest rate risk: A decrease in interest rates on government bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.
- C. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member's salary will result in an increase in the present value of the defined benefit obligation.

The present value of the Company's defined benefit obligation was actuarially determined by a qualified actuary and the significant assumptions at the measurement date were as follows.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate	1.625%	0.875%
Expected rate of salary increase	3%	3%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there are reasonable possible changes in significant actuarial assumptions, with all other assumptions held constant, is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Discount rate		
Increase by 0.25%	(\$ 393)	(\$ 486)
Decrease by 0.25%	<u>\$ 412</u>	<u>\$ 513</u>
Expected rate of salary increase		
Increase by 0.25%	<u>\$ 400</u>	<u>\$ 494</u>
Decrease by 0.25%	(<u>\$ 383</u>)	(<u>\$ 472</u>)

The sensitivity analysis above may not reflect actual changes in the present value of the defined benefit obligation because the actuarial assumptions may be correlated and changes in only one assumption are not feasible.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
The expected contributions to the plan for the next year	<u>\$ 539</u>	<u>\$ 550</u>
Average duration to maturity of defined benefit obligations	16.2 years	17.6 years

22. Equity

(1) Share capital

Common stock

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Authorized number of shares (in thousands)	<u>100,000</u>	<u>100,000</u>
Authorized share capital	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>66,326</u>	<u>66,045</u>
Issued share capital	<u>\$ 663,258</u>	<u>\$ 660,448</u>

The issued common stock has a par value of \$10 per share and each share has one voting right and is entitled to receive dividends.

On July 20, 2021, the Board of Directors resolved to increase capital by cash with issuance of 6,000 thousand shares of common stock at a par value of \$10 per share and at a premium of \$155 per share, resulting in a paid-in capital of NT\$660,448 thousand after the capital increase. The registration of the aforementioned cash capital increase was approved into effect by the Taiwan Stock Exchange Corporation on August 4, 2021, and the Board of Directors authorized the Chairperson to decide on September 7, 2021 as the base date for the capital increase and the change registration was approved by the Department of Commerce, Ministry of Economic Affairs on September 30, 2021.

The main reason for the Company's capital changes in 2022 was due to the issuance of 281 thousand shares for \$2,810 thousand, converted from employee share options. The changes were registered on October 24, 2022 and February 3, 2023, respectively. Please refer to Note 27.

(2) Capital surplus

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>For loss make-up, payment in cash or capitalization as equity (A)</u>		
Share issue premium	\$ 950,069	\$ 924,436
Difference between the actual acquisition price and the book value of the subsidiary	191	-
Employee share-based payment remuneration costs	22,735	22,735
Lapsed employee stock options	<u>132</u>	<u>132</u>
	<u>973,127</u>	<u>947,303</u>
<u>Not for any purpose</u>		
Employee stock options	<u>15,778</u>	<u>23,016</u>
	<u>\$ 988,905</u>	<u>\$ 970,319</u>

- A. Such capital surplus may be used to make up for losses or, when the Company has no losses, to distribute cash or to capitalize equity, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(3) Retained Earnings and Dividend Policy

In accordance with the earnings distribution policy of the Company's Articles of Incorporation, the surplus earning distribution or losses make-up proposal may be made after the end of each semi-annual fiscal year. The Board of Directors shall resolve the distribution of earnings in cash, and the shareholders' meeting shall resolve the distribution of earnings by issuing new shares.

In accordance with the earnings distribution policy of the Company's Articles of Incorporation, if there are any surplus earnings as indicated in the final accounting results, the Company shall first pay tax and make up for the accumulated losses, and then set aside 10% as legal reserve, except when the accumulated legal reserve has reached the amount of the Company's paid-in capital, and the rest shall be set aside as special reserve or offset by reversal of special reserve as required by law; If there are still remaining earnings, the Board of Directors shall prepare a proposal for the distribution of the remainder together with the accumulated undistributed earnings, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders. In accordance with the earnings distribution policy of the Company's Articles of Incorporation, the Board of Directors is authorized to distribute dividends and bonuses, or all or part of the legal reserve and capital surplus as provided in paragraph 1, Article 241 of the Company Act, to shareholders in cash by a resolution with the attendance of a majority of the directors and the approval of at least two-thirds of the directors present and report to the shareholders' meeting.

The Company's policy on the distribution of remuneration to employees and remuneration to directors as stipulated in the Company's Articles of Incorporation is described in Note 24(7) Remuneration to Employees, Directors and Supervisors

The Company is in a growth stage and its dividend policy is based on the different stages of Company's business development, profitability, medium- and long-term financial capital budget planning, and shareholders' interests, and other factors. Dividends are paid in the form of stock dividends or cash dividends as appropriate. No less than 20% of the available-for-distribution earnings is appropriated annually as stockholders' dividends, of which no less than 20% of the total dividends should be in cash.

The legal reserve should be appropriated until the balance reaches the total paid-in capital of the Company. The legal reserve may be used to make up for losses. If the Company has no losses, the excess of legal

reserve over 25% of the paid-in capital may be capitalized as equity or distributed in cash

According to existing regulations, the Company is required to set aside additional special capital reserve equivalent to the net debit balance of the other components of stockholders' equity. For the subsequent decrease in the deduction amount to stockholders' equity, any special reserve appropriated may be reversed to the extent that the net debit balance reverses. When the Company appropriates special capital reserve for the net debit balance of the other components of stockholders' equity, it only sets aside the reserve against the accumulated balance of undistributed earnings in the prior periods.

The Board of Directors resolved the earnings distribution for 2022 and 2021 as follows:

	January 1 to June 30, 2022	July 1 to December 31, 2021	January 1 to June 30, 2021
Board of Directors' resolution date	August 9, 2022	March 22, 2022	August 10, 2021
Legal reserve	<u>\$ 31,971</u>	<u>\$ 25,284</u>	<u>\$ 28,256</u>
Provision for (Reversed) Special reserve	(\$ 22,319)	<u>\$ 5,666</u>	<u>\$ 8,984</u>
Cash dividends	<u>\$ 165,112</u>	<u>\$ 279,179</u>	<u>\$ 150,112</u>
Cash dividends per share (NT\$)	<u>\$ 2.49</u>	<u>\$ 4.23</u>	<u>\$ 2.27</u>

The Board of Directors' meeting on March 23, 2023 proposed the following earnings distribution for the second half of 2022.

	July 1 to December 31, 2022
Legal reserve	<u>\$ 34,313</u>
Reversed Special reserve	(\$ 27,689)
Cash dividends	<u>\$ 332,427</u>
Cash dividends per share (NT\$)	<u>\$ 5.01</u>

The above cash dividends have been approved by the Board of Directors, and the rest are subject to the resolution of the shareholders' meeting scheduled to be held on June 15, 2023

(4) Special reserve

	Year ended December 31,	
	2022	2021
Balance at the beginning of the year	\$ 48,589	\$ 27,261
Provision for special reserve		
Provision for deductions to other equity items	-	21,328
Reversed special reserve		
Reversed deductions to other	(16,653)	-

	Year ended December 31,	
	2022	2021
equity items		
Balance at the end of the year	\$ <u>31,936</u>	\$ <u>48,589</u>

(5) Other equity items

Exchange differences on translation of financial statements of foreign operations

	Year ended December 31,	
	2022	2021
Balance at the beginning of the year	(\$ 54,255)	(\$ 39,605)
Exchange differences on translation of financial statements of foreign operations	62,466	(18,314)
Income tax related to translation of financial statements of foreign operations	(<u>12,458</u>)	<u>3,664</u>
Balance at the end of the year	(\$ <u>4,247</u>)	(\$ <u>54,255</u>)

23. Revenue

	Year ended December 31,	
	2022	2021
<u>Revenue from customer contracts</u>		
Revenue from merchandise sales	\$ 4,527,446	\$ 4,004,912
Licensing revenue	<u>17,414</u>	<u>11,032</u>
	<u>\$ 4,544,860</u>	<u>\$ 4,015,944</u>

(1) Description of customer contracts

A. Revenue from merchandise sales

The revenue from merchandise sales is derived from the sale of food ingredients used by franchisees to manufacture and sell related products. The Company recognizes revenue and accounts receivable at the point when the products and the food ingredients delivered to the franchisee's designated location, as the customer has the right to set the price and use the merchandise and has the primary responsibility for the merchandise at the time of resale, and bears the risk of obsolescence of the merchandise. Revenue from merchandise sales is based on contract agreements with fixed prices.

B. Licensing revenue

Licensing revenue is the licensing revenue received by the Company from franchisees. The nature of licensing is to provide

franchisees with access to intellectual property that exists during the licensing period.

(2) Contract balance

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable and accounts receivable (Note 10)	<u>\$ 109,892</u>	<u>\$ 99,746</u>	<u>\$ 96,667</u>

(3) Disaggregation of revenue from contracts with customers

	Year ended December 31,	
	2022	2021
<u>Revenue from customer contracts</u>		
Revenue from merchandise sales	\$ 4,527,446	\$ 4,004,912
Licensing revenue	<u>17,414</u>	<u>11,032</u>
	<u>\$ 4,544,860</u>	<u>\$ 4,015,944</u>

24. Net profit from continuing operations

(1) Interest income

	Year ended December 31,	
	2022	2021
Bank deposits	\$ 10,201	\$ 593
Other interest income	<u>306</u>	<u>241</u>
	<u>\$ 10,507</u>	<u>\$ 834</u>

(2) Other income

	Year ended December 31,	
	2022	2021
Rental income		
Other operating Rental	\$ 940	\$ 940
Manpower dispatch income	4,004	3,872
Government subsidies (Note 28)	8,100	-
Others	<u>16,917</u>	<u>12,563</u>
	<u>\$ 29,961</u>	<u>\$ 17,375</u>

(3) Other gains and losses

	Year ended December 31,	
	2022	2021
Loss on disposal of property, plant and equipment	(\$ 403)	(\$ 316)
Net foreign currency exchange loss	(4,568)	(548)
Lease modification losses	268	-
Loss on financial assets at fair value through profit or loss	702	(66)
Others	(124)	(215)
	<u>(\$ 4,125)</u>	<u>(\$ 1,145)</u>

(4) Financial costs

	Year ended December 31,	
	2022	2021
Interest on bank loans	\$ 405	\$ 1,159
Interest on lease liabilities	<u>4,563</u>	<u>2,974</u>
	<u>\$ 4,968</u>	<u>\$ 4,133</u>

No interest was capitalized in 2022 and 2021 of the Company.

(5) Depreciation and amortization

	Year ended December 31,	
	2022	2021
Depreciation expenses summarized by function		
Operating costs	\$ 101,867	\$ 89,731
Operating expenses	<u>70,758</u>	<u>60,213</u>
	<u>\$ 172,625</u>	<u>\$ 149,944</u>
Amortization expenses summarized by function		
Operating costs	\$ 127	\$ 113
Selling expenses	26	34
Administrative expenses	<u>2,679</u>	<u>1,579</u>
	<u>\$ 2,832</u>	<u>\$ 1,726</u>

(6) Employee benefit expenses

	Year ended December 31,	
	2022	2021
Short-term employee benefits	\$ 586,366	\$ 537,180
Retirement benefits (Note 21)		
Defined contribution plan	19,737	19,310
Defined benefit plan	158	26

	Year ended December 31,	
	2022	2021
Share-based payment		
Equity settlement	13,562	25,628
Total employee benefit expenses	<u>\$ 619,823</u>	<u>\$ 582,144</u>
Summarized by function		
Operating costs	\$ 257,948	\$ 246,955
Operating expenses	<u>361,875</u>	<u>335,189</u>
	<u>\$ 619,823</u>	<u>\$ 582,144</u>

(7) Remuneration to employees, directors and supervisors

In accordance with the provision of the Articles of Incorporation, the Company shall use the current year's pre-tax profit before the distribution of the remuneration to employees and directors to make up for the accumulated loss, and if there is any remaining balance, the Company shall appropriate not less than 1% as employees' remuneration and not more than 1% as directors' remuneration. The remuneration to employees, directors and supervisors for 2022 and 2021 were resolved by the Board of Directors on March 23, 2023 and March 22, 2022, respectively, as follows

Estimated percentage

	Year ended December 31,	
	2022	2021
Remuneration to employees	1.43%	1.43%
Remuneration to directors and supervisors	0.71%	0.71%

Amount

	Year ended December 31,	
	2022	2021
	Cash	Cash
Remuneration to employees	\$ 12,000	\$ 10,000
Remuneration to directors and supervisors	5,980	5,000

If there is any change in the amount after the publication of the annual parent company only financial statements, it will be handled as a change in accounting estimate and the adjustment will be posted in the next year.

The actual amounts of remuneration to employees, directors and supervisors in 2021 and 2020 did not differ from the amounts recognized in the financial statements in 2021 and 2020.

For information on remuneration to employees, directors and supervisors resolved by the Board of Directors, please visit the Market Observation Post System.

25. Income tax for continuing operations

(1) Major components of income tax expense recognized in profit or loss

	Year ended December 31,	
	2022	2021
Income tax for the current year		
Generated in the current year	\$ 148,116	\$ 124,595
Surtax on undistributed earnings	1,896	8,317
Adjustments to prior years	(3,407)	(3,005)
	<u>146,605</u>	<u>129,907</u>
Deferred income tax		
Generated in the current year	<u>15,138</u>	<u>13,097</u>
Income tax expense recognized in profit or loss	<u>\$ 161,743</u>	<u>\$ 143,004</u>

The reconciliation of accounting income to income tax expense is as follows:

	Year ended December 31,	
	2022	2021
Net income before tax from continuing operations	<u>\$ 822,696</u>	<u>\$ 684,345</u>
Income tax expense at statutory tax rate on net profit before tax	\$ 164,539	\$ 136,869
Non-taxable income	(1,285)	823
Surtax on undistributed earnings	1,896	8,317
Current income tax expense of prior years is adjusted in the current year.	(3,407)	(3,005)
Income tax expense recognized in profit or loss	<u>\$ 161,743</u>	<u>\$ 143,004</u>

(2) Income tax recognized in other comprehensive income

	Year ended December 31,	
	2022	2021
<u>Deferred income tax</u>		
Generated in the current year		
- Exchange differences from foreign operations	(\$ 12,458)	\$ 3,664

- Remeasurement of defined benefit plan	(<u>472</u>)	(<u>3</u>)
Income tax recognized in other comprehensive income	(<u>\$ 12,930</u>)	<u>\$ 3,661</u>

(3) Current income tax assets and liabilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current income tax assets		
Tax refund receivable	<u>\$ 327</u>	<u>\$ -</u>
Current income tax liabilities		
Income tax payable	<u>\$ 86,813</u>	<u>\$ 62,697</u>

(4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

For the year ended December 31, 2022

	<u>Balance at the beginning of the year</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Balance at the end of the year</u>
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized loss on decline in value of inventories	\$ 1,714	\$ -	\$ -	\$ 1,714
Unrealized doubtful accounts expense	22	-	-	22
Undistributed earnings of subsidiaries	14,214	(14,214)	-	-
Unrealized exchange gain	-	1,719	-	1,719
Exchange differences from foreign operations	13,566	-	(12,458)	1,108
Defined benefit plan	<u>1,314</u>	<u>-</u>	<u>(472)</u>	<u>842</u>
	<u>\$ 30,830</u>	<u>(\$ 12,495)</u>	<u>(\$ 12,930)</u>	<u>\$ 5,405</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Payment differences of defined contribution plan	(\$ 566)	(\$ 74)	\$ -	(\$ 640)
Unrealized exchange gains	<u>(28)</u>	<u>28</u>	<u>-</u>	<u>-</u>
Undistributed earnings of subsidiaries	<u>-</u>	<u>(2,597)</u>	<u>-</u>	<u>(2,597)</u>
	<u>(\$ 594)</u>	<u>(\$ 2,643)</u>	<u>\$ -</u>	<u>(\$ 3,237)</u>

For the year ended December 31, 2021

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized loss on decline in value of inventories	\$ 1,714	\$ -	\$ -	\$ 1,714
Unrealized doubtful accounts expense	22	-	-	22
Undistributed earnings of subsidiaries	27,218	(13,004)	-	14,214
Exchange differences from foreign operations	9,902	-	3,664	13,566
Defined benefit plan	<u>1,317</u>	<u>-</u>	<u>(3)</u>	<u>1,314</u>
	<u>\$40,173</u>	<u>(\$13,004)</u>	<u>\$ 3,661</u>	<u>\$30,830</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Payment differences of defined contribution plan	(\$ 464)	(\$ 102)	\$ -	(\$ 566)
Unrealized exchange gains	<u>(36)</u>	<u>8</u>	<u>-</u>	<u>(28)</u>
	<u>(\$ 500)</u>	<u>(\$ 94)</u>	<u>\$ -</u>	<u>(\$ 594)</u>

(5) Income tax assessment status

The income tax returns of the Company had been assessed by the tax authorities through 2020.

26. Earnings per share (EPS)

	Unit: NT\$ per share	
	Year ended December 31,	
	2022	2021
Basic earnings per share	<u>\$ 10.00</u>	<u>\$ 8.74</u>
Diluted earnings per share	<u>\$ 9.92</u>	<u>\$ 8.68</u>

Earnings and the weighted-average number of shares of common stock used to calculate earnings per share were as follows:

Net profit for the year

	Year ended December 31,	
	2022	2021
Net profit used to calculate diluted earnings per share	\$ 660,953	\$ 541,341
Impact of potential common stock with dilutive effect:		
Remuneration to employees	-	-
Net profit used to calculate diluted earnings per share	<u>\$ 660,953</u>	<u>\$ 541,341</u>

Number of shares

	Unit: In thousands of shares	
	Year ended December 31,	
	2022	2021
Weighted-average number of shares of common stock used to calculate basic earnings per share	66,127	61,952
Impact of potential common stock with dilutive effect:		
Remuneration to employees	71	98
Employee stock options	<u>409</u>	<u>302</u>
Weighted-average number of shares of common stock used to calculate diluted earnings per share	<u>66,607</u>	<u>62,352</u>

If the Company has the option to pay remuneration to employees in stock or cash, the calculation of diluted earnings per share will adopt the assumption that employee remuneration will be paid in stock and is included in the weighted-average number of shares of common shares outstanding for the purpose of calculating diluted earnings per share when the potential common shares have a dilutive effect. The dilutive effect of these potential common shares will continue to be considered in the calculation of diluted earnings per share prior to the issuance of shares in the following year's resolution for remuneration to employees.

27. Share-based payment agreement

(1) The Company's employee stock option plan

In September 2020, the Company granted 600 thousand units of stock options to employees, each unit of which is entitled to one share of common stock. The grant was made to employees of the Company and its subsidiaries who meet certain criteria. The stock options are granted for a duration of 5 years, and the holders of the stock options can exercise a certain percentage of the stock options granted after 2 years from the date of grant. The exercise price of the stock options is the closing price of the Company's common stock on the date of issuance. In the event of a change in the Company's common stock after the issuance of the stock options, the exercise price of the stock options shall be adjusted in accordance with the prescribed formula.

Information on employee stock options is as follows:

	Year ended December 31,			
	2022		2021	
Employee stock options	Unit: (In thousands)	Weighted average exercise price (NT\$)	Unit: (In thousands)	Weighted average exercise price (NT\$)
Outstanding at the beginning of the year	600	\$ 28	600	\$ 30
Granted in the year	(<u>281</u>)	27.2	<u>-</u>	-
Outstanding at the end of the year	<u>319</u>	26.9	<u>600</u>	28
Exercisable at the end of the year	<u>19</u>	26.9	<u>-</u>	-
Weighted average fair value of options granted in the year (NT\$)	<u>\$ -</u>		<u>\$ -</u>	

Information on employee stock options outstanding is as follows:

	December 31, 2022	December 31, 2021
Range of exercise price (NT\$)	\$ 26.9	\$ 28
Weighted average remaining contract period (years)	2.67 years	3.67 years

The Company used the Black-Scholes valuation model for all employee stock options granted in September 2020, and the input values used in the valuation model were as follows:

	September 2020
Share price on grant date	NT\$124.2
Exercise price	NT\$30
Expected volatility	19.74-20.76%
Duration	3.5/4/4.5 years
Expected dividend yield	5.14%
Risk-free interest rate	0.24%/0.27%/0.29%

The Company recognized remuneration costs of \$13,562 thousand and \$17,262 thousand in 2022 and 2021, respectively, for share-based payment agreements.

(2) Cash capital increase reserved for employee stock options in 2021

On July 20, 2021, the Board of Directors resolved to increase capital by cash with issuance of 6,000 thousand shares of common stock at \$10 per share, amounting to \$60,000 thousand. The employee stock options for the cash capital increase were granted on August 26, 2021. According to Article 267 of the Company Law, 15% of the stock options were reserved for employee stock options, with a total of 900 thousand shares and a recognized remuneration cost of \$8,366 thousand.

28. Government subsidies

In 2022, the Company received subsidies from the Ministry of Economic Affairs for the "Data Sharing and Innovative Service Program for Retailers and Service Providers" and from the Council of Agriculture, Executive Yuan, for the slaughterhouse support program for a sum of \$8,100 thousand, which was included in non-operating income and expenses - other income in the consolidated statement of comprehensive income.

29. Non-cash transaction

(1) Non-cash transaction

A. The Company entered into the following non-cash transactions of investing activities in 2022 and 2021.

	Year ended December 31,	
	2022	2021
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 125,884	\$ 90,798
Add: Equipment payables at the beginning of the period	4,529	6,639
Less: Equipment payables at the end of the period	(<u>10,877</u>)	(<u>4,529</u>)
Cash paid	<u>\$ 119,536</u>	<u>\$ 92,908</u>

B. The Company reclassified prepayments for equipment to property, plant and equipment of \$69,767 thousand and \$23,236 thousand in 2022 and 2021, respectively.

(2) Changes in liabilities from financing activities

For the year ended December 31, 2022

	January 1, 2022	Cash flow	Non-cash changes		December 31, 2022
			New/amended contracts	Interest expenses	
Short-term loans	\$ 27,000	(\$ 27,000)	\$ -	\$ -	\$ -
Long-term loans	35,819	(35,819)	-	-	-
Lease liabilities	<u>220,880</u>	(<u>67,617</u>)	<u>146,497</u>	<u>4,563</u>	<u>304,323</u>
	<u>\$ 283,699</u>	(<u>\$ 130,436</u>)	<u>\$ 146,497</u>	<u>\$ 4,563</u>	<u>\$ 304,323</u>

For the year ended December 31, 2021

	January 1, 2021	Cash flow	Non-cash changes		December 31, 2021
			New/amended contracts	Interest expenses	
Short-term loans	\$ 70,000	(\$ 43,000)	\$ -	\$ -	\$ 27,000
Long-term loans	95,815	(59,996)	-	-	35,819
Lease liabilities	<u>189,487</u>	<u>(55,676)</u>	<u>84,095</u>	<u>2,974</u>	<u>220,880</u>
	<u>\$ 355,302</u>	<u>(\$ 158,672)</u>	<u>\$ 84,095</u>	<u>\$ 2,974</u>	<u>\$ 283,699</u>

30. Capital risk management

The Company conducts capital management to ensure it is able to maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

The Company's capital structure consists of the Company's net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., share capital, capital surplus, and retained earnings).

The Company is not subject to other external capital requirements.

The Group's capital structure is reviewed annually by the Company's key management, which includes consideration of the cost of each type of capital and the related risks. The Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debt or paying off old debt, as recommended by key management.

31. Financial instrument

- (1) Fair value information - financial instruments not measured at fair value

The Company's management considers that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values.

- (2) Fair value information - financial instruments measured at fair value on a repeated basis

The Company did not hold any financial instruments measured at fair value as of December 31, 2022 and 2021.

- (3) Type of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial assets</u>		
Measured at amortized cost (Note 1)	\$ 1,360,551	\$ 1,373,990
Measured at fair value through profit or loss	110,228	94,302

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial liabilities</u>		
Measured at amortized cost		
(Note 2)	575,389	581,265

Note 1: The balances include financial assets measured at amortized cost such as cash and cash equivalents, accounts receivable, financial assets at amortized cost, other receivables, and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost such as short-term loans, notes payable, accounts payable, other payables, long-term loans and deposits received.

(4) Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable and accounts payable. The Company's financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks associated with the Company's operations through internal risk reports that analyze the risk of violence according to the level and breadth of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

A. Market risk

The Company's major financial risks arising from its operating activities are foreign currency exchange rate risk (see a. below) and interest rate risk (please refer to b. below).

a. Exchange rate risk

The Company engages in foreign currency-denominated import transactions that result in monetary assets (bank deposits) and monetary liabilities that are not in a functional currency, which expose the Company to exchange rate fluctuations.

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date are disclosed in Note 36.

Sensitivity analysis

The Company is mainly affected by the fluctuation of the USD exchange rate.

The following table details the sensitivity analysis of the Company when the exchange rate of the New Taiwan dollar (functional currency) changes 1% against each relevant foreign currency. 1% is the sensitivity ratio used by the Company for internal reporting of exchange rate risk to key management and represents management's assessment of the

reasonably possible range of changes in foreign currency exchange rates. The positive numbers below represent the increase in net profit before tax if the NTD depreciates by 1% against the respective currencies, and the negative number for the same amount if the NTD appreciates by 1% against the respective currencies.

	Impact of USD	
	Year ended December 31,	
	2022	2021
Profit or loss	\$ 4,199	\$ 800

b. Interest rate risk

Interest rate risk arises because the Company borrow funds at both fixed and floating interest rates and maintain bank deposits. However, because interest rates do not fluctuate significantly, the impact of changes in market interest rates on the Company's revenue and operating cash flows is limited.

The carrying amounts of the Company's financial assets and liabilities exposed to interest rate risk as of the balance sheet date were as follows

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value interest rate risk		
- Financial assets	\$ 1,245,189	\$ 952,356
Cash flow interest rate risk		
- Financial assets	42,906	332,481
- Financial liabilities	-	62,819

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments as of the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding at the reporting date. The rate of change used in reporting interest rates internally to key management of the Company is an increase or decrease in interest rates by 1%, which represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased or decreased by 1%, with all other variables held constant, the Company's net profit before tax would have increased/decreased by \$429 thousand and \$2,697 thousand for fiscal years 2022 and 2021, respectively, mainly due to the exposure to changes in interest rates on the Company's floating-rate bank deposits and loans.

B. Credit risk

Credit risk refers to the risk of financial loss resulting from the default of contractual obligations by the counterparties. As of the balance sheet date, the maximum exposure to credit risk of the Company to financial loss due to non-performance of counterparties' obligations and financial guarantees provided by the Company mainly arises from the carrying amount of financial assets recognized in the Consolidated Balance Sheet.

The Company's policy is to transact only with creditworthy counterparties and to obtain adequate guarantees, if necessary, to mitigate the risk of financial loss arising from default. The Company continuously monitors credit risk and the creditworthiness of counterparties, and controls credit risk through credit limits on counterparties that are reviewed and approved by management on an annual basis. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible receivables.

The Company's customer base is large and unrelated, so the concentration of credit risk is not high.

C. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing facilities and ensures compliance with the terms of the loan agreements.

The ultimate responsibility for liquidity risk management rests with the Company's Board of Directors, which has established an appropriate liquidity risk management framework to address the Company's short-, medium- and long-term funding and liquidity management needs.

Bank loans are an important source of liquidity for the Company. As of December 31, 2022 and 2021, the Company had unutilized financing facilities, as described in (2) Financing Facilities below.

a. Liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contract maturities of non-derivative financial liabilities was prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Company could be required to make repayment. Accordingly, the Company's bank loans that may be required to be repaid immediately are listed in the table below at the earliest possible date, without considering the probability that the bank will immediately enforce the

right; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the yield rate at the balance sheet date.

December 31, 2022

	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years or more</u>
Lease liabilities	\$ 66,805	\$ 55,911	\$ 86,166	\$ 115,611
No interest-bearing liabilities				
Accounts payable	174,574	-	-	-
Other payables	<u>385,419</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 626,798</u>	<u>\$ 55,911</u>	<u>\$ 86,166</u>	<u>\$ 115,611</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1~5 years</u>	<u>5~10 years</u>	<u>10~15 years</u>	<u>15~20 years</u>	<u>20 years or more</u>
Lease liabilities	<u>\$ 66,805</u>	<u>\$ 142,078</u>	<u>\$ 43,208</u>	<u>\$ 42,174</u>	<u>\$ 30,228</u>	<u>\$ -</u>

December 31, 2021

	<u>Less than 1 year</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>5 years or more</u>
Floating interest rate instrument				
Short-term loans	\$ 27,021	\$ -	\$ -	\$ -
Long-term loans	10,113	20,226	5,899	-
Lease liabilities	56,578	54,209	83,305	39,598
No interest-bearing liabilities				
Notes payable	1,000			
Accounts payable	165,489	-	-	-
Other payables	<u>347,882</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 608,083</u>	<u>\$ 74,435</u>	<u>\$ 89,204</u>	<u>\$ 39,598</u>

Further information on the maturity analysis of lease liabilities is as follows:

	<u>Less than 1 year</u>	<u>1~5 years</u>	<u>5~10 years</u>	<u>10~15 years</u>	<u>15~20 years</u>	<u>20 years or more</u>
Lease liabilities	<u>\$ 56,578</u>	<u>\$ 137,514</u>	<u>\$ 20,561</u>	<u>\$ 11,274</u>	<u>\$ 7,763</u>	<u>\$ -</u>

The above non-derivative financial assets and liabilities with floating rate instruments are subject to change because the floating rate differs from the interest rate estimated at the balance sheet date.

b. Financing Facilities

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Bank short-term loan facilities (renewable by mutual consent)		
- Amount drawn	\$ -	\$ 27,000
- Amount undrawn	<u>250,000</u>	<u>40,000</u>
	<u>\$ 250,000</u>	<u>\$ 67,000</u>
Bank long-term loan facilities		
- Amount drawn	\$ -	\$ 35,819
- Amount undrawn	<u>100,000</u>	<u>100,000</u>
	<u>\$ 100,000</u>	<u>\$ 135,819</u>

32. Related party transactions

Except as disclosed in other notes, the transactions between the Company and its related parties are as follows.

(1) Name of related party and the relationship

<u>Name of related party</u>	<u>Relationship with the Company</u>
Bafang Yunji Restaurant Co., Ltd. (Bafang Restaurant Company)	Subsidiary
Fang Sin International Trading Co., Ltd. (Fang Sin Company)	Subsidiary
Dante Coffee & Foods Co., Ltd. (Dante Coffee Company)	Subsidiary
Dante Creative CO., LTD. (Dante Creative Company)	Subsidiary
Bafang Yunji International (USA) Limited	Subsidiary
Bafang Yunji (Samoa) International Co., Ltd.	Subsidiary
Meide Eatery	Substantive related party
Taiyuan Eatery	Substantive related party
Chengde Eatery	Substantive related party
Wuhua Eatery	Substantive related party
Taimanhan Diner	Substantive related party
Taimanji Diner	Substantive related party
Yutingyuan Enterprise	Substantive related party
Su, Hsiao-Chi	Substantive related party
Lung, Chia-Hui	Substantive related party
New Taipei City Private Bafang Yunji Social Welfare Charitable Foundation (hereinafter referred to as Bafang Yunji Foundation)	Substantive related party

(2) Operating revenue

<u>Account</u>	<u>Type of related party/Name</u>	<u>2022</u>	<u>2021</u>
Operating revenue	Subsidiary		
	Bafang Restaurant Company	\$ 620,398	\$ 567,074
	Fang Sin Company	<u>1,074</u>	<u>1,071</u>
		<u>621,472</u>	<u>568,145</u>
	Substantive related party		
	Others	<u>45,630</u>	<u>40,083</u>
		<u>\$ 667,102</u>	<u>\$ 608,228</u>

The Company's sales price and collection period to related parties are the same as those to regular customers.

(3) Purchases

<u>Type of related party/Name</u>	<u>2022</u>	<u>2021</u>
Subsidiary		
Fang Sin Company	\$ 67,361	\$ 239,490
Bafang Restaurant Company	330	788
Others	<u>-</u>	<u>10</u>
	<u>\$ 67,691</u>	<u>\$ 240,288</u>

The Company's purchase price and payment period to related parties are the same as those to regular vendors.

(4) Manufacturing expenses and operating expenses

<u>Account</u>	<u>Type of related party/Name</u>	<u>2022</u>	<u>2021</u>
Manufacturing expenses	Subsidiary		
Meal expenses, etc.	Bafang Restaurant Company	\$ 1,684	\$ 1,216
Others	Others	<u>218</u>	<u>1</u>
		<u>\$ 1,902</u>	<u>\$ 1,217</u>
Operating expenses	Subsidiary		
Training expenses	Bafang Restaurant Company	\$ 18,684	\$ 21,005
Advertising expenses	Bafang Restaurant Company	49,641	43,099
Miscellaneous expense	Bafang Restaurant Company	43,506	39,704
Others	Bafang Restaurant Company	981	900
Others	Others	<u>1,199</u>	<u>138</u>

Account	Type of related party/Name	2022	2021
		<u>114,011</u>	<u>104,846</u>
	Substantive related party		
Service expenses	Others	3,360	3,090
Donation	Bafang Yunji Foundation	<u>3,000</u>	<u>3,000</u>
		<u>6,360</u>	<u>6,090</u>
		<u>\$ 120,371</u>	<u>\$ 110,936</u>

(5) Receivable from related parties (excluding loans to related parties)

Account	Type of related party/Name	December 31, 2022	December 31, 2021
Accounts receivable	Subsidiary		
	Bafang Restaurant Company	\$ 22,676	\$ 28,411
	Fang Sin Company	<u>64</u>	<u>107</u>
		<u>22,740</u>	<u>28,518</u>
	Substantive related party		
	Others	<u>1,254</u>	<u>1,140</u>
		<u>\$ 23,994</u>	<u>\$ 29,658</u>
Other receivables	Subsidiary		
	Bafang Restaurant Company	\$ 183	\$ 675
	Fang Sin Company	55	56
	Dante Coffee Company	2	291
	Dante Creative Company	288	-
	Bafang Yunji International (USA) Limited	<u>885</u>	<u>3,383</u>
		<u>1,413</u>	<u>4,405</u>
	Substantive related party		
	Others	<u>-</u>	<u>1</u>
		<u>\$ 1,413</u>	<u>\$ 4,406</u>

The outstanding receivables due from related parties were not guaranteed. No impairment loss on receivables due from related parties was recognized in 2022 and 2021.

(6) Payable to related parties

Account	Type of related party/Name	December 31, 2022	December 31, 2021
Accounts payable	Subsidiary		
	Bafang Restaurant	\$ 41	\$ 29

Account	Type of related party/Name	December 31, 2022	December 31, 2021
	Company		
	Fang Sin Company	<u>3,491</u>	<u>3,072</u>
		<u>\$ 3,532</u>	<u>\$ 3,101</u>
Other payables	Subsidiary		
	Bafang Restaurant Company	\$ 10,351	\$ 10,676
	Dante Company	<u>11</u>	<u>6</u>
		<u>10,362</u>	<u>10,682</u>
	Substantive related party		
	Others	<u>260</u>	<u>260</u>
		<u>\$ 10,622</u>	<u>\$ 10,942</u>

The outstanding payables due to related parties were not guaranteed.

(7) Price for acquisition of property, plant and equipment

Type of related party/Name	Acquisition price	
	2022	2021
Subsidiary		
Dante Coffee Company	\$ 61	\$ -
Dante Creative Company	630	-
Bafang Restaurant Company	<u>\$ 691</u>	<u>\$ -</u>

(8) Lease agreement - the Consolidated Company is lessee

Account	Type of related party	December 31, 2022	December 31, 2021
Lease liabilities	Subsidiary		
	Bafang Restaurant Company	<u>\$ 2,436</u>	<u>\$ 17,869</u>

Type of related party	Lease subject matter	2022		
		Lease period	Rental determination	Monthly rental
Subsidiary				
Bafang Restaurant Company	No. 153, Cihui 3rd Street, Zhongli City, Taoyuan County	2018.12.20~2023.12.19	Bargain	\$ 50
	2nd Floor, No. 205, Jieshou Village, Nangan Township, Lianjiang County	2018.10.1~2025.9.30	"	57

2021				
Type of related party	Lease subject matter	Lease period	Rental determination	Monthly rental
<u>Subsidiary</u>				
Bafang Restaurant Company	No. 153, Cihui 3rd Street, Zhongli City, Taoyuan County	2018.12.20~2023.12.19	Bargain	\$ 50
	2nd Floor, No. 205, Jieshou Village, Nangan Township, Lianjiang County	2018.10.1~2025.9.30	"	57
	2nd and 3rd Floor, No. 355, Boai Street, Zhubei City, Hsinchu County	2016.8.1~2021.7.31	"	20
	2F, No. 242, Wujia 2nd Road, Fengshan District, Kaohsiung City	2016.1.1~2030.12.31	"	118

(9) Lease agreement - the Consolidated Company is lessor

Operating lease

The Company leases its assets under operating leases. As of December 31, 2022 and 2021, the total amount of future lease payments to be received was \$6,797 thousand and \$7,737 thousand, respectively. The lease income recognized in 2022 and 2021 were as follows:

Account	Type of related party/Name	2022	2021
Rental income	Subsidiary		
	Bafang Restaurant Company	\$ 103	\$ 103
	Fang Sin Company	60	60
	Dante Coffee Company	720	720
		<u>883</u>	<u>883</u>
	Substantive related party		
	Others	57	57
		<u>\$ 940</u>	<u>\$ 940</u>

(10) Loans to related parties

Type of related party	2022	2021
<u>Other receivables</u>		
Subsidiary		
Fang Sin Company	\$ -	\$ 25,000

The Company's funds lent to subsidiaries are all unsecured loans with 0% interest rate.

(11) Other income

Account	Type of related party/Name	2022	2021
Other income	Subsidiary		
	Bafang Restaurant Company	\$ 2,734	\$ 784

Account	Type of related party/Name	2022	2021
	Dante Creative Company	3,304	-
	Others	630	155
	Substantive related party		
	Others	166	8
		<u>\$ 6,834</u>	<u>\$ 947</u>

(12) Other related party transactions

Account	Type of related party	2022	2021
Using the equity method	Subsidiary		
Investments - cash dividends received	Bafang Restaurant Company	\$ 24,479	\$ 37,754
	Fang Sin Company	<u>2,542</u>	<u>722</u>
		<u>\$ 27,021</u>	<u>\$ 38,476</u>
Using the equity method	Subsidiary		
Investments - stocks	Bafang Yunji (Samoa) International Co., Ltd	\$ 460,969	\$ -
Investments-cash	Bafang Yunji International (USA) Limited	<u>76,833</u>	-
		<u>\$ 537,802</u>	<u>\$ -</u>

(13) Remuneration to key management

	2022	2021
Short-term employee benefits	\$ 66,551	\$ 70,954
Retirement benefits		
Defined contribution plan	959	1,085
Share-based payment		
Equity settlement	<u>7,911</u>	<u>9,254</u>
	<u>\$ 75,421</u>	<u>\$ 81,293</u>

Salary and remuneration to directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

33. Pledged assets

The following assets of the Company have been pledged as collaterals for loans from financial institutions, payments for Taipei Agricultural Products Marketing Corporation, and the issuance of gift certificates, with the book value of each account as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Financial assets measured at amortized cost - current		
Bank time deposit	\$ 376	\$ 374
Other financial assets - current	18,381	8,363
Property, plant and equipment		
Land	93,474	230,500
Building and construction	8,785	149,335
	<u>\$ 121,016</u>	<u>\$ 388,572</u>

34. **Significant Contingent Liabilities and Unrecognized Contract Commitments**

In addition to those described in other notes, the Company had the following significant commitments and contingencies as of the balance sheet date.

- (1) As a result of the plant expansion plan approved by the Board of Directors in March 2022 and September 2021, the Company entered into contracts for the construction and purchase of related plant and equipment for a total amount of \$70,431 thousand and \$64,289 thousand as of December 31, 2022 and 2021, and paid \$30,546 thousand and \$5,637 thousand.
- (2) Except for the plant expansion plan, the Company had the following unrecognized contractual commitments:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Purchase of property, plant and equipment	<u>\$ 87,994</u>	<u>\$ 12,319</u>

35. **Significant Subsequent Events: None.**

36. **Information on foreign currency assets and liabilities with significant effect**

The following information is presented in foreign currencies other than the functional currency of the Company, and the exchange rates disclosed are the rates at which the foreign currencies were translated into the functional currency. Information on foreign currency assets and liabilities with significant effect as follows:

December 31, 2022

<u>Foreign currency assets</u>	<u>Foreign currency (in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount</u>
<u>Monetary items</u>			
CNY (RMB)	\$ 45	4.408 (CNY: NTD)	\$ 198
USD	13,674	30.71 (USD: NTD)	<u>419,926</u>
			<u>\$ 420,124</u>

	Foreign currency (in thousands)	Exchange rate	Carrying amount
<u>Non-monetary items</u>			
Subsidiary accounted for using the equity method			
USD	5,126	30.71 (USD: NTD)	\$ 157,424
HKD	136,538	3.938 (HKD: NTD)	<u>537,688</u>
JPY	241,444	0.2324 (JPY: NTD)	<u>56,112</u>
			<u>\$ 751,224</u>

December 31, 2021

	Foreign currency (in thousands)	Exchange rate	Carrying amount
Foreign currency assets			
<u>Monetary items</u>			
CNY (RMB)	\$ 45	4.344 (CNY: NTD)	\$ 195
USD	2,891	27.68 (USD: NTD)	80,009
			<u>\$ 80,204</u>
<u>Non-monetary items</u>			
Subsidiary accounted for using the equity method			
USD	17,354	27.68 (USD: NTD)	\$ 480,368
JPY	245,470	0.2405 (JPY: NTD)	<u>59,035</u>
			<u>\$ 539,403</u>

The Company's realized and unrealized foreign currency exchange gain or loss for 2022 and 2021 were exchange loss of \$4,568 thousand and \$548 thousand, respectively.

37. Additional Disclosure

- (1) Information on Significant Transactions
- A. Financing provided to others. (Exhibit 1)
 - B. Endorsements/guarantees to others. (Exhibit 2)
 - C. Marketable securities held at the end of the period. (Exhibit 3)
 - D. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Exhibit 5)
 - E. Acquisition of real estate amounting to NT\$300 million or 20% of the paid-in capital. (None)
 - F. Disposal of real estate amounting to NT\$300 million or 20% of the paid-in capital. (None)
 - G. Purchase or sale of goods from or to related parties amounting to NT100 million or 20% of the paid-in capital. (Exhibit 4)

- H. Receivables due from related parties amounting to NT\$100 million or 20% of the paid-in capital. (None)
 - I. Trading in derivative instruments. (Note 7)
- (2) Information on Investees (Exhibit 6)
- (3) Information on investment in Mainland China:
- A. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding percentage, profit or loss for the period and investment income and loss recognized, investment carrying amount at the end of the period, repatriated investment income and losses, and investment limit for Mainland China. (Exhibit 7)
 - B. Significant transactions with Mainland China investees directly or indirectly through third regions, as well as their prices, payment terms, and unrealized profits or losses: (Exhibit 7)
 - a. The amount and percentage of purchases and the related ending balance and percentage of payables.
 - b. The amount and percentage of sales and the related ending balance and percentage of receivables.
 - c. The amount of property transactions and the amount of resulting gains or losses.
 - d. The ending balance of endorsement guarantee of notes or the provision of collateral and its purpose.
 - e. The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation (Exhibit 1)
 - f. Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.
- (4) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the shares. (Exhibit 8)

38. Segment information

The Company has made the required disclosures of operating segment financial information in the consolidated financial statements for 2022.

Bafang Yunji International Co., Ltd.
Financing provided to others
For the year ended December 31, 2022

Exhibit 1

Unit: In thousands of NT\$/foreign currency

No. (Note 1)	Lender	Borrower	Financial statement account	Related party or not	Maximum amount for the period	Ended Balance	Actual amount drawn	Interest rate range	Nature of Financing (Note 2)	Amount of business transactions	Reasons for short-term financing	allowance for doubtful accounts	Collaterals		Financing limit for each borrower (Note 3)	Aggregate financing limit (Note 3)	Note
													Irem	Value			
0	Bafang Yunji International Co., Ltd.	Fang Sin International Trading Co., Ltd.	Other receivables - related parties	Yes	\$ 30,000	\$ -	\$ -	0%	the need for short-term financing	\$ -	Operating turnover	\$ -	-	\$ -	\$ 656,463	\$ 656,463	
0	Bafang Yunji International Co., Ltd.	Dante Coffee & Foods Co., Ltd.	Other receivables - related parties	Yes	50,000	-	-	1.165%	the need for short-term financing	-	Operating turnover	-	-	-	656,463	656,463	
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	Other receivables - related parties	Yes	100,000	100,000	-	1.165%	the need for short-term financing	-	Operating turnover	-	-	-	656,463	656,463	
1	Fujian Bafang Yunji Foods Co., Ltd.	Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Other receivables - related parties	Yes	4,130 RMB 915,918	4,039 RMB 915,918	4,039 RMB 915,918	0%	the need for short-term financing	-	Operating turnover	-	-	-	5,801	5,801	

Note 1: The number column is filled out as follows:

(1) Fill in 0 for the issuer.

(2) Each invested company is numbered in sequential order starting from 1.

Note 2: For nature of funds lending, fill in if it is for business transaction or there is a need for short-term financial accommodation

Note 3: The limit of funds lent to individual recipients is \$3,282,314 thousand * 20% of the net worth of the company that lends funds (Bafang Yunji International Co., Ltd.) = \$656,463 thousand; the total limit of funds lent is \$3,282,314 thousand * 20% of the net worth of the company that lends funds (Bafang Yunji International Co., Ltd.) = \$656,463 thousand.

The limit of funds lent to individual recipients is \$14,504 thousand * 40% of the net worth of the company that lends funds (Fujian Bafang Yunji Foods Co., Ltd.) = \$5,801 thousand; the total limit of funds lending is \$14,504 thousand * 40% of the net worth of the company that lends funds (Fujian Bafang Yunji Foods Co., Ltd.) = \$5,801 thousand.

Bafang Yunji International Co., Ltd.
 Provision of endorsements and guarantees to others
 For the year ended December 31, 2022

Exhibit 2

Unit: In thousands of NT\$, unless otherwise specified

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Company name	Nature of Relationship (Note 2)											
0	Bafang Yunji International Co., Ltd.	Dante Coffee & Foods Co., Ltd.	(2)	\$ 656,463	\$ 110,000	\$ 110,000	\$ 30,000	\$ -	3.35	\$ 1,312,926	Y	N	N	

Note 1: The number column is filled out as follows:

- (1) Fill in 0 for the issuer.
- (2) Each invested company is numbered in sequential order starting from 1.

Note 2: Relationship with the Company:

- (1) The companies with which it has business relations.
- (2) Subsidiaries in which the company directly holds more than 50% of its total outstanding common stocks.
- (3) Companies in which the total outstanding common stocks held by the parent company and its subsidiaries, calculated on a combined basis, exceed 50%.
- (4) The parent company that directly or indirectly holds more than 50% of the total outstanding common stocks through its subsidiaries.
- (5) Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
- (6) Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

Note 3: Limit on endorsements/ guarantees provided for a single party: not exceeding 20% of the Company's net assets as of December 31, 2022: \$3,282,314 thousand * 20% = \$656,463 thousand.
 Ceiling on total amount of endorsements/ guarantees provided: not exceeding 40% of the Company's net assets as of December 31, 2022: \$3,282,314 thousand * 40% = \$1,312,926 thousand.

Bafang Yunji International Co., Ltd.
Marketable securities held at the end of the period
December 31, 2022

Exhibit 3

Unit: In thousands of NT\$, unless otherwise specified

Holding company name	Type and name of marketable securities	Relationship with the issuers of the marketable securities	Financial statement Account	End of the period				Note
				Number of shares	Carrying amount	Shareholding percentage	Fair value	
Bafang Yunji International Co., Ltd.	<u>Structured deposits</u>							
	President DSU NTD 100% Capital Protected Structured Instrument	-	Financial assets at fair value through profit or loss - current	-	\$ <u>110,228</u>	-	\$ <u>110,228</u>	
Bafang Yunji Restaurant Co., Ltd.	<u>Bonds with repurchase agreement</u>							
	Yulon Finance Corporation	-	Cash and cash equivalents	-	\$ <u>30,000</u>	-	\$ <u>30,000</u>	
Bafang Yunji Restaurant Co., Ltd.	<u>Bonds with repurchase agreement</u>							
	Yulon Finance Corporation	-	Cash and cash equivalents	-	\$ 20,000	-	\$ 20,000	
	Taiwan Semiconductor Manufacturing Co., Ltd.	-	Cash and cash equivalents	-	<u>15,000</u>	-	<u>15,000</u>	
					<u>\$ 35,000</u>	-	<u>\$ 35,000</u>	
Fang Sin International Trading Co., Ltd.	<u>Stocks of domestic non-listed companies</u>							
	La Fresh Information Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	150,000	<u>\$ 3,750</u>	3.7%	<u>\$ 3,750</u>	

Note: For information on investment in subsidiaries, affiliates and joint venture interests, please refer to Exhibits 4 and 5.

Bafang Yunji International Co., Ltd.
Purchase or sale of goods from or to related parties amounting to NT100 million or 20% of the paid-in capital
For the year ended December 31, 2022

Exhibit 4

Unit: In thousands of NT\$, unless otherwise specified

Purchaser/Seller	Counterparty	Relationship	Transaction				Difference in transaction terms compared to third party transactions		Notes and accounts receivable (payable)		Note
			purchases (sales)	Amount	percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	percentage of total notes and accounts receivable (payable)	
Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	subsidiary	Sales	\$ 620,398	13.65%	Semi-monthly settlement	Same transaction price as with regular customers	Same credit term as with regular customers	\$ 22,676	20.63%	Note 1

Note 1: The above transactions have been eliminated in the consolidated financial statements.

Bafang Yunji International Co., Ltd.
Acquisition or sale of the same security with the accumulated cost reaching NT\$300 million or 20% of paid-in capital or more
For the year ended December 31, 2022

Exhibit 5

Unit: In thousands of NT\$, unless otherwise specified

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2022		Addition (Note)		Disposal				Balance as at December 31, 2022	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain(loss) on disposal	Number of shares	Amount
Bafang Yunji International Company Limited	Stocks	Investments accounted for under the equity method	Bafang Yunji (Samoa) International Co., Ltd.	subsidiary	-	\$ -	17,500,000	\$ 476,538	-	\$ -	\$ -	\$ -	17,500,000	\$ 476,538

Note: The Consolidated Company had applied accounting treatment for re-organization and valued the net worth of Bafang Yunji International Company Limited at \$476,538 thousand (HKD 119,618 thousand) as of July 31, 2022.

Bafang Yunji International Co., Ltd. and subsidiaries
Information on investees, locations, etc.
For the year ended December 31, 2022

Exhibit 6

Unit: In thousands of NT\$, unless otherwise specified

Name of investor	Name of investee	Location	Principal business	Original investment amount		Holding at the end of the period			Profit or loss of investee for the period	Investment income or loss recognized in the period	Note	
				End of the period	End of last year	Number of shares	Ratio	Carrying amount				
Bafang Yunji International Co., Ltd.	Bafang Yunji (Samoa) International Co., Ltd.	Samoa	Investment management	\$ 50,055 USD 1,833,048	\$ 522,568 USD 16,691,980	1,833,048	100	\$ 27,794 USD 905,040	\$ 31,818 USD 1,119,196	\$ 31,818 USD 1,119,196	Note 1	
	Bafang Yunji Restaurant Co., Ltd.	Taiwan	Food and beverage services	150,727	150,727	15,000,000	100	212,627	44,638	44,638	Note 1	
	Fang Sin International Trading Co., Ltd.	Taiwan	Food trading	40,000	40,000	4,000,000	100	46,803	5,385	5,385	Note 1	
	Bafang Co., Ltd.	Japan	Food processing and food and beverage services	81,621 JPY 300,000,000	81,621 JPY 300,000,000	30,000	100	56,112 JPY 241,444,240	(916) (JPY 4,025,745)	(916) (JPY 4,025,745)	Note 1	
	Bafang Yunji International (USA) Limited	United States	Investment management	150,947 USD 4,980,000	74,114 USD 2,500,000	996	100	129,630 USD 4,221,115	(12,787) (USD 429,002)	(12,787) (USD 429,002)	Note 1	
	Bafang Yunji International Company Limited	Hong Kong	Food processing and food and beverage services	476,538 HKD 119,617,830	- HKD -	17,500,000	100	537,688 HKD 136,538,404	114,450 HKD 30,070,960	65,938 HKD 16,920,574	Note 1	
	Dante Coffee & Foods Co., Ltd.	Taiwan	Food and beverage services	86,920	86,920	8,120,000	85.29	886	(51,115)	(43,596)	Note 1	
	Bafang Yunji (Samoa) International Co., Ltd.	Bafang Yunji Restaurant Group Limited	Hong Kong	Investment management	397,549 USD 12,940,438	408,301 USD 13,290,438	5,250,000	100	17,295 USD 563,192	(16,117) (USD 540,743)	(16,117) (USD 540,743)	Note 1
	Bafang Yunji International Company Limited	Bafang Yunji (Samoa) Investment Company Limited	Hong Kong Samoa	Food processing and food and beverage services Investment management	- USD -	140,000 USD 4,280,035	-	-	- HKD -	114,450 HKD 30,070,960	48,512 HKD 13,150,386	Note 1
Bafang Yunji Restaurant Group Limited	Fujian Bafang Yunji Foods Co., Ltd.	Mainland China	Food processing	105,941 USD 3,500,000	105,941 USD 3,500,000	-	100	14,504 RMB 3,289,239	(31,291) (RMB 7,055,878)	(31,291) (RMB 7,055,878)	Notes 1, 2	
	Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Mainland China	Food and beverage services	113,129 USD 3,700,000	113,129 USD 3,700,000	-	100	709 RMB 160,734	(RMB 15,411) RMB 3,475,012	(RMB 15,411) RMB 3,475,012	Notes 1, 2	
Bafang Yunji International Company Limited	Hsin Chiao International Co. Limited	Hong Kong	Transportation	- HKD 1	- HKD 1	1	100	26,948 HKD 6,843,158	RMB 12,265 HKD 3,222,471	RMB 12,265 HKD 3,222,471	Note 1	
	Long Success (HK) Industrial Limited	Hong Kong	Food and beverage services	- HKD 1	- HKD 1	1	100	79,266 HKD 20,128,482	22,710 HKD 5,966,928	22,710 HKD 5,966,928	Note 1	
	Rich Grade Limited	Hong Kong	Food and beverage services	- HKD 1	- HKD 1	1	100	11,130 HKD 2,826,365	1,056 HKD 277,486	1,056 HKD 277,486	Note 1	
	Wise Success Enterprise Limited	Hong Kong	Transportation	- HKD 1	- HKD 1	1	100	459 HKD 116,549	(291) (HKD 76,584)	(291) (HKD 76,584)	Note 1	
	Jiashide Limited	Hong Kong	Investment management	6,891 RMB 1,500,000	6,891 RMB 1,500,000	10,000	100	- RMB -	- RMB -	- RMB -	Note 1	
	Jiashide Limited	Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Mainland China	Food trading	6,891 RMB 1,500,000	6,891 RMB 1,500,000	-	100	- RMB -	- RMB -	- RMB -	Notes 1, 2
	Bafang Yunji International (USA) Limited	Bafang Yunji Foods LLC	United States	Food processing	76,454 USD 2,547,750	35,575 USD 1,200,000	-	59.25	57,745 USD 1,880,379	(24,206) (USD 812,134)	(14,469) (USD 485,445)	Note 1
	Bafang Yunji Restaurant Group LLC	United States	Food and beverage services	64,008 USD 2,073,750	26,681 USD 900,000	-	59.25	61,693 USD 2,008,886	3,831 USD 128,533	2,334 USD 78,298	Note 1	
Dante Coffee & Foods Co., Ltd.	Sound Sino Group Limited	Samoa	Investment management	23,034 USD 710,000	23,034 USD 710,000	710,000	71	(349) (USD 11,372)	(408) (USD 13,705)	(290) (USD 9,731)	Note 1	
Sound Sino Group Limited	Dante Creative CO., LTD.	Taiwan	Food processing	30,000	30,000	3,000,000	100	28,511	(1,389)	(1,389)	Note 1	
	Shanghai Dante Coffee Co., Ltd	Mainland China	Food and beverage services	- USD -	43,797 USD 1,350,000	-	-	- RMB -	- RMB -	- RMB -	Notes 1, 2	

Note 1: The above investment income or loss of the investee for 2022 was recognized based on the investee's financial statements for the same period audited by CPAs.

Note 2: Please refer to Exhibit 7 for the information on investees in Mainland China.

Bafang Yunji International Co., Ltd. and subsidiaries
Information on investment in Mainland China
For the year ended December 31, 2022

Exhibit 7

Unit: In thousands of NT\$, unless otherwise specified

1. The name of the investees in Mainland China, main business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment income and losses, investment book value, repatriated investment income and loss.

Name of investee in Mainland China	Main business	Paid-in capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of investee for the period	Shareholding percentage of the Company's direct or indirect investment	Investment income or loss recognized in the period	Carrying amount of investments at the end of the period	Investment income remitted back as of the end of the period	Note
					Remittance	Recovery							
Fujian Bafang Yunji Foods Co., Ltd.	Food processing	\$ 105,941	(2)	\$ 105,941 USD 3,500,000	\$ -	\$ -	\$ 105,941 USD 3,500,000	(\$ 31,291) (RMB 7,055,878)	100	(\$ 31,291) (RMB 7,055,878)	\$ 14,504 RMB 3,289,239	\$ -	
Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Food and beverage services	113,129	(2)	113,129 USD 3,700,000	-	-	113,129 USD 3,700,000	15,411 RMB 3,475,012	100	15,411 RMB 3,475,012	709 RMB 160,734	-	
Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Food trading	6,891	(2)	6,891 RMB 1,500,000	-	-	6,891 RMB 1,500,000	-	100	-	-	-	
Shanghai Dante Coffee Co., Ltd.	Food and beverage services	-	(2)	31,096 USD 958,500	-	-	- USD -	- RMB -	-	- RMB -	- RMB -	-	

2. Investment quota for Mainland China.

Accumulated amount of investment from Taiwan to mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for mainland China as stipulated by the Investment Commission, MOEA
\$ 502,428 (USD 16,341,534)	\$ 502,428 (USD 16,341,534)	\$ 2,018,682

Note 1: The investment methods can be divided into the following three types, and just indicate as such.

- (1) Invest in mainland China directly.
- (2) Invest in Mainland China through companies in third regions. (Please specify the investment company of the third region).
- (3) Other methods

Note 2: In the column of investment income or loss recognized in the current period.

- (1) If the investment is under preparation and there is no investment income or loss, it should be noted.
- (2) The basis for recognizing investment income or losses is divided into the following three categories, which should be specified.
 - A. The financial statements have been audited by an international CPA firm with which CPA firms in the ROC. has a cooperative relationship.
 - B. The financial statements have been audited by the attesting CPA of the parent company in Taiwan.
 - C. Others: Unaudited financial statements.

Note 3: In accordance with the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" of the Investment Commission dated 2008.8.29, the higher of 60% of the net worth of the investor company or the consolidated net worth shall be the limit.

Note 4: Including the deregistration of Zhejiang Fuyu Foods Co., Ltd. in July 2020, Xiamen Fuyu Bafang Equity Investment Co., Ltd. in February 2021, and Zhejiang Fuyu Foods Co., Ltd. and Zhejiang Fuyu Restaurant & Management Co., Ltd. in March 2021, and Shanghai Dante Coffee Co., Ltd was deregistered in September 2022.the accumulated investment amount of \$253,433 thousand remitted from Taiwan was not repatriated back.

3. Significant transactions with investees in Mainland China directly or indirectly through third-region businesses: None.
4. Endorsement, guarantee or provision of collaterals provided to investees in Mainland China directly or indirectly through third-region businesses: None.
5. For financial accommodation provided to investees in Mainland China directly or indirectly through third-region businesses, please refer to Exhibit 1 for details of the relevant circumstances.
6. Other transactions that have a significant effect on the current profit or loss or financial position: None.

Bafang Yunji International Co., Ltd.
Information on major shareholders
December 31, 2022

Exhibit 8

Name of major shareholders	Shares	
	Shareholding	Shareholding percentage
Fu Yu Investment Co., Ltd.	10,418,966	15.70%
Lin, Chia-Yu	5,105,963	7.69%
Su, Shu-Hsin	4,572,784	6.89%
Lin, Yi- Hsien	3,336,988	5.03%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

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