

I. Company Spokesperson and Acting Spokesperson

Company Spokesperson

Name: Chen, Sheng-Chung Phone: 02-7721-2726

Title: Vice President, Public Relations Office E-mail: affairs@yummy-town.com

Acting Spokesperson

Name: Wang, Ming-Pu Phone: 02-2790-0689

Title: Traehnn Vice President, Public Relations Office E-mail: affairs@yummy-town.com

II. Address and Telephone Number of Company Headquarters, Subsidiaries and Factories

(I) Parent Company

Name: Yummy Town (Cayman) Holdings Corporation

Address: The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road,
P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands

Website: www.yummy-town.tw

Tel: (02) 2790-0689

(II) Subsidiaries and Factories:

Name: Yummy Town (Cayman) Holdings Corporation Taiwan Branch

Branch Address: 6F., No.77, Xinhua 1st Rd., Neihu Dist., Taipei

Tel: (02) 2790-0689

(III) Main Operating Locations

Taiwan

Name: Yen Mei Enterprise Limited

Address: 6F., No.77, Xinhua 1st Rd., Neihu Dist., Taipei

Tel: (02) 2790-0689

Hong Kong

Name: RBT Holdings Limited

Address: Unit F, 9/F., World Tech Centre, 95 How Ming Street, Kwun Tong,
Kowloon, Hong Kong

Tel: +852-2372-7051

United States of America

Name: Yummy-Town USA LLC

Address: 1013 Centre Road, Suite 403S, Wilmington, DE 19805, County of New
Castle Delaware

Tel: +1- 619-781-2306

III. Name, Address, Website and Telephone Number of Stock Transfer Agent:

Name: Agency Department, CTBC Bank Co., Ltd. Website: <https://www.ctbcbank.com>
 Address: 3F, No. 83, Sec.1, Chongqing S. Rd., Taipei Phone: (02) 6636-5566

IV. Name of Certified Public Accountants (CPAs) for the Financial Statements in the Most Recent Year and Name, Address, Website and Telephone Number of Accounting Firm:

Name of CPAs: Kent Chang and Ian Huang
 Name of Accounting Firm: Deloitte Taiwan URL: www.deloitte.com.tw
 Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City Tel: (02) 2725-9988

V. Name of Stock Exchange for Overseas Listed Securities and Method for Enquiry of Overseas Securities Information: None

VI. Company Website: www.yummy-town.tw

VII. List of Members of Board of Directors

Name	Title	Nationality or Place of Registration	Academic Qualifications and Experience
Wu, Po-Chao	Chairman	R.O.C	Retired Air Force Captain Chairman, Committee of Catering, China Chain Store & Franchise Association(CCFA) Vice Chairman, Chain Store Committee, Shanghai Association of Taiwan Vice Chairman, Huangpu District, Shanghai Association of Taiwan
Carrie Chen	Director	R.O.C	Bachelor of Business Administration, Chihlee University of Technology Coordinator, New Card Review Department, American Express Senior Coordinator, Risk Management Department, Citibank
Wu, Hua-Chao	Director	R.O.C	Yu Da High School of Commerce and Home Economics Purchasing and Sales Director, Purchasing and Marketing Department, Yummy Town (Cayman) Holdings Corporation
YUMMY TOWN INTERNATIONAL LTD. (Samoa)	Director	Samoa/ R.O.C.	Electronics Engineering, Chien Hsin University of Science and Technology Chairman, Eowg Kuang Soap Co., Ltd. Director, The Fifth Credit Cooperation Of Hsinchu
Representative: Yen, Hsien-Ming			Director and Supervisor of Cermax Materials Co., Ltd.

Name	Title	Nationality or Place of Registration	Academic Qualifications and Experience
Tu, Chi-Yao	Independent director	R.O.C	Ph.D. in Economic Law, China University of Political Science and Law Independent Director of Teco Electro Devices Co., Ltd. Dyaco International Co. Ltd. CPA, Deloitte Taiwan Financial and Legal Advisor for Taiwanese Companies of the Straits Exchange Foundation CPA in Taiwan, passed the U.S. and China CPA exams.
Chia-Heng Seetoo	Independent director	R.O.C	J.D., University of Illinois Greaten Cultural and Creative Co. Ltd. Senior Consultant, Creativity International Law Firm Jones Day Law Firm California practicing lawyer
Chen, Cheng-Chong	Independent director	R.O.C	National Kaohsiung University of Applied Sciences, Institute of Tourism and Hospitality Management, Master's Degree, Level B Chinese Cuisine Cooking Certificate, Special Grade Chinese Cuisine Chef Professor-level technical personnel in the Chinese Culinary Arts Department at National Kaohsiung University of Hospitality and Tourism Chef, Private Members Club, Lai Lai Sheraton Hotel, Taipei Chef, Executive Club, Grand Hi Lai Hotel, Kaohsiung Consultant, Toong Mao Resorts & Hotels

VIII. Name, Title, Telephone Number and E-mail Address of Designated Domestic Agent

Agent

Name: Carrie Chen

Tel: (02)2790-0689

Title: Director

carrie_chen@yummy-town.com

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Chapter 1 Letter to Shareholders

Dear shareholders,

The company's operations have rebounded from the bottom. In January 2024, 70% of the equity in the Mainland China business was disposed of, resulting in a profit injection. The company's operations turned profitable in the first quarter of this year. The company has initiated a transformation plan for its operations in Mainland China and will be starting afresh with an authorization-based model. Happy Lemon, operated by the Yummy-Town Group, is the main force driving the business. It will continue to cultivate the American and overseas markets and advance with a new positioning as the "best global tea beverage entrepreneurial platform", continuously expanding its operational scale and brand competitiveness.

I. Implementation Results and Budget Execution of the 2023 Business Plan

Unit: NT\$ thousands

Item	2023	2022	Variance
Consolidated Revenue	744,754	801,129	-45,375
Consolidated Net (Loss) Profit (Note)	-100,759	-279,866	179,107
Earnings per share (After tax)	-NT\$4.06	-NT\$11.347	NT\$7.28

Note: It refers to the consolidated net profit attributable to the owners of the Company.

In 2023, the consolidated revenue experienced a slight decline of 5.66%. This was primarily attributed to the slower economic recovery in mainland China post-pandemic, heightened competition, challenges in opening new stores, and an increase in closures due to market saturation. These factors collectively contributed to the company's overall revenue decline and profit reduction."

According to current regulations, the Company did not prepare a public financial forecast budget for the year 2023.

II. Overview of the 2024 Business Plan and Profitability Analysis

1. Transformation of Mainland China Business to Brand Licensing Model

The mainland business has been approved by the relevant authority for disposal in December 2023, and a 70% equity sale will take place at the end of January 2024, with the gain on disposal recognized in the first quarter. Retaining 30% equity not only allows for potential development in mainland China, but also provides opportunities in the domestic market, which is still promising even after economic recovery and adjustment. With reorganization, the Happy Lemon and RBT brands still have significant growth potential.

2. Increased Focus on US Market and Expansion into New Overseas Markets

The Happy Lemon brand continues to expand globally. After entering Southeast Asia, it has successfully entered the European and American markets. Currently, it has established

a presence in over 200 cities in more than 20 countries. As the Group's main growth engine, the U.S. market, Happy Lemon is a leading brand in terms of brand awareness, store size and individual store performance. It has become one of the most prominent brands in the emerging tea beverage market in the United States. We currently have 130 stores in the western United States, and we will continue to rapidly expand and open new stores. We also plan to successfully enter the eastern U.S. market by the end of this year.

III. Future Development Strategies

Continue to build a global tea beverage franchise platform and implement smart management to improve operational performance. The future main operational development strategies of the Company are as follows:

1. Business Report: Over 20 years of experience in managing the global tea beverage chain and a complete food and beverage ecosystem.
2. US Market: Happy Lemon is a strong brand with above-average sales per store compared to its competitors.
3. Continued store expansion, from the West Coast to the Central United States and, within the next two years, to the East Coast, is the Group's main growth engine, with brand strength, organizational strength and competitiveness.
4. Mainland China Market: Split and introduction of strategic partners, new business model in progress.
5. Overseas Market: Continue to expand our presence and successfully introduce our business model in various overseas markets.
6. Global Supply Chain: The global supply chain platform is also the company's important and stable second growth engine.
7. Investment Alliance: Ongoing partnership with well-known food brands to participate in the World Cup, working in alliance.
8. Restarting Mergers and Acquisitions: Resume merger and acquisition plan to increase scale and synergies.

IV. Research and Development Status and Important Production and Sales Policies

In the future, our product research and development efforts will continue to focus on the product categories that young consumers prefer to create buzz, while expanding the application of the brand's intellectual property (IP) to make Happy Lemons the social currency of consumers. In the global labor and material shortage environment, the Company is not only preparing brand IP and upgrading store generations, but also introducing AI+ intelligent tea beverage equipment, making Yummy Town more agile and technologically advanced after introducing new DNA, and improving operational efficiency. Let tea beverages become more technologically advanced and technology-infused. In addition, To accelerate expansion in the US and overseas markets, we will invest more resources in developing stronger operational management systems, supply chain systems, digital information systems, and customer membership systems to quickly boost Happy Lemon's brand value and competitive advantage.

V. External Competition and Overall Operating Environment

1. In recent years, the catering market in mainland China has been plagued by excessive competition and internal disputes. In addition, the post-pandemic decline in consumption and reduced customer flow have severely impacted the consumer market. Intense competition in the industry has also led to a significant increase in operating costs and a serious erosion of profitability. As a result, divisions and adjustments have become necessary to improve losses and free the company from the burden of negative assets and poor performance..
2. Following the separation of our business in Mainland China, the Company's development will become more agile. Amidst intense competition in the tea beverage market, we persist in executing a global franchise strategy focused on "building robust defenses, amassing resources widely, and equitable sharing." We foresee a resurgence in operations and a new beginning. In the future, we will continue to expand our presence in the US and other overseas markets, accelerate store expansion, maintain excellent store operating performance to create "growth cornerstone"; Additionally, we will continue to build a global supply chain platform to strengthen our "operational cornerstone"; Furthermore, we will establish a catering alliance platform through cooperation or investment in mergers and acquisitions to assist in the development of our overseas business and expand our "alliance cornerstone". With these three cornerstones supporting us, we hope to return to positive operating performance in the future.

Chairman: Wu, Po-Chao

General Manager: Chiang, Hsi-yi

Chapter 2 Company Profile

I. Introduction to the Company and the Group

(I) Date of Establishment and Company Profile

Yummy-Town Group was founded by Mr. Wu, Po-Chao in 1992, with a commitment to promoting tea culture worldwide and a continuous focus on promoting new tea culture, customer experience, and product innovation. The group also went public in Taiwan on December 24, 2014, becoming the first Taiwanese bubble tea company to be listed. In recent years, the group has owned brands such as Real Brew Tea, Happy Lemon, The Spiceland, Alma, Tea Opal, and Hippo Bobatea.

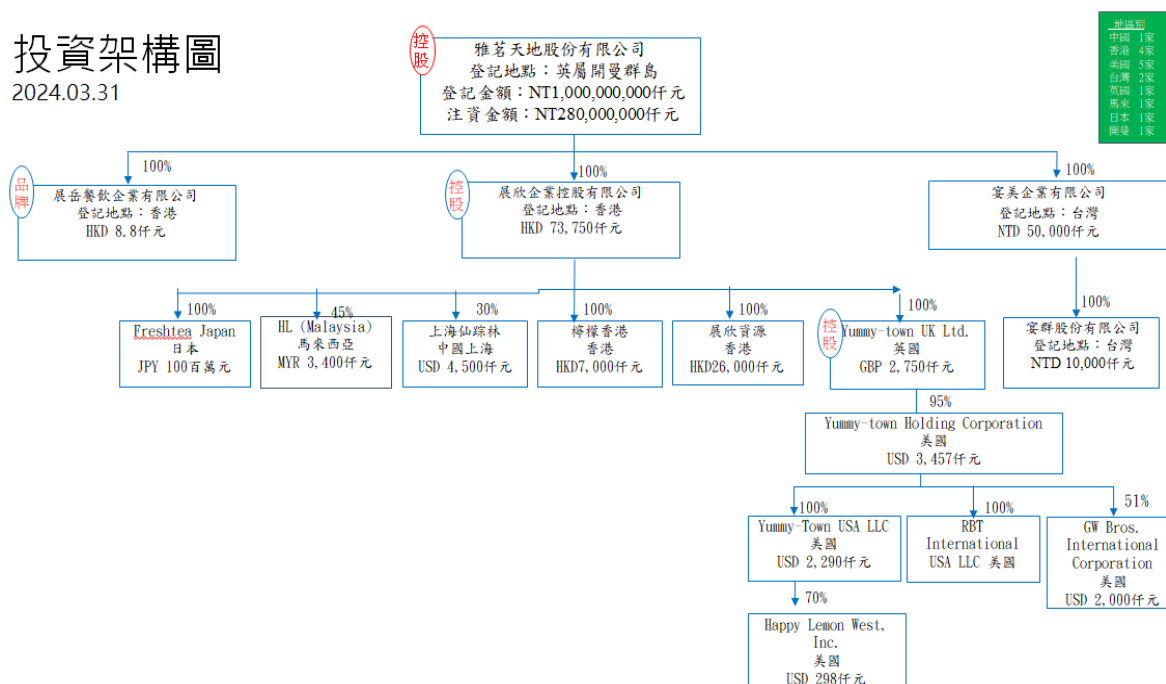
Happy Lemon, the flagship brand of the Yummy-Town Group, has successfully expanded its presence in over 200 cities across 20 countries worldwide. With a total of more than 2,000 stores, Happy Lemon can be found in major cities in Taipei, mainland China, the United States, Canada, the United Kingdom, France, Portugal, Australia, Japan, Malaysia, the Philippines, Indonesia, and Dubai.

This year, the three major growth stones will expand the global market layout of the ‘Happy Lemon’ brand in the main growth stone of the tea beverage industry, accelerate the speed of store expansion through a diversified business channel model, and create ‘growth stones’. In addition, we will continue to establish a global supply chain platform to strengthen our operational foundation. Simultaneously, we aim to develop a food and beverage alliance platform, investing in mergers and acquisitions to assist overseas business development and expand our alliance base. We believe that under the support of these three pillars, our operations will gradually grow in the future.

(II) Structure of the Group

投資架構圖

2024.03.31



(III) Risk Items: Kindly refer to Section VI in Chapter 7.

II. Company History

- 1996 • The brand “Real Brew Tea” (RBT) was established in Hong Kong.
- 1998 • The Hong Kong Special Administrative Region Government awarded the inaugural Newly Established Small and Medium-Sized Enterprise Award jointly organized by the Hong Kong Productivity Council and the Hong Kong General Chamber of Commerce to RBT.
- 1999 • Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. was established.
- 2000 • RBT was given the “Outstanding Enterprise Award” by Standard Chartered Bank during the Standard Chartered Startup Award.
- 2002 • Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. successfully passed the ISO 9001 quality control verification.
- 2003 • The Guangzhou Management Team was set up and actively developed markets in South China.
- 2005 • RBT won the “Shanghai Most Influential Franchise Brand” award.
- 2006 • The brand “Happy Lemon” was created and Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd. was established, with the first regular chain store (Tianyaoqiao Store) set up in Shanghai.
 - Happy Lemon International Ltd. was established and entered the Hong Kong market.
 - RBT won the “Shanghai Most Influential Franchise Brand” award.
- 2008 • Shanghai Tai Quan Trading Co., Ltd. was established.
 - Happy Lemon established Jia Qun Food & Beverage Management (Beijing) Co., Ltd. to expand its business to East China and North China. Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd. was established to expand its business in South China.
- 2009 • Yummy Town (Cayman) Holdings Corporation was established.
 - RBT won the “Shanghai Most Influential Franchise Brand” award.
- 2010 • RBT and Happy Lemon were the food and beverage service providers at the Expo 2010 Shanghai China.
 - Happy Lemon entered overseas markets by setting up franchise stores in Singapore, Sydney in Australia, and Manila in the Philippines.
- 2012 • Happy Lemon expanded its business to Southwest China and established Chengdu Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.
 - Happy Lemon actively expanded its business to Southeast Asia by setting up franchise stores in Bangkok, Thailand.
- 2013 • Happy Lemon set up its first regular chain (Yanji Store) in Taipei, Taiwan.
 - Happy Lemon launched its first franchise store in Seoul, South Korea.
 - Happy Lemon was awarded the “Shanghai Fresh Beverage Model Brand” in 2013 by Shanghai Beverage Association.
- 2014 • Happy Lemon launched its franchise store in New York City, USA.
 - Happy Lemon was awarded the “Shanghai Fresh Beverage Model Brand” in 2014 by Shanghai Beverage Association.
 - Yummy Town’s shares were publicly listed on Taipei Exchange on December 24, 2014.
- 2015 • You Xiang Food & Beverage Management (Shanghai) Co, Ltd., a joint venture in collaboration with Keio Group from Japan, was established to expand the curry brand business.
 - Freshtea Japan Co., Ltd., a joint venture in collaboration with Keio Group from Japan, was established to formally enter the Japanese market
 - Happy Lemon in Europe opened its first franchise store in London.

- 2016
- Happy Lemon California, Inc., a joint venture in collaboration with Sunmerry Foods Ltd., was established to expand into the European market.
 - Happy Lemon Trading UK Ltd., a joint venture in collaboration with Happy Lemon Holdings UK Ltd., was established.
 - The brand “Tea Opal” was established, with its first regular chain (Meiluocheng Store) set up in Shanghai.
 - The Spanish snack brand named “Alma” was established, with its first regular chain (Shanghai Joy City Store) set up in Shanghai. The brand was awarded the Most Affordable Cuisine recommended by Bib Gourmand.
- 2017
- The brand “Hippo Bobatea” was established, with its first regular chain (Zhengtong Road Store) set up in Shanghai.
 - Tea Opal won the “Champion Award in the Beverage Category Selected by Shanghai’s Most Unique Restaurants” and the Top 10 Internet Celebrity Store for Trendy Beverages, as well as the “Most Popular Trendy Beverage Award”, the “Annual Top Selling Single Product Award”, and the “Trendy Beverage Gold Quality Award”.
 - Happy Lemon was awarded the “Most Influential Franchise Brand” and “China’s Outstanding Franchise Brand”.
 - RBT was awarded “China’s Outstanding Franchise Brand”.
 - The Spanish snack brand named “Alma” was once again awarded the Most Affordable Cuisine recommended by Bib Gourmand since 2016.
 - Yummy Town Group was awarded the inaugural “4A Franchise Enterprise”.
- 2018
- Tea Opal was once again awarded the Top 10 Internet Celebrity Store for Trendy Beverages and won the Best Quality Award.
 - RBT was awarded “China’s Outstanding Franchise Brand”.
 - Happy Lemon was awarded the “Best Brand Partner” by Koubei New Catering.
 - Happy Lemon won the “2018 China Chain Store & Franchise Association (CCFA) Chain Food & Beverage Best Practice and Innovation Awards”.
 - Happy Lemon was awarded “China’s Outstanding Franchise Brand” and won the “Digital Innovation Award” in the chain food and beverage industry.
 - The Spanish snack brand named “Alma” was once again awarded the Most Affordable Cuisine of 2018 recommended by Bib Gourmand, gaining recognition from Shanghai Michelin Guide for three consecutive years.
 - Hippo Bobatea won the 2018 Popular Beverage Award selected by Shanghai BANG Media.
 - Hippo Bobatea and its brown sugar bubble tea with stir-fried tapioca pearls celebrated its first anniversary. As the brand’s series of beverages with stir-fried tapioca pearls gain wide recognition from consumers and the media in Shanghai, the brand was given by the 2018 Popular Beverage Award as selected by Shanghai BANG Media in December 2018.
- 2019
- Happy Lemon won the “2019 CCFA Chain Food & Beverage Innovation Award”.
 - Happy Lemon was awarded “China’s Outstanding Franchise Brand”.
 - Tea Opal’s Changning Laifu Store won the first prize in the food and beverage category in the Asia Pacific Space Design Award (APSDA).
 - Tea Opal ranked No. 1 in Funai Soken’s Regional Product of the Year.
 - CNBC, CBS, and Food NetWork in USA conducted exclusive interviews with Happy Lemon on its expansion in the US market.
 - Happy Lemon was awarded the “2019 Shanghai Fresh Beverage Gold Product Brand”.
 - Happy Lemon was awarded the “2019 Best Popular Brand” by the 2019 China Beverage Innovation Top 50.

- Tea Opal’s Changning Laifu Store won the first prize in the food and beverage category in the Asia Pacific Space Design Award (APSDA)
 - Tea Opal ranked No. 1 in Funai Soken’s Regional Product of the Year
 - Tea Opal was awarded the Shanghai champion in the 7th Shanghai International Fashion Drinks Competition.
 - Tea Opal was awarded the Best 100 selected by Shanghai’s popular restaurants.
 - Entering its second year, Hippo Bobatea expanded its stores to third- and fourth-tier cities in Mainland China, and opened new franchise stores in Daqing and Mudanjiang, Heilongjiang; Zibo, Shandong; and Changchun, Jilin.
- 2020
- The Spiceland was given the honor to become the food and beverage partner of the Kidswear supermodel event during the Shanghai Fashion Week.
 - Happy Lemon was awarded the Certificate of Appreciation by the Shanghai Association of Taiwan for its charitable effort during the COVID-19 outbreak.
 - Happy Lemon was named in “China’s Top 100 Food and Beverage Franchises in 2020”.
 - Happy Lemon was named in “China’s Top 50 Trendy Food and Beverage Brands in 2020”.
 - Happy Lemon won the “Content Marketing Award” for the excellent “Happy Lemon x Tibet 5100 Natural Glacial Mineral Water” effort.
 - Xian Zong Lin was named in the “China’s Top 100 Food and Beverage Franchises in 2020”.
 - Happy Lemon’s Information Center won the “Outstanding Information Team Award in the Consumer Goods Industry” in the 2020 Zhihong Cup.
 - Happy Lemon won the “2019-2020 Smart Food and Beverage Digital Operation Innovation Practice Award”.
 - Happy Lemon won the “Best Retail Digital Transformation and Innovation Award” at the 6th World Retail Elite (WRE) Digital Transformation Summit.
 - Happy Lemon, along with Keio Corporation, participated in the capital increase plan for Freshtea Japan Co., Ltd. to continuously expand Happy Lemon stores along the Keio Railway routes.
 - The Company invested in Kebuke Tea Company, a famous beverage brand in Taiwan, to compete in the “International Cup” together.
 - Yummy-town USA LLC established a joint venture named Happy Lemon West Inc. with local agents in North America to strengthen business development in North America.
- 2021
- In response to continuous growth in the Asia Pacific region, the Company established a joint venture in Malaysia to not only expand into the ASEAN market, but also take a major step into Muslim countries.
 - The Company established Meng Qi Qi Food & Beverage Management (Shanghai) Co., Ltd. to penetrate into the campus market in China.
 - Happy Lemon was awarded the GoGo Shanghai 2021 Popular Creative Summer Drink.
 - Happy Lemon was named in “China’s Food and Beverage Franchise List in 2020” by the China Chain Store & Franchise Association and Meituan Dianping.
 - Xian Zong Lin was named in “China’s Food and Beverage Franchise List in 2020” by the China Chain Store & Franchise Association and Meituan Dianping.
 - Li, Yang became an official member of the SME CIO Alliance as the China Association of Small and Medium Enterprises awarded the Certificate of Alliance Membership to him.
 - Tea Opal was named the “High-Quality Tea and Beverage Outlet Recommended

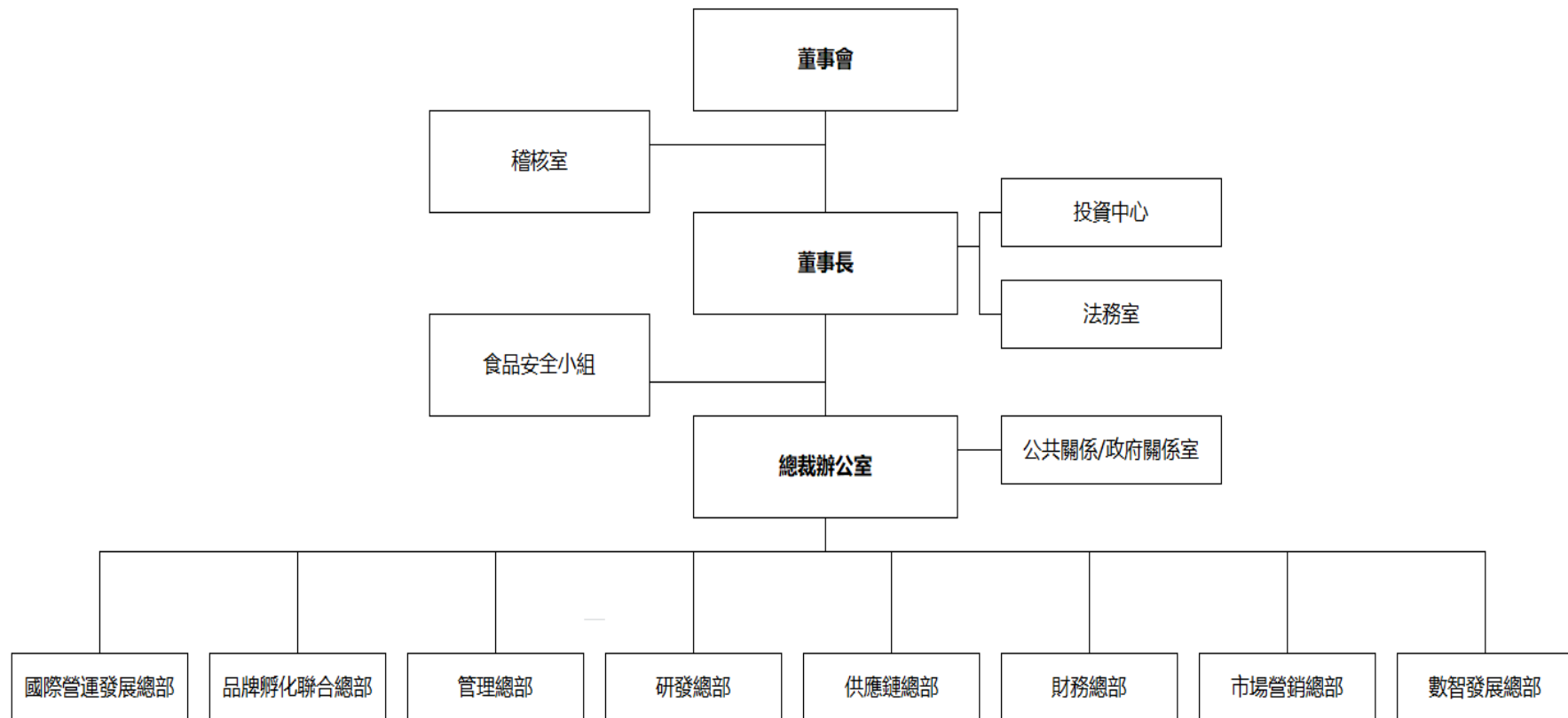
- by Millions of Fans”.
- Tea Opal was named the “High-Quality Tea and Beverage Outlet Recommended by Millions of Fans”.
- Happy Lemon was named in “China’s Food and Beverage Franchise List in 2021” by the China Chain Store & Franchise Association.
- Happy Lemon was named in “China’s Food and Beverage Franchises in 2021” by Meituan.
- Happy Lemon was awarded the “CCFA Restaurant Chain Innovation Case - Recommended Application Award” and “CCFA Restaurant Chain Innovation Case - Recommended Popularization Award” by the China Chain Store & Franchise Association.
- Tea Opal was awarded “CCFA Gold Store Manager” by the China Chain Store & Franchise Association.
- Happy Lemon won the “10th China Smart Food & Beverage Innovation Summit Smart Innovation Award” at the Smart Food & Beverage Summit”.
- 2022 • Happy Lemon won the “Summer Marketing - Appearance Display Award at the 2021 Beverage and Cold Drink Carnival”.
- Happy Lemon won the “Top 10 Brand of Zhenghe Island Popular Product Collection” by Zhenghe Island.
- Happy Lemon’s new image in Taiwan was upgraded and its global flagship store was opened in Taipei.
- Happy Lemon became the leading brand in the U.S. market, made its debut on the billboard of Times Square in New York, and entered the Texas market.
- 2023 • Happy Lemon was awarded the “2021 Digital Transformation Innovation Award” by the China Digital Innovation Association”.
- The Orlando store in the United States is open for business.
- The Hawaii store in the United States is open for business.
- Grand Opening of Kaohsiung Store
- The number of stores in the United States has exceeded 100.
- The opening of the first store in Paris, France.
- Happy Lemon has expanded to over 20 countries and more than 200 cities.
- The number of stores in the United States has exceeded 130.

Chapter 3 Corporate Governance Report

I. Organizational System

(I) Organizational Structure of the Company

雅茗天地集團組織架構



(II) Duties and Responsibilities of Major Departments

Department	Duties and Responsibilities
Chairman's Office	Set the Company's strategic policies for overall corporation operations, evaluate legal risks, implement CSR, and make important operating decisions.
Chief Executive Officer's Office	Fully implement the Company's overall business plans and achieve the overall business objectives of the Company
Auditing Office	Assess deficiencies in the Company's internal control system and measure operating efficiency, submit audit reports, put forward suggestions for improvement in a timely manner to reasonably ensure the continuous and effective implementation of the internal control system persistently, and assist the management in fulfilling its responsibilities.
Legal Office	Conduct legal risk assessments with respect to various decisions made by the Company.
Food Safety Team	Establish the Group's food product policies, enhance product and brand value, provide consumers with healthier, better-quality, and safe products, and create a food culture with honesty and integrity in the society.
Investment Center	Assist the Group in collaboration, alliance, investment, and mergers and acquisitions with external parties to expand the operations of the Group, create shareholder wealth, and protect shareholders' rights and interests.
Public Relations/Government Relations Office	Responsible for building good relations with the government and related parties to enhance the popularity and reputation of the Company.
International Operations Development Headquarters	Serve as the Group's overseas operation center, which is responsible for global expansion, operations, store expansion, training, and supply chain management mainly in three markets, namely North America, Asia Pacific, and Europe and Australia.
Finance Headquarters	Responsible for capital movement and accounting work to ensure the financial stability and security of the Company, improve the quality of decision-making with correct and objective financial data and management information, and strictly control all data.
Marketing Headquarters	Responsible for the promotion of various brand products and formulate various marketing programs to create, discover and meet consumer needs.
Joint Brand Incubation Headquarters	Responsible for the establishment of the Company's new brand.
Headquarters Management	Optimize the business model and organizational and operational framework of each brand in accordance with the product and business policies formulated by the Company, in order to assist each brand in achieving company-wide business goals. Organize and formulate the Group's human resources plan, as well as guide and coordinate human resources management in each subsidiary of the Group, in order to meet each subsidiary's needs for talents and ensure that the Company's overall strategic goals are achieved. Formulate sound company regulations and systems, as well as handle and respond to emergencies.

Department	Duties and Responsibilities
Smart Digital Development Headquarters	Responsible for building, managing, and maintaining the image of brands under the Company as well as public relations, system technical support, and digital tools for these brands.
Supply Chain Headquarters	Responsible for the overall planning of customers' needs for raw materials and delivery.
R&D Headquarters	Design, research, and develop various types of food and beverage under the Company's various brands.

II. Information on Directors, Supervisors, President, Vice Presidents, Senior Manager and Managers of Each Department and Branch

(I) Information on Directors and Supervisors

1. Name, Nationality or Place of Registration, Academic Qualifications and Experience, Shareholding and Its Nature

As of April 19, 2024; Unit: shares

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Appointed)	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Academic Qualifications and Experience	Positions Currently Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relations	
Chairman	R.O.C	Wu, Po-Chao	Male 62	2021.07.08	3 years	2009.12.22	5,316,930	14.56%	3,714,473	13.27%	13,205	0.05%	—	—	Retired Air Force Captain Chairman, Committee of Catering, China Chain Store & Franchise Association(CCFA)/Vice Chairman, Chain Store Committee, Shanghai Association of Taiwan/Vice Chairman, Huangpu District, Shanghai Association of Taiwan	Note 1	Director	Carrie Chen	Spouse	—
Director	R.O.C	Carrie Chen	Female 57	2021.07.08	3 years	2009.12.22	18,902	0.05%	13,205	0.05%	3,714,473	13.27%	—	—	Bachelor of Business Administration, Chihlee University of Technology Coordinator, New Card Review Department, American Express / Senior Coordinator, Risk Control Department, Citibank	Note 2	Chairman	Wu, Po-Chao	Spouse	—
Juristic-Person Director	Samoa	YUMMY TOWN INTERNATIONAL LTD.		2021.07.08	3 years	2020.01.16	6,878,683	18.84%	4,805,534	17.16%	—	—	—	—	—	—	—	—	—	—
	R.O.C	Representative: Yen, Hsien-Ming	Male 58				630	0.002%	440	0.001%	558,223	1.99%	—	—	—	—	Electronics Engineering, Chien Hsin University of Science and Technology Chairman, Eowg Kuang Soap Co., Ltd./Director of Hsinchu City Fifth Credit Cooperative/Board Supervisor of Cermax Materials Co., Ltd.	Note 3	—	—
Director	R.O.C	Wu, Hua-Chao	Female 64	2021.07.08	3 years	2020.06.23	460,659	1.26%	199,564	0.71%	—	—	—	—	Yu Da High School of Commerce and Home Economics Purchasing and Sales Director, Purchasing and Marketing Department, Yummy Town (Cayman) Holdings Corporation	Note 4	Chairman	Wu, Po-Chao	Sister	—
Independent director	R.O.C	Tu, Chi-Yao	Male 67	2021.07.08	3 years	2021.07.08	—	—	—	—	—	—	—	—	Ph.D. in Economic Law, China University of	Note 5	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected (Appointed)	Term	Date First Elected	Shares Held When Elected		Shares Currently Held		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Academic Qualifications and Experience	Positions Currently Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relations	
														Political Science and Law Former Partner and CPA, Deloitte Taiwan/Financial and Legal Advisor for Taiwanese Companies of the Straits Exchange Foundation CPA in Taiwan, passed the U.S. and China CPA exams.						
Independent director	R.O.C	Chia-Heng Seetoo	Male 47	2021.07.08	3 years	2021.07.08	-	-	-	-	-	-	-	J.D., University of Illinois Senior Consultant, Creativity International Law Firm Jones Day Law Firm California practicing lawyer	Note 6	-	-	-	-	
Independent director	R.O.C	Chen, Cheng-Chong	Male 61	2023.06.12	3 years	2012.02.06	-	-	-	-	-	-	-	Master of Hospitality and Tourism Management, National Kaohsiung University of Science and Technology Professor-level technical personnel in the Chinese Culinary Arts Department at National Kaohsiung University of Hospitality and Tourism Chef, Private Members Club, Lai Lai Sheraton Hotel, Taipei/Chef, Executive Club, Grand Hi Lai Hotel, Kaohsiung/Consultant, Toong Mao Resorts & Hotels	-	-	-	-	-	

Notes 1: Currently holding positions in our company and other companies: Director of Yummy-Town Holding Corporation, Director of Shanghai Tai Quan Trading, Director of Zhan Cheng Food and Beverage Management (Guangzhou), Director of Shanghai Happy Lemon, Director of Jia Qun Food & Beverage Management (Beijing), Chairman of You Xiang Food & Beverage Management (Shanghai), Supervisor of Ai Qun Food & Beverage Management (Shanghai), Director of Shanghai Enjoy Food and Beverage Service Co., Ltd.

Notes 2: Currently holding positions in our company and other companies: Director of Yummy-Town Holding Corporation, Director of Yummy-Town USA LLC, Director of Happy Lemon West, Director of Happy Lemon (M) Sdn Bhd, Director of GW Bros International Corporation, Supervisor of Shanghai Tai Quan Trading, Supervisor of Zhan Cheng Food and Beverage Management (Guangzhou), Supervisor of Happy Lemon (Shanghai), Supervisor of Happy Lemon (Chengdu), Supervisor of You Xiang

Food & Beverage Management (Shanghai), Supervisor of Ai Qun Food & Beverage Management (Shanghai), Supervisor of Shanghai Enjoy Food and Beverage Service Co., Ltd.

Notes 3: Positions held concurrently in the Company and other companies at present: Chairman, Eowg Kuang Soap Co., Ltd.

Notes 4: Positions held concurrently in the Company and other companies at present: Director, Zhan Cheng Food and Beverage Management (Guangzhou) Co., Ltd.; Consultant, Purchasing and Marketing Department, Yummy Town International Ltd.

Notes 5: Currently holding positions in our company and other companies: Accountant at Chi Yao CPAs Firm, Financial and Legal Consultant for Taiwan Business at the Straits Exchange Foundation, Independent Director at Teco Electro Devices Co., Ltd., Independent Director at Dyaco International Co., Ltd.

Notes 6: Positions held concurrently in the Company and other companies at present: Senior Consultant at Innovatus Law Firm, Independent Director at Greaten Cultural and Creative Co., Ltd.

2. Major shareholders of corporate shareholders

April 19, 2024

Name of corporate shareholder	Major shareholders of corporate shareholders
YUMMY TOWN INTERNATIONAL LTD.	Wu, Po-Chao (50%) (R.O.C.) and Carrie Chen (50%) (R.O.C.)

3. Major Shareholders of Institutional Shareholders Which Are Institutions: Not applicable

4. Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors:

Criteria Name	Professional Qualifications and Experience	Independence	Number of other public companies where the individual is concurrently serving as an independent director
Wu, Po-Chao	Retired Air Force Captain, Founder of Yummy Town. Chairman, Committee of Catering, China Chain Store & Franchise Association(CCFA); Vice Chairman, Chain Store Committee, Shanghai Association of Taiwan; Vice Chairman, Huangpu District, Shanghai Association of Taiwan. There is no incident involving Article 30 of the Company Act.	Co-founder, spouse of director Carrie Chen and sister and sibling of director Wu, Hua-Chao.	0
Carrie Chen	Bachelor of Business Administration, Chihlee University of Technology, Founder of Yummy Town. Served as Coordinator, New Card Review Department, American Express and Senior Coordinator, Risk Control Department, Citibank. Serves as special assistant to the Chairman of the Company, with more than 20 years of experience in food and beverage management. There is no incident involving Article 30 of the Company Act.	Co-founder, spouse of director Wu, Po-Chao.	0
YUMMY TOWN INTERNATIONAL LTD Representative: Yen, Hsien-Ming	Electronics Engineering, Chien Hsin University of Science and Technology Served as Director, The Fifth Credit Cooperation Of Hsinchu; Director and Supervisor of CERMAX CO., LTD. Serves as Chairman, Eowg Kuang Soap Co., Ltd. There is no incident involving Article 30 of the Company Act.	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, and do not provide business, legal, financial, or accounting services.	0
Wu, Hua-Chao	Yu Da High School of Commerce and Home Economics, Founder of Yummy Town Serves as the director and consultant of the Company's procurement and marketing department, with over 30 years of experience in food and beverage management. There is no incident involving Article 30 of the Company Act.	Co-founder, sibling of director Wu, Po-Chao	0

Criteria Name	Professional Qualifications and Experience	Independence	Number of other public companies where the individual is concurrently serving as an independent director
Independent director Tu, Chi-Yao	Ph.D. in Economic Law, China University of Political Science and Law. CPA in Taiwan, passed the U.S. and China CPA exams. Founded Chi Yao CPAs Firm and serves as a Financial and Legal Advisor for Taiwanese Companies of the Straits Exchange Foundation, after retiring from Deloitte Taiwan. There is no incident involving Article 30 of the Company Act.	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	2
Independent director Chia-Heng Seetoo	B.S. in Economics, National Taiwan University, M.A in Industrial Economics, National Central University, and J.D., University of Illinois. Qualified lawyer in California, USA. Founded Innovatus International Law Firm, after years of experience as an attorney at Jones Day International Law Firm. There is no incident involving Article 30 of the Company Act.	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	1
Independent director Chen, Cheng-Chong	Master of Hospitality and Tourism Management, National Kaohsiung University of Science and Technology Professor-level technical personnel in the Chinese Culinary Arts Department at National Kaohsiung University of Hospitality and Tourism. Chef, Private Members Club, Lai Lai Sheraton Hotel, Taipei/Chef, Executive Club, Grand Hi Lai Hotel, Kaohsiung/Consultant, Toong Mao Resorts & Hotels There is no incident involving Article 30 of the Company Act.	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	0

5. Board Diversity and Independence

(1) Board Diversity

The Company advocates and respects the policy of diversity of directors in order to strengthen corporate governance and to promote the sound development of the composition and structure of the Board of Directors, believing that the diversity approach will help enhance the overall performance of the Company. Board members are selected on the basis of merit and have diverse and complementary abilities across industry sectors, including basic composition (e.g., age, gender, education, cultural background, etc.), as well as industry experience and relevant skills (e.g., catering and hotel operations, public welfare business, accountants, lawyers, etc.). In order to strengthen the functionality of the Board of Directors to achieve the desired goals of corporate governance, the Board of Directors as a whole possess the following

competencies: Business judgment, Accounting and financial analysis, Operation and management capability, Crisis management, Industry knowledge, International market perspectives, Leadership, Decision-making ability.

(2) Board Independence

The Company has seven directors, of which three are independent directors, accounting for 43%.

In accordance with the requirements of the TPEX-listed Regulations, the Company has obtained the “Qualification Checklist”, “Declaration” and “Consent to Appointment” from the three independent directors at the time of their election to confirm their independence and that of their immediate family members of the Company. The Company has always believed that the independence of directors should be judged on the actual circumstances and is subject to ongoing evaluation, taking into account all relevant factors, including the ability of directors to consistently ask constructive questions for management and other directors, the independence of views expressed from management or other directors, and the appropriateness of their actions and behaviors both inside and outside the Board meetings. The conduct of the Company’s independent directors, where appropriate, meets these expectations and demonstrates these attributes. Having considered all of the above, the Company considers that all of the independent directors are professionals independent of the Company.

(3) Implementation of Core Projects

The company’s board of directors consists of 2 female members, accounting for 28.5% of the total. These members have expertise in the food and beverage industry, accounting, law, and are professors of food and beverage at national universities. They are able to provide immediate professional advice and strengthen corporate governance. All members are middle-aged, ranging in age from 57 to 67. Three independent directors, with complementary expertise, of which two have less than three years of tenure.

Name	Basic Conditions and Values					Industry Experience								
	Gender	Nationality	Age	Employee Status	Length of Service for Independent Directors		Operational Judgment Ability	Financial Analysis Ability	Management and Leadership Skills	Crisis management capability	Knowledge of the catering Industry	International Market Outlook	Leadership Ability	Decision-making ability
					Less than 3 years	More than 3 years.								
Wu, Po-Chao	Male	R.O.C	62 years old	✓			✓	✓	✓	✓	✓	✓	✓	✓
Carrie Chen	Female	R.O.C	57 years old	✓			✓	✓	✓	✓	✓	✓	✓	✓

Name	Basic Conditions and Values					Industry Experience									
	Gender	Nationality	Age	Employee Status	Length of Service for Independent Directors	More than 3 years.	Less than 3 years	Operational Judgment Ability	Financial Analysis Ability	Management and Leadership Skills	Crisis management capability	Knowledge of the catering industry	International Market Outlook	Leadership Ability	Decision-making ability
Yen, Hsien-Ming	Male	R.O.C	58 years old					✓	✓	✓	✓	✓	✓	✓	✓
Wu, Hua-Chao	Female	R.O.C	64 years old	✓				✓	✓	✓	✓	✓	✓	✓	✓
Independent director Tu, Chi-Yao (CPA)	Male	R.O.C	67 years old		✓			✓	✓	✓	✓	✓	✓	✓	✓
Independent director Chia-heng Seetoo (Lawyer)	Male	R.O.C	47 years old		✓			✓	✓	✓	✓	✓	✓	✓	✓
Independent director Chen, Cheng-Chung (Professor of Catering)	Male	R.O.C	61 years old				✓	✓	✓	✓	✓	✓	✓	✓	✓

(II) Information on President, Vice President, Senior Manager and Managers of Each Department and Branch

As of April 19, 2024; Unit: shares

Title	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Academic Qualifications and Experience	Positions Currently Held in Other Companies	Managers who are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relations	
President	R.O.C	Chiang, Hsi-Yi (Note 1)	Male	2024.02.16	—	—	2,000,000	7.14%	—	—	Bachelor of Mechanical Engineering, University of California, Santa Barbara California State University, Northridge MBA	Shanghai Champion Trading Co., Ltd. Executive Director, Zhongshan Crown Leather Co., Ltd. Director, Longguan (Shanghai) Real Estate Co., Ltd. Director, Ningbo Coolwang Intelligent Technology Co., Ltd. Director, Shanghai Liuju Cultural Development Co., Ltd. Director, Shanghai Enjoy Food Catering Service Co., Ltd. Director, Shanghai Meng Qi Qi Technology Co., Ltd. Director, Yummy-Town Holding Corporation Director, Happy Lemon West Director	—	—	—	—
Vice President	R.O.C	Huang, Hsin-Lin	Male	2012.11.02	9,923	0.04%	—	—	—	—	Diploma in Mechanical Engineering, Kun Shan Industrial Junior College F&B Manager at Headquarters, Cashbox Partyworld Co., Ltd., Taiwan	—	—	—	—	—
Chief Investment Officer and Company Spokesperson	R.O.C	Chen, Sheng-Chung	Male	2019.12.02	35,318	0.13%	—	—	—	—	President, Sino Tactful Co., Ltd. President, Ray Shi Capital Co., Ltd. Vice President, Polaris International Securities Investment Trust Co., Ltd.	—	—	—	—	—
Chief Marketing	R.O.C	Wang, Chia-Yin	Female	2024.02.06	—	—	—	—	—	—	MBA, University of Sheffield	—	—	—	—	—

Title	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Academic Qualifications and Experience	Positions Currently Held in Other Companies	Managers who are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relations	
Officer		(Note 2)									Bai Sheng China, General Manager of Coffii&Joy brand					
Vice President	R.O.C	Lin, Wan-Ting (Note 3)	Female	2017.06.19	—	—	—	—	—	—	Master of Arts in Modern British Culture, University of Warwick, UK Senior Financial Reporter/Anchor in Shanghai, TVBS News	—	—	—	—	—
Vice President, CFO and Accounting Supervisor and Corporate Governance Supervisor	R.O.C	Chih, Chia-Ling	Female	2022.05.11	—	—	—	—	—	—	Master of EMBA, National Taiwan University Bachelor of Accounting, Soochow University Financial Supervisor, Motorola Electronics Co., Ltd. Financial Supervisor, Chenbro Micom Co., Ltd.	—	—	—	—	—
Audit Supervisor and Acting Spokesperson	R.O.C	Tsai, Cheng-Ju (Note 4)	Male	2022.05.11	—	—	—	—	—	—	Bachelor of Accounting and Information Systems, Feng Chia University Auditor, KPMG Audit Specialist, Kuangli Photoelectric Technology Co., Ltd.	—	—	—	—	—
Audit Supervisor	R.O.C	Tsai, Tsung-Fu (Note 4)	Male	2023.11.14	—	—	—	—	—	—	Bachelor of Accounting, Chung Yuan Christian University Audit Manager, Information Technology Total Services Co., Ltd. Director of Audit, Otsuka Information Technology Co., Ltd. Senior Auditor, KPMG	—	—	—	—	—
Vice President	R.O.C	Chen, Po-Sheng (Note 5)	Male	2022.03.24	—	—	—	—	—	—	MBA in Finance, Golden Gate University, California, US Bachelor of Science in Finance, San Francisco State University President, T Rock Inc. Chief Operating Officer, CoAdna Photonics, Inc President, Zoom Tech Inc.	—	—	—	—	—

Title	Nationality	Name	Gender	Date Elected (Appointed)	Shareholding		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Academic Qualifications and Experience	Positions Currently Held in Other Companies	Managers who are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relations	
											Senior Manager, Security Pacific Bank					
Vice President	Malaysia	Loke, Yeu-Loong (Note 6)	Male	2022.03.24	—	—	—	—	—	—	Sultan Haji Ahmad Shah Polytechnic Diploma in Business, School of Business Management School of Business Management, University of Wales President, Bio Perak (Malaysia) Sdn Bhd., Bio Secure Farming (Johor) Sdn Bhd. Director, Millennium Impulse Sdn Bhd., Berlian Jayaniaga Sdn Bhd., Fleet Quality Shrimp Farming Sdn Bhd., FQ Biotech Sdn Bhd., Global Crystal Aquaculture Sdn Bhd., Fortune Splendid Sdn Bhd., Inbit Walet Sdn Bhd., Stella Wonderful Sdn Bhd., Q Taro Sdn Bhd., Happy Lemon (M) Sdn Bhd. Vice Chairman, One Doc Group Chief Executive Officer, Malaysia Bird's Nest Upstream & Down Stream Association Vice President, Malaysia Modern Beauty Industry Association	—	—	—	—	—
Acting Spokesperson	R.O.C	Wang, Ming-Pu (Note 7)	Female	2023.08.31	—	—	—	—	—	—	Department of Business Administration, Chinese Culture University Audit Supervisor at Sheng Yu Technology Co., Ltd. International Internal Auditor	—	—	—	—	—

Notes 1: General Manager Chiang, Hsi-Yi took office on February 16, 2024.

Notes 2: Wang, Chia-Yin was appointed as the Chief Marketing Officer on February 6, 2024.

Notes 3: Vice President Lin, Wan-Ting resigned on April 10, 2023.

Notes 4: Mr. Tsai, Cheng-Ju, the Audit Manager and Acting Spokesperson, resigned on August 31, 2023; Mr. Tsai, Tsung-Fu, the Audit Manager, assumed the position on November 14, 2023.

Notes 5: Vice General Manager Chen, Po-Sheng was relieved of his duties on January 2, 2024, upon the expiration of his contract and the completion of his term.

Notes 6: Vice President Loke, Yeu-Loong was dismissed on April 18, 2023.

Notes 7: Wang, Ming-Pu acted as the spokesperson on a temporary basis on August 31, 2023.

III. The Remuneration Paid to the Directors, Independent Directors, President and Vice President for the Most Recent Year

(I) Remuneration Paid to Directors in 2023

Unit: NT\$ thousands; %

Title	Name	Remuneration for Directors				Percentage of the Sum of Four Items Including A, B, C, and D in Terms of Net Profit After Tax	Relevant Remuneration Received by Directors Who Concurrently Serve As Employees				Percentage of the Sum of Seven Items Including A, B, C, D, E, F, and G in Terms of Net Profit After Tax		Whether or Not The Director Receives Remuneration from Reinvested Companies Other Than Subsidiaries of the Company or from the Parent Company		
		Compensation (A)	Severance Pay and Pension (B)		Directors' Bonus (C)		Expenses for Performance of Duty (D)	Salary, Rewards and Special Allowances (E)	Retirement Pension (F)	Employee Bonus (G)		Parent Company		All the Companies Listed in the Financial Statements	
			All the Companies Listed in the Financial Statements	Parent Company						All the Companies Listed in the Financial Statements	Parent Company				Parent Company
Directors	Wu, Po-Chao	-	-	-	-	-	3,307	-	33	-	-	-	-	3,340 ; -3.51%	None
	Carrie Chen	-	-	-	-	-	2,819	-	-	-	-	-	-	2,819 ; -2.97%	None
	YUMMY TOWN INTERNATIONAL LTD. Representative: Yen, Hsien-Ming	-	360	-	-	-	15	-	375 ; -0.39%	-	-	-	-	375 ; -0.39%	None
	Wu, Hua-Chao	-	-	-	-	-	-	360	-	22	-	-	-	382 ; -0.40%	None
Independent director	Lin, Tzu-Kuan (Note 1)	-	188	-	-	-	-	188 ; -0.20%	-	-	-	-	-	188 ; -0.20%	None
	Tu, Chi-Yao	-	420	-	-	-	24	444 ; -0.47%	-	-	-	-	-	444 ; -0.47%	None
	Chia-Heng Seetoo	-	420	-	-	-	24	444 ; -0.47%	-	-	-	-	-	444 ; -0.47%	None
	Chen, Cheng-Chong (Note 1)	-	232	-	-	-	3	235 ; -0.25%	-	-	-	-	-	235 ; -0.25%	None

1. Please specify the policy, system, standards, and structure for the payment of remuneration to independent directors, and explain the relationship between the amount of remuneration and factors such as their responsibilities, risks, and time commitment. The remuneration for independent directors of the company is determined in accordance with the Director Remuneration and Compensation Payment Regulations.
2. Remuneration received in the most recent year by the directors of the Company for rendering services (such as serving as a non-employed consultant) to all companies listed in the financial statements: None

Notes 1: Independent director Lin, Tzu-Kuan resigned on June 11, 2023; independent director Chen, Cheng-Chung was elected at the shareholders' meeting on June 12, 2023.

(II) Remuneration Paid to Supervisors in 2023: The Company has not appointed any supervisor. Hence, this section is not applicable.

(III) Remuneration Paid to President and Vice President in 2023

Unit: NT\$ thousands; %

Title	Name	Salary (A)		Severance Pay and Pension (B)		Rewards and Allowances (C)		Employee Bonus (D)				Percentage of the Sum of Four Items Including A, B, C, and D in Terms of Net Profit After Tax (%)		Whether or Not The Director Receives Remuneration from Reinvested Companies Other Than Subsidiaries of the Company or from the Parent Company
		Parent Company	All the Companies Listed in the Financial Statements	Parent Company	All the Companies Listed in the Financial Statements	Parent Company	All the Companies Listed in the Financial Statements	Parent Company		All the Companies Listed in the Financial Statements		Parent Company	All the Companies Listed in the Financial Statements	
								Amount of Cash	Amount of Shares	Amount of Cash	Amount of Shares			
President	Wu, Po-Chao (Note 1)													
Vice President, R&D Headquarters	Huang, Hsin-Lin													
Chief Investment Officer	Chen, Sheng-Chung													
Vice President, Public Relations/Government Relations Office	Lin, Wan-Ting (Note 2)	-	15,041	-	290	-	-	-	-	-	-	-	15,331 ; -16.13%	-
Vice President, Finance Headquarters	Chih, Chia-Ling													
Vice President	Chen, Po-Sheng (Note 3)													
Vice President	Loke, Yeu-Loong (Note 4)													

Range of Remuneration

Range of Remuneration Paid to President and Vice Presidents of the Company	Name of President and Vice President	
	Parent Company	All the Companies Listed in the Financial Statements
Less than NT\$1,000,000	—	Wu, Po-Chao, Lin, Wan-Ting, Loke, Yeu-Loong
NT\$1,000,000 (inclusive) to NT\$2,000,000	—	
NT\$2,000,000 (inclusive) to NT\$3,500,000	—	Huang, Hsin-Lin, Chi, Chia-Ling, Chen, Sheng-Chung
NT\$3,500,000 (inclusive) to NT\$5,000,000	—	—
NT\$5,000,000 (inclusive) to NT\$10,000,000	—	Chen, Po-Sheng
NT\$10,000,000 (inclusive) to NT\$15,000,000	—	—
NT\$15,000,000 (inclusive) to NT\$30,000,000	—	—
NT\$30,000,000 (inclusive) to NT\$50,000,000	—	—
NT\$50,000,000 (inclusive) to NT\$100,000,000	—	—
NT\$100,000,000 and above	—	—
Total	—	7

Notes 1: Chairman Wu, Po-Chao relieved of his position as CEO on February 16, 2024. (General Manager Chiang, Hsi-Yi took office on February 16, 2024.)

Notes 2: Vice President Lin, Wan-Ting resigned on April 10, 2023.

Notes 3: Vice General Manager Chen, Po-Sheng was relieved of his duties on January 2, 2024, upon the expiration of his contract and the completion of his term.

Notes 4: Vice President Loke, Yeu-Loong was dismissed on April 18, 2023.

(IV) Managerial Officers with the Top Five Highest Remuneration Amount in the year of 2023

Unit: NT\$ thousands; %

Title	Name	Salary (A)		Severance Pay and Pension (B)		Rewards and Allowances (C)		Employee Bonus (D)				Percentage of the Sum of Four Items Including A, B, C, and D in Terms of Net Profit After Tax (%)		Whether or Not The Director Receives Remuneration from Reinvested Companies Other Than Subsidiaries of the Company or from the Parent Company
		Parent Company	All the Companies Listed in the Financial Statements	Parent Company	All the Companies Listed in the Financial Statements	Parent Company	All the Companies Listed in the Financial Statements	Parent Company		All the Companies Listed in the Financial Statements		Parent Company	All the Companies Listed in the Financial Statements	
								Amount of Cash	Amount of Shares	Amount of Cash	Amount of Shares			
Vice President	Chen, Po-Sheng	-	7,435	-	-	-	-	-	-	-	-	-	7,435 ; -7.82%	-
Vice President, R&D Headquarters	Huang, Hsin-Lin		2,806		46								2,852 ; -3.00%	
Chairman's Special Assistant	Carrie Chen		2,819		-								2,819 ; -2.97%	
Chief Investment Officer	Chen, Sheng-Chung	-	2,301	-	108	-	-	-	-	-	-	-	2,409 ; -2.53%	-
Vice President, Finance Headquarters	Chih, Chia-Ling		2,160	-	108	-	-	-	-	-	-	-	2,268 ; -2.39%	-

(V) Name of Managers to Whom Employee Bonus is Paid and Distribution of Dividends in 2023: None.

(VI) Compare and Analyze the Percentage of Total Remuneration Paid to Directors, Supervisors, President, and Vice Presidents of the Company in the Two Most Recent Years by the Company and All the Companies Listed in the Consolidated Financial Statements in Terms of Net Profit After Tax Specified in the Parent Company-only or Individual Financial Statements, and Explain the Correlations of Remuneration Payment Policy, Criteria and Packages, and Procedures for Determining Remuneration with Business Performance and Future Risks.

- Total Remuneration Paid to Directors, Supervisors, President, and Vice Presidents of the Company in the Two Most Recent Years in Terms of Net Profit After Tax

Unit: NT\$ thousands; %

Title \ Item	2023		2022	
	Parent Company	Consolidated Financial Statements	Parent Company	Consolidated Financial Statements
Amount of Remuneration for Directors	—	1,686	—	1,683
Percentage of Total Remuneration for Directors in Terms of Net Profit After Tax	—	-1.77%	—	-0.59%
Total Remuneration for President and Vice Presidents	—	15,331	—	17,282
Total Remuneration for President and Vice Presidents in Terms of Net Profit After Tax	—	-16.13%	—	-6.07%

- Correlations of Remuneration Payment Policy, Criteria and Packages, and the Procedures for Determining Remuneration with Business Performance and Future Risks:

The Company has set up the Remuneration Committee which is fully composed of independent directors. The Remuneration Committee is responsible for formulating and regularly reviewing performance appraisal for directors and managers, as well as salary and compensation policies, systems, criteria, and structures, while regularly assessing and determining the salary and remuneration of directors and managers. Remuneration for directors are approved and paid based on their positions in the Company, their participation in the Company's operations, and their contributions to the Company's operations. Remuneration for President and Vice Presidents are mainly handled based on their positions and their contributions to the Company and by referring to the pay levels of the industry, in accordance with the Company's personnel regulations.

IV. Implementation of Corporate Governance

(I) Operation of Board of Directors

1. The Board of Directors convened 9 meetings (A) in the most recent year (2023), and directors' attendance is listed as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Remark
Chairman	Wu, Po-Chao	7	2	77.78%	
Director	Carrie Chen	8	0	88.89%	Request for leave once.
Juristic-Person Director	YUMMY TOWN INTERNATIONAL LTD.	6	3	66.67%	
Director	Wu, Hua-Chao	9	0	100%	
Independent director	Lin, Tzu-Kuan	1	3	25%	1/1~6/11 During the term, there were a total of 4 occasions.
Independent director	Tu, Chi-Yao	8	1	88.89%	
Independent director	Chia-Heng Seetoo	9	0	100%	
Independent director	Chen, Cheng-Chong	3	2	60%	6/12~12/31 During the term, there were a total of 5 occasions.

Other Matters to be Noted:

- I. If any of the following applies to the operation of the Board of Directors, the date and session of the Board of Directors' meeting, the content of proposals, independent directors' opinions and the Company's actions in response to independent directors' opinions shall be stated:
- (I) Items listed in Article 14-3 of the Securities and Exchange Act: The Company has set up the Audit Committee. Kindly refer to "Operation of Audit Committee" for more details.
- (II) In addition to the aforementioned matters, any other resolutions from the Board of Directors where an independent director expressed a dissenting or qualified opinion that have been recorded or stated in writing: In 2023, the independent directors made no dissenting or qualified opinion.
- II. For the implementation and state of director's recusal for conflict of interest, the director's name, contents of the topic, reasons for the required recusal, and participation in the voting process:
- (I) During the Board of Directors' meeting on January 24, 2023, Chairman Wu, Po-Chao, Director Carrie Chen, Director Wu, Hua-Chao and related managers recused themselves from discussions on 2022-end bonus distribution plan for individual managers of the Company and its subsidiaries due to conflict of interest. This plan has been agreed and approved by other directors.

III. Companies listed on TWSE or TPEX shall disclose information on the self-evaluation (or peer evaluation) of the Board of Directors, such as the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation content. The implementation of Board evaluation is as follows:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content
Once a year	Evaluate directors' performance from January 1, 2023 to December 31, 2023.	Performance evaluation of the Board of Directors	Internal self-evaluation of the Board of Directors	Performance evaluation for the Board of Directors: Including level of participation in the Company's operations, quality of the Board of Directors' decision-making, composition and structure of the Board of Directors, appointment of directors and their continuing education, internal control, etc.
Once a year	Evaluate directors' performance from January 1, 2023 to December 31, 2023.	Performance evaluation of individual directors	Self-evaluation of directors	Performance evaluation for individual directors: Including command of the Company's goals and tasks, understanding of directors' responsibilities, level of participation in the Company's operations, internal relationship management and communication, directors' professional and continuing education, internal control, etc.
Once a year	Evaluate directors' performance from January 1, 2023 to December 31, 2023.	Performance evaluation of functional committees	Self-evaluation of directors	Performance evaluation for functional committees: Including level of participation in the Company's operations, understanding of the responsibilities of functional committees, quality of decision-making by functional committees, composition of functional committees and appointment of committee members, internal control, etc.

IV. Evaluation of the goals (e.g., establishing the Audit Committee and enhancing information transparency) for strengthening the functions of the Board of Directors in the current year and the most recent years, and the implementation of such goals:

1. On February 14, 2012, the Company's Board of Directors has approved the establishment of the Audit Committee and the Remuneration Committee.
2. In order to strengthen operational knowledge and enhance legal knowledge, the Company has arranged relevant training courses for directors and supervisors.
3. Results for the performance evaluation of the Board of Directors in 2023 have been reported to the Board of Directors on March 15, 2024 and used as a reference in the remuneration of individual directors as well as the nomination and election of directors.

2. Training Courses for Directors in 2023

Director	Course Title	Hours	Training Unit
Wu, Po-Chao	Legal Liability and Internal Control and Audit Practices for Employee Fraud	6	Accounting Research and Development Foundation
Carrie Chen	Policy Analysis of Financial Reporting and Sustainability Reporting and Key Discussions on Internal Audit and Internal Control Practices	6	Internal Auditing Association, R.O.C
Yen, Hsien-Ming	Manufacturing Industry Material System Verification Practice	6	Internal Auditing Association, R.O.C
Wu, Hua-Chao	Integration of Sustainable ESG and Internal Audit and Control Practices in Business Operations	6	Internal Auditing Association, R.O.C
Tu, Chi-Yao	Utilizing Intellectual Property Management to Enhance Corporate Governance and Compliance with Internal Control Laws	6	Accounting Research and Development Foundation
Chia-Heng Seetoo	The Future of Businesses in a Changing Landscape: Strategic Shifts & Transformation	3	Taiwan Institute of Directors
	How to Conduct Equity Planning and Organizational Structure Design for a Startup Company	2	Taiwan Corporate Governance Association
	Trends and Analysis of Recent Amendments to Company Law	1	Taiwan Corporate Governance Association
Chen, Cheng-Chong	Reading, Analysis, and Application of Financial Statements	6	Internal Auditing Association, R.O.C

(II) Operation of the Audit Committee:

The Audit Committee convened 7 meetings (A) in the most recent year (2022), and directors' attendance is listed as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Remark
Independent director	Lin, Tzu-Kuan	1	3	25%	1/1~6/11 During the term, there were a total of 4 occasions.
Independent director	Tu, Chi-Yao	8	0	100%	
Independent director	Chia-Heng Seetoo	5	0	100%	
Independent director	Chen, Cheng-Chong	2	2	50%	6/12~12/31 During the term, there were a total of 4 occasions.

Other Matters to be Noted:

I. If any of the following applies to the operation of the Audit Committee, the date and session of the Board of Directors' meeting, the content of proposals, resolutions of the Audit Committee and the Company's actions in response to opinions from the Audit Committee shall be stated.

(I) Items listed in Article 14-5 of the Securities and Exchange Act: The Company shall ensure, in accordance with the regulations, that the proposal is first approved by the Audit Committee before it is submitted to the Board of Directors for discussion.

Meeting Date and Session	Proposal	Opinions of All Independent Directors and the Company's actions
2023/01/17 (12th meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> Change of the Company's auditor, evaluation of the independence of CPAs and the appointment and remuneration of CPAs attesting the Company's 2023 financial statements Proposal regarding the capital increase in its subsidiaries in mainland China, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd., to meet operational needs and improve financial structure Proposal regarding the disposal of 100% equity interest of Shanghai Ipang Health Technology Co., Ltd. by the Company's subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. Proposal to adjust limit of funds loaned between the Company's reinvested companies based on future operating needs 	All independent directors approved without objection
2023/03/20 (13th meeting of the 4th Remuneration Committee)	<ol style="list-style-type: none"> Deliberation on the 2023 Business Plan and Financial Budget The Company's 2022 "Business Report" and "Consolidated Financial Statements" Proposal to carry out a capital reduction to cover losses of the Company 	All independent directors approved without objection

	<ol style="list-style-type: none"> 4. The Company's 2022 loss reversal disposal 5. Proposed amendments to the Company's "Articles of Incorporation" 6. The Company's 2022 Statement on Internal Control System 7. Proposal to apply for renewal of loan commitment to Chang Hwa Bank in consideration of the Company's operational needs 8. Proposal to adjust limit of funds loaned between the Company's reinvested companies based on future operating needs 	
2023/04/12 (14th meeting of the 4th Remuneration Committee)	<ol style="list-style-type: none"> 1. The Company intends to amend the "2022 loss reversal plan" approved by the 13th Board Meeting of the 4th term on March 20, 2023. 2. The company intends to amend the "Capital Reduction for Loss Recovery plan" approved by the 13th Board Meeting of the 4th term on March 20, 2023. 3. Proposal to the Company's proposed issuance of ordinary shares in private placement for capital increase in cash 	All independent directors approved without objection
2023/05/10 (15th meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. The company plans to establish a new company through its subsidiary and the subsidiary of Yang Qin International Enterprise Co., Ltd. in the United States, and sign an investment agreement. 2. Proposal to adjust limit of funds loaned between the Company's reinvested companies based on future operating needs 3. Proposal for disposal by our indirectly wholly-owned subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd., and its subsidiaries (agreed to dismiss) 4. Proposal to amend the Company's "Procedures for Acquisition or Disposal of Assets" (agreed to dismiss) 	Proposals 3 and 4 were dismissed. The proposals were unanimously approved by the remaining independent directors
2023/08/28 (16th meeting of the 4th Remuneration Committee)	<ol style="list-style-type: none"> 1. The Company's 2023 Q2 Consolidated Financial Statements 	The proposals were unanimously approved by all the independent directors
2023/10/12 (17th meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. Proposal for sale of 70% equity in our indirectly wholly-owned subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd., and its subsidiaries 2. Proposal to the Company's proposed issuance of ordinary shares in private placement for capital increase in cash 	Proposal 7 was withdrawn. The proposals were unanimously approved by the remaining independent directors
2023/11/14 (18th meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. The company intends to apply for an OBU account with O-Bank. 2. Proposed pricing and capitalization reference date for the first private placement of common shares in the Company for the 2023 fiscal year. 3. Change of Audit Supervisor of the Company 	The proposals were unanimously approved by all the independent directors
2023/12/15 (19th meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. Proposal to formulate the Company's audit plan for 2024 2. Subsidiary Yummy-Town USA LLC plans to carry out a cash reduction and return of capital case. 3. The company's cash capital increase and the lifting of 	The proposals were unanimously approved by all the independent

Committee)	restrictions on capital loans to its subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. 4. Proposal to adjust limit of funds loaned between the Company's reinvested companies based on future operating needs	directors
(II) Except the aforementioned matters, other resolutions approved by two-thirds or more of all the directors but yet to be approved by the Audit Committee: None		
II. With regard to the recusal of independent directors from voting due to conflict of interests, the name of independent directors, the content of proposals, reasons for recusal due to conflict of interests and participation in voting shall be stated: None		
III. III. Communication between independent directors and the internal audit supervisor and CPAs (including material issues, audit methods and results relating to the Company's finances and business): The Company has established an internal control system and related regulations that comply with the "Regulation Governing Establishment of Internal Control Systems by Public Companies", and has set up an internal audit unit which is placed directly under the Board of Directors. The Company's internal audit unit prepares the annual internal audit plan in accordance with the regulations set forth by the competent authority, submits the monthly audit reports to the Chairman for approval and delivers them to each independent director, as well as carries out internal audit report on the Board of Directors. Hence, the Chairman, independent directors, and the Board of Directors can understand the implementation of the Company's internal control system. In addition, when regularly reviewing the Company's financial statements, the independent directors will also communicate with CPAs when necessary, and guide the Company's relevant units to conduct reviews and make improvements.		

(III) Implementation of Corporate Governance, Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and Related Reasons

Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies”?	V		The Company has established the “Corporate Governance Best Practice Principles” and disclosed the principles on its corporate website. At the same time, the Company has established the Audit Committee in accordance with the spirit of the Company Act and the implementation of laws and regulations related to corporate governance, in order to continue to actively promote the operation of corporate governance through various measures, such as amending related management regulations, enhancing information transparency, and strengthening the functions and powers of the Board of Directors.	No significant difference
II. Shareholding Structure and Shareholders’ Equity (I) Has the Company established an internal operating procedure for handling matters related to shareholders’ recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	V		The Company has appointed a dedicated shareholder service agent in Taiwan to handle stock-related matters. The Company has also appointed a spokesperson and an acting spokesperson, as well as dedicated personnel in charge of investor relations to handle recommendations proposed by shareholders.	No significant difference
(II) Does the Company maintain a list of major shareholders who have actual control over the Company and persons who have ultimate control over the major shareholders?	V		The Company has appointed dedicated personnel to manage related information and is able to keep abreast of the list of major shareholders which have actual control over the Company and the ultimate controllers of these major shareholders.	No significant difference
(III) Has the Company established and implemented risk control and firewall mechanisms among its affiliated companies?	V		The Company has established the “Operating Procedures for Group Company, Specific Company, and Related Party Transactions” to clearly specify operational, business, and financial dealings with related companies. In addition, auditors regularly supervise the implementation of these procedures according to the Company’s internal control system. Thus, the Company has complied with	No significant difference

Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
			the risk control mechanism.	
(IV) Has the Company formulated internal regulations that prohibit insiders of the company from trading securities using undisclosed information in the market?	V		<p>The Company has established the “Operating Procedures for Preventing Insider Trading,” which clearly specifies that insiders are prohibited from using information yet to be published in the market to conduct purchase and sale of securities or providing such information to anyone for stock or equity trading. Thus, the Company has complied with the risk control mechanism.</p> <p>Company website http://www.yummy-town.tw/ → Investor Relations → Corporate Governance →</p> <p>(1) Ethical Corporate Management Best Practice Principles stipulates the “Implementation of Prevention of Insider Trading” as follows: In accordance with the “Regulations Governing the Prevention of Insider Trading”, the Company conducts occasional educational presentations for directors, managers and employees of the Company and sends course presentation files to relevant personnel for their reference.</p> <p>(2) The Company’s Articles of Association clearly disclose the “Management of the Prevention of Insider Trading”, “Ethical Corporate Management Best Practice Principles” and “Code of Ethical Conduct”.</p>	No significant difference
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Does the Board of Directors draw up policies on diversity of its members and implemented them?</p>	V		<p>1. The Company’s directors possess expertise in different areas, and take into account diversity in order to assist in the Company’s development and operations.</p> <p>The Company has seven directors (including three independent directors), and their professional skills are listed as follows:</p>	No significant difference

Item	Status of Implementation				Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons																																																
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			<table border="1"> <thead> <tr> <th>Name</th> <th>Gender</th> <th>Business Leadership</th> <th>Industrial Knowledge</th> <th>International Perspective</th> <th>Financial and Accounting Analysis</th> </tr> </thead> <tbody> <tr> <td>Wu, Po-Chao</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Carrie Chen</td> <td>Female</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>OWN INTERNATIONAL LTD. Representative: Yen, Hsien-Ming</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Wu, Hua-Chao</td> <td>Female</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Tu, Chi-Yao (CPA)</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Chia-Heng Seetoo (Lawyer)</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Chen, Cheng-Chong (National University of Hospitality and Tourism Professor)</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> </tbody> </table>		Name	Gender	Business Leadership	Industrial Knowledge	International Perspective	Financial and Accounting Analysis	Wu, Po-Chao	Male	✓	✓	✓	✓	Carrie Chen	Female	✓	✓	✓	✓	OWN INTERNATIONAL LTD. Representative: Yen, Hsien-Ming	Male	✓	✓	✓		Wu, Hua-Chao	Female	✓	✓	✓		Tu, Chi-Yao (CPA)	Male	✓	✓	✓	✓	Chia-Heng Seetoo (Lawyer)	Male	✓	✓	✓		Chen, Cheng-Chong (National University of Hospitality and Tourism Professor)	Male	✓	✓	✓		
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Chen, Cheng-Chong (National University of Hospitality and Tourism Professor)	Male	✓	✓	✓																																																	
			<p>2. The Company has elected two female directors.</p> <p>3. The Company has established regulations for the election of directors. The Company elects talents with different professional backgrounds as directors and conducts elections in accordance with these regulations.</p> <p>4. Company website http://www.yummy-town.tw/→Investor Relations→Corporate Governance→Board of Directors</p> <p>Clearly disclose that the selection of independent directors must have business, legal, financial, accounting or industry experience required by law for the company's business. The Company's three independent directors are from the academic and industrial sectors so that the composition of the Board of Directors is in line with the Company's Board diversity policy.</p>																																																		
(II) In addition to the legally required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?		V	The Company currently has no plans to set up other functional committees.		No significant difference																																																

Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
(III) Has the Company established any rules and methods for evaluating the performance of the Board of Directors? Does the Company perform such evaluations every year, submit the results of performance evaluation to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination for re-election?	V		<ol style="list-style-type: none"> The Company has approved "Regulations Governing the Performance Appraisal of Board of Directors" during the Board of Directors' meeting. Results for the performance evaluation of the Board of Directors have been reported to the Board of Directors on March 15, 2024 and used as a reference in the remuneration of individual directors as well as the nomination and election of directors. Company website http://www.yummy-town.tw/→Investor Relations→Corporate Governance→Board of Directors Clearly disclose the five major average scores of the internal evaluation of the Board of Directors' performance for 2021 and 2022. 	No significant difference
(IV) Regular Assessment of CPAs' Independence	V		<ol style="list-style-type: none"> The Company has approved the assessment of CPAs' independence and competence during the Board of Directors' meeting held on February 6, 2024. Besides, the Company has obtained the "Statement on Auditor and CPA Independence," which stipulates that both CPAs and auditors shall comply with the regulations governing their independence, in order to maintain their independence and impartiality during audit and attestation. In accordance with Article 29 of the Company's "Corporate Governance Code", the Company shall periodically (at least once a year) evaluate the independence and suitability of the appointed CPAs. With reference to Article 47 of the Certified Public Accountant Act and Code of Professional Ethics of CPAs No.10, the 15 items of the 2024 evaluation were 	No significant difference

Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
			<p>formulated as follows:</p> <p>(1) As of the latest certification, there is no non-replacement incident for the period of seven years (2) No significant financial interests with the principal (3) No improper relationships with the principal (4) CPA's assistants are honest, impartial, and independent (5) No auditing of the financial statements of the service organization within two years of practice (6) No use of the accountant's name by others (7) No ownership of shares of the Company and its affiliates (8) No monetary borrowings with the Company and its affiliates (9) No joint investment or benefit-sharing with the Company or its affiliates (10) Not working as a regular employee of the Company or its affiliates and receiving a fixed salary; (11) Not involved in the management functions of the Company or its affiliates in making decisions; (12) Not engaged in any other business that may lose its independence; (13) Not related to the Company's management by spouse or relative within the second degree of kinship; (14) Not receiving any business-related commissions (15) Not being disciplined or compromising the principle of independence as of the date.</p>	
IV. Has the TWSE or TPEX listed company appointed the appropriate number of qualified corporate governance personnel and designated the corporate governance supervisor to be in charge of corporate governance affairs (including but not limited to furnishing information required for performance of duties by directors and supervisors, handling matters related to Board of Directors' meetings and shareholders' meetings, handling company registration and change registration, and producing minutes of Board of Directors' meetings and shareholders' meetings)?	V		<p>The Company's Board of Directors approved the appointment of a new Chief Governance Officer on December 16, 2022, and has designated relevant competent personnel to take charge of matters related to corporate governance; provide directors and members of the Audit Committee with information they need to perform their duties; assist directors and independent directors in legal compliance; engage in matters related to shareholders' meetings, Board of Directors' meetings, Audit Committee meetings, and Remuneration Committee meetings; prepare the minutes of Board of Directors' meetings and shareholders' meetings; regularly arrange continuing education courses for directors; and carry out company registration and approval registration.</p>	No significant difference

Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on material corporate social responsibility issues?	V		<p>The Company's website, http://www.yummy-town.tw/, sets up an investor service area, message page, contact email address and telephone number. We assign dedicated staff to handle the relevant matters appropriately and respond quickly. Regular monthly meetings are held to encourage employees to express their opinions and suggestions. Regular labor-management meetings are held for two-way communication. In accordance with the regulations of the competent authorities for TPEX-listed companies, we regularly disclose public information on the public information website so that stakeholders can refer to material information, revenue, financial statements, etc. to make judgments and protect their rights and interests. The Company holds corporate meetings regularly or at the invitation of the brokerage firms in accordance with the regulations. On November 26, 2022, the Company was invited to attend a legal conference hosted by Cathay Securities. The Company's customers are the general public. Our marketing staff refer to social media, FB, and IG messages to evaluate consumers' preferences for food, beverages, staff service, and store style as a reference for adjusting marketing strategies. The Company's suppliers are mainly raw material manufacturers, and we have been cooperating with them for many years with stable quality. The supplier's feedback to us is generally communicated on-site in a timely manner.</p>	No significant difference
VI. Has the Company appointed a professional shareholder service agent to deal with shareholder affairs?	V		The Company has appointed CTBC Bank Co., Ltd. as the Company's shareholder service agent.	No significant difference

Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
VII. Information Disclosure (I) Has the Company set up a website to disclose information on financial operations and corporate governance?	V		The Company has appointed dedicated personnel, in accordance with the relevant regulations, to disclose the relevant information on MOPS in accordance with the regulations set forth by the competent authority.	No significant difference
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	V		The Company has set up its official website (http://yummy-town.tw/) to disclose information related to financial operations and corporate governance, as well as established a spokesperson system and implemented the system in accordance with the relevant laws and regulations.	No significant difference
(III) Does the Company publish and report its annual financial statements within two months after the end of a fiscal year, as well as publish and report its financial statements for the first, second, and third quarters and its operating status for each month before the specified deadline?		V	The Company publishes and report its financial statements for the first, second, and third quarters and the whole year as well as its monthly operating situation before the specified deadline.	The future will be assessed based on actual operational needs.
VIII. Does the Company provide other important information that can help establish a better understanding of the state of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education among directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors of the Company)?	V		<p>(1) The Company implements matters related to employee rights, employee care, investor relations, supplier relations, and stakeholder rights in accordance with its internal control system and management regulations and fulfills its corporate social responsibilities in accordance with the relevant laws and regulations.</p> <p>(2) Directors of the Company are equipped with relevant professional expertise and regularly participate in continuing education courses every year.</p> <p>(3) Upholding a high degree of self-discipline, directors of the Company may not participate in voting if a proposal included in a Board of Directors' meeting is in conflict with their interests.</p> <p>(4) The Company purchases liability</p>	No significant difference

Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
			<p>insurance for all directors every year. The period of liability insurance for directors in the most recent year is from October 20, 2023 to October 20, 2024. The purchase of liability insurance was reported to the Board of Directors on November 14, 2023.</p> <p>(5) The management of the Company regularly reports the operating condition of the Company. The Board of Directors offers professional advice on the risks faced by the management for reference. As regards internal control, an audit plan is proposed each year according to risk measurement and assessment and submitted to the Board of Directors for approval before it is implemented. Members of the Audit Committee review the actual audit status and report for each quarter and report these matters to the Board of Directors. In addition, the Company's Statement on Internal Control System is approved after the relevant departments of the Company complete the annual self-assessment of internal control.</p>	

IX. Improvements made in the most recent year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center under the Taiwan Stock Exchange Corporation, and prioritized matters and measures to be improved upon for matters that have not been improved. (companies not listed for evaluation do not need to fill in this section):

(I) Improvements made:

Question	Item
1.3	Does the company have more than half of the directors and audit committee chairman personally attending the shareholders' meeting and disclose the attendance list in the minutes?
1.4	Does the company chairman personally attend the shareholders' meeting?
1.18	Is the company recording important content of shareholder questions and company responses in the minutes of the shareholders' meeting?
2.19	Did the actual attendance rate of the board of directors in the evaluated year reach 85% or above, and were there at least two independent directors present at each board meeting?
2.2	Has the Company established a policy on diversity of Board members and disclosed the specific management objectives and implementation of the diversity policy on the Company's

Item	Status of Implementation			Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
			website and annual report?	
2.3			Is the Chairman of the company and the General Manager or other equivalent level personnel (top executives) the same person or are they spouses or relatives by blood or marriage?	
2.4			Does the company have any directors who are spouses or relatives within the second degree of kinship?	
2.5			Is the number of directors who are employees of this company, its parent, subsidiary, or brother companies, less than or equal to one-third of the total number of directors?	
3.20			Has the company been invited (or self-invited) to hold at least two corporate briefings, and disclosed at least two complete meeting video links, with a minimum interval of three months between the first and last annual corporate briefings?	
4.10			Does the Company's website and annual report disclose the protection measures for employee personal safety and work environment, as well as their implementation status?	
4.14			Are the identities of the stakeholders identified, their concerns, communication channels and responses disclosed on the Company's website or in the annual report?	
4.20			Does the company have a workplace diversity or gender equality policy, and does it disclose its implementation?	

(II) Prioritized matters and improvement measures:

The Company is committed to improving the standard of corporate governance and continuously carrying out self-inspection based on the results of corporate governance evaluation, "scoring guidelines," and "reference sample," in order to enhance improvement indicators that can be completed.

(IV) If a remuneration committee has been established by the Company, its composition, responsibilities, and operation shall be disclosed:

1. Composition of Remuneration Committee

On July 8, 2021, the Board of Directors passed a resolution that all the three independent directors, namely Lin, Tzu-Kuan, Tu, Chi-Yao and Chia-Heng Seetoo were appointed as the members of the fourth session of the Remuneration Committee, and the convening committee resolved to elect Tu, Chi-Yao as the convener. Lin, Tzu-Kuan resigned due to busy work affairs and Chen, Cheng-Chung was elected as an independent director at the 2023 annual shareholders' meeting. Chen, Cheng-Chung was also appointed as a member of the fourth Compensation Committee, serving from June 12, 2023, to July 7, 2024.

Information on the Remuneration Committee Members

Criteria Identity Name	Professional Qualifications and Experience	Independence	Number of other public companies where the individual is concurrently serving as an independent director
Independent Director/Convener Tu, Chi-Yao	Ph.D. in Economic Law, China University of Political Science and Law. CPA in Taiwan, passed the U.S. and China CPA exams. Founded Chi Yao CPAs Firm and serves as a Financial and Legal Advisor for Taiwanese Companies of the Straits Exchange Foundation, after retiring from Deloitte Taiwan. There is no incident involving Article 30 of the Company Act.	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	2
Independent director Chia-Heng Seetoo	B.S. in Economics, National Taiwan University, M.A in Industrial Economics, National Central University, and J.D., University of Illinois. Qualified lawyer in California, USA. Founded Innovatus International Law Firm, after years of experience as an attorney at Jones Day International Law Firm. There is no incident involving Article 30 of the Company Act.	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	1
Independent director Chen, Cheng-Chong	Master of Hospitality and Tourism Management, National Kaohsiung University of Science and Technology Professor-level technical personnel in the Chinese Culinary Arts Department at National Kaohsiung University of Hospitality and Tourism. Chef, Private Members Club, Lai Lai Sheraton Hotel, Taipei/Chef, Executive Club, Grand Hi Lai Hotel, Kaohsiung/Consultant, Toong Mao Resorts & Hotels There is no incident involving Article 30 of the Company Act.	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	0

2. Responsibilities of Remuneration Committee

The Remuneration Committee shall exercise the care of a good administrator to faithfully fulfill the following functions and power, and submit the relevant suggestions to the Board of Directors for discussion:

- (1) Establish and regularly review the policies, systems, standards and structure of performance evaluation and remuneration for directors and managers.
- (2) Regularly evaluate and determine the remuneration for directors and managers. Remuneration Committee meetings shall be convened by the convener at least twice a year, and the Remuneration Committee may meet at any time whenever necessary.

3. Meetings of Remuneration Committee

- (1) The Company's Remuneration Committee is composed of three people.
- (2) Term of Office: July 8, 2021 to July 7, 2024. A total of 5 meetings (A) were convened by the Remuneration Committee in 2022. The qualifications and attendance of its members are listed as follows:

Title	Name	Attendance in Person (B) (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B / A)	Remark
Convener	Tu, Chi-Yao	3	0	100%	
Member	Lin, Tzu-Kuan	1	1	50%	1/1~6/11 During the term, there were a total of 2 occasions.
Member	Chia-Heng Seetoo	3	0	100%	
Member	Chen, Cheng-Chong	1	0	100%	6/12~12/31 During the term, there were a total of 1 occasions.

Other Matters to be Noted:

- I. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions from the Remuneration Committee by the Company shall be disclosed (if the remuneration approved by the Board of Directors is better than that recommended by the Remuneration Committee, the differences and related reasons shall be stated): None.
- II. If members of the Remuneration Committee has any dissenting opinion or qualified opinion on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated: None.
- III. Resolutions of the Remuneration Committee:

Meeting Date and Session	Proposal	Resolution	The Company's actions in response to opinions from the Remuneration Committee
2023/01/17 (8th meeting of the 4th Audit Committee)	1. The company and its subsidiaries for the year 2022. 2022-end bonus distribution plan for individual managers (including directors who concurrently serve as managers) at the Company and its subsidiaries	Approved without objection	Approved by the Board of Directors
2023/03/20 (9th meeting of the 4th Audit Committee)	1. 2022 Employee Remuneration and Directors' Remuneration Distribution Plan	Approved without objection	Approved by the Board of Directors
2023/11/14 (10th meeting of the 4th Audit Committee)	1. Deliberation on the compensation of the Company's Auditing Supervisor	Approved without objection	Approved by the Board of Directors

(V) Implementation of Corporate Social Responsibility

Assessment Item	Status of Implementation			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
I. Has the company established a governance framework to promote sustainable development and established an exclusively (or concurrently) dedicated unit under supervision of senior management authorized by the Board of Directors to promote sustainable development and report its implementation to the Board of Directors?	V		The Company has set up a CSR project team. The person in charge of this project shall implement sustainable development-related activities according to the functions and responsibilities of the team, and regularly reports to the Board of Directors.	No significant difference.
II. Has the Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies?	V		The Company distributes the relevant questionnaires to stakeholders every year. By analyzing these questionnaires, the Company can learn about the material topics for the current year. Moreover, each department can carry out self-assessment and make revisions when preparing its corporate social responsibility report.	No significant difference.
III. Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	V		The Company has passed safety, health, and fire control inspections conducted by the relevant competent authorities in accordance with applicable laws and regulations while setting up stores. At the same time, the Company has obtained the relevant compliance certificates, established complete guidelines on quality management, safety and hygiene, environmental protection, etc. Moreover, the Company complies with the inspection standards set forth by the competent authority	No significant difference.

Assessment Item	Status of Implementation			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
			and meets the public's expectation that the Company will give back to the society.	
(II) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	V		In order to effectively reduce the environmental load caused by the Company's products, the Company considers the use of recycled materials so as to minimize the possible impact of the load caused on the environment.	No significant difference.
(III) Has the Company assessed the potential risks and opportunities arising from climate change at present and in the future and taken related countermeasures?		V	This item is currently unavailable	Future operations will be determined based on actual performance. Demand assessment processing.
(IV) Has the Company recorded statistics on greenhouse gas emissions, water consumption, and the total weight of waste over the past two years and established policies with regard to greenhouse gas reductions, water consumption, and waste management?	V		Our company has proposed a "Greenhouse Gas Inventory and Verification Schedule" at the board meetings held on May 11, 2022 and August 29, 2022. In accordance with the regulations of the competent authority, the inventory will be completed in 2026 and the verification will be completed in 2028. The Company's stores use "biodegradable" packaging made of corn starch instead of plastic to reduce environmental pollution. The Company recommends that customers hold beverages with their hands to reduce the use of plastic bags and lower the amount of waste produced.	No significant difference.

Assessment Item	Status of Implementation			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
IV. Social Issues (I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	V		The Company has established management rules and regulations in accordance with the relevant laws and regulations, which clearly stipulate the protection of human rights and employee rights. Besides, the Company also provides employees with various types of benefits, thus adhering to the concept of “labor and management as one for coexistence and co-prosperity”.	No significant difference.
(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	V		<p>The Company collectively considers the current situation of the labor market in various regions as well as its profit data and employee needs to establish an overall compensation model which includes basic salary, bonus, and benefits.</p> <ul style="list-style-type: none"> – Basic salary: To meet employees’ living needs – Bonus: To motivate employees to progress continuously and improve efficiency – Benefits: To show care and increase employees’ sense of belonging and identity <p>With regard to setting up benefits, the Company has to first meet the requirements of local regulations in its main operating locations. In addition to the requirements of local regulations, the Company has also clearly specified that internal benefits do not differ</p>	No significant difference.

Assessment Item	Status of Implementation			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
			significantly by gender, race, and age. The Company purchases retirement/endowment insurance for employees in accordance to local laws and regulations.	
(III) Does the Company provide a safe and healthy work environment and regularly offer safety and health training to its employees?	V		As the Company attaches great importance to employee safety and health, the Company implements pre-employment on-the-job training and regular and irregular in-plant and off-plant training, organize labor safety and fire disaster relief, regularly subsidize employee health checks, and provide appropriate and sufficient protection equipment.	No significant difference.
(IV) Has the Company established an effective training program for its employees to cultivate capabilities essential for career development?	V		The Company sets up an annual training plan every year to provide employees with on-the-job training.	No significant difference.
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, marketing, labeling, and other issues related to its products and services and established related consumer or customer protection policies and grievance procedures?	V		The Company's products are marketed and labeled in accordance with local regulations and international standards. Besides, the Company has set up a dedicated unit to handle customer complaints and the customer complaint process management program.	No significant difference.
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection,	V		1. Before cooperating with a supplier, the Company has assessed whether the qualifications of the supplier meet the Company's	No significant difference.

Assessment Item	Status of Implementation			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
occupational safety and health or labor rights and supervised their compliance?			<p>requirements.</p> <p>2. The Company does not enter into a mandatory contract with suppliers. If a supplier violates the Company's policies, the Company can suspend the purchase transaction with the supplier at any time.</p>	
V. Does the Company refer to internationally adopted report preparation standards or guidelines to prepare reports that disclose non financial information such as sustainability reports? Has the Company obtained assurance opinion on the aforesaid reports from third-party accreditation institutions?		V	Currently, the Company is not an enterprise that is required by law to prepare a CSR report.	The future will be assessed based on actual operational needs.
<p>VI. If the Company has established its own Corporate Social Responsibility Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, please state the deviations between its operation and the established principles: None</p> <p>VII. Other important information to help understand the operation of corporate social responsibility: The identity of stakeholders, issues of concern, communication channels, and response methods are listed as follows:</p>				

Stakeholder	Importance	Issue of Concern	Communication Method	Specific Window	Communication Frequency
Consumers	Consumers have a positive impact on brand trust and loyalty. Make every cup of tea attentively, make friends with tea.	<ul style="list-style-type: none"> • Food safety and quality control • Human rights and equality • Product and service innovation 	<ul style="list-style-type: none"> • Weibo Official Account • WeChat Official Account • Alipay Service Channel 	<ul style="list-style-type: none"> • Company Website • Message Page • Telephone Number of the Head Office 	<ul style="list-style-type: none"> • Daily • Weekly • Weekly • Once a month
Employees	Employees are the Company's greatest asset. Satisfied employees will do their best to help the Company achieve great performance.	<ul style="list-style-type: none"> • Food safety and quality control • Human rights and equality • Brand image 	<ul style="list-style-type: none"> • Induction/Introduction to new job • Phone, e-mail, and meetings • Training, seminars and job fairs • Campus recruitment and recruitment website • Food safety training 	<ul style="list-style-type: none"> • Personnel Administration Center • Welfare Committee 	<ul style="list-style-type: none"> • As required
Internal Customers	Internal customers have a co-existing and co-prosperous partnership with the Company, and are another driving force for brand continuity. Customer experience and satisfaction and profit making are the foundation for sustainable development and create a win-win situation.	<ul style="list-style-type: none"> • Food safety and quality control • Product and service innovation • Brand image 	<ul style="list-style-type: none"> • Strategic planning meetings • Monthly business management meetings • Information disclosure on the Company's website • Franchise information sessions • Signing of non-disclosure agreement • Participation in social welfare activities 	<ul style="list-style-type: none"> • Operation Headquarters in Taipei 	<ul style="list-style-type: none"> • Once a year • Once a month • Irregular • Once every two weeks • Signing the franchise agreement • Irregular
Government Agencies	Government agencies dynamically publish and offer consultation on relevant regulations so as to establish an understanding of policy requirements.	<ul style="list-style-type: none"> • Legal compliance • Human rights and equality • Food safety and quality control 	<ul style="list-style-type: none"> • Phone consultation • Letter • Forum 	<ul style="list-style-type: none"> • Audit Office (Stock-related Matters) 	<ul style="list-style-type: none"> • Irregular
Suppliers	As the Company's partners, each supplier plays a vital role in ensuring quantity and quality and real-time supply of goods, cooperating in new product development, jointly handling after-sales issues and public relations in crisis.	<ul style="list-style-type: none"> • Food safety and quality control • Legal compliance • Service quality and customer satisfaction 	<ul style="list-style-type: none"> • On-site review • Supplier self-assessment • Communication on routine procurement • Communication on reconciliation of accounts • Communication on product development and issue handling • Business communication on regular factory audit 	<ul style="list-style-type: none"> • Supply Chain Headquarters 	<ul style="list-style-type: none"> • Initial stage of development • Yearly • Irregular • Monthly • Irregular • Yearly

Stakeholder	Importance	Issue of Concern	Communication Method	Specific Window	Communication Frequency
Shareholders	As the Company is listed on TPEX, our overall operating performance is the issue of most concern to shareholders. Meanwhile, shareholders' support is an important key to the Company's future development and continued operation.	<ul style="list-style-type: none"> • Food safety and quality control • Sustainable development strategies • Operating performance 	<ul style="list-style-type: none"> • Financial statements • Public disclosure in annual reports • Shareholders' meeting reports • CSR reports • Company website • Investor conference 	<ul style="list-style-type: none"> • Investor Relations 	<ul style="list-style-type: none"> • Quarterly • Yearly • Yearly • Yearly • At least once a year
Media	The media is a medium for disseminating and rendering information. Positive and negative information will have different effects on the Company. With a wide variety of media at present, the Company not only has to focus on traditional media, but should also not overlook the influence of online media.	<ul style="list-style-type: none"> • Product and service innovation • Food safety and quality control • Operating performance 	<ul style="list-style-type: none"> • Phone, e-mail, and meetings • Press release • Press conference 	<ul style="list-style-type: none"> • Public Relations/Government Relations Office 	<ul style="list-style-type: none"> • Irregular
Neighboring Communities	Community is the foundation of the Company's development. The vitality of a community can drive business opportunities. The Company actively cares for neighboring communities and participate in their operations with tea.	<ul style="list-style-type: none"> • Food safety and quality control • Customer health and nutrition • Supply chain and source tracing management 	<ul style="list-style-type: none"> • Phone and e-mail • Personal visits 	<ul style="list-style-type: none"> • Management Committee 	<ul style="list-style-type: none"> • Irregular

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

Item	Status of Implementation			With listed and OTC companies Differences and Reasons for Corporate Integrity Management Guidelines
	Yes	No	Summary	
I. Establishment of Ethical Corporate Management Policies and Programs (I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	V		The Company has established the “Ethical Corporate Management Best Practice Principles” and the “Code of Ethical Conduct”, which specify our ethical corporate management policy. These regulations have been approved by the Board of Directors and the shareholders’ meeting, and are actively implemented by the management.	No significant difference.
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies”?	V		The Company has established the “Ethical Corporate Management Best Practice Principles” and the “Code of Ethical Conduct”, which specify the operating procedure for preventing unethical conduct. Besides, the Company ensures that our employees truly understands and comply with these regulations through education and training.	No significant difference.
(III) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them	V		The Company has established the “Ethical Corporate Management Best Practice Principles” and the “Code of Ethical Conduct”, which specify the business activities with higher risk of unethical conduct within our scope of	No significant difference.

Item	Status of Implementation			With listed and OTC companies Differences and Reasons for Corporate Integrity Management Guidelines
	Yes	No	Summary	
and review the prevention programs on a regular basis?			business. The Company adopts various measures to prevent the acts of receiving and giving bribes and offering illegal political donations.	
II. Implementation of Ethical Corporate Management (I) Does the Company evaluate the ethics records of counterparties to its business dealings, and specify ethical business policies in contracts with counterparties related to its business dealings?	V		The Company has established the “Ethical Corporate Management Best Practice Principles” and the “Code of Ethical Conduct”, which specify that employees shall avoid dealing with people with past records of unethical conduct. Besides, the Company also specifies provisions related to ethical conduct in business contracts where necessary.	No significant difference.
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?		V	The company has not yet established a dedicated unit for corporate integrity management.	The Company has established the Auditing Office which is placed under the Board of Directors, and reports to the Board of Directors in a timely manner to ensure that ethical corporate management is implemented. In addition, there is a legal affairs unit to promote the company’s policy of integrity management. In the future, the establishment of a dedicated unit will be re-evaluated based on operational planning.
(III) Has the Company established policies to prevent conflicts of interests, provided an appropriate channel for reporting such conflicts and implemented them?	V		The Company has established the “Ethical Corporate Management Best Practice Principles” and the “Code of Ethical Conduct,” which specify the policy to prevent conflicts of interest. Besides, the Company encourages	No significant difference.

Item	Status of Implementation			With listed and OTC companies Differences and Reasons for Corporate Integrity Management Guidelines
	Yes	No	Summary	
			employees to report any violation of laws and regulations or code of ethics they suspect or discover to independent directors, managers, and internal audit supervisor.	
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit compliance with prevention programs accordingly or entrusted CPAs to conduct the audit?	V		The Company has established an accounting system and an internal control system. Internal auditors also regularly and irregularly carry out various audits and assessments.	No significant difference.
(V) Does the Company regularly conduct internal and external training related to ethical corporate management?	V		The Company has regularly conducted training related to ethical corporate management.	No significant difference.
III. Implementation of the Company's Whistleblowing System (I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?	V		The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct", which encourage employees to report any violation of laws and regulations or code of ethics they suspect or discover to independent directors, managers, and internal audit supervisor, as well as specify related rewards and punishments, grievance system, and disciplinary actions.	No significant difference.
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	V		The Company has set up specific mailboxes for whistleblowers, and has appointed dedicated personnel to handle whistleblowing cases.	No significant difference.

Item	Status of Implementation			With listed and OTC companies Differences and Reasons for Corporate Integrity Management Guidelines
	Yes	No	Summary	
(III) Does the Company take any measures to protect whistleblowers so that they are safe from improper treatment?	V		Whistleblowers can file a report to the whistleblowing mailboxes anonymously to avoid improper treatment.	No significant difference.
IV. Enhancing Information Disclosure Does the Company disclose its ethical corporate management practices and the effectiveness of its implementation on its official website or MOPS?	V		The Company has disclosed our ethical corporate management best practice principles in our annual reports and on our website.	No significant difference.
V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies, state the differences between these principles and its implementation: The Company has established the “Ethical Corporate Management Best Practice Principles” in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies”, and strictly complies with these principles.				
VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Company’s Ethical Corporate Management Best Practice Principles): When dealing with suppliers, the Company always adheres to the principles of ethical corporate management. Moreover, the Company has strengthened the promotion of these principles during employee training.				

(VII)

1. If the Company has established the corporate governance best practice principles and other relevant regulations, the means to search for these regulations shall be disclosed:
The Company has established the “Code of Ethical Conduct” and disclosed it on MOPS.
2. Other important information that enhances the understanding of the implementation of corporate governance:
The Board of Directors of the Company has approved the establishment of a Corporate Governance Officer on January 24, 2022.

(VIII) Implementation of Internal Control System

1. Statement on Internal Control
2. Where an accountant is commissioned to review the internal control system, the accountant's review report should be disclosed: None.

Yummy Town (Cayman) Holdings Corporation

Statement on Internal Control

Date: March 15, 2024

This Statement of Internal Control System is issued based on the self-assessment of the Company for the year 2023.

- I. The Company acknowledges that the establishment, implementation and conservation of the internal control system are the responsibilities of the Board of Directors and the managers of the Company. The Company has constructed such system. The objectives of the internal control system include achieving various objectives in business benefits and efficiency (including profitability, performance, and protection of assets and safety); ensuring the reliability, timeliness, transparency, and regulatory compliance of reporting; and providing reasonable assurance.
- II. 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 3 stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond control. Nevertheless, the internal control system contains self-monitoring mechanisms, and Aurora takes immediate remedial actions in response to any identified deficiencies.
- III. The Company assesses for the effectiveness of the internal control system's design and practices through the effectiveness of internal control system, as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as "the Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) Control Environment; (2) Risk Assessment; (3) Control Activities; (4) Information and Communication; and (5) Monitoring Activities. Each constituent element includes a number of categories. Please refer to the Regulations for the aforementioned categories.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the above assessment results, the Company determined that the Company's internal control system on December 31, 2023 (covering monitoring and management of its subsidiaries) has been effectively designed and implemented and sufficient to ensure that the objectives below are achieved, including understanding the degree of achievement of operational effectiveness and efficiency objectives, reliable, timely and transparent reporting and compliance of applicable rules, laws, regulations and bylaws.

VI. This Statement will form an integral part of the Annual Report and the Prospectus of the Company. If the aforementioned content contains illegal matters such as any fraudulent or hidden information, the Company will be in question of breaching Articles 20, 32, 171, and 174 in the Securities and Exchange Act and face legal consequences.

VII. This statement was approved by the board of directors of our company on March 15, 2024. Out of the 7 directors present, 0 expressed opposition, and the rest agreed with the content of this statement. We hereby declare.

Yummy Town (Cayman) Holdings Corporation

Chairman: Wu, Po-Chao

Signed: General Manager Chiang, Hsi-yi

(IX) Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff by the Company for violation of internal control regulations, major deficiencies and status of improvements made in the most recent year up to the publication date of this annual report: None.

(X) Major resolutions adopted by the shareholders' meeting and the Board of Directors in the most recent year up to the publication date of this annual report.

1. Board of Directors Important Resolution: 2023-2024.05.07

Date	Item	No.	Important Resolution
2023.01.17	Discussions	1	Change of the Company's auditor, evaluation of the independence of CPAs and the appointment and remuneration of CPAs attesting the Company's 2023 financial statements
		2	Submission of the Cayman Islands Annual Return and Economic Substance Report
		3	Proposal regarding the capital increase in its subsidiaries in mainland China, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd., to meet operational needs and improve financial structure
		4	Proposal regarding the disposal of 100% equity interest of Shanghai Ipang Health Technology Co., Ltd. by the Company's subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.
		5	Proposal to adjust limit of funds loaned between the Company's reinvested companies based on future operating needs Loan Limit Case
		6	2022-end bonus distribution plan for individual managers (including directors who concurrently serve as managers) at the Company and its subsidiaries
2023.03.20	Discussions	1	Deliberation on the 2023 Business Plan and Financial Budget
		2	The Company's 2022 "Business Report" and "Consolidated Financial Statements"
		3	Proposal to carry out a capital reduction to cover losses of the

Date	Item	No.	Important Resolution
			Company
		4	The Company's 2022 loss reversal disposal
		5	2022 Employee Remuneration and Directors' Remuneration Distribution Plan
		6	Proposed amendments to the Company's "Articles of Incorporation"
		7	The Company's 2022 Statement on Internal Control System
		8	By-election of an independent director of the Company
		9	Proposal to apply for renewal of loan commitment to Chang Hwa Bank in consideration of the Company's operational needs
		10	Proposal to adjust limit of funds loaned between the Company's reinvested companies based on future operating needs Loan Limit Case
		11	Determine the time, venue and agenda of the 2023 Annual General Shareholders' Meeting of the Company and to accept proposals and nominations from shareholders holding more than one percent of the total number of issued shares and the related matters
2023.04.12	Discussions	1	The Company intends to amend the "2022 loss reversal plan" approved by the 13th Board Meeting of the 4th term on March 20, 2023.
		2	The company intends to amend the "Capital Reduction for Loss Recovery plan" approved by the 13th Board Meeting of the 4th term on March 20, 2023.
		3	List of candidates for nomination as independent directors to be proposed to the Board of Directors for approval
		4	Proposal to the Company's proposed issuance of ordinary shares in private placement for capital increase in cash
2023.05.10	Discussions	1	The Company's 2023 Q1 Consolidated Financial Statements
		2	Our company plans to establish a new joint venture in the United States with a subsidiary of Yang Qin International Enterprises Co., Ltd. through our own subsidiary. We are also in the process of finalizing the related matters concerning the signing of the investment agreement.
		3	Proposal to adjust limit of funds loaned between the Company's reinvested companies based on future operating needs Loan Funding Limit Proposal
2023.08.28	Discussions	1	The Company's 2023 Q2 Consolidated Financial Statements
		2	The Fourth Compensation Committee Members of Our Company
2023.09.21	Discussions	1	The case of setting the base date for the reduction of capital and the plan for the issuance of shares in exchange for the reduction of capital, and other related matters of the company.
2023.10.12	Discussions	1	Sale of 70% Stake in Subsidiary Shanghai Xian Zong Lin Food & Beverage Management Co., Ltd.
		2	Proposal to the Company's proposed issuance of ordinary shares in private placement for capital increase in cash
		3	The company is planning to set the date, time, location, method, and purpose of the first extraordinary shareholders' meeting of 2023.
2023.11.14	Discussions	1	The Company's 2023 Q3 Consolidated Financial Statements

Date	Item	No.	Important Resolution
		2	The company intends to apply for an OBU account with O-Bank.
		3	Proposed pricing and capitalization reference date for the first private placement of common shares in the Company for the 2023 fiscal year.
		4	Change of Audit Supervisor of the Company
2023.12.15	Discussions	1	Proposal to formulate the Company's audit plan for 2024
		2	Subsidiary Yummy-Town USA LLC plans to carry out a cash reduction and return of capital case.
		3	The company's cash capital increase and the lifting of restrictions on capital loans to its subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.
		4	Proposal to adjust limit of funds loaned between the Company's reinvested companies based on future operating needs
2024.02.06	Discussions	1	Deliberation on the 2024 Business Plan and Financial Budget
		2	Evaluation of CPAs' independence, and appointment and remuneration of CPAs attesting the Company's 2024 financial statements
		3	Proposed pricing and capitalization reference date for the first private placement of common shares in the Company for 2024.
		4	Proposed Acquisition of Equity in Freshtea Japan Co., Ltd.
		5	Submission of the Cayman Islands Annual Return and Economic Substance Report
		6	Proposal to lift non-compete restrictions against newly elected managers of the Company
		7	Amended Company's 'Regulations on Financial Operations between Related Enterprises' Proposal
		8	Appointment of Chief Marketing Officer
		9	2023-end bonus distribution plan for individual managers (including directors who concurrently serve as managers) at the Company and its subsidiaries
2024.03.15	Discussions	1	The Company's 2023 "Business Report" and "Consolidated Financial Statements"
		2	The Company's 2023 loss reversal disposal
		3	The Company's 2023 Statement on Internal Control System
		4	Amendments to certain provisions of the Company's "Rules of Procedure for Board of Directors' Meetings"
		5	Recognition of the Appointment of the New General Manager of Our Company
		6	2023 Employee Remuneration and Directors' Remuneration Distribution Plan
		7	Proposed Amendment to Acquisition of Equity in Freshtea Japan Co., Ltd.
		8	Proposal to apply for renewal of loan commitment to Chang Hwa Bank in consideration of the Company's operational needs
		9	Proposal to adjust limit of funds loaned between the Company's reinvested companies based on future operating needs Loan Limit Case
		10	The Company's 5th Election of Directors

Date	Item	No.	Important Resolution
		11	List of candidates for nomination as directors (including independent directors) to be proposed to the Board of Directors for approval
		12	Propose to set the time, location, and agenda for the 2024 Annual Shareholders' Meeting of our company and to accept proposals and nominations from shareholders holding more than one percent of the total number of issued shares and the related matters
2024.05.07	Discussions	1	The Company's 2024 Q1 Consolidated Financial Statements
		2	The company has established the 'Review Procedures for Pre-approval of Non-assurance Services Provided by Auditors' and approved the non-assurance services provided by auditors in the year 2024.
		3	Proposal to reduce capital through cash reduction and return of capital for the subsidiary, Yen Mei Enterprise Limited, as part of its capital restructuring Reduction of capital and return of share capital
		4	Subsidiary Yanqun International Co., Ltd. plans to proceed with a dissolution and liquidation case.
		5	The company plans to increase its investment in Zhan Xin Enterprise Holdings Limited and further increase its investment in Yummy-Town UK Ltd to establish a new company in the United States.
		6	The Company intends not to proceed with the private placement of ordinary shares approved at the 2023 Annual General Shareholders' Meeting.
		7	Proposal on lifting the prohibition on new directors from non-compete restrictions

2. Implementation of resolutions adopted by the 2023 Annual General Shareholders' Meeting (June 12, 2023):

1. Proposal	The Company's 2022 Business Report and Consolidated Financial Statements
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 21,638,259 Disapproval votes: 21,425 Invalid votes: 0 Abstention votes/no votes: 1,343,970 Total votes: 23,003,654
Implementation	The operating and financial results for 2022 have been submitted to the shareholders' meeting for approval
2. Proposal	The Company's 2022 loss reversal plan
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 21,624,241 Disapproval votes: 28,443 Invalid votes: 0

	Abstention votes/no votes: 1,350,970 Total votes: 23,003,654
Implementation	It was resolved to distribute zero dividends per share (no dividend distribution)
3. Proposal	Discuss a capital reduction to cover losses of the Company
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 21,579,134 Disapproval votes: 82,650 Invalid votes: 0 Abstention votes/no votes: 1,341,870 Total votes: 23,003,654
Implementation	According to the resolution of the shareholders' meeting
4. Proposal	Amendments to the Company's "Articles of Incorporation"
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 21,641,309 Disapproval votes: 12,325 Invalid votes: 0 Abstention votes/no votes: 1,350,020 Total votes: 23,003,654
Implementation	Handled in accordance with the Articles of Incorporation approved by the shareholders' meeting
5. Proposal	Implementing a Private Placement of Common Stock for Cash Capital Increase
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 21,447,259 Disapproval votes: 214,525 Invalid votes: 0 Abstention votes/no votes: 1,341,870 Total votes: 23,003,654
Implementation	According to the resolution of the shareholders' meeting
6. Proposal	Amendments to the Company's "Procedures for Acquisition or Disposal of Assets"
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 21,641,309 Disapproval votes: 27,475 Invalid votes: 0 Abstention votes/no votes: 1,334,870 Total votes: 23,003,654
Implementation	Handled in accordance with the rules approved by the shareholders' meeting
7. Proposal	Amendments to the Company's "Procedures for Loaning of Funds to Others and Endorsements/Guarantees"
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 21,639,309 Disapproval votes: 29,475

	Invalid votes: 0 Abstention votes/no votes: 1,334,870 Total votes: 23,003,654
Implementation	Handled in accordance with the rules approved by the shareholders' meeting

3. Execution Status of Resolutions from the First Extraordinary Shareholders Meeting of 2023 (12/15/2023):

1. Proposal	Sale of 70% Stake in Subsidiary Shanghai Xian Zong Lin Food & Beverage Management Co., Ltd.
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 17,614,932 Disapproval votes: 3,534 Invalid votes: 0 Abstention votes/no votes: 361,840 Total votes: 17,980,306
Implementation	As resolved in the special shareholders' meeting.
2. Proposal	Implementing a Private Placement of Common Stock for Cash Capital Increase
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 17,599,908 Disapproval votes: 28,328 Invalid votes: 0 Abstention votes/no votes: 352,070 Total votes: 17,980,306
Implementation	As resolved in the special shareholders' meeting.

(XI) Major contents of dissenting opinions or qualified opinions on resolutions passed by the Board of Directors that are made by directors and supervisors, and are documented or issued through written statements, in the most recent year up to the publication date of this annual report: None.

(XII) Resignation or dismissal of the Company's Chairman, President, accounting manager, finance manager, internal audit manager, and R&D manager in the most recent year up to the publication date of this annual report:

April 30, 2023

TITLE	NAME	DATE APPOINTED	DATE DISCHARGED	REASON FOR RESIGNATION OR DISCHARGE
Vice President	Lin, Wan-Ting	June 19, 2017	April 10, 2023	Resignation
Vice President	Loke, Yeu-Loong	March 24, 2022	April 18, 2023	Dismissal
Audit Supervisor	Tsai, Cheng-Ju	May 11, 2022	August 31, 2023	Resignation
Vice President	Chen, Po-Sheng	March 24, 2022	January 2, 2024	Term expires.

V. CPA Fees

Unit: NT\$

Name of Accounting Firm	Name of CPAs	CPAs' Audit Period	Audit Fee	Non-audit Fee	Total	Remark
Deloitte Taiwan	Kent Chang and Ian Huang	2023	5,800,000	1,142,249	6,392,249	Audit fees include travel (or transportation) fee, as well as other advance expenses incurred due to service provision and related taxes.

Non-audit Fees include business registration fee and parent company registration fee, etc.

- (I) Where the accounting firm was replaced, and the audit fees for the year when replacement was made was less than that in the previous fiscal year before replacement: Not applicable
- (II) Where the audit fees for the year were reduced by more than 10 percent compared to the previous year: Not applicable

VI. Change of Auditor Information: In accordance with internal adjustments at Deloitte Taiwan, starting from the first quarter of 2023, the financial statement audit services will be changed from Mr. Ian Huang and Mr. Wu Ke-chang, both certified public accountants at Ernst & Young, to Mr. Ian Huang and Mr. Kent Chang, certified public accountants.

VII. The Company's Chairman, President and Managers in Charge of Finance and Accounting Matters Who Previously Served at the Accounting Firm of the CPAs or Its Affiliated Companies in the Most Recent Year: None.

VIII. Equity Transfer and Changes in Equity Pledge Involving Directors, Supervisors, Managers and Shareholders Whose Shareholding Percentage Exceeds 10 percent in the Most Recent Year up to the Publication Date of this Annual Report.

(I) Changes in Equity Involving Directors, Supervisors, Managers and Shareholders Whose Shareholding Percentage Exceeds 10 percent

Unit: shares

Title	Name	2023		Current Year up to April 19 (Book Closure Date)	
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged
Shareholder Concurrently Serving as Chairman Whose Shareholding Percentage Exceeds 10 percent	Wu, Po-Chao	(1,602,457)	-	-	-
Director	Carrie Chen	(5,697)	-	-	-
Director	Yummy Town International Ltd. (Samoa) Representative: Yen, Hsien-Ming	(2,073,149)	-	-	-
Shareholder Whose Shareholding Percentage Exceeds 10 percent	Yummy Town International Ltd. (Samoa)				
Director	Wu, Hua-Chao	(86,095)	-	-	-
Independent director	Chia-Heng Seetoo	-	-	-	-
Independent director	Tu, Chi-Yao	-	-	-	-
Independent director	Chen, Cheng-Chong (Date of assumption of office: 6/12/2023)	-	-	-	-
President	Chiang, Hsi-Yi (Date of Appointment: 2024/2/16)	-	-	-	-
Vice President	Huang, Hsin-Lin	(4,282)	-	-	-
Chief Investment Officer and Company Spokesperson	Chen, Sheng-Chung	(15,237)	-	-	-
Vice President, CFO and Accounting Supervisor and	Chih, Chia-Ling	-	-	-	-

Title	Name	2023		Current Year up to April 19 (Book Closure Date)	
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged
Corporate Governance Supervisor					
Chief Marketing Officer	Wang, Chia-Yin (Date of Appointment: 2024/2/6)	-	-	-	-
Audit Supervisor	Tsai, Tsung-Fu (Appointment Date: 11/14/2023)	-	-	-	-
Acting Spokesperson	Wang, Ming-Pu (Date of appointment: 2022/8/31)	-	-	-	-
Independent director	Lin, Tzu-Kuan (Termination Date: 2023/6/11)	-	-	-	-
President	Wu, Po-Chao (Date of Appointment: 2024/2/16)	(1,602,457)	-	-	-
Vice President	Lin, Wan-Ting (Termination Date: 2023/4/10)	(6,458)	-	-	-
Vice President	Chen, Po-Sheng (Date of Appointment: 2024/1/2)	-	-	-	-
Vice President	Loke, Yeu-Loong (LOKE YEU LOONG) (Termination Date: 4/18/2023)	-	-	-	-
Internal Audit Supervisor and Acting Spokesperson	Tsai, Cheng-Ju (Termination Date: 2023/8/31)	-	-	-	-
Acting audit supervisor	Wang, Ming-Pu (Date of appointment: 2022/8/31) (Appointment Date: 2023/11/14)	-	-	-	-

(II) Information on Equity Transfer: None

(III) Information on Equity Pledge: None

(IV) Equity Pledge Information:

IX. Information on the Top 10 Shareholders by Number of Shares Held Who Are Related Parties or Each Other's Spouses and Relatives within the Second Degree of Kinship

As of April 19, 2024; Unit: shares

Name	Shares Held by the Person		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Title or Name and Relationship of the 10 Shareholders Who Are Related Parties or Each Other's Spouses and Relatives Within the Second Degree of Kinship		Remark
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Title (Name)	Relations	
Special investment account of Yummy Town International Ltd. under the custody of Yuanta Commercial Bank	4,805,534	17.16%	—	—	—	—	Wu, Po-Chao	Wu, Po-Chao is the director of Yummy Town International Ltd.	
Wu, Po-Chao	3,714,473	13.27%	13,205	0.05%	—	—	YUMMY TOWN INTERNATIONAL LTD.	Wu, Po-Chao is the director of Yummy Town International Ltd.	
Li, Ying-Hsuan	2,000,000	7.14%	—	—	—	—	—	—	
Cheng, Chun-Chung	1,742,700	6.22%	—	—	—	—	—	—	
Special investment account of Huangma Co., Ltd. under the custody of CTBC Bank Co., Ltd.	1,197,539	4.28%	—	—	—	—	—	—	
British Virgin Islands Crystal Key Point Co., Ltd. Taiwan Branch	1,000,000	3.57%	—	—	—	—	—	—	
Special investment account of Proco	882,397	3.15%	—	—	—	—	—	—	

Name	Shares Held by the Person		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Title or Name and Relationship of the 10 Shareholders Who Are Related Parties or Each Other's Spouses and Relatives Within the Second Degree of Kinship		Remark
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Title (Name)	Relations	
International Co., Ltd. under the custody of Far Eastern International Bank									
Special investment account of Preferred Investment Advisors (HK) Ltd.	586,849	2.10%	—	—	—	—	—	—	
Lu, Han-Fen	558,223	1.99%	440	0.00%	—	—	—	—	
Special investment account of Xinle Investment Co., Ltd. under the custody of Cathay United Bank Co., Ltd.	510,576	1.82%	—	—	—	—	—	—	

X. Number of Shares Held by the Company, its Directors, Supervisors, Managers and Reinvested Businesses Either Directly or Indirectly Controlled by the Company and Combined Shareholding Percentage:

As of April 30, 2023; Unit: thousand shares; %

Reinvested Company (Note 1)	Investment by the Company		Investment by Directors, Supervisors, Managers, and Companies Either Directly or Indirectly Controlled by the Company		Combined Investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage
RBT Holdings Limited	73,750	100%	—	—	73,750	100%
RBT Enterprise Limited	8.8	100%	—	—	8.8	100%
Yen Mei Enterprise Limited	Note 2	100%	—	—	Note 2	100%
Yen Chun International Co., Ltd.	1,000	100%	—	—	1,000	100%
Happy Lemon HK Limited	7,000	100%	—	—	7,000	100%
RBT Resources Limited	26,000	100%	—	—	26,000	100%
Yummy-Town USA LLC	Note 3	95%	—	—	Note 2	95%
Yummy-Town Holding Corporation	Note 2	95%	—	—	Note 2	95%
Yummy-Town UK Ltd	Note 2	100%	—	—	Note 2	100%
RBT International LLC	Note 2	100%	—	—	Note 2	100%
GW Bros International LLC	Note 2	51%	—	—	Note 2	51%
Happy Lemon West, INC	Note 4	66.5%	—	—	Note 2	66.5%
Freshtea Japan	12	100%	—	—	12	100%
Happy Lemon (M) Sdn Bhd	Note 2	45%	—	—	Note 2	45%
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Note 1	30%	—	—	Note 2	30%

Notes 1: Invested by the Company using the equity method

Notes 2: It is a limited company; thus, no shares have been issued.

Notes 3: The company holds a 95% indirect stake in its subsidiary, Yummy-Town Holding Corporation, which in turn holds a 100% stake in Yummy-Town USA LLC.

Notes 4: Our company holds a stake in Happy Lemon West, Inc. through our subsidiary, Yummy-Town USA LLC., in which we have an indirect 95% shareholding.

Chapter 4 Funding Status

I. Capital and Shares

(I) Sources of Capital

1. Type of Shares

As of April 30, 2023; Unit: thousand shares; %

Type of Shares	Authorized Capital			Remark
	Number of Outstanding Shares	Number of Unissued Shares	Total	
Registered ordinary shares	28,000,000	72,000,000	100,000,000	—

2. Changes in the Company's Share Capital in the Most Recent Year up to the Publication Date of this Annual Report

Unit: thousand shares; NT\$ thousands

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital increase by assets other than cash	Others
2011.11	10	100,000	1,000,000	16,014	160,144	Issuance of new shares totaling NT\$160,144,000 due to equity restructuring	None	Note 1
2012.05	10	100,000	1,000,000	16,654	166,544	Capital increase by cash totaling NT\$6,400,000	None	Note 1
2012.11	10	100,000	1,000,000	19,985	199,853	Capital increase by earnings and capital surplus totaling NT\$33,309,000	None	Note 1
2013.09	10	100,000	1,000,000	22,983	229,831	Capital increase by earnings totaling NT\$29,978,000	None	Note 1
2014.05	10	100,000	1,000,000	24,132	241,323	Capital increase by earnings totaling NT\$11,492,000	None	Note 1
2014.12	10	100,000	1,000,000	27,350	273,503	Capital increase by cash totaling NT\$32,180,000	None	Date of Approval: November 27, 2014 Approval Document

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital increase by assets other than cash	Others
								No.: Cheng Kuei Shen Tzu No. 10300308502
2016.01	10	100,000	1,000,000	27,358	273,583	Conversion of convertible corporate bonds	None	
2016.02	10	100,000	1,000,000	27,360	273,603	Conversion of convertible corporate bonds	None	
2016.09	10	100,000	1,000,000	27,434	274,343	Conversion of convertible corporate bonds	None	
2016.09	10	100,000	1,000,000	27,360	300,963	Capital increase by earnings totaling NT\$27,360,000	None	Note 1
2016.10	10	100,000	1,000,000	30,173	301,725	Conversion of convertible corporate bonds	None	
2016.12	10	100,000	1,000,000	30,215	302,151	Conversion of convertible corporate bonds	None	
2017.01	10	100,000	1,000,000	30,257	302,577	Conversion of convertible corporate bonds	None	
2017.02	10	100,000	1,000,000	30,312	303,116	Conversion of convertible corporate bonds	None	
2017.03	10	100,000	1,000,000	30,426	304,259	Conversion of convertible corporate bonds	None	
2017.04	10	100,000	1,000,000	30,435	304,349	Conversion of convertible corporate bonds	None	
2017.06	10	100,000	1,000,000	30,791	307,914	Conversion of convertible corporate bonds	None	
2017.07	10	100,000	1,000,000	30,803	308,029	Conversion of convertible corporate bonds	None	
2017.08	10	100,000	1,000,000	30,831	308,306	Conversion of convertible	None	

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital increase by assets other than cash	Others
						corporate bonds		
	10	100,000	1,000,000	31,100	310,996	Issuance of new restricted employee shares	None	Approved Document No.: Chin Kuan Cheng Fa Tzu No. 1060028289
2017.09	10	100,000	1,000,000	31,980	319,795	Conversion of convertible corporate bonds	None	
2017.10	10	100,000	1,000,000	33,361	333,605	Conversion of convertible corporate bonds	None	
2017.11	10	100,000	1,000,000	33,395	333,952	Conversion of convertible corporate bonds	None	
2017.12	10	100,000	1,000,000	33,439	334,391	Conversion of convertible corporate bonds	None	
	10	100,000	1,000,000	33,404	334,041	Cancellation of new restricted employee shares	None	
2018.01	10	100,000	1,000,000	33,453	334,526	Conversion of convertible corporate bonds	None	
2018.02	10	100,000	1,000,000	33,499	334,987	Conversion of convertible corporate bonds	None	
2018.03	10	100,000	1,000,000	33,545	335,449	Conversion of convertible corporate bonds	None	
	10	100,000	1,000,000	33,626	336,259	Issuance of new restricted employee shares	None	Approved Document No.: Chin Kuan Cheng Fa Tzu No. 1060028289
2018.04	10	100,000	1,000,000	33,647	336,467	Conversion of convertible corporate bonds	None	
2018.05	10	100,000	1,000,000	33,636	336,356	Cancellation of new restricted employee shares	None	

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital increase by assets other than cash	Others
2018.08	10	100,000	1,000,000	33,815	338,145	Conversion of convertible corporate bonds	None	
2018.09	10	100,000	1,000,000	35,008	350,081	Conversion of convertible corporate bonds	None	
2018.10	10	100,000	1,000,000	35,045	350,448	Conversion of convertible corporate bonds	None	
2018.11	10	100,000	1,000,000	35,069	350,694	Conversion of convertible corporate bonds	None	
2019.01	10	100,000	1,000,000	35,005	350,054	Cancellation of new restricted employee shares	None	Note 2
2019.05	10	100,000	1,000,000	34,942	349,415	Cancellation of new restricted employee shares	None	Note 2
2019.08	10	100,000	1,000,000	34,909	349,085	Cancellation of new restricted employee shares	None	Note 2
2020.05	10	100,000	1,000,000	34,860	348,597	Cancellation of new restricted employee shares	None	Note 2
2020.08	10	100,000	1,000,000	36,557	365,574	Capital increase by cash totaling NT\$17,041,000	None	Note 1
						Cancellation of new restricted employee shares	None	Note 2
2020.11	10	100,000	1,000,000	36,554	365,544	Cancellation of new restricted employee shares	None	Note 2
2021.09	10	100,000	1,000,000	36,505	365,052	Cancellation of new restricted employee shares	None	Note 2
2021.11	10	100,000	1,000,000	35,785	357,852	Cancellation of treasury shares	None	Note 3
2023.09	10	100,000	1,000,000	25,000	250,000	Reduction of capital	None	Note 4
2023.11	10	100,000	1,000,000	26,000	260,000	Private Placement Increase of	None	Note 5

Year and Month	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	Sources of Capital	Capital increase by assets other than cash	Others
						Capital		
2024.02	10	100,000	1,000,000	28,000	280,000	Private Placement Increase of Capital	None	Note 6

Note:

- The Company was established at Cayman Islands on December 22, 2009. In 2011, new shares totaling NT\$160,144,000 were issued due to equity restructuring. In May 2012, capital was raised through the issuance of new shares totaling NT\$6,400,000. In November 2012, September 2013, May 2014, June 2016, and June 2020 the shareholders' meeting engaged in capital increase by earnings and capital surplus, while the approved documents were not applicable to previous capital increases.
- Cancellation of new restricted employee shares: 64,000 shares in January 2019; 63,815 shares in May 2019; 33,000 shares in August 2019; 48,815 shares in May 2020; 6,374 shares in August 2020; 3,000 shares in November 2020; and 49,196 shares in September 2021.
- 2021/11/12 The Board of Directors resolved to cancel 720,000 treasury shares. (The Company's first and second treasury share buyback were cancelled in accordance with the Securities and Exchange Act upon the expiration of the transfer period)
- The resolution to reduce capital by 107,852,160 was passed at the shareholders' meeting on June 12, 2023, with a reduction ratio of 30.1387478%.
- The applicant is British Virgin Islands Crystal Key Point Co., Ltd. Taiwan Branch
- The applicant is Li, Ying-Hsuan.
- Information on the shelf registration system: Not applicable.

(II) Shareholder Structure

April 19, 2024

Shareholder Structure Item	Government Agencies	Financial Institutions	Other Juristic Persons	Foreign Institutions and Foreign Natural Persons	Domestic Natural Persons	Treasury Shares	Total
Number of Shareholders	0	2	14	18	2,194	1	2,229
Number of Shares Held (shares)	0	27,944	691,179	9,235,048	17,735,646	310,183	28,000,000
Shareholding Percentage (%)	0.00%	0.10%	2.47%	32.98%	63.34%	1.11%	100%

Note: No shares were held by investors from Mainland China.

(III) Distribution of Equity Ownership

1. Common Shares

April 19, 2024

(The nominal value of a share is NT\$10)

Shareholding Classification	Number of shareholders	Number of Shares Held	Shareholding Percentage %
1-999	1,165	379,684	1.36%
1,000-5,000	720	1,646,158	5.88%
5,001-10,000	156	1,141,940	4.08%
10,001-15,000	63	789,729	2.82%
15,001-20,000	27	474,993	1.70%
20,001-30,000	24	590,211	2.11%
30,001-40,000	15	518,564	1.85%
40,001-50,000	12	528,252	1.89%
50,001-100,000	17	1,191,988	4.26%
100,001-200,000	15	2,054,485	7.34%
200,001-400,000	4	1,182,704	4.22%
400,001-600,000	4	2,158,649	7.71%
600,001-800,000	0	0	000%
800,001-1,000,000	2	1,882,397	6.72%
More than 1,000,001 shares	5	13,460,246	48.06%
Total	2,229	28,000,000	100.00%

2. Distribution of Preferred Shares: Not applicable.

(IV) List of Major Shareholders

Name, Number of Shares Held by and Shareholding Percentage of Shareholders Who Hold More Than Five Percent of the Company's Shares or Who are the Top 10 Shareholders

As of April 19, 2024; Unit: shares

Name of Major Shareholder	Shares	Number of Shares Held	Shareholding Percentage
Special investment account of Yummy Town International Ltd. under the custody of Yuanta Commercial Bank		4,805,534	17.16%
Wu, Po-Chao		3,714,473	13.27%
Li, Ying-Hsuan		2,000,000	7.14%
Cheng, Chun-Chung		1,742,700	6.22%
Special investment account of Huangma Co., Ltd. under the custody of CTBC Bank Co., Ltd.		1,197,539	4.28%
British Virgin Islands Crystal Key Point Co., Ltd. Taiwan Branch		1,000,000	3.57%
Special investment account of Proco International Co., Ltd. under the custody of Far Eastern International Bank		882,397	3.15%
Special investment account of Preferred Investment Advisors (HK) Ltd.		586,849	2.10%
Lu, Han-Fen		558,223	1.99%
Special investment account of Xinle Investment Co., Ltd. under the custody of Cathay United Bank Co., Ltd.		510,576	1.82%

(V) Market Price Per Share, Net Worth Per Share, Earnings Per Share, Dividends Per Share, and Related Information in the Two Most Recent Years

Unit: NT\$ per thousand shares

Item		Year	2022	2023	2024 up to end of March	
		Market Price Per Share (Note 1)		Highest	34.50	34.55
		Lowest	17.10	21.00	25.30	
		Average	26.57	27.16	26.75	
Net Worth Per Share (Note 2)		Before distribution		—	—	
		After distribution		—	—	
Loss per share		Weighted average number of shares		24,690	24,821	
		Loss per share	Before adjustment	-11.34	-4.06	3.69
			After adjustment	-11.34	-4.06	3.69
Dividends Per Share		Cash dividends		—	—	
		Stock dividends	—	—	—	
			—	—	—	
		Accumulated unpaid dividends		—	—	—
Return on Investment		Price/earnings ratio		-2.34	-6.69	
		Price/dividends ratio		—	—	
		Cash dividend yield		—	—	

* In the event of share allotment arising from capital increase by earnings or capital surplus, information on market prices and cash dividends adjusted retrospectively according to the number of shares issued shall be disclosed.

Notes 1: The highest and lowest market prices of common shares for each year shall be listed, while the average market price for common shares shall be calculated according to trading value and trading volume.

Notes 2: Please fill the related figures with reference to the number of shares issued at the end of the year and according to the status of distribution approved by the shareholders' meeting in the previous year.

Notes 3: In the event that retrospective adjustments are required due to stock dividends, earnings per share before and after adjustment shall be listed.

Notes 4: If the conditions for equity securities issuance stipulate that unpaid dividends for the current year can be accumulated to subsequent years in which a profit is posted, the accumulated unpaid dividends up to the current year shall be disclosed respectively.

Notes 5: Price/earnings ratio = Average closing price per share for the current year/Earnings per share.

Notes 6: Price/dividend ratio = Average closing price per share for the current year/Cash dividend per share.

Notes 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

Notes 8: The market price per share and earnings per share columns shall be filled based on the information audited (or reviewed) by CPAs for the most recent quarter as of the publication date of this annual report. Other columns shall be filled based on the information for the current year as of the publication date of this annual report.

(VI) Dividend Policy and Its Implementation Status

1. Dividend policy stipulated in the Company's Articles of Incorporation

- (1) If the Company posts a profit in the current year, the amount of remuneration distributed to employees shall not exceed three percent of the profit for the current year (i.e. profit before tax excluding remuneration paid to employees and directors), while the amount of remuneration for directors shall not exceed three percent of the profit for the current year. However, when the Company continues to record a cumulative loss, its profit shall first be used to make up for the loss. Employee remuneration may be paid in the form of shares or cash, and may be distributed based on the employee reward plan agreed upon in accordance with the provisions of Article 10(a). Employee remuneration may also be distributed to employees of subordinate companies that meet certain conditions. The distribution of employee remuneration shall be adopted by a majority of the directors present at a Board of Directors' meeting attended by at least two-thirds of all the directors, and shall be reported to the shareholders meeting. Remuneration for directors may only be paid in the form of cash. Directors who concurrently serve as an executive of the Company and/or its subordinate companies may simultaneously receive remuneration for serving as a director and an employee of the company.
- (2) In the event that the Company's shares are traded on any of the stock exchanges in the Republic of China (R.O.C.), the Company shall use net profit after tax for a particular fiscal year as the basis for calculating the amount of earnings to be distributed every fiscal year. Such distribution may only be carried out after (i) making up for the losses accumulated in the previous years (including adjusting undistributed surplus), (ii) setting aside part of the profit as capital surplus in accordance with the Company's Articles of Incorporation, (iii) setting aside 10 percent of capital surplus ("statutory surplus reserve") in accordance with the regulations applicable to public companies (however, this does not apply when the accumulated amount of this surplus reserve has reached the total amount of paid-in capital), and (iv) contributing to the provident fund in accordance with the requirements set forth by the relevant competent authority in R.O.C. (including but not limited to the Financial Supervisory Commission (FSC) or the securities

exchange markets in R.O.C.). The Company’s net profit after tax every fiscal year after deducting the above-mentioned is known as “distributable earnings for the period”. Dividends may be distributed from the distributable earnings for the period or retained earnings that has not been distributed in previous years (hereinafter collectively referred to as “accumulated distributable earnings”). Dividends may be distributed to shareholders from the accumulated distributable earnings in the form of cash or through the issuance of new shares. Dividends distributed to shareholders shall not be lower than five percent of the distributable earnings for the period.

- (3) Distribution of dividends or bonuses may not accumulate interest on the Company.
2. Dividend Distribution Proposed (or Deliberated) for This Year

The Company’s 2023 loss reversal disposal was approved by the Board of Directors on March 15, 2023:

Unit: NT\$

Item	Amount	Remark
Losses to be recovered at the beginning of the period	(9,416,791)	(Note 1)
Less: Net loss after tax for the period	(100,760,322)	
Losses to be recovered	(110,177,113)	
Add: Capital surplus to cover losses	110,177,113	
Losses to be recovered at the end of the period	0	

Notes 1: The retained earnings adjustment for the fiscal year 2023 is

- (1) The reduction of capital to offset losses is adjusted based on the ratio of treasury stock reduction, with a cost of NT\$8,922,918, and an increase in capital surplus of NT\$365,137.
- (2) Adjustment of equity transactions related to changes in ownership of subsidiaries resulted in a retained earnings adjustment of (NTD 859,010).

Notes 2: Pending approval from the shareholders’ meeting in 2023.

(VII) The impact of the proposed free stock distribution on the company's business performance and earnings per share for this fiscal year is not applicable as there is no financial forecast or free stock distribution announced for this fiscal year.

(VIII) Employee Bonus and Remuneration for Directors and Supervisors

1. The company's articles of incorporation specify the percentage or range of employee bonuses and director and supervisor remuneration. Ya Ming Tian Di Co., Ltd. is a holding company. The percentage of employee bonus and remuneration for directors and supervisors as stipulated in the Company's Articles of Incorporation are listed as follows:

- (1) Remuneration for directors shall not exceed three percent of the profit for the current year.
- (2) Employee remuneration to be distributed to all employees of the Company and its subordinate companies shall not exceed three percent of the profit for the current year, and may be distributed in the form of cash or shares. Besides, such remuneration may be distributed based on the employee reward plan agreed upon in accordance with the relevant regulations.
- (3) The shareholders' meeting may adopt the resolution, based on the recommendations of the Board of Directors, that dividends and bonuses shall be distributed through capital increase by issuing new shares. However, the percentage of cash dividends and bonuses shall not be lower than 10 percent of the dividends and bonuses distributed through capital increase by issuing new shares.

Accounting treatment for the basis of estimating employee bonus and remuneration for directors and supervisors, the basis of calculating the number of shares to be distributed as bonus, and any difference between the actual amount distributed and the estimated figures: None.

2. Information on the Proposed Distribution of Employee Bonus Approved by the Board of Directors

- (1) Where the amount of employee bonus distributed in the form of cash or shares and remuneration for directors and supervisors exhibit differences with the recognized expenses and annual estimates, the sum, cause, and treatment of such differences shall be disclosed: The Company has proposed not to distribute employee bonus and remuneration for directors and supervisors. Hence, this section is not applicable.
- (2) Amount of employee bonus distributed in the form of shares and its percentage in terms of net profit after tax provided in the parent company-only financial statements and the total amount of employee bonus: This section is not applicable as the Company has not distributed bonuses in the form of shares to employees.
- (3) Imputation of earnings per share after considering proposing the distribution of employee bonus and remuneration for directors and supervisors: Not applicable.

3. Actual distribution of employee bonus and remuneration for directors and supervisors (including the number, amount, and price of shares distributed) in the previous year, as well as the amount, cause, and treatment of difference between the actual amount and recognized amount of employee bonus and remuneration for directors and supervisors shall be described:
None.

(IX) Repurchase of the Company's own shares:

1. Repurchase of the Company's own shares (implementation completed): None.
2. Repurchase of the Company's own shares (under implementation): None.

II. Corporate Bonds (including Overseas Corporate Bonds): None.

III. Preferred Shares: None.

IV. Participation in Global Depository Receipts: None.

V. Employee Stock Option Certificates: None.

VI. Restrictions on the application of new shares of employees' rights: None.

VII. Mergers and Acquisitions: None.

VIII. Issuance of New Shares in Connection with Mergers or Acquisitions or Acquisitions of Shares of Other Companies: None.

IX. Implementation of Capital Utilization Plan:

Issuance or private placement of securities yet to be completed, or having been completed in the three most recent years with the benefits of the plan yet to be realized in the three most recent years, as of the publication date of this annual report: None.

Chapter 5 Business Overview

I. Business Activities

(I) Business Scope

1. Main content of the businesses of the Company and its subsidiaries:

The Group was founded in 1992 and operates global food and beverage businesses as well as a global franchise entrepreneurship platform. Its main focus is on bubble tea, providing freshly prepared hand-shaken tea, snacks, desserts, creative Spanish cuisine, selling the branded IP products, as well as running a trading and logistics company. At present, the Group's stores and restaurants are operated in the form of direct operation, joint venture, agency, franchise, etc. The Group has five major food and beverage brands, namely, the global tea and beverage chain brands, "Happy Lemon" and "Tea Opal", the leisure light meals brands, "RBT" and "Curry Cafe", the Spanish creative cuisine restaurant, "alma", which has been awarded with a recommendation from the Michelin Guide, and the ingredient and material supply chain companies, "Taiquan Trading" and "RBT Trading".

2. Proportion of Businesses

Unit: NT\$ thousands

Main Products	Year	2022		2023	
		Amount of Sales	Proportion of Sales	Amount of Sales	Proportion of Sales
Franchise, agent and other related revenues		514,113	64.17%	498,623	66.95%
Revenue direct from company-operated stores		287,016	35.83%	246,131	33.05%
Total		801,129	100.00%	744,754	100.00%

3. Current Products and Services of the Company and Subsidiaries

The brands provide global franchise entrepreneurship services:

- (1) Franchise counseling: Build an effective franchise counseling platform to offer logistic support services to business partners who are interested in launching a food and beverage business, including selection of store location, performance appraisal, renovation and design, and operational training.
- (2) Food and beverage services: Continuously conducting R&D and marketing various products each season, the company launches competitive tea drinks and snacks with unique characteristics tailored to different countries and markets. The classification of products made and offered by RBT, Happy Lemon, alma, and Tea Opal, and their main products are listed as follows:

Happy Lemon	
Product Category	Series
Signature Lemonade	Refreshing Lemon Juice/Kumquat Lemon Tea/Pineapple Lemon Tea/Lemon Aloe Vera Juice with Vitamin

Happy Lemon	
Product Category	Series
	C/Refreshing Berry Lemonade/Punched Lemon and Mango Green Tea
Drinkable Pineapple Drinkable Fruit	Nostalgic Pineapple Tea/Strawberry Pineapple Tea/Mango Orange Passion Fruit Pineapple Tea/Pineapple Grapefruit Four Seasons Spring Tea/Pineapple Fruit Bucket/Honey Grapefruit Green Tea/Kumquat Passion Fruit Double Blast/Happy Fruit Bucket
Signature Baked Milk	Sweet potato milk/peanut milk/pearl milk tea/roasted pearl milk candy milk tea/grand slam roasted milk tea/taro balls milk tea/red bean pudding milk tea/mellow milk tea
Drinkable cake	Oreo Filled Cookie Cake Milk Tea/Cream Cake Bubble Tea (2007 Cake Milk Tea)/Peanut Cheesecake Milk Tea/Tiger Skin Mochi Cake Milk Tea/Dorayaki Mochi Cake Milk Tea/Half-Cooked Cake Bubble Tea/Cocoa Cake
Pineapple Cake Milk Tea	Thick Brulee Pineapple Cake Milk Tea/Signature Pineapple Cake Milk Tea
Happy Fruit Milk	Pineapple Pandan Milk/Strawberry Pandan Milk/Mango Pomelo Sago/Mango Pomelo Sago (Room Temperature)
Oat milk	Cheese Bobo Oat Milk Tea/Crunchy Oat Milk Tea
Thick Brulee Pudding Milk Tea	Thick Brulee Milk Tea/Thick Brulee Cake Mochi Milk Tea
Rock salt milk cap	Rock Salt Cheese Black Tea/Rock Salt Cheese Green Tea/Rock Salt Cheese Four Seasons Spring Tea/Rock Salt Cheese Pineapple Tea
Tea	Jasmine Green Tea/Honey Rhythm Black Tea/Four Seasons Spring Tea/Deep Steamed Yulu Tea/Dahongpao
Snacks	Pearl milk tea toast/Cheese and smoked chicken toast/Oreo cocoa toast

Tea Opal:	
Product Category	Series
Original taste of tea	Sweet-dew jasmine tea/Concentrated Jinxuan tea/Jin Xuan Mature black tea/Baked fragrant Red Oolong tea
Tea au lait	Amber Pearl Milk Tea/Osmanthus Oolong Milk Tea/Small Leaf Jelly Milk Tea/Aged Jin Xuan Au Lait/Cocoa Mousse Au Lait/Sai Hongpao Amber Milk Tea/Thick Milk Tea (with one free topping: pearl/crystal ball/two balls)
Thick cheese cream	Cheese-flavored jasmine tea, cheese-flavored Jin Xuan oolong tea, cheese-flavored honey leaf-scented black tea, and cheese-flavored red oolong tea
Flame cream	Flame cream jasmine tea, flame cream Jin Xuan oolong tea, flame cream honey leaf black tea, flame cream red oolong tea, and flame cream thick milk tea
Fruit mix	Grapefruit Fruit Tea/Passion Fruit Tea/Green Orange Fragrant Tea/Cheese Powder Berry Lychee/Cheese Grapefruit Mango

Tea Opal:	
Product Category	Series
Microfoam	Lychee Bubble/Blue Star Planet/Long Island Grapefruit Tea/Drunk in Lychee/Blue Star/Tipsy Grapefruit Party
Linden Honey	Honey Black Tea/Honey Jasmine Green Tea/Honey Lemonade/Lychee Honey Black Tea
Freshly Ground Coffee	Americano/Latte/Tea and Coffee with Salt
Merchandise	Tea cup, tea bag

Hippo Bobatea	
Product Category	Series
Milk series	Vibrant black grass jelly milk, vibrant black chocolate milk, vibrant double black milk, and vibrant yellow mango milk
Cheese cream topping series	Cheese cream-topped jasmine tea, cheese cream-topped oolong tea, and cheese cream-topped leaflet black tea
Fruit tea series	Lemon black tea with fruits; lemon green tea with fruits; black tea with pomelo flesh and coconut jelly; green tea with pomelo flesh and coconut jelly; colorful passion fruit oolong tea; fresh mandarin tea; Hi-C oolong tea with passion fruit; Hi-C green tea with passion fruit; and orange tea with fruit flesh
Milk tea series	Brown sugar milk tea with tapioca pearls, brown sugar milk tea with grass jelly, brown sugar coconut milk tea, brown sugar mango milk tea, brown sugar milk tea, brown sugar milk tea with grass jelly, and burnt cream milk tea
Au lait series	Au lait milk black tea, au lait milk black tea with grass jelly, au lait milk black tea with tapioca pearls, au lait duo, au lait coconut, au lait roasted milk tea, and freshly baked brulee
Mellow tea series	Jasmine Gyokuro tea, honey oolong tea, leaflet black tea, tapioca pearl love jasmine tea, and black tea loves tapioca pearls
Whole-leaf mellow tea series	(Menu for any combination of ingredients at RMB9) Jasmine Gyokuro tea, leaflet black tea, honey oolong tea, and oolong green tea
Special milk tea series	(Menu for any combination of ingredients at RMB9) Hippo Bobatea milk tea, brown sugar milk tea, pineapple milk tea, peach milk tea, and lychee milk tea
Fresh fruit tea series	(Menu for any combination of ingredients at RMB9) Lemon black tea with fruits; lemon green tea with fruits; black tea with pomelo flesh and coconut jelly; green tea with pomelo flesh and coconut jelly; colorful passion fruit oolong tea; and colorful passion fruit green tea
Fruity light yogurt series	(Menu for any combination of ingredients at RMB9) Pineapple light yogurt, lychee light yogurt, strawberry light yogurt, and mango and orange light yogurt

4. New Products in Development

(1) “Happy Lemon”:

In the post-pandemic era, minimalism has become a part of our daily lives. By savoring food, we can alleviate the burden on our bodies and rejuvenate our

emotional well-being. In order to compete in the existing market, the new tea beverage industry needs to make sufficient preparations. Building a close connection between brands and consumers, the act of ‘launching new products’ is extremely important. But how can we make it easier for consumers to perceive and capture? ‘Launching new products’ has already been elevated to a strategic level.

In 2023, high-quality Xiang tea was chosen as the base for a new product, offering unique features in terms of the selected ingredients, presentation, and production methods. For example, in classic lemon tea products such as Hua Xiang Da Hong Pao, Qi Lan Oolong Tea, and Ya Shi Xiang Oolong Tea, the aroma of lemon and tea is highlighted by upgrading and replacing the tea base. By combining with seasonal fruit elements and carefully selecting dairy products to create a lighter milk tea, we provide a new flavor and sense of value with each new product.

(2) “Tea Opal”:

To strengthen the development of new fruit products, which can be paired with different fruits, dairy products, and tea-based products; for example, they can be used as a base, main ingredient, or garnish, and can also be developed as standalone products. By combining these elements, high-value products can be created.

In terms of menu updates, we have optimized the product production process, focusing on our signature products to ensure stable quality and faster preparation time. We have also introduced a variety of snacks and pastries to complement our tea offerings.

(II) Industry Overview

1. Current Status and Development of the Industry

(1) Global economic outlook

Global economic growth is expected to slow for the third consecutive year, declining from 2.6% in 2023 to 2.4% in 2024, a decrease of nearly three-quarters of a percentage point compared to the average level of the 2010s. The developing economy is expected to grow by only 3.9%, which is more than one percentage point lower than the average of the previous decade. Low-income countries’ performance last year was disappointing, with a projected growth of 5.5% this year, weaker than previously expected. By the end of 2024, approximately 25% of developing countries and around 40% of low-income countries will still have a higher poverty rate compared to the pre-COVID-19 outbreak in 2019. The projected growth rate of the developed economy is expected to slow down from 1.5% in 2023 to 1.2% this year.

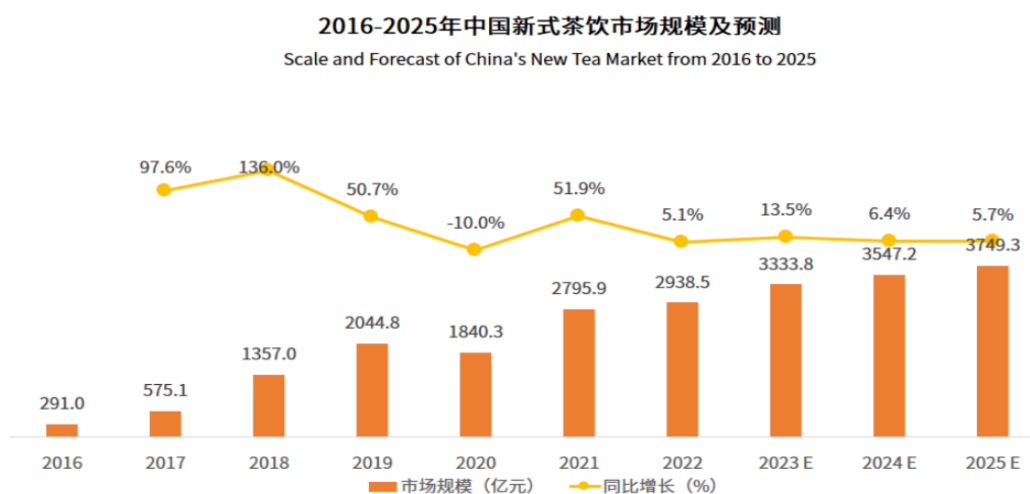
(2) Greater China Tea Market

The Company’s business is mainly divided into two major items: tea and beverage and catering. The tea and beverage section is dominated by the Happy

Lemon brand. The Greater China region is the origin of the freshly made hand-shaken tea and beverage industry. The Happy Lemon brand has been operating for more than 17 years in three markets on both sides of the Taiwan Strait, mainly in the mainland market, with most of its stores currently located in first- and second-tier cities. In recent years, the tea and beverage industry has continuously invested in the development of innovative beverages under the efforts of various brands. Through the upgrade of technology, the use of a large number of fresh ingredients to form a new taste, and high quality tea and beverages, it has successfully attracted the attention of young people. In terms of the image of stores, brand positioning and operation mode, it has made a breakthrough from the previous street small store type, into the department stores, out of a higher pattern. In addition, the development of the economy on both sides of the Taiwan Straits has comprehensively driven the growth of consumption. Especially, the rise of young generations and the increase in consumption strength have caused the rapid expansion of the scale of the Greater China tea and beverage market.

The tea and beverage industry in mainland China has been explosive growth in the past decade. Since 2017, the industry has entered what is generally known as the new tea and beverages 3.0 stage. With the number of ready-made and ready-to-sell hand-shaken tea stores increasing in size, many new tea and beverage brands appears in various regions to divide the market. In order to secure market share, existing brands have accelerated the pace of opening stores. According to iiMedia Research, the market size of China's new-style tea beverage market in 2022 was 293.85 billion yuan. The iteration of internet technology and the improvement of online payment technology have made online shopping more convenient, effectively alleviating the losses of new-style tea drinks in offline operations during the epidemic. The acceptance of new-style tea drinks by consumers is gradually increasing, and with continuous innovation and expansion of the variety, consumers' enthusiasm for new-style tea drinks continues to rise, leading to an increase in demand. It is expected that the market size of new-style tea drinks in China will reach 374.93 billion yuan by 2025.

2016-2025 China's New Tea Market Revenue Size and Growth Rate



数据来源: 艾媒数据中心 (data.iimedia.cn)

The COVID-19 pandemic hit the food and beverage industry hard in 2020. Although the overall recovery of the food and beverage market has been strong after the epidemic subsided, the consumer side has also changed. One of the more obvious changes is that consumers have become more cautious and rational in their consumption. In 2021, the growth rate of the tea and beverage industry in the mainland market has slowed down. According to the statistics of the delivery platform, a total of more than 1 million online restaurants in mainland region were cancelled in 2021. Among them, milk tea shops has been the hardest hit area, with a total of 350,000 shops were cancelled. Meanwhile, the perception of the brand by the consumer group began to form. “Brand” became the first online search for tea and beverage consumers in 2021. This phenomenon also indirectly promoted the reshuffle effect of the industry. The trend of the tea and beverage brand oligopoly era emerged. Large chains and the head of the brand with capital and resources advantage accounted for nearly 90% of the market share. The tea and beverage industry clearly reflects that the market was about to be monopolized by chain brands. In addition, the high saturation of tea and beverages stores in first and second tier cities, as well as the continuous rise in rent and personnel expenses, have exerted enormous pressure on the development of the ready-made tea and beverages industry in these regions. In contrast, the third and fourth tier (and below) include 200 prefecture-level cities, 3,000 prefectures and 40,000 townships, which not only have a much higher population than the first and second tier cities, but also have a much higher disposable income in recent years, coupled with lower rent and personnel costs, forming an environment that is very suitable for starting a business. There is great potential for development in the sunken market. Many tea and beverage brands have already started the layout strategy of the sunken

stores. In 2020, the outbreak of an epidemic affected the economy of the cities below the first-tier cities to a lesser extent. Under the policy of encouragement, the number of people returning to their hometowns to open stores and start businesses has increased significantly compared to the past.

In the face of the market reshuffle and the trend of downward development, tea and beverage chain brands with regional development experience have the opportunity to find business models suitable for the development of different cities and regions through their own solid operational capabilities and supply chain advantages. Happy Lemon has been operating in China for many years and has experienced the rapid iterative changes in the tea and beverages market. It has always upheld the vision of “building the best entrepreneurial platform for global tea and beverages”. After the outbreak of the epidemic, in the face of the challenges of the slowing growth of the overall tea and beverages consumption and the intensifying reshuffling effect of the industry, Happy Lemon has continued to make every effort to stabilize the brand’s development in the mainland market through operational guidance for stores, performance improvement programs and franchise policy adjustments. In terms of business strategy, the Company is also firmly focused on the three cores of product development, brand marketing and operation management, constantly pursuing innovation and optimization to continue to deepen and expand the mainland market.

(3) Global Tea and Beverage Market

Market Size Forecast:

The global tea beverage market continues to rise. In 2018, the global tea beverage market surpassed 200 billion US dollars, and until the outbreak of the pandemic in 2020, the market size had been steadily increasing. With the initial control of the pandemic in 2021, it is projected that the total market size will reach 318.56 billion US dollars by 2025.

Trend Outlook:

Brand Internationalization: With the slowdown in the domestic market growth, many new tea beverage brands have started to shift their focus to the overseas market in search of new growth opportunities. Brands like Xicha, Tianlala, and Bawang Chaji have already begun expanding into overseas markets, indicating that Chinese tea beverage brands are gradually achieving internationalization.

Overseas Market Expansion: Southeast Asia has become the preferred destination for Chinese tea beverage brands to expand internationally, thanks to the cultural and geographical proximity between the region and China, as well as the market’s growth potential.

Cultural Output: The overseas expansion of tea beverage brands is not only a business activity but also part of China’s cultural output. Through the medium

of tea, Chinese tea culture is able to spread internationally, serving as an important avenue for showcasing Chinese culture.

The global tea beverage market has undergone a macro development from traditional tea culture to modern branded chains, with China as the source of innovation. Milk tea has gradually evolved into an international drink, and the market size continues to expand as consumers around the world pursue health and fresh experiences. Since 2018, the global tea beverage market has surpassed the \$200 billion mark and is projected to grow to \$318.56 billion by 2025. In terms of brands, Chinese brands such as Xicha and Mixue Bingcheng have led the market in iteration and innovation. At the same time, brands from North America, Europe, Southeast Asia, and the Middle East have also showcased their unique characteristics, collectively driving the diversification of global tea culture and the prosperity of the market.

The overseas stores of Happy Lemon are currently located in North America, Europe and Australia. The Southeast Asian market is developing steadily in Malaysia and Indonesia through joint ventures, and we are actively consolidating our stores in Japan, the Philippines, Australia and other regions to minimize the impact of the epidemic. In recent years, the North American market focused on development has achieved remarkable results. In 2020, a branch was officially established in the United States, which laid the foundation for the expansion of the brand in the North American market with the development strategy of operating local business with local talents.. In 2021, the continued fermentation of various countries dragged on the overall economic development. The global shortage of manpower and raw materials became more severe. The situation of air and sea freight congestion did not ease. It also indirectly caused the material cost to rise significantly. The lack of manpower and materials caused the opening progress of overseas stores to be slower than expected, while the continuous rise in the cost of raw materials increased the pressure on the operating costs of stores. Facing the challenges that have emerged, Happy Lemon International Headquarters has been working side by side with all overseas business partners to successfully upgrade the Happy Lemon brand in 2021 and to integrate the internal operation system, improve and optimize the supply chain preparation and shipment process to support the operation of the agents in all regions of the world more efficiently. Compared to some of our competitors who may face the dilemma of out of stock of raw materials due to the disruption of the epidemic, Arminence Group has a well-developed operation system, and with the prompt response and full support of our headquarters partners, we can provide the resources required for the operation of overseas stores in a timely manner. In the future, our company will continue to adopt the strategy of “expanding global stores”, “international alliances” and “investment and mergers and acquisitions” with the original

intention of “promoting Chinese tea culture to the world” and the concept of “building the best platform for starting a global tea and beverage business”. Therefore, we actively promote and lay out the development plan of brand globalization, and focus on improving the functions of the international headquarters management team, cultivating operational management talents, and optimizing the internal operation system, so as to become the strongest backing for all business partners worldwide.

(4) Online platform for vertical promotion and customer acquisition

The rapid development of the internet economy and the consumption driven by short videos have prompted short video platforms to seek new breakthroughs, such as incorporating live streaming and e-commerce into their business. Currently, leading short video platforms are already developing online live streaming services and seeking to deepen their relationships with other content creators, while also developing new features to enhance interaction between creators and users. The widespread adoption of 5G, along with advancements in artificial intelligence and big data technology, will provide new support for short video platforms. In addition, with the government’s strengthened regulation of the industry, the platform has also increased its scrutiny of the short video content posted by users. Overall, the short film industry has great potential for development. According to forward-looking predictions, the outbreak of the epidemic has further tapped into the development potential of short videos. The market size of the short video industry is expected to grow at a faster pace from 2021 to 2023, with a compound annual growth rate of around 35%. From 2024 to 2027, the market growth will slow down but still maintain a growth rate of 16%. By 2027, the market size of the short video industry is expected to reach 962.4 billion yuan. Therefore, the traditional offline brick-and-mortar store operation has shifted to online customer acquisition, effectively bridging the online connection to achieve promotional and revenue growth benefits.

(5) Cross-border cooperation is more frequent, and strong co-branded fans are interacting

The barriers to competition in the tea and beverage industry are not high, and the main consumer groups have low brand loyalty and a preference for freshness, etc. Tea and beverage brands must create differentiation from competitors and enhance consumer memory of the brand. In addition to product differentiation, cross-border co-branding has also become one of the must-have business models in the tea and beverage industry. Through the export of IP to emphasize brand culture and find brands in different industries. By presenting products, peripheral products, and flash stores in a way that has never been done before and that consumers have never imagined, the company creates a

sense of surprise, creates a buzz, and boosts brand popularity to achieve the main goal of gaining new customers.

Happy Lemon again partnered with Big White Rabbit Milk Sugar in 2021 and were invited to open an express store at the 10th China Flower Expo in Chongming Island, Shanghai, becoming one of the most inquired and popular stores. Knowing that the most influential activities for the Z generation are e-sports, online games and anime, Happy Lemon is also actively cooperating with the relevant industry players. In 2021, China Joy was held in Shanghai, and the company was the only hand-cranked beverage company to enter the event. Through co-branding, the store has been transformed into a scene of handheld games and anime, attracting a large number of fans to make a pilgrimage in cosplay costumes. In the future, we will continue to cooperate with more industry players in a more diversified way to present the brand's image of youthfulness, fashion and trendiness, and to get closer to Gen Z consumers seamlessly.

(6) Food safety and environmental protection related laws and regulations in the catering industry

The scale of the catering market has been growing year by year, and the change of consumption habits has led to a gradual increase in the share of takeaway revenue. Nowadays, consumers are no longer just looking for food, but are more concerned about food security, and are more aware of their own rights and interests. The government's control over food safety and environmental issues is becoming more and more stringent. And new management laws and regulations are introduced every year from the source of material procurement, on-site production process, production environment and personnel management. The Company has always attached great importance to food safety management and the maintenance of customer rights. From the source of food ingredients and materials procurement, the Company has complied with the laws and regulations of various countries, formulated relevant control procedures, and conducted food safety management training for store personnel on a regular basis. Besides, we set up the quality control department that keeps abreast of the latest information on changes in government laws and regulations, adjusted the internal food safety management guidelines, and regularly performed the audit of the food safety management. In addition, we have set up a quality inspection room within the Group, ahead of many other companies in the industry. In order to conduct regular and uninformed tests on ingredients, packaging materials, ice, water quality, etc. we use in our operations, in order to prevent accidents and ensure the safety of our customers' food.

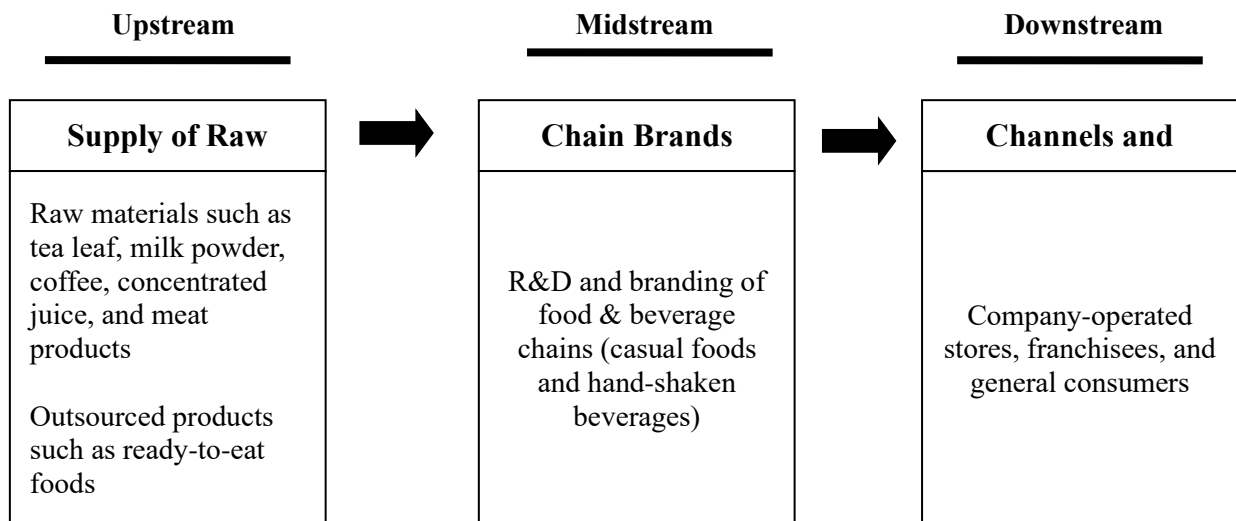
(7) Digitalization drives enterprise management model upgrade

In the Internet era, through the digital system, intelligent empowerment of the operating process, it drives the industry iterative upgrade development, which

has been inevitable to follow the general direction. In particular, the tea and beverage industry, with Generation Z as the main consumer group, relies more deeply on the digital system. It is comprehensively implemented in the marketing strategy, user operation, customer management, service restructuring and internal staff management. Moreover, it has been extended upward to the supply chain and finance, and also has been extended horizontally to online platforms and e-commerce sales channels, etc. The data linkage and utilization also provide the senior management with a basis for strategy formulation. In recent years, the Company has been actively promoting relevant changes internally, focusing on improving management effectiveness and efficiency, through planned and gradual upgrades, the interconnected use of system functions, and the optimization of operational processes, so that digital management becomes the most important cornerstone of the Group's development towards globalization.

2. Relationships between Upstream, Midstream, and Downstream Industries

The catering industry covers all aspects of the upstream, midstream and downstream systems from production, procurement, transportation, processing and production, service to consumption. From the production of raw materials to end-to-consumer services, it is a process of creating value. In order to ensure the standardization of the specifications and quality of each ingredient and material, the Company has been committed to developing the procurement relationship with upstream suppliers in order to obtain the advantages of purchasing price. Besides, we have also signed purchase contracts with farmers to ensure the stability of the supply and price of ingredients. Meanwhile, the Company has established a clear quality inspection system for purchased goods within the Company, and has adopted inspection gates for ingredients, packaging materials and materials. In addition, the Company conducts regular audits and inspections at suppliers to ensure that the requirements of national laws and regulations on food safety are met, so as to make the stores feel safe. Meanwhile, the Group's quality control department also regularly conducts unannounced ways to visit stores and check ingredients, and materials, as well as production and processing procedures and storage environments, etc., in an effort to reassure consumers.



3. Various Product Development Trends

As one of the first tea and beverage brands to start franchising business in mainland China, our company has more than 10 years of experience in related industries at home and abroad. Below is the trends in food and beverage business we observed:

(1) The global trend of hand-shaken tea is still prevalent:

The hand-shaken tea industry has expanded from Taiwan to major cities in Asia and around the world. The refreshing tea soup can be perfectly integrated with many ingredients, and with tapioca, taro ball, pudding and other small ingredients to create a surprising taste. It is highly accepted by consumers in Generations Y and Z. In the past few years, there has been a boom in tea shops in many cities around the world. Whether it is a tea brand in Taiwan or Mainland China, the company has been expanding its operations overseas. Recently, some reports have pointed out that in 2021, hand-shaken tea seems to have shown signs of fading in some countries/regions, and even a wave of closures. However, there is no denying that beverages are a category of rigid demand consumption for the vast majority of consumers. And as one of the racing lanes of the beverage industry, we can still see a steady stream of creative new products being launched in the tea and beverage market every year, as well as the performance of tea and beverage operators striving for breakthroughs and innovations in their business models. It can be proved that the overall vitality and competitiveness of the tea and beverage industry is still strong. In fact, in both the mainland and global markets, there is obviously a large development space for the tea beverage industry, and some areas are temporarily experiencing a lack of localization, resulting in a large number of store closures. With the ability of high flexibility and quick response of tea beverages brands in general, after adjustment, optimization, and successfully combining the characteristics of different consumer markets, it should be able to develop a business model that is more adaptable to different regions. The tea

industry, which has an rigid need, can still be actively involved in global expansion, and the business opportunities are unlimited.

(2) Large chain of tea and beverage brands:

Due to the investment of capital, the tea and beverage brands in mainland China have gradually gained more favorable competitive conditions for the chain brands. They have a negotiating advantage over non-chain and independent stores in obtaining the location of stores and various cost controls. The chain brands in mainland China can be divided into two types: regional and national. At present, the chain brands have been accounted nearly 90% of the entire tea and beverage market. According to this development trend, it is clear that there is a situation in which the big one is always big and the small one is diminishing, and the chain tea and beverage brands will take the advantage of high visibility, sufficient capital, advanced systems and human resources to polish more store types that can adapt to the development of large metropolises, medium-sized cities and small counties, and expand their territories and business scale more rapidly in the tea and beverage industry, while entrepreneurial investors will continue to lean on well-known big brands.

(3) Tea and beverage brands accelerate internationalization:

In the past few years, in addition to the development of the Greater China market, many brands have been more active in opening stores overseas and around the world. The whirlwind of tapioca milk tea has indeed triggered a trend in the consumer markets of many countries. In 2020, the COVID-19 pandemic challenged the operation of overseas tea restaurants, and the opening of stores almost stopped. However, with the easing of the pandemic and the gradual opening of borders in various countries, the tea and beverage industry should be able to regain its past glory and continue its expansion plans. But at the same time, to move towards internationalization, the ability and quality of the management team is also increasingly demanding. In addition to the continuous upgrading of the operating system of the brand headquarters to create a management system in line with the global development, the training of management personnel is a priority. Besides the language skills, the international management team of a tea and beverages brand must be able to accurately communicate the content and value of the brand to overseas operators and stores, as well as the delivery of operational management experience. The talent is expected to be able to quickly learn to master the business environment qualities of different regional countries. The chain brand should develop its own cultural integration to adapt to the local culture of each region, and have the flexibility and adaptability to develop the best business model for global development.

(4) Products to be healthy and diversified:

At present, the products sold in the tea industry can be divided into three major categories: milk tea, fruit tea, and cheese cap tea. The tea industry in mainland China is still dominated by the milk tea category, while overseas regions have the highest proportion of fruit tea consumption. However, the common denominator is that: under the demand of consumers to pay more attention to healthy eating, body management and the pursuit of novel flavors, product development is unanimously moving towards the trend of low sugar, low calorie and the combination of fresh fruits and vegetables with tea. The use of seasonal fruits and vegetables has become the norm, and tea drinkers compete to find ingredients that have not been used by other competitors as new products. The rise of lemonade in the mainland market in recent years has led to many lemon series products, and it has become a tacit agreement for each brand to launch various lemon teas in the summer. It is worth observing whether this trend will also spread to overseas. Another product line is the newly emerging functional Chinese/Western health drinks in the mainland market, which only a small number of companies have developed. It is still in the stage of testing the consumer's reaction whether it can lead to the next wave of mainstream. There has been no lack of creativity in product research and development in the tea industry. And brands are making rapid adjustments in response to regionalization and changes in consumer demand to differentiate themselves from the competition and gain recognition from consumers and gain wider market development opportunities.

(5) Food Safety and Environmental Awareness Upgrade:

The scale of sales in the catering market continues to grow. Consumers are paying more and more attention to the production of raw materials, sources, processing, and compliance of additives, etc. In addition to food safety, the government and consumers have been paying more attention to the implementation of environmentally friendly practices in the food and beverage industry in recent years. From procurement to on-site operation, the restaurant industry must design and implement a set of standard operating procedures that can withstand the scrutiny of governments and consumers in different countries and regions. Therefore, we can reduce the risks that brands may encounter in the operations, and further win goodwill and goodwill to maintain a long-term operations.

(6) Multi-channel operation, making a difference:

In the face of high competition from offline and online businesses, food and beverage brands must be more creative, and extend marketing and sales lines to online short videos, apps, e-commerce platforms and other channels. In addition to more channels to increase contact with consumers, it is also necessary to create business differentiation from the brand image, products, services,

personnel and other aspects. By clearly distinguishing the brands with own advantages, the consumers can perceive and distinguish to strengthen brand competitiveness.

(7) Towards Digital Management:

Driven by the development of the general environment, food and beverage enterprises are continuously upgrading the functions of their internal data management systems. The Companies also cooperate with external system vendors and platforms to build more technologically advanced operating systems to improve internal management efficiency and operational effectiveness. They also pay more attention to the ability of enterprises to formulate digital development strategies, optimize operational processes with a sound data management system, and continuously promote innovative responses to business models. It is foreseeable that the faster the digital transformation of future catering enterprises, the better they can catch up with competitors, create differences and form their own core competitiveness.

4. Competition

In 2022, although the catering industry is still affected by the recurrence of the epidemic, under the normalization of epidemic prevention and control, the consumption power is gradually stabilizing and warming up. At the same time, the catering industry shows active self-help efforts, accelerating digital transformation, accelerating the integration of offline and online business, vigorously promoting online ordering system, optimizing the content and items of online take-out service, expanding the application scenario of take-out meals, expanding the sales field through live streaming of goods on online and e-commerce platforms, promoting finished products and pre-prepared dishes, etc. The development of the catering industry is moving towards diversification of items and channels, which injects strong momentum for the revenue growth of the whole industry.

The great business opportunities brought by the rise of the tea and beverage industry, as well as the relatively low threshold for starting a business and other factors, leading to a highly competitive situation. With the continuous emergence of new brands and more operators into the tea and beverage industry, the market has been cut and divided more intensely. Taiwan and mainland Tier 1 and 2 cities, hand-shaken tea shops have become almost saturated. In Taiwan, the chain brands with the most tea shops currently include CoCo Fresh Tea & Juice, 50 Lan, Ching Shin Fu Chuan, Yi Fang Fruit Tea, Kebuke Tea, DaYungs's tea, etc. In mainland China, tea shops can be divided by price range. Currently, Happy Lemon belongs to the middle and low-end market, competing with brands such as Mixue Bingcheng, CoCo Fresh Tea & Juice, Alittle Tea (known as 50 Lan in Taiwan), Auntea Jenny, Shuyi Tealicious, JiDong Tea, Sexy Tea, Chabaidao, and Good me, among others. In the past two years, the tea and beverage industry has clearly experienced a reshuffle phenomenon. Large catering chain brands with resource advantages have moved

faster through the expansion of agents, franchisees, and joint venture models to grab market shares, and the living space of small chain brands and independent stores has been gradually compressed.

Facing the major cities of Taiwan and the mainland, the tea and beverage market has become a competitive situation in the Red Sea, and the development of the tea and beverage industry into a sunken market and overseas areas has become a necessary measure. The company has been operating for many years in mainland China in the mode of direct operation, agency and franchising, and has deeply grasped the market trend. In the face of the changing trend of entrepreneurship in the tea and beverages industry such as younger franchisees, simpler investment, and lighter investment costs, the company has continued to optimize and adjust its agency and franchising policies. The company also has upgraded its brand to create a more vivid, fashionable and young image in order to attract more entrepreneurs to join as partners and increase the brand's market share in mainland China. In the overseas region, the Group carried out the regional strategic layout through joint ventures, alliances and agencies to expand cooperation with partners with local development advantages in order to seize a favorable competitive position, and set up a branch office directly in the United States to gain a foothold in the North American market with localized operation of talents. The Group has clearly adopted the two engines of mainland China and overseas to achieve the goal of brand globalization.

(III) Technology and R&D Overview

1. Overview of Technology Level and R&D in Our Businesses

In 2023, there are two main aspects: upgrading of raw materials and visible focus on health. Health is always a trump card for tea drinks. The pursuit of authenticity and freshness, along with transparent formula ingredients and nutritional components, allows the expression of drink health to transcend self-perception in promotional dimensions.

In product development, the emphasis is on freshness and authenticity. Fruits talk about their place of origin and the season. Small ingredients such as taro paste and grains should also be consumed according to the season. On the dairy front, there is even more emphasis on the increase of new dairy products, highlighting the source of milk and the protein content. Familiar classic products have also introduced a 'real milk version' and offer the option to 'switch to fresh milk' in some classic products. The calorie content and ingredient information of beverages, which consumers are increasingly concerned about, are also labeled publicly.

In the post-pandemic era, the olfactory economy has emerged, and the healing power of fragrance is gradually becoming evident. Consumers increasingly rely on seeking fragrance to bring tranquility, memories, and a sense of security. The overall market acceptance of tea with diverse aromas is significant, as indicated by positive product feedback. This confirms that consumers are pursuing aromas and reflects an

increasing demand for aesthetic appeal in new tea products. Consumers are now choosing products that offer both social benefits and delicious taste.

On one hand, the brand clearly defines its basic series and classic products, pushing market prices down to reach consumers. At the same time, it strategically and rhythmically introduces high-value products to shape brand influence. Higher quality and updated form are both emphasized. The product boundaries are further blurred, with a concise and diverse combination, increasing the expansion of the new series, becoming the brand's choice.

2. R&D Expenses Invested in the Most Recent Year up to the Publication Date of this Annual Report

Unit: NT\$ thousands; %

Item \ Year	2023	As of March 31, 2024
R&D Expenses (A)	11,642	1,489
Net Operating Revenue (B)	744,754	129,327
Percentage of R&D Expenses in Terms of Net Operating Revenue (A)/(B)	1.56%	1.15%

3. Technologies or Products Successfully Developed in the Most Recent Year up to the Publication Date of this Annual Report

Year	Brand	Product Category	Successfully Developed Technology or Product
2023	Happy Lemon	Beverages	(Mainland China) Golden Osmanthus Rice-Infused Bursting Lemon Tea, Golden Osmanthus Rice-Infused Matcha Balls Milk Green Tea, Golden Osmanthus Rice-Infused Large Three Balls, Fragrant Double Lemon Jasmine Tea, Fragrant Double Lemon Orchid Tea, Super Concentrated Hand-Pressed Lemon Honey, King Explosion Kumquat Lemon, Winter Melon Lemon Honey, Orchid Fragrance Fruit Tea, Pomelo Jasmine Fruit Tea, Cheese Mango Lao, Jasmine Three Steeps (Tea Upgrade), Hand-Fried Brown Sugar Pearl Milk Tea, Hand-Fried Brown Sugar Pearl Milk Tea, Hand-Fried Brown Sugar Pearl Milk Tea, Hand-Mashed Taro Milk Tea, King Explosion Grapefruit, King Explosion Green Plum, Deep Roasted Flowing Sand Taro Paste, Deep Roasted Fresh Orange Light Milk, Deep Roasted Black Ball Pearl, Lemon Yellow Green Fragrance, Sugarcane Thai Green Lemon, Jasmine Little Green Lemon, Orchid Little Fragrant Lemon, Peach Pomelo Tea, Lemon Dada Bubble, Peach Bubble, Jade Sunshine Bubble, Fresh Coconut Pearl Wheat Milkshake, Strawberry Wheat Fruit Shake, Mango Wheat Fruit Shake, Passion Fruit Pineapple Fruit Bucket, Mango Passion Fruit Fruit Bucket, Peach Oolong Fruit Bucket, Hand-Pressed Duck Shit Fragrant Lemon Bucket, Honey Lemon C, Duck Shit Fragrant Cold Brew Tea, Orchid Oolong Cold Brew Tea, Pink Love Lemon, Pink Lemon Bubble, Pink Lemon Fruit Bucket, Qingti Bursting Lemon Tea, Watermelon Bursting Lemon Tea, Mango

Year	Brand	Product Category	Successfully Developed Technology or Product
			<p>Yogurt, Pink Lemon Double Ice Slush, Pink Lemon Frozen Pear, Pink Lemon Apple Fruit Shake, Pink Lemon Bobo, Pink Lemon Pineapple Bubble, Peanut Wheat Snowflake Ice, Mango Wheat Snowflake Ice, Yunding Jade Dew, Duck Shit Fragrant Light Milk Tea, Orchid Light Milk Tea, Taro Wheat Jade Dew, Lemon Good Little Apricot Luck, Apricot Orange Double, Lemon Good Buddha, Buddha Fruit Bucket, Lemon Basque Cake Milk Tea, Basque Cake Cocoa, Basque Cake Strawberry, Happy Milk Tea Bucket, Oreo Ice Cream Milk Tea, Lemon Sugarcane Juice, Freshly Squeezed Orange Juice, Freshly Squeezed Apple Juice, Taro Ball Milk Tea, Oreo Cookie Milk Tea, Cake Cream Pearl Milk Tea, Pearl Milk Tea, Grand Slam Pearl Milk Tea, Red Bean Pudding Milk Tea, Pearl Milk Tea, Cocoa Milk,</p> <p>(Taiwan): Matcha Taro Latte, 1930 Jiangzaki Milk Tea, Double Concentrated Taro Bubble Milk, Rock Salt Cheese Cocoa, Rock Salt Cheese Matcha, (Q3) Frozen Lemon Green Phoenix, Frozen Lemon Red Salt Lychee, Salty Lemon Seven, Salty Lemon Honey Four Seasons Spring, Noodle Tea Cake Roasted Milk Tea, Noodle Tea Cake Fresh Milk, Pineapple Pastry Milk Tea, Oatly Milk Wine, QQ Pineapple Lemon Snow Ice, Light Reduced Sugar Yakult Lemon Snow Ice, Grapefruit Lemon Snow Ice, Powdered Lemon, Powdered Yakult Strawberry Spring Tea, Lime Strawberry, Strawberry Bin Fen Dream, Pineapple Pastry Milk Tea, Mango Lemon Snow Ice, Hi-Sang Mango Matcha, Super Yangzhi Ganlu, Pomelo Green Tea, Golden Oolong Tea King, Golden Oolong Tea King Milk Tea, Berry Good Times, Good Vinegar Mi, Fruit Lemon Tea, Perilla Lemon, Peach Fruit Tea, American Coffee, American Coffee Soda, Sicilian Coffee, Tea Coffee (Honey Brown Sugar), Coffee Latte/Caramel, Cocoa Milk, Strawberry Milk, Charlotte Black Tea Soda Drink, Golden Wheat Honey Green Tea Soda Drink, Powdered Happy Lemon Honey, Half-Baked Cake Pearl Milk Tea, Mango Avocado, Yogurt Avocado, Strawberry Avocado, Lychee Avocado</p> <p>(Overseas): Strawberry Spring Tea, Lime Strawberry, Strawberry Beach Powder Dream, Freshly Made Super Thick Taro Coconut Milk, Freshly Made Taro Red Bean Coconut Milk, Taro Pearl Milk Tea, King-Sized Fresh Orange Fruit Tea, Cinnamon Roll Roasted Milk Tea, Strawberry Cake Frappe, Taro Pearl Frappe, Mango Frappe, Peach Green Tea, Peach Black Tea, Peach Spring Frappe, Rock Salt Peach Green Tea (Black Tea), Rock Salt Cheese Roasted Tea, Tipsy Pineapple Milk Liquor, Tipsy Strawberry Milk Liquor, Tipsy Lemon Milk Liquor, Blue Sky White Clouds (Avocado + Coconut Milk), Avocado Strawberry Smoothie, Avocado Mango Smoothie, Ice Cream (Matcha, Cocoa, Mango, Milk Tea, Taro, Earl Grey, Honey Lemon)</p>

Year	Brand	Product Category	Successfully Developed Technology or Product
		Snacks	Happy Caramel Eggette, Rich Cocoa Eggette, Skewered Eggette (Original, Nutty, Meat Floss, Sesame), Matcha Eggette (Overseas) Fried Food: Sweet and Spicy/ Purple Sweet Potato Balls
2023	Tea Opal (Self-managed brand)	Beverages	New Menu: (Pure Flavor Crafted Tea) Jin Xuan Twelve, Mo Lu San Sheng, Qi Lan Hua Yang, Si Ji Chun Xiang (Light Milk Tea Au Lait) Jin Xuan Milk Fragrance, Jasmine Jade Dew, Qi Lan Light Milk, Orchid Fragrance Pineapple Coconut (Naturally Sweet Fruits and Flowers) Nongyun kumquat, Jincan pineapple, Yangguang grape, July peach, Fruit medley, Chiyu pomegranate. (Cheese Milk Cap Tea Series) Cheese Maojian Green Tea, Cheese Jin Xuan Oolong, Cheese Red Water Oolong, Cheese Xiaoye Black Tea
		Desserts and Snacks	Jasmine's small square bun, tender meat floss and egg small square bun, sausage and egg small square bun, milk tea small square bun, peanut small square bun, chocolate small square bun, thick and creamy small square bun.

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

Our main brand, “Happy Lemon”, has gained considerable popularity in global markets, having expanded to over 20 countries and 200 cities. Currently, it is a well-known brand in the Western US market, with impressive performance. In addition to continuing to deepen the steady development of the existing market, the Company has prepared various development plans in response to the future trend of the industry and the overall economic environment. We clarify the future direction of the Company’s business and related strategies in order to consolidate the brand’s competitive strength and continue to seek opportunities to expand the business territory both domestically and internationally. The following is a description of the Company’s short-term and medium- to long-term business development plans.

1. Short-term development plan

- (1) Strengthen our presence in the US market by expanding from the western to the eastern regions.
- (2) Expand into new overseas markets, replicating the successful business model we have established in the United States.
- (3) Brand power equals competitive power, achieved through sustained brand marketing efforts and resource allocation.
- (4) Enhance the capabilities of our international development team, and participating in overseas exhibitions for expansion.
- (5) Strengthen our global supply chain platform and prioritize logistics efficiency to ensure success in global expansion.

- (6) Improve digital management capabilities, with a focus on franchisee management, membership operations, and repurchasing.
 - (7) Improve the overall operational performance of the Group to achieve maximum ROE.
2. Mid- and long-term development plan
- (1) Twin engines drive global expansion of brands
With the vision of “building the best entrepreneurial platform tea and beverages in the world”, we have clearly planned the store development goals and strategies for the next 3-5 years in the global market. And through the support and joint efforts of all departments of the Group, we are working on various levels such as organization adjustment, system upgrade, process optimization, talent cultivation and procurement system to build the most suitable management model for brand operation and development of agency and franchise operations, so as to achieve a win-win situation for the Group headquarters, franchise partners and the supply chain.
 - (2) Reshape the business model in response to the digital restaurant era
Facing the Internet era of the tea and beverage industry, we accelerate the construction and upgrade of the Group’s digital system through strategic cooperation. We are moving towards innovation in thinking, service innovation, business innovation, technology innovation and management innovation. In response to the introduction of intelligent systems, we also transform the Group’s organizational structure, upgrade the knowledge of talents and promote the development strategy of a new business model.
 - (3) Grasp the development trend of the global tea and beverage industry and strengthen the ability to respond
In the face of the fast-changing nature of the tea and beverages industry, we pay close attention to and grasp the changing trends in the global tea and beverages market in terms of products, market operations, and customer preferences, and maintain a high degree of flexibility to make quick adjustments in response.
 - (4) Clarify brand positioning and create value for customers
Continuing the brand upgrade, we will continue to link with the younger generation with a brighter and more active image on various levels, including menu, store type, and marketing activities. User experience is the key to sustainable customer recognition. Through the introduction of the online inspection system, the Group can strengthen data and process management, and focus more on improving QSC service levels at our stores, and develop products that are more distinctive, topical, and visually appealing, making them a social currency for young generations. We will also emphasize brand positioning and expand IP utilization through various means such as packaging design, cross-industry collaborations, peripheral merchandise, etc. We will utilize multiple platforms including product packaging, in-store displays, social

media, and membership systems to convey the brand's value to customers and deepen their memory of our brand, setting ourselves apart from competitors and ultimately converting impressions into actual purchasing behaviors.

(5) Digitization empowerment drives the continuous development of the supply chain

The company has long attached importance to the development of the supply chain and have been actively promoting the deployment of global supply chain. In the Group's digital construction planning, the supply chain is an important part. Through the calculation of data, we can predict the usage of materials, and can interactively apply parameters such as production and manufacturing, delivery time, and warranty period to make a more reasonable prediction of demand for procurement, and integrate important information such as suppliers' data and contracts to make a better supplier management system. The Company will continue to promote the intelligent process of supply chain to integrate the development and management of upstream and downstream of the supply chain, as an important reliance on the expansion of brand globalization.

(6) Talent Development, Human Resource Transformation

In response to the transition of the market and the digital transformation of the tea and beverage industry, the content of talent training was adjusted accordingly. Through the upgrading and optimization of the structure and teaching materials, the working mode of the headquarters staff, operation management, franchisees and store employees was reshaped, so that the quality of talent transformation is carried out in line with the changes of corporate development. Meanwhile, we continue to bring talents with overseas management experience into the team to strengthen the competitiveness of the brand's global development.

(V) Diversification Expansion Plan

The introduction of intelligent equipment by the brand has effectively reduced labor costs, stabilized product quality, and improved store efficiency. Through the functionality of smart devices, automated output can be provided, thereby extending to various scenarios applicable to venues such as sports arenas, banks, internet cafes, massage parlors, hot pot restaurants, barbecue restaurants, and other international collaboration locations. Additionally, through automated intelligent devices, training time and costs can be reduced, effectively achieving the goal of increasing efficiency and reducing costs. Starting from the end of 2023, the brand will initiate the update and expansion of smart devices, allowing the tea beverage brand to have more diversified development directions.

II. Market, Production and Sales Overview

(I) Market Analysis

1. Sales Regions for Main Products

Unit: NT\$ thousands; %

Region	2022		2023	
	Amount of Sales	Percentage	Amount of Sales	Percentage
Taiwan, Hong Kong, and Mainland China	432,039	53.93%	327,009	43.91%
Other regions in Asia	41,323	5.16%	34,490	4.63%
Australia	2,040	0.25%	6,566	0.88%
America	307,193	38.35%	359,711	48.30%
Europe	18,534	2.31%	16,978	2.28%
Total	801,129	100.00%	744,754	100.00%

2. Supply and Demand in the Market and Growth in the Future

Hand-shaken tea is one of the most in-demand items. With the rebound of the catering industry and the rise of the consumption power of the Z generation in the catering market, the tea and beverages industry still has huge room for development in the world.

In view of the development trend of the world's two largest food and beverage markets, as the epidemic is regarded as normalized and countries have a tendency to gradually relax border controls. It is predicted that residents of countries around the world will gradually return to their pre-epidemic lifestyle. And the food and beverage industry will also resume normal operations under the ease of restrictions. At a time when the restaurant industry is recovering, and in the face of the external environment that has led the catering market to accelerate changes and reshape its business model over the past three years, our company, with more than 20 years of experience in the restaurant industry, will continue to strengthen our brand power and grasp the trend of fashion, innovation, diversification and healthiness in product development. The operation management focuses on improving QSC and enhancing comprehensive satisfaction through creating an enjoyable experience for customers. We will focus on developing both offline and online channels, accelerating the Group's digitalization efforts, and utilizing data-driven insights to enhance our competitive edge. Our global development strategy is clear and concise, allowing us to fill gaps in potential markets and systematically expand our brand on a global scale.

3. Competitive Niche

(1) Operate with care to gain recognition

The Company has long developed its franchise business in the global market, and has always attached importance to the operation and development of all agent franchisees and joint venture partners of the brand. It has continued to provide support in store operations, QSC management, menu planning and new product development, staff training, operating systems, supply chain

procurement and delivery, etc.. And the Company has continuously improved and strengthened the headquarters team and system capabilities to become the strongest support for all business partners. Therefore, in the tea and beverage industry, where franchise business is the main business model in general, our efforts have been recognized by official and unofficial institutions many times. For example, Happy Lemon was the only tea and beverage chain brand in the leisure beverage industry to achieve this honor in the 2020 list of China's Top 100 Franchise Enterprises announced by the China Chain Store Association (CCFA); it was awarded the "Chain Industry Influential Brand" for 2020-2021 by the Shanghai Chain Store Association; and it was awarded the "Digital Transformation Innovation Award" by the China Digital Innovation Conference in 2021. Over the years, the recognition from outside parties has also demonstrated the Group's persistence and dedication in "building the best global entrepreneurial platform", which will continue to enable the brand to expand at a steady pace in the global food and beverage market.

(2) Product Development Capability

Our R&D department has rich experience in R&D in the tea and beverages industry and has been recognized by the outside world in terms of R&D capability. We are often invited to be the judge of various tea and beverage competitions in mainland China, and our R&D team partners have also participated in many external competitions and achieved good results. By continuously absorbing new product knowledge and keeping abreast of trends, we have also developed a high level of innovation. In the process of obtaining raw materials, our company has also set up a strict procurement and quality control mechanism to ensure that our products are delicious and at the same time healthy and safe for consumers to drink. In recent years, in the process of product development, we have been experimenting with new equipment and techniques, such as the hand-made tea brewing tower, hand-made tea strainer, and iced brick tea making technique for Tea Opal, etc. Three innovative tea making equipment and techniques have taken the hand-shaken tea making technique to a higher level. In the future, we will continue to optimize the operation of tea making and ingredients, so as to simplify the operation procedures and standardize the process, reduce the complexity of employee operations, and improve the stability of products.

(3) The Shift towards Digitalization and Digital Intelligence in Management

Since 2013, the Company has built an online membership system, accumulating a large amount of user and sales data, and bringing more advanced technology in the face of the Internet. At present, through the establishment of the data center, the Company has opened up multiple operating systems of POS, membership system, delivery, ERP, BI and other enterprises to gradually realize data cleaning. After that, the data between different systems can be used as an

important support basis for product development, marketing and consumption activities, and management decisions.

4. Favorable and Unfavorable Factors Affecting Development Prospects and Related Response Measures

(1) Favorable Factors

1) Strong demand for tea and beverages as consumption in global market recovers

The general optimistic expectation is that with the normalization of the epidemic, global economic activities should gradually recover. People's demand for daily meals will also revive. Beverages have been the mainstream market consumption group Generation Y, and Generation Z highly dependent on the category. Under the strong support of global market demand, the Companies continue to adjust product flavor and price to meet the regionalized demand to obtain greater room for development.

2) Mainland China continues to promote the recovery of the catering industry with policies

As the online takeaway business accounts for an increasing proportion of the revenue of the tea and beverages industry in mainland China, it has become a trend for consumers to rely heavily on online channels to order tea and beverages. However, the high commission amount of the takeaway platform has caused the erosion of the takeaway profits of restaurants, and even the situation of selling and losing orders. In 2022, the National Development and Reform Commission and other departments in mainland China proposed a relevant discussion on "guiding take-out and other Internet platform enterprises to further reduce the service fee standards of merchants in the catering industry and lowering the operating costs of relevant catering enterprises". If government announce this policy, and implemented, it should reduce the cost of takeaway operations for the catering industry and facilitate the sustainable development of takeaway business.

3) The brand's global layout is clear

Since 2010, our Happy Lemon brand has extended its operations overseas. After more than a decade of operation, we have built a strong brand and competitiveness, expanded into over 20 countries and 200 cities, and become a strong indicator brand in the Western US market.

4) Focus on QSC and food safety management

Our internal quality control department and quality inspection office are set up to monitor and manage the ingredients and raw materials used by all of our brands as well as the operational compliance at our stores on a long-term basis, with the aim of safeguarding our customers' food safety. In addition, in order to improve the performance of QSC management, we

will also complete the construction of the online inspection system in 2022, insisting on the core of creating value and satisfaction for customers in the process of brand development without forgetting the original intention.

5) The Group is actively promoting digitalization efforts

In recent years, the Company has been actively promoting system upgrade and construction, and strengthening the use of data management, in order to gradually realize the analysis of customer consumption behavior. Through the digital system and the interactive use of sales data the Company knows customer needs and predicts the direction of the brand's future new product development and marketing campaign design. The Company also extend the development needs of the supply chain to improve the Group's operational management efficiency and effective management of expenses.

(2) Unfavorable Factors and Specific Response Measures

1) The tea and beverage industry faces fierce competition and high substitutability

The low threshold of entry into the tea and beverage industry, product manufacturing techniques and recipes have long been no secret. Whether in terms of products or marketing activities, as long as there are popular models or new ideas launched, those will be quickly copied, imitated, consumers because of the homogeneity of the choice of too much, no excessive loyalty to the brand.

Response Measures:

In addition to the R&D and marketing departments, the Company continues to bring in young generations of partners, so as to generate new ideas in the content of product R&D and marketing activities. Through the transformation of CRM system, the Company greatly improves the communication function of brand membership activities, and vigorously promotes the construction of private domain traffic. It directs customers from the public domain to the private domain, and improves the adhesion and repurchase rate with members through high-frequency activities, more attractive content, and promotional interactions of brand new products, and generates more traffic attraction effects through incentive offers. Meanwhile, we will expand the use of brand IP and cross-border cooperation and other channels to strengthen consumers' impressions and perceptions of the brand, so as to make a distinction from competitors.

2) Consumers focus on product innovation and quality

The tea beverage industry introduces new products at an extremely fast pace, with the hand-shaken tea sector launching nearly 3,000 new products within one year. Furthermore, there is a continuous introduction of new ingredients and materials being used in these products. The high frequency

and speed of new tea brands not only exacerbate competition, but also drive consumers to follow the trend of new products. But at the same time, there is also a certain proportion of customers, maintaining the consumption habits of specific items. However, regardless of whether it is a new product or an existing item, the customers' requirements for quality and flavor are the same.

Response Measures:

By participating in external exhibitions and strengthening market research, we assist the brand's internal marketing and quality control departments in formulating menu strategies and product development directions, grasping trends and consumer preferences in all aspects of product presentation (e.g., low calorie, health trends.) We also focus on the product manufacturing process and move toward simplification of operation, simplification of process, and refinement of workmanship. To strengthen the linkage with the market demand, and also to de-complicate the standard process for the employees to maintain the high quality and stable performance of the products.

- 3) High turnover of personnel in the catering industry, talent training is not easy

Regardless of the advanced development of internet technology, some service segments of the people-oriented catering industry still need customers to feel the temperature that only people can provide. But the instability of personnel and the poor execution after training often cause the sales site to be unable to truly provide the service quality that satisfies customers.

Response Measures:

In order to deliver high quality services that exceed consumers' expectations, catering companies must continue to make adjustments to their training structure, training methods, and training materials in accordance with market technology upgrades and changes in the quality of personnel (the younger generation of employees has a different definition of service than in the past), and adjust their organizational management methods in response to the trend of a younger workforce and to understand the younger generation's pursuit of job fulfillment. And adjust organizational management methods to reduce staff turnover risks, and continuously provide the management talents and manpower required for the development of the Group.

- 4) Global inflation and lack of work in the catering industry and rising operating costs.

Due to the pandemic and global warming, the prices of ingredients and raw materials have been rising, and the rent of shops has continued to rise.

Moreover, the shortage of workers in the food and beverage service industry has become more serious. These conditions have put the operation of the catering industry under more and more pressure year by year.

Response Measures:

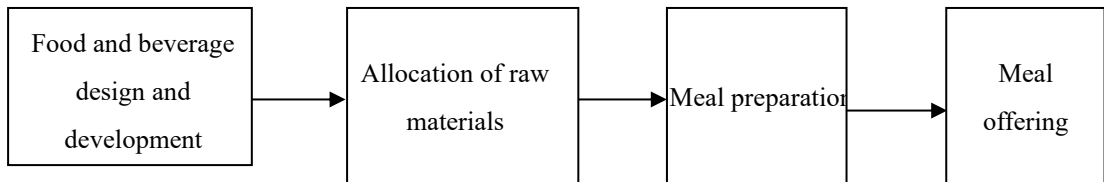
In the face of the trend of young and less well-funded entrepreneurs in the tea and beverages franchise market, the Company is actively promoting a lightweight entrepreneurial program, optimizing all aspects of store decoration, equipment and system procurement, and incentive policies to reduce the burden for existing franchise partners while attracting more new entrepreneurs to join. At the same time, in terms of raw material procurement, we expanded the search for more alternative suppliers to spread procurement risks, and actively promoted the digitalization of the supply chains to predict orders with intelligent procurement systems and reduce waste losses. Meanwhile, for the adjustment of the business model of tea and beverage business, through the calculation of financial statements, we continue to assist operation managers to grasp the opportunity of store revenue creation and reasonable cost control.

(II) Important Uses and Production Process of Main Products

1. Important Uses of Products

The Company’s main products focus on meeting people’s dietary needs.

2. Production Process of Products



(III) Supply of Raw Materials

Main Raw Materials	Main Supplier	Brand Supplied to	Supply Status
Tea leaf	Fujian Qinxin, Shanghai Maodeng	Happy Lemon/Tea Opal	Good and stable
Fruit juice and fruit jam	Fresh, new, and friendly	Happy Lemon/Tea Opal	Good and stable
Powder	Zhucheng Dongxiao, Kai Airui	Happy Lemon/Tea Opal	Good and stable
Ready-to-eat foods	Aoli Tea	RBT	Good and stable
Packaging materials	Taizhou Hairong, Tianjin Zhengjin, Tianjin Xinxuan	Happy Lemon, Tea Opal, Hippo Bobatea, and RBT	Good and stable

(IV) Explanation on Major Changes in Gross Profit Margin for Main Product Categories or Departments in the Two Most Recent Years:

1. Comparative Analysis of Changes in Gross Profit Margin in the Two Most Recent

Years:

Unit: NT\$ thousands

Item \ Year	2022	2023	Percentage of Change
Operating Revenue	801,129	744,754	-7.04%
Gross Profit	324,791	389,459	19.91%
Gross Profit Margin	40.54%	52.29%	28.99%

2. Explanation of the change in gross profit margin of over 20%: It is mainly due to the sale of food raw materials overseas by our subsidiary, RBT Resources Ltd. Taiwan Branch. In 2022, due to the impact of the pandemic, there was a congestion of containers in the United States, resulting in increased shipping costs. Starting from June 2022, the overseas selling price was adjusted upwards, and the main trading currency was mostly in US dollars. Therefore, the appreciation of the US dollar led to a higher gross profit margin in this period. Due to the lifting of quarantine measures and the full reopening of the border in mainland China since January 2023, the economy has gradually recovered. As a result, franchise stores are operating normally, leading to an increase in franchise revenue and a corresponding increase in gross profit margin.

(V) List of Main Customers Involved in the Purchase and Sales of Goods

1. Name of Manufacturers Accounting for 10 percent or more of the Company's Total Purchase of Goods in the Two Most Recent Years, Amount and Percentage of Purchase of Goods Made, and Reasons for Increase or Decrease in These Figures
There have been no significant changes in the Company's main manufacturers in the two most recent years.

Unit: NT\$ thousands; %

Item	2022				2023				2024 up to the previous quarter			
	Title	Amount	Percentage of Purchase of Goods in Terms of Net Purchase of Goods for the Entire Year (%)	Relationship with the Issuer	Title	Amount	Percentage of Purchase of Goods in Terms of Net Purchase of Goods for the Entire Year (%)	Relationship with the Issuer	Title	Amount	Percentage of Purchase of Goods in Terms of Net Purchase of Goods for the Current Year up to the Previous Quarter (%)	Relationship with the Issuer
1	A Corporation (Note)	35,006	10.58%	None	A Corporation	41,315	11.63%	None	A Corporation	9,573	16.82%	None
	Others	295,938	89.42%		Others	313,980	88.37%		Others	47,352	83.18%	
	Net Purchase of Goods	330,944	100.00%		Net Purchase of Goods	355,295	100.00%		Net Purchase of Goods	56,925	100.00%	

Note: Due to business confidentiality considerations, the name of the supplier will not be disclosed.

2. The names of customers who have accounted for more than 10% of total sales in any of the last two years and the amount and percentage of sales, together with the reasons for the increase or decrease:

The company does not have any customers that account for more than 10% of the total sales in 2021, 2022, and the first quarter of 2024.

(VI) Production Volume and Value in the Two Most Recent Years

The Company mainly runs chain food and beverage brands whose production process only involves simple mixing and processing, and does not belong to the manufacturing industry. Hence, this section is not applicable.

(VII) Sales Volume and Value in the Two Most Recent Years

Unit: NT\$ thousands

Sales Volume and Value	Year	2022				2023			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main Products									
Agent and Franchise		—	425,682	—	88,431	—	366,202	—	132,421
Company-operated Stores		—	287,016	—		—	246,131	—	
Total		—	712,698	—	88,431	—	612,333	—	132,421

Reasons for Increase/Decrease: In 2023, the sales value decreased compared to 2022, mainly due to the impact of the Covid-19 pandemic in 2022. The beverage market in mainland China continues to remain sluggish. Only sales values are shown due to our ever-changing product mix, different and frequently changing product specifications, highly different units of measurements for our products, and the absence of basis for comparing our products.

III. Number of Employees in the Two Most Recent Years up to the Publication Date of this Annual Report

Unit: persons

Year		2022	2023	As of March 31, 2024
Number of Employees	Managers	9	8	9
	General Employees	152	135	129
	Production Line Staff	180	109	102
	Total	341	252	240
Average Age (years old)		30.86	36.61	37.31
Average Years of Service (years)		3.16	4.76	4.7
Distribution by Education Background (%)	PhD degree	0.59%	0.79%	0.00%
	Master's degree	2.93%	4.37%	2.03%
	College (including Bachelor's degree)	60.70%	55.95%	62.16%
	High school	28.74%	33.75%	27.03%
	Below high school	7.04%	5.16%	8.78%

IV. Environmental Protection Expenditure

- (I) Where, in accordance with the law, a permit for the establishment of a pollution control facility or a permit for pollutant emission is required, or a pollution control fee needs to be paid, or a dedicated environmental protection unit needs to be set up and related personnel need to be appointed, the application and payment for such permits or the establishment of such unit and the appointment of such personnel shall be explained: These items have been handled in accordance with the relevant regulations.
- (II) Investment in main equipment for pollution control, uses of these equipment and their possible benefits: None.
- (III) Improvements on environmental pollution made by the Company in the most recent year up to the publication date of this annual report; where disputes arise from pollution incidents, the process of handling such disputes shall be explained: The Company did not encounter any environmental pollution incident.
- (IV) Total amount of losses (including compensation) and punishments suffered by the Company due to environmental pollution in the most recent year up to the publication date of this annual report, as well as response measures (including improvement measures) and possible expenditures in the future (including the total amount of losses, punishments, and compensation that may arise if response measures are not taken; if these amounts cannot be estimated reasonably, the facts that they cannot be estimated reasonably shall be explained):
1. Losses and punishment due to environmental pollution the most recent year: None.
 2. Response measures and possible expenditures in the future: Not applicable.
- (V) Effects of current pollution status and improvements on the Company's earnings, competitive position, and capital expenditure, and expected major environmental protection expenditures in the next two years: None.

V. Labor Relations

(I) The Company's various employee welfare measures, continuing education and training, retirement system, and their implementation, as well as labor-management agreements and various measures for safeguarding employee rights and interests:

1. Employee welfare measures, continuing education and training, and their implementation

The Company attaches great importance to talents and is people-oriented. Therefore, as part of employee benefits, we provide a good working environment and launches various employee welfare measures, including women-friendly workplace, emergency assistance, gifts during the Lunar New Year celebrations and company trip, rewards for outstanding employees, etc. In terms of training, the Company prepares the annual education and training plan that meets the Company's needs every year, as well as prepares a budget for education and training expenses to be used for employee training and enhancing their professional knowledge.

2. Retirement System and Implementation

The Company's subordinate companies in the R.O.C. have adopted the defined contribution pension plan in accordance with the Labor Standards Act. The Company contributes six percent of employees' monthly salary as pension every month and remit them to employees' personal retirement account. The Company's subsidiaries outside the R.O.C. have make pension contributions in accordance with local regulations. Companies in Mainland China mostly contribute between 12 percent and 22 percent of the basic amount in endowment insurance for employees.

3. Labor-management agreements and various measures for safeguarding employee rights and interests

The Company has established measures and regulations related to labor relations in accordance with the relevant laws and regulations. Moreover, the Company has always maintained a self-management and full participation management style, where each department manager and his/her subordinates would effectively communicate through regular business meetings and training. Therefore, the Company maintains good labor relations.

(II) Losses suffered by the Company due to labor disputes in the most recent year up to the publication date of this annual report, as well as estimated amount of current losses and those that may occur in the future and the relevant response measures; if these amounts cannot be estimated reasonably, the facts that they cannot be estimated reasonably shall be explained: None.

VI. Cyber Security Management:

(I) The company formulates an internal control system in accordance with relevant laws and regulations and the Company's operational needs, including: information system management operations, information security policy promotion operations, and information equipment maintenance and update operations. The Audit Office of the Company also regularly conducts inspections of various information operations. If any

deficiencies are found, the inspected units are immediately required to propose improvement plans and report to the Board of Directors, and the improvement results are regularly tracked to reduce the risk of internal information security.

1. Risk Management Framework: The management, audit, and information units integrate various security recommendations and formulate plans, which are then submitted to the general manager and chairman for assignment to dedicated personnel for implementation and execution.
2. Information Security Policy: Data Protection and Confidentiality, File and Record Management, Equipment Mobility Management, Hierarchical Authorization Control, Abnormal Information Reporting, to maintain the important assets and competitiveness of the company.
3. Specific Management Plan: For system architecture, network security, resource management, software and hardware license verification, and risk assessment, integrate and operate effectively in each unit.
4. Resource Allocation: The Information Department has assigned one supervisor and dedicated staff to collaborate with information security vendors for the ongoing maintenance of the overall information environment.

(II) There is no significant cyber security incidents in the most recent year and up to the publication date of the annual report.

VII. Important Contracts:

Nature of Contract	Contracting Party		Start and End Date of Contract	Major Content	Restrictive Clause
	Company	Contract Counterparty			
Purchase and Sales Contract	Shanghai Tai Quan Trading Co., Ltd.	Fresh Juice Co., Ltd.	2023/1/1-2024/12/31	Purchase and Sales Contract	None
Purchase and Sales Contract	Shanghai Tai Quan Trading Co., Ltd.	Taizhou Hairong Daily Necessities Co., Ltd.	2022/12/08-2023/12/31	Purchase and Sales Contract	None
Purchase and Sales Contract	Shanghai Tai Quan Trading Co., Ltd.	Tianjin Zheng Jin Environmental Protection Technology Co., Ltd.	2022/01/01-2023/12/31	Purchase and Sales Contract	None
Purchase and Sales Contract	Shanghai Tai Quan Trading Co., Ltd.	Xin Xuan Environmental Protection Technology (Tianjin) Co., Ltd.	2022/01/01-2023/12/31	Purchase and Sales Contract	None
Purchase and Sales Contract	Shanghai Tai Quan Trading Co., Ltd.	Dongxiao Biotechnology Co., Ltd.	2022/05/01-2023/12/31	Purchase and Sales Contract	None
Purchase and Sales Contract	Shanghai Tai Quan Trading Co., Ltd.	Fujian Qinxin Tea Co., Ltd.	2023/8/1-2023/12/31	Purchase and Sales Contract	None
Purchase and Sales Contract	Shanghai Tai Quan Trading Co., Ltd.	Shanghai Xincai Food Technology Co., Ltd.	2022/01/01-2023/12/31	Purchase and Sales Contract	None
Purchase and	Shanghai Tai Quan	Panke International	2023/1/1	Purchase	None

Nature of Contract	Contracting Party		Start and End Date of Contract	Major Content	Restrictive Clause
	Company	Contract Counterparty			
Sales Contract	Trading Co., Ltd.	Trading (Shanghai) Co., Ltd.	-2023/12/31	and Sales Contract	
Purchase and Sales Contract	Shanghai Tai Quan Trading Co., Ltd.	Xianyou Food (Hainan) Co., Ltd.	2023/1/1-2024/12/31	Purchase and Sales Contract	None
Purchase and Sales Contract	Shanghai Tai Quan Trading Co., Ltd.	Mao Deng Food & Beverage Management (Shanghai) Co., Ltd.	2022/01/01-2023/12/31	Purchase and Sales Contract	None
Purchase and Sales Contract	Shanghai Tai Quan Trading Co., Ltd.	Shuangya Plastic Products (Nanjing) Co., Ltd.	2022/12/01-2024/12/31	Purchase and Sales Contract	None
Purchase and Sales Contract	Shanghai Tai Quan Trading Co., Ltd.	Zhi Xi (Shanghai) Food Co., Ltd.	2022/8/1-2023/7/31	Purchase and Sales Contract	None

Chapter 6 Financial Overview

I. Condensed Financial Information for the Five Most Recent Years

(I) Condensed Balance Sheet and Statement of Comprehensive Income - International Financial Reporting Standards (IFRS)

1. Condensed Balance Sheet - IFRS

Unit: NT\$ thousands

Item	Year	Financial Information for the Five Most Recent Years					As of March 31, 2023
		2019	2020	2021	2022	2023	
Current assets		1,116,871	963,641	731,549	490,582	459,465	468,959
Property, plant and equipment		161,492	146,618	135,020	111,631	99,258	104,807
Intangible assets		7,486	32,929	30,796	31,614	37,047	37,322
Other assets		515,912	633,506	477,021	192,844	173,906	97,894
Total assets		1,801,761	1,776,694	1,374,386	826,671	769,676	708,982
Current liabilities	Before distribution	707,494	710,308	575,211	306,463	289,042	167,385
	After distribution	792,697	728,147	575,211	306,463	289,042	167,385
Non-current liabilities		368,490	377,892	280,011	258,998	255,507	147,369
Total liabilities	Before distribution	1,075,984	1,088,200	855,222	565,461	544,549	314,754
	After distribution	1,161,187	1,106,039	855,222	565,461	544,549	314,754
Equity attributable to owners of the parent company		711,641	654,510	499,163	244,365	169,095	348,025
Share capital	Before distribution	349,085	365,544	357,852	357,852	260,000	280,000
	After distribution	366,126	383,383	357,852	357,852	260,000	280,000
Capital surplus		234,600	235,183	215,838	187,517	113,368	149,368
Retained earnings	Before distribution	264,123	200,750	55,358	(197,636)	(110,177)	(14,628)
	After distribution	161,879	218,589	150,423	註	註	(14,628)
Other equity		(78,888)	(82,929)	(100,280)	(73,763)	(73,414)	(46,033)
Treasury stock		(52,279)	(64,037)	(29,605)	(29,605)	(20,682)	(20,682)
Non-controlling interests		14,136	33,984	20,001	16,845	56,032	46,203
Total equity	Before distribution	725,777	688,494	519,614	261,210	225,127	394,228
	After distribution	640,574	1,022,067	519,614	261,210	225,127	394,228

Source: Consolidated financial statements audited or attested by CPAs from 2018 to 2022 and in the first quarter of 2023

The 2023 loss reversal plan is pending approval by the shareholders' meeting.

2. Condensed Statement of Comprehensive Income - IFRS

Unit: NT\$ thousands (except for earnings per share which is expressed in NT\$)

Item \ Year	Financial Information for the Five Most Recent Years					As of March 31, 2023
	2019	2020	2021	2022	2023	
Operating Revenue	2,217,112	1,580,237	1,458,788	801,129	744,754	129,327
Gross Profit	1,146,295	791,962	681,603	324,791	389,459	72,402
Operating income	174,542	22,256	(113,358)	(217,604)	(62,115)	3,297
Non-operating revenue and expenses	(703)	35,829	18,363	(7,717)	(20,586)	94,767
Net income before tax	173,839	58,085	(94,995)	(225,321)	(82,701)	98,064
Net income from continuing operations	123,353	33,038	(96,760)	(284,511)	(95,073)	96,130
Net profit (loss) for the period	123,353	33,038	(96,760)	(284,511)	(95,073)	96,130
Other comprehensive income (net of tax)	(25,440)	(6,947)	(18,738)	27,245	(276)	11,971
Total comprehensive income	97,913	26,091	(115,498)	(257,266)	(95,349)	108,101
Net income attributable to owners of the parent company	129,368	38,871	(94,106)	(279,866)	(100,759)	95,549
Net profit attributable to non-controlling interest	(6,015)	(5,833)	(2,654)	(4,645)	5,686	581
Total comprehensive income attributable to owners of the parent	104,476	31,894	(112,156)	(253,349)	(100,410)	105,595
Total comprehensive income attributable to non-controlling interests	(6,563)	(5,803)	(3,342)	(3,917)	5,061	2,506
Earnings per share - basic (NT\$) (Note)	3.62	1.09	(2.65)	(11.34)	(4.06)	3.69
Earnings per share - diluted (NT\$) (Note)	3.61	1.09	(2.65)	(11.34)	(4.06)	3.69

Source: Consolidated financial statements audited or attested by CPAs from 2018 to 2022 and in the first quarter of 2023

Note: Capital increase by earnings is retroactively adjusted using earnings per share for the previous year.

(II) Name of CPAs and Their Audit Opinions for the Five Most Recent Years

Year	Accounting Firm	Name of CPA	Audit Opinion
2019	Deloitte Taiwan	Wu, Ker-Chang and Ian Huang	Unqualified opinion
2020	Deloitte Taiwan	Ian Huang and Wu, Ker-Chang	Unqualified opinion
2021	Deloitte Taiwan	Wu, Ker-Chang and Ian Huang	Unqualified opinion
2022	Deloitte Taiwan	Wu, Ker-Chang and Ian Huang	Unqualified opinion
2023	Deloitte Taiwan	Kent Chang and Ian Huang	Unqualified opinion

II. Financial Analysis for the Five Most Recent Years

(I) Financial Analysis - IFRS

Item		Year	Financial Analysis for the Five Most Recent Years					As of March 31, 2024
			2019	2020	2021	2022	2023	
Financial Structure (%)	Debt-to-asset ratio		59.71	61.24	62.22	68.40	70.75	44.39
	Proportion of long-term capital to property, plant, and equipment		470.87	523.90	369.70	302.96	325.94	445.90
Debt repayment Ability (%)	Current Ratio (%)		157.86	135.66	127.17	160.07	158.96	280.16
	Quick Ratio (%)		143.54	115.68	100.81	125.38	125.98	241.78
	Interest coverage ratio		9.58	4.22	(5.07)	(21.64)	(9.92)	63.02
Operating Ability	Receivables turnover rate (times)		48.88	37.85	51.32	28.13	20.60	14.52
	Average collection days		7.00	10.00	7.00	12.98	17.71	25.13
	Inventory turnover rate (times)		10.38	8.24	8.07	5.76	6.97	6.41
	Payables turnover rate (times)		8.39	7.42	9.79	6.29	7.21	7.26
	Average inventory turnover days		35.00	44.00	45.23	63.37	52.36	56.94
	Property, plant and equipment turnover (times)		12.82	10.25	10.35	6.50	7.06	5.07
	Total asset turnover rate (times)		1.39	0.88	0.92	0.74	0.93	0.70
Profitability	Return on assets (%)		8.69	2.60	(5.39)	(25.17)	(11.20)	13.16
	Return on equity		17.15	4.67	(16.02)	(72.92)	(39.10)	31.04
	Net income before income tax as a percentage of paid-in capital (%)		49.79	15.88	(26.54)	(62.96)	(31.81)	35.02
	Net income ratio (%)		5.56	2.09	(6.63)	(35.51)	(12.77)	74.33
	Earnings per share (NT\$)		3.62	1.09	(2.65)	(7.92)	(4.06)	3.69
Cash Flow	Cash flow ratio (%)		55.46	88.42	26.92	(21.64)	7.29	26.72
	Cash flow fair value ratio (%)		80.15	121.12	168.11	209.98	301.04	345.99
	Cash reinvestment ratio (%)		33.55	66.09	28.25	13.22	4.64	9.08
Leverage	Degree of operating leverage (DOL)		6.30	34.21	-	-	-	19.91
	Degree of financial leverage (DFL)		1.13	5.21	-	-	-	1.92

Reasons for changes in financial ratios for the last two years:

1. Interest Coverage Ratio: Significant Reduction in Losses Expected in 2023
2. Financial performance indicators (decreased accounts receivable turnover, increased average collection days, increased inventory turnover, increased total asset turnover) were mainly due to delayed payments from customers with longer credit terms and some franchisees. As a result, accounts receivable increased and appropriate provisions for bad debts were made after proper evaluation. In addition, the number of stores in mainland China has significantly decreased, and starting from January 2023, mainland China will no longer implement quarantine measures and will fully open its borders. The economy is gradually recovering, and store operations are normal. The company is actively reducing inventory and effectively managing stock, resulting in a decrease in inventory turnover days and an increase in turnover rate. As the revenue decreased significantly in 2023 compared to 2022, the asset turnover rate increased.
3. Profitability Indicator: Mainly due to a significant reduction in losses in 2023.
4. Cash flow indicators (increase in cash flow ratio, increase in adequate cash flow ratio, increase in cash reinvestment ratio) are mainly due to a significant decrease in losses in the fiscal year 2023, resulting in a change from negative to positive cash outflow from operating activities generated by overall operations compared to 2022.
5. The leverage of operations is mainly affected by the impact of the COVID-19 pandemic in mainland China, resulting in operational losses and overall operational losses.
6. The leverage of operations is mainly affected by the impact of the COVID-19 pandemic in mainland China, resulting in operational losses and overall operational losses.

Source: Consolidated financial statements audited by CPAs from 2019 to 2023 and consolidated financial statements reviewed by CPAs in the first quarter of 2024.

- Notes 1: Capital increase by earnings is retroactively adjusted using earnings per share for the previous year.
- Notes 2: As the company incurred net operating losses in 2021, 2022, and the first quarter of 2023, the ratio for this item will not be disclosed.
- Notes 3: The following lists the formulas used for performing the financial analysis:
1. Financial Structure
 - (1) Debt-to-asset ratio = Total liabilities/Total assets.
 - (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities)/Net value of property, plant, and equipment.
 2. Debt-Paying Ability
 - (1) Current ratio = Current assets/Current liabilities.
 - (2) Quick ratio = (Current assets – Inventory – Prepaid expense)/Current liabilities.
 - (3) Interest coverage ratio = Net income before income tax and interest expense/Current interest expense for the period.
 3. Operating Ability
 - (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
 - (2) Average collection days = 365/Receivables turnover ratio.
 - (3) Inventory turnover ratio = Cost of goods sold/Average inventory value.
 - (4) Payable turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of goods sold/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
 - (5) Average inventory turnover days = 365/Inventory turnover ratio.
 - (6) Property, plant and equipment (PP&E) turnover ratio = Net sales/Average value of PP&E.
 - (7) Total asset turnover rate = Net sales/Average total assets.
 4. Profitability
 - (1) Return on assets = [Net income after taxes + Interest expense (1– Tax rate)]/Average total assets.
 - (2) Return on equity = Net income after taxes/Average total equity.
 - (3) Net profit margin = Net income after taxes/Net sales.
 - (4) Earnings per share = (Net profit (loss) attributable to the owners of the parent company – Preferred dividends) / Weighted average number of shares outstanding.
 5. Cash Flow
 - (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities.
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the five most recent years/(Capital expenditure + Inventory increase + Cash dividend) for the most recent five years.
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities – Cash dividend)/(Gross value of PP&E + Long-term investments + Other non-current assets + Working capital).
 6. Leverage:
 - (1) Degree of operating leverage = (Net operating revenue - Change in operating costs and operating expenses)/Operating income.
 - (2) Degree of financial leverage = Operating income/(Operating income - Interest expenses).

III. Audit report of the Audit Committee on the most recent annual financial statements:

雅茗天地股份有限公司

Yummy Town (Cayman) Holdings Corporation

審計委員會審查報告書

董事會造具本公司西元二〇二三年年度營業報告書、合併財務報表及虧損撥補議案等，其中合併財務報表業經勤業眾信聯合會計師事務所張至誼會計師及黃毅民會計師查核完竣，並出具查核報告書。上述營業報告書、合併財務報表及虧損撥補議案經本審計委員會審查，認為尚無不合，爰依證券交易法十四條之四及公司法兩百一十九條出具報告，敬請 鑒核。

雅茗天地股份有限公司

Yummy Town (Cayman) Holdings Corporation

審計委員會召集人：杜啟堯



西 元 二 〇 二 四 年 三 月 十 五 日

- IV. Financial Statements for the Most Recent Year: Kindly refer to Page 138 to Page 218.
- V. Parent Company-Only Financial Statements Attested by CPAs in the Most Recent Year: Not applicable.
- VI. Financial Turnover-Related Difficulties Facing the Company and Its Affiliated Companies for the Most Recent Year up to the Publication Date of this Annual Report: None.

Chapter 7 Review and Analysis of Financial Status and Financial Performance and Related Risk Items

I. Comparative Analysis of Financial Status

Major Reasons and Impact of Any Material Change to the Company's Assets, Liabilities or Equity in the Two Most Recent Years

Unit: NT\$ thousands

Item	Year	2022	2023	Difference	
				Amount	%
Current assets		490,582	459,465	-31,117	-6.34%
Investment accounted for using equity method		10,642	6,414	-4,228	-39.73%
Property, plant and equipment		111,631	99,258	-12,373	-11.08%
Intangible assets		31,614	37,047	5,433	17.19%
Other assets		182,202	167,492	-8,296	-4.55%
Total assets		826,671	769,676	-56,995	-6.89%
Current liabilities		306,463	289,042	-17,421	-5.68%
Non-current liabilities		258,998	255,507	-3,491	-1.35%
Total liabilities		565,461	544,549	-20,912	-3.70%
Share capital		357,852	260,000	-97,852	-27.34%
Capital surplus		187,517	113,368	-74,149	-39.54%
Retained earnings		-197,636	-110,177	87,459	-44.25%
Other equity		-73,763	-73,414	349	-0.47%
Treasury stock		-29,605	-20,682	8,923	-30.14%
Non-controlling interests		16,845	56,032	39,187	232.63%
Total shareholder equity		261,210	225,127	-36,083	-13.81%

Explanation on material changes: (where the amount changes by at least 10 percent and accounts for at least one percent of the total asset for the year)

1. Real estate, factories, and equipment: The significant reduction in company-owned stores is mainly due to the impact of the epidemic, inflation, rising raw material costs, and increased rent in the mainland China region.
2. Capital: The decrease in capital and offsetting of losses in the amount of NT\$107,852,000 (10,785,000 shares) and the private placement cash increase of NT\$26,000,000 (1,000,000 shares) were carried out in 2023.
3. Capital Surplus: Mainly used to offset a loss of NT\$90,149 thousand and a private placement cash capital increase premium of NT\$16,000 thousand.
4. Retained Earnings: Mainly due to the reduction of capital to offset losses and the offset of losses from capital surplus, plus the losses incurred in the current period.
5. Treasury Stock: The decrease in treasury stock is due to the reduction in capital to offset losses in 2023.
6. Non-controlling interests: Mainly refers to the disposal of a 5% stake in a wholly-owned subsidiary to related parties, resulting in a decrease in ownership percentage to 95% and an increase in non-controlling interests.
7. Total Shareholders' Equity: Mainly due to continuous losses in 2023.

II. Comparative Analysis of Financial Performance

(I) Major Reasons and Impact of Any Material Change to the Company's Operating Revenue, Operating Profit, and Profit Before Tax in the Two Most Recent Years

Unit: NT\$ thousands

Item \ Year	2022	2023	Increase or Decrease	Change in percentage (%)
Operating Revenue	801,129	744,754	-56,375	-7.04%
Operating costs	476,338	355,295	-121,043	-25.41%
Gross Profit	324,791	389,459	64,668	19.91%
Operating expenses	542,395	451,574	-90,821	-16.74%
Operating profit (loss)	-217,604	-62,115	155,489	-71.46%
Non-operating revenue and expenses	-7,717	-20,586	-12,869	166.76%
Profit before tax (loss)	-225,321	-82,701	142,620	-63.30%
Income tax expense	-59,190	-12,372	46,818	-79.10%
Net profit after tax (loss)	-284,511	-95,073	189,438	-66.58%

Analysis of increase or decrease: (where the amount changes by at least 10 percent and accounts for at least one percent of the total asset for the year)

1. Operating costs:

The decrease in operating income is mainly due to the corresponding decrease in costs and the reduction in personnel costs for the mainland franchise business since the second half of 2022.

2. Gross Profit:

The main reason for the increase in gross profit margin in this period is the overseas franchisees of the food and beverage raw material sales have raised their overseas selling prices since June 2022, and the transaction currency is mostly in US dollars. The appreciation of the US dollar has resulted in a higher gross profit margin. In addition, the company has reduced the manpower cost of the franchise business by cutting franchise personnel, which has reduced costs and increased gross profit margin.

3. Operating expenses:

The main purpose of the company is to reposition and reorganize its operations, resulting in a significant reduction in the number of stores and a corresponding decrease in expenses.

4. Operating Loss:

The number of stores has significantly decreased, and there are no plans to open new stores. Starting from the second half of 2022, due to cost-cutting measures, the company has reduced personnel in the mainland China franchise business, resulting in a significant decrease in related costs and expenses.

5. Non-operating revenue and expenses

In the fiscal year 2022, the disposal of investment in affiliated company - Yongchun Cheng stock resulted in a recognized gain of NT\$53,660 thousand.

6. Income tax expense:

The continuous losses in the Mainland China region are not expected to be realized, therefore deferred income tax assets have not been recognized.

7. Net profit after tax (loss)

The number of stores has significantly decreased, and there are no plans to open new stores. Starting from the second half of 2022, due to cost-cutting measures, the company has reduced personnel in the mainland China franchise business, resulting in a significant decrease in related costs and expenses.

(II) Expected Sales Volume and Its Basis, Possible Impact to the Company's Financial Operations, and Related Response Plans:

The Company formulates annual sales targets based on our store expansion plan and by considering the current status and trends of products and past business performance, in order to make preparations for the growth of operations in the future.

III. Cash Flow:

(I) Analysis of Liquidity in the Two Most Recent Years

Unit: NT\$ thousands; %

Item \ Year	2022	2023	Difference	Increase and decrease percentage
Cash inflow (outflow) from operating activities	-66,255	21,073	87,328	-131.81%
Cash inflow (outflow) from investing activities	299,590	-50,988	-350,578	-117.02%
Cash outflow from financing activities	-278,773	-32,918	245,855	-88.19%
Remark	<p>(1) Business Activities: The main reason for the significant reduction in operating losses, resulting in an increase in cash from operating activities.</p> <p>(2) Investment Activities: In 2022, the company disposed of its investment in the affiliated enterprise, Yongchun Cheng Stock. There were no such transactions in 2023.</p> <p>(3) Financing activities: The decrease in short-term borrowings in 2022 and the reduction in the number of stores in 2023 resulted in a decrease in the repayment of lease liabilities principal.</p>			

(II) Improvement Plans for Inadequate Liquidity: The Company does not have inadequate liquidity. Hence, this section is not applicable.

(III) Analysis of Cash Liquidity in the Coming Year (2024)

Unit: NT\$ thousands

Cash balance at the beginning of the period (1)	Estimated full-year net cash flow from operating activities (2)	Projected for the whole year. Non-operating activities net Cash Flow (Inflow/Outflow) (3)	Remaining cash balance (1)+(2)+(3)	Remedial measures for cash shortage	
				Investment plan	Financing plan
254,623	61,356	16,576	332,555	0	0
Remark	<p>(1) Operating activities: Revenues and profits in North America will continue to grow this year, resulting in a net cash inflow from operating activities.</p> <p>(2) Investment Activities: This year, the investment in the decoration and equipment of new and existing company-owned stores is expected to be approximately 30,896 thousand NT dollars.</p> <p>(3) Fundraising Activity: In February of 2024, our company conducted a private placement cash increase of NT\$56,000,000.</p> <p>(4) Remedial measures for cash shortage: The company anticipates a net cash inflow from operating activities in the coming year, which should be sufficient to support the cash outflow from investing activities. Therefore, there is currently no risk of liquidity shortage.</p>				

IV. Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year:

The Company has no major capital expenditure whose amount exceeds five percent of its paid-in capital or NT\$100 million in the most recent year. However, in order to enhance the rights and interests of all shareholders and meet the Company's needs for medium- and long-term growth, the Company continues to actively open new stores. Other than our own funds arising from our continued profitability the Company has no plan to raise funds from financial institutions, and this has no significant impact on the Company's financial operations.

V. Reinvestment Policy and Main Reasons for Related Profit or Loss, Improvement Plan and Investment Plan for the Coming Year:

(I) Reinvestment policy

The Company's reinvestment policy has been developed to meet the development of the Group's operations. The Company's reinvested businesses are managed in accordance with the "Investment Cycle" in the internal control system and the "Procedures for Acquisition or Disposal of Assets". The regulations or procedures above have been discussed and approved by the Board of Directors or the shareholders' meeting.

(II) Major reasons for profit or loss from reinvestments and relevant improvement plans:

Except for those which are posting a loss because they are newly established or their operations are yet to reach a certain scale, the rest of the Company's reinvested companies are not profitable, and the Company has actively adjusted the operating model of these companies and made appropriate disposal so that each reinvestment is profitable.

(III) Investment plan for the coming year:

The Company will continue to expand its businesses, with Happy Lemon in Mainland China and overseas markets as the main focus, while concentrating on engaging in various investments or mergers and acquisitions with potential strategic partners in the same industry in accordance with the relevant laws and regulations.

VI. Risk Items:

(I) Risk Factors and Management Strategies

The Company's operating entities are located in Mainland China and Hong Kong. They mainly manage chain food and beverage brands and engage in sales of beverages, food and desserts and related services. The Cayman Islands only serves as the Group's place of registration, and the Group has no actual economic activities in this place.

The Company is committed to maintaining a complete risk management system and includes the entire organization of the Group and its subsidiaries in the scope of risk management, with the Board of Directors, managers at all levels, and employees participating in and promoting the implementation of risk management.

The Company's main risk factors and management policies and related responsible units are listed as follows:

Strategic operational risks: Each headquarter and subsidiary formulate pre-investment and operational plan and conduct risk assessment, as well as track and analyze operating performance every month.

Financial risk, liquidity risk, and credit risk: The Company formulates various strategies, procedures, and indicators according to changes in laws and regulations, policies, and markets; regularly analyzes and assesses changes in related risks; and takes the appropriate response measures, in order to minimize the overall potential risk of the Company.

Market risk: Each unit analyzes and assesses its possible impact on the Company according to its functions and responsibilities, important domestic and foreign policies, laws and regulations, and technological changes, as well as takes the appropriate response measures to minimize potential business risk in the future.

The Auditing Office proposes the annual audit plan and self-inspection procedures and methods in accordance with risk assessment and the relevant laws and regulations, as well as constantly controls various potential risks based on the audit plan and self-inspection procedures and regularly reports the relevant results to the Board of Directors.

(II) Changes in Interest Rates, Currency Exchange Fluctuations, and Inflation, Their Impact on the Company's Profit or Loss, and Future Response Measures

The Company's annual interest income or expense and foreign exchange gain or loss in terms of the Company's operating revenue are listed as follows:

Unit: NT\$ thousands

Item / Year	2023	First Quarter of 2024
Net interest income (expense) (A) (Note 1)	(5,366)	(305)
Foreign exchange gain (loss) - net (B) (Note 2)	(1,403)	561
Operating revenue - net (C)	744,754	129,327
(A)/(C)	-0.72%	-0.24%
(B)/(C)	-0.19%	0.43%

Notes 1: It refers to the net amount of interest income minus net expense for the current year.

Notes 2: It refers to the net amount of foreign exchange gain minus foreign exchange loss for the current year.

1. Impact of changes in interest rates:

The Company's net interest expense in 2023 was NT\$5,536,000, accounting for 0.72 percent of our operating revenue in the same year, while the Company's net interest expense in the first quarter of 2024 was NT\$305,000, accounting for 0.24 percent of our operating revenue in the first quarter of the same year. This goes to show that interest expense accounted for very little of our revenue. Looking forward, the Company will continue to pay close attention to the development of the global economy and the trend of interest rates in Mainland China, and adjust our use of capital in due course.

2. Impact of changes in exchange rates:

The Company's foreign exchange loss in 2023 was NT\$1,403,000, accounting for 0.19 percent of our operating revenue in the same year, while the Company's foreign

exchange loss in the first quarter of 2024 was NT\$561,000, accounting for 0.43 percent of our revenue in the first quarter of the same year. As foreign exchange gain or loss accounted for very little of our revenue, exchange rate fluctuations cause a low risk to the Group.

3. Impact of inflation:

The Company's past gains or losses were not significantly affected by inflation. If the purchase cost increases due to inflation, the Company will also appropriately adjust the selling prices when necessary, in order to minimize its impact on the Company's operations.

(III) Policies on High-risk and High-leverage Investments, Loaning of Funds to Others, Endorsements/Guarantees, and Derivatives Trading, Main Reasons for Profit or Loss Therefrom, and Future Response Measures

The Company has established the "Procedures for Loaning of Funds to Others and Endorsement/Guarantee" and the "Procedures for Acquisition or Disposal of Assets" The regulations above are applicable to the basis of compliance for the Company and all the subordinate companies listed in our consolidated financial statements.

The Company's operations are carried out based on the principle of conservatism and stability. In the most recent year up to the publication date of this annual report, the Company did not engage in high-risk, high-leverage investments and derivatives trading. In the most recent year up to the publication date of this annual report, the Company did not loan funds and provide endorsements or guarantees for others outside the Group.

(IV) Future R&D Plans and Expected Investments in R&D

1. Future R&D plans

(1) Short-term R&D directions

At present, the Company has three main brands, namely RBT, Happy Lemon, and Tea Opal, which include five major types of products, namely fine tea, beverage, snacks, desserts, and main course.

RBT (Real Brew Tea) is focused on the principle of "Natural is the Best", providing green and healthy food products with offline comfortable social environment as the first element of development. We continue to develop healthy plant-based beverages, with a focus on creating new categories that cater to consumers in social spaces and scenarios. We aim to refine and explore new tea-based drinks and creative food options to create more beloved brands of healthy beverages for consumers.

After the brand upgrade, the Happy Lemon brand focused on consumer preferences based on menu sales data and delved deep into multidimensional product development including star product "lemon" elements.

We have added several new popular products to our milk tea category, such as punched lemonade, punched mint lemon tea, punched kumquat lemon tea, punched green plum lemon tea, punched bitter melon lemon tea, punched

pineapple lemon tea, lemon milk candy cheese milk tea, lemon milk candy coconut milk tea, and lemon milk candy tapioca milk tea, etc. In the brand strategy of topic creation, we have developed popular products such as “Ya Shi Xiang Super Lemon Tea” and “Da Hong Pao Fragrant Iced Lemon Tea”, combined with marketing strategies to significantly increase the brand’s presence on social media. This includes presenting a new hand-drawn logo and developing new element products to make the brand more lively and youthful. In the future, Happy Lemon will continue to focus on the main elements of lemon and milk tea in product development, upgrading the quality of classic products, and extending application to develop popular designs.

The new menu is created by the Tea Opal brand, which retains the brand’s star products and adds new series - hand-poured bowl tea series, hand-boiled honey fruit tea series, succulent fruit tea series, and mellow fresh milk tea series, and uses Michelin techniques to incorporate familiar elements from urban areas, as well as develops and applies them to innovative delicate refreshments and light food items.

(2) Middle- and long-term R&D directions

The Company’s brands, namely RBT and Happy Lemon, have built a considerable reputation in the chain food and beverage industry. In addition to continuously focusing on expanding the products under the brands based on the good image and goodwill established with consumers.

Under the environment of repeated pandemic, imported frozen materials are under strict control, so we are speeding up the development of local procurement of such materials to reduce the risk of transportation and time costs, tracing the source of key raw materials to procure and use local materials, as well as optimizing the in-store operations. For example, in terms of the key product material production (salty cheese milk cap), after testing and selection from many qualified dairy food manufacturers, we commence cooperation to develop the core material of customized brand milk cap and milk syrup to stabilize the flavor of the brand’s special milk cap, and reduce the time of the production process of the store to 50% so as to improve the quality and stability of the product and increase the trade volume.

On top of moving toward simplified procedures for developing product materials, regarding the market trend of fruit elements and healthy ingredients, the Company also invests more resources in development, reduces stores’ operational procedures for ingredients, as well as simplifies store equipment and investments, aiming to achieve the objective of personnel training and operation, which enables personnel to pick up quickly so as to ensure the quality control of the stores.

2. Expected R&D investments

In 2023, the Company's R&D expenses accounted for 1.56 percent of our operating revenue. With the rising number of brands and revenue growth, the Company can gradually increase our R&D expenses, thus enhancing our competitiveness in the market.

(V) Policy and Regulatory Changes at Home and Abroad that Impact the Company's Financial Operations, and Relevant Response Measures

The Company not only carries out daily operations in accordance with the relevant laws and regulations at home and abroad, but also pays attention to policy developments and trends and regulatory changes at home and abroad at all times to keep abreast of and respond to changes in the market environment. Therefore, policy and regulatory changes at home and abroad in the most recent year has no significant impact on the Company's financial operations.

(VI) Impact of Technological Changes (including Cybersecurity Risks) and Industrial Changes on the Company's Financial Operations and Relevant Response Measures

The Company pays attention to technological changes related to the industry we belong to at all times, keeps abreast of the latest market trends, and assesses their impact on the Company's operations. As of the publication date of this annual report, the Company has not undergone any major industry changes that has a significant impact on the Group's financial operations.

The Company's Information Center has established an data loss prevention system revolving around data security for application systems, and formed key security risk factors through user identity security, access security, data confidentiality, and network boundary integrity, in order to ensure data security, such that the Group's application systems can play an increasingly vital role in improving management levels, promoting business innovation, and enhancing competitiveness.

(VII) Impact of Changes to Corporate Image on the Company's Crisis Management and Relevant Response Measures

Since our founding, the Company has maintained a good corporate image, and complied with the relevant laws and regulations. We also maintain harmonious labor-management and local relations, in order to continuously maintain a good corporate image. No event has affected our corporate image in recent years.

(VIII) Expected Benefits, Possible Risks and Response Measures for Mergers and Acquisitions:

In the most recent year up to the publication date of this annual report, the Company has no specific plan to engage in mergers and acquisitions involving other companies outside the Group. Hence, this section is not applicable.

(IX) Expected Benefits, Possible Risks and Response Measures for Factory Expansion:

In the most recent year up to the publication date of this annual report, the Company has no plan to engage in factory expansion. Hence, this section is not applicable.

(X) Risks Associated with the Concentration of Purchases or Sales of Goods and Relevant Response Measures:

The Company's customers and suppliers are scattered and come from all over the world. Hence, the Company does not encounter the concentration of purchases or sales of goods.

(XI) Impact of the Transfer or Replacement of Large Number of Shares Involving Directors, Supervisors or Major Shareholders Whose Shareholding Percentage Exceeds 10 percent on the Company and Relevant Risks: No such situation was observed in the Company in 2023.

(XII) Impact of Changes in Ownership on the Company and Relevant Risks: None.

(XIII) Litigious or Non-litigious Matters

1. Where the Company is involved in any litigious or non-litigious matter or administrative dispute that has been concluded through final judgment or is still on-going in the two most recent years up to the publication date of this annual report and the results of such matter or dispute may have a material impact on shareholders' equity or securities prices, the facts of such dispute, the amount of subject matter, the commencement date for the litigation, the main litigants involved and the current handling situation shall be disclosed: None.

2. Where the Company's directors, supervisors, President, de facto responsible person, major shareholders whose shareholding percentage exceeds 10 percent, and subordinate companies are involved in any litigious or non-litigious matter or administrative dispute that has been concluded through final judgment or is still on-going in the two most recent years up to the publication date of this annual report and the results of such matter or dispute may have a material impact on shareholders' equity or securities prices: None.

3. Any circumstances stipulated in Article 157 of the Securities and Exchange Act, in which the Company's directors, supervisors, managers, and major shareholders whose shareholding percentage exceeds 10 percent are involved, in the two most recent years up to the publication date of this annual report and the Company's handling of such circumstances: None

(XIV) Other Important Risks and Response Measures: None.

VII. Other Important Matters: None.

Chapter 8 Special Notes

I. Information on Affiliated Companies:

(I) Consolidated Business Report on Affiliated Companies

1. Organization Chart of Affiliated Companies: Kindly refer to Chapter 2 “Company Profile”

Industries Covered by Businesses Engaged by Affiliated Companies: Kindly refer to “Basic Information on Affiliated Companies” in the following table

2. Basic Information on Affiliated Companies:

Name of Company	Date of Incorporation	Address	Paid-in Capital	Main Business or Products
Yen Mei Enterprise Limited	2000.9.1	4th Floor, 670 Ming Shui Road, Zhongshan District, Taipei City	NT\$50,000	Purchase and sale of beverages, purchase and sale of beverage, collection of franchise fee and royalties, and sales of food and beverage raw materials
Yen Chun International Co., Ltd.	2019.11.25	1F., No. 11, Dongfeng Street, Da’an District, Taipei City	NT\$10,000	Operation of food and beverage outlets
RBT Holdings Limited	2007.2.2	Unit F, 9/F., World Tech Centre, 95 How Ming Street, Kwun Tong, Kowloon, Hong Kong	HK\$73,750	Investment holding and purchase and sale of raw materials for food and beverage
RBT Enterprise Limited	2007.1.24	Unit F, 9/F., World Tech Centre, 95 How Ming Street, Kwun Tong, Kowloon, Hong Kong	HK\$8,800	Trademark rights management
Happy Lemon HK Limited	2005.11.17	Unit F, 9/F., World Tech Centre, 95 How Ming Street, Kwun Tong, Kowloon, Hong Kong	HK\$7,000,000	Trading of beverages and collection of franchise fee and royalties
RBT Resources Limited	2007.2.21	Unit F, 9/F., World Tech Centre, 95 How Ming Street, Kwun Tong, Kowloon, Hong Kong	HK\$26,000,000	Trading of raw materials for catering
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	1999.5.31	Building 3, No.199 Jintong Rd, Taopu Town, Putuo District, Shanghai	US\$4,500	Operation of food and beverage outlets and collection of franchise fee and royalties

Name of Company	Date of Incorporation	Address	Paid-in Capital	Main Business or Products
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	2006.9.12	Building 3, No.199 Jintong Rd, Taopu Town, Putuo District, Shanghai	RMB13,400	Trading of beverages and collection of franchise fee and royalties
Shanghai Tai Quan Trading Co., Ltd.	2008.6.13	Building 3, No.199 Jintong Rd, Taopu Town, Putuo District, Shanghai	RMB15,000	Trading of raw materials for catering
Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	2008.8.6	165 Room, 3rd Floor, Building 1, Air China Century Building, No. 40 Xiaoyun Road, Chaoyang District, Beijing	RMB11,000	Trading of beverages and collection of franchise fee and royalties
Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	2009.3.12	Room 601-603 & 604A, Trading Square, No.268, Dongfeng Central Rd., Yuexiu Dist., Guangzhou	RMB1,000,000	Operation of food and beverage outlets and collection of franchise fee and royalties
Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	2012.6.25	Room A, No.1-2, 15F., Beitekongpai Mansion, No.51, Qinglong St., Qingyang Dist., Chengdu	RMB1,000,000	Trading of beverages and collection of franchise fee and royalties
You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	2014.9.10	Building 3, No.199 Jintong Rd, Taopu Town, Putuo District, Shanghai	RMB20,000,000	Operation of food and beverage outlets
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	2017.5.9	Building 3, No.199 Jintong Rd, Taopu Town, Putuo District, Shanghai	RMB6,810	Operation of food and beverage outlets
You Fu Food & Beverage Management (Shanghai) Co., Ltd.	2021.02.03	Building 3, No.199 Jintong Rd, Taopu Town, Putuo District, Shanghai	RMB1,300	Trading of beverages and collection of franchise fee and royalties
Shanghai Coffee and Tea Prince	2021.8.17	Room 607, 6th Floor, Building 17, No. 470, Jiujiang Road, Jiujiang Town, Songjiang District, Shanghai	RMB1,500	Sale of catering equipment and others

Name of Company	Date of Incorporation	Address	Paid-in Capital	Main Business or Products
Yummy-Town UK Ltd	2019/9/17	CHASE BUSINESS CENTRE,39-41 CHASE SIDE,SOUTHGATE,LONDON N14 5BP,UK	GBP2,750	Investment holding
Yummy-Town Holding Coporation	2022.3.1	1620 GREENCASTLE AVE #B ROWLAND HEIGHTS, CA 91748	US\$3,457	Investment holding
Yummy-Town USA LLC	2017.8.30	1013 Centre Road,Suite 403S,Wilmington,DE 19805,County of New Castle	US\$2,291	Trading of beverages, collection of franchise fees and royalties
RBT International LLC	2022.5.13	1620 GREENCASTLE AVE #B ROWLAND HEIGHTS, CA 91748	\$0.00 USD	Trading of raw materials for catering
GW Bros International LLC	2023.9.6	168 LAS TUNAS DR. STE 105 ARCADIA, CA 91007	US\$2,000	Operating dining establishments, collecting franchise fees, charging for the use of proprietary rights, and trading in raw materials for food and beverage preparation.
Happy Lemon West Inc.	2020.2.20	35233 NEWARK BLVD., UNIT G, NEWARK, CA 94560	USD 298,000	Operation of food and beverage outlets

3. Information on Directors, Supervisors and President at Affiliated Companies

Name of Company	Director	Supervisor	President
Yen Mei Enterprise Limited	Carrie Chen	-	-
Yen Chun International Co., Ltd.	Carrie Chen	-	-
RBT Holdings Limited	Carrie Chen and Wu, Po-Chao	-	-
RBT Enterprise Limited	Carrie Chen and Wu, Po-Chao	-	-
Happy Lemon HK Limited	Carrie Chen	-	-
RBT Resources Limited	Carrie Chen and Wu, Po-Chao	-	-
Xian Zong Lin Food &	Chen Youzhen, Wu	Lin, Chin-Jen	Wu, Po-Chao

Name of Company	Director	Supervisor	President
Beverage Management (Shanghai) Co., Ltd.	Huazhao		
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Wu, Po-Chao	Carrie Chen	-
Shanghai Tai Quan Trading Co., Ltd.	Wu, Po-Chao	Carrie Chen	-
Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Wu, Po-Chao	Lin, Tai-Yi	Wu, Po-Chao
Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Wu, Hua-Chao	Carrie Chen	-
Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Lin, Tai-Yi	Carrie Chen	-
You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	Wu, Po-Chao, Lin Taiyi, Nan Jiaxiao, Ito Mitsuharu, Kuroda Tetsuji, Chang Miao-Ling	Carrie Chen Hasegawa Naomi	Chang, Miao-Ling
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Carrie Chen	Wu, Po-Chao	
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Yang Aihua	Hou Feng	Dai Chunxiang
Shanghai Coffee and Tea Prince	Hou, Shao-Hua	Lin, Hsu	
Yummy-Town UK Ltd	Carrie Chen	-	
Yummy-Town Holding LLC	Carrie Chen		Chen, Yu-Te
Yummy-Town USA LLC	Carrie Chen	-	MAURICE
RBT International LLC	Carrie Chen	-	Chen, Yu-Te
GW Bros International LLC	Carrie Chen, Chen, Sheng-Chung, Chen, Yu-Chen, Cho, Ching-Lun, Lin, Li-Ling	-	Chen, Yu-Te
Happy Lemon West, INC	Carrie Chen; Chen, Sheng-Chung; and Maurice		MAURICE

Note: Updated until December 31, 2023.

4. Business Overview of Affiliated Companies

Unit: NT\$ thousands

Name of Company	Total assets	Total liabilities	Net value	Operating Revenue	Operating profit	Profit or loss for the period (after tax)	
Yen Mei Enterprise Limited	100,794	27,311	73,483	153,873	19,162	18,347	Note
Yen Chun International Co., Ltd.	19,493	2,240	17,253	13,732	-975	-1,197	Note

Name of Company	Total assets	Total liabilities	Net value	Operating Revenue	Operating profit	Profit or loss for the period (after tax)	
RBT Holdings Limited	772,418	500,797	271,621	629,365	-62,269	-101,425	Note
RBT Enterprise Limited	11,140	17,143	-6,003	1,248	-9,772	-8,745	Note
Happy Lemon HK Limited	125,925	50,139	75,785	81,690	15,930	11,564	Note
RBT Resources Limited	154,360	44,019	110,341	109,061	247	-295	Note
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	171,102	261,006	-89,904	254,727	-103,204	-119,746	Note
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	9,235	72,889	-63,654	7,488	-6,823	-12,101	Note
Shanghai Tai Quan Trading Co., Ltd.	68,972	66,981	1,990	127,328	-47,615	-47,635	Note
Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	19,450	63,240	-43,790	61,875	-20,076	-19,295	Note
Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	1,383	38,624	-37,241	457	-2,055	-5,366	Note
Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	560	38,169	-37,610	970	216	1,112	Note
You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	21,277	103	21,173	0	-37	304	Note
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	12,748	2,283	10,465	22,604	2,411	1,202	Note
You Fu Food & Beverage Management (Shanghai) Co., Ltd.	535	2,455	-1,919	0	-1,181	-1,181	Note
Shanghai Coffee and Tea Prince	8,433	2,263	6,170	22,604	2,469	2,471	Note
Yummy-Town UK LLC	312,085	149,185	162,900	213,923	26,042	12,469	Note

Name of Company	Total assets	Total liabilities	Net value	Operating Revenue	Operating profit	Profit or loss for the period (after tax)	
Yummy-Town Holding Ltd.	303,824	149,185	154,639	213,901	26,187	10,897	Note
Yummy-Town USA LLC	242,421	149,185	93,236	213,901	26,195	13,363	Note
RBT International LLC	0	0	0	0	0	0	Note
GW Bros International LLC	61,410	0	61,410	0	0	0	Note
Happy Lemon West, INC	76632	51130	25503	120582	21066	12829	Note

Note: It is a limited company. Hence, no shares are recorded.

The exchange rates as of December 31, 2023 are as follows: RMB:NTD=1:4.327; HKD:NTD=1:3.929;

USD:NTD=1:30.705

GBP : NTD=1:39.15000

As of December 31, 2023, the average exchange rates were as follows: RMB to NTD was 1:4.396, HKD to NTD was 1:3.980, and USD to NTD was 1:31.155.
GBP : NTD=1:38.74

(II) Consolidated Financial Statements of Affiliated Companies: Not applicable.

(III) Report on Affiliated Companies: None.

II. Private Placement of Securities for the Most Recent Year up to the Publication Date of this Annual Report

Item	2023 1st Private Placement Issue Date: November 30, 2023
Types of Private Securities	Common shares
Date and Amount of Board Resolution	On June 12, 2023, the shareholders' meeting approved the private placement of common shares for a maximum of 5,000,000 shares within one year from the date of the shareholders' meeting resolution.
Basis and Rationale of Private Placement Pricing	<p>(1) The reference price of private placement common stock is calculated as the simple arithmetic average of the closing prices of common stock on the business day one, three, or five days prior to the pricing date, excluding free stock dividends and dividends, and adding back the stock price after capital reduction and reverse rights issue, or the simple arithmetic average of the closing prices of common stock on the thirty business days prior to the pricing date, excluding free stock dividends and dividends, and adding back the stock price after capital reduction and reverse rights issue, whichever is higher.</p> <p>(2) The determination of the actual pricing date and the actual issuance price shall be within the range not lower than the percentage determined by the shareholders' meeting, and the board of directors shall seek authorization from the shareholders' meeting to consider the situation of strategic investors in the future and decide based on the company's operating performance, future prospects, and market conditions; the actual issuance price shall be calculated in</p>

Item	2023 1st Private Placement Issue Date: November 30, 2023		
	<p>accordance with legal regulations. The basis for determining the issuance price of the aforementioned private placement common shares is in accordance with the provisions of the 'Precautions for Publicly Listed Companies Conducting Private Placement of Securities,' and therefore should be considered reasonable.</p> <p>The reference price for this private placement is NT\$31.88, and the actual private placement price is NT\$26 per share, which is 81.56% of the reference price for this private placement.</p>		
Method of Candidate Selection	The target of this private placement of common shares is limited to specific individuals and strategic investors as defined in Article 43-6 of the Securities Exchange Act and Article 2 of the Guidelines for Publicly Listed Companies Conducting Private Placements of Securities.		
The Necessity of Conducting Private Placement	The company raises funds from specific individuals through private placement to improve the efficiency and flexibility of the fundraising process. The provision that the securities obtained through private placement cannot be transferred within three years further ensures long-term cooperation between the company and strategic partners.		
Date of completion of payment of shares	November 14, 2023		
Applicant Information	Private Placement Target	Number of Subscriptions (Shares)	Relationship with the Company
	British Virgin Islands Crystal Key Point Co., Ltd. Taiwan Branch	1,000,000	None
Actual Subscription Price	26 New Taiwan Dollars		
Differences between actual subscription price and reference price	The reference price for this private placement is NT\$31.88, and the actual private placement price is NT\$26 per share, which is 81.56% of the reference price for this private placement.		
Handling the Impact of Private Placement on Shareholders' Equity	Private equity funds are used to enhance working capital, expand business scale, improve the financial structure of the company, and meet the long-term development needs of the company. This will enhance the market competitiveness and operational efficiency of our company, and strengthen the overall financial structure, which will have a positive impact on shareholder equity.		
Status and Progress of Private Fund Utilization and Project Implementation	As of the end of the first quarter of 2024, an amount of 26,000,000 yuan has been utilized to enhance working capital, with 100% execution.		
Private Fund Performance	Strengthening Working Capital and Financial Structure		

Item	2024 1st Private Placement Issue Date: March 1, 2024
Types of Private Securities	Common shares
Date and Amount of Board Resolution	On June 12, 2023, the shareholders' meeting approved the private placement of common shares for a maximum of 5,000,000 shares within one year from the date of the shareholders' meeting resolution.
Basis and Rationality of Private Placement Pricing	<p>(1) The reference price of private placement common stock is calculated as the simple arithmetic average of the closing prices of common stock on the business day one, three, or five days prior to the pricing date, excluding free stock dividends and dividends, and adding back the stock price after capital reduction and reverse rights issue, or the simple arithmetic average of the closing prices of common stock on the thirty business days prior to the pricing date, excluding free stock dividends and dividends, and adding back the stock price after capital reduction and reverse rights issue, whichever is higher.</p> <p>(2) The determination of the actual pricing date and the actual issuance price shall be within the range not lower than the percentage determined by the shareholders' meeting, and the board of directors shall seek authorization from the shareholders' meeting to consider the situation of strategic investors in the future and decide based on the company's operating performance, future prospects, and market conditions; the actual issuance price shall be calculated in accordance with legal regulations. The basis for determining the issuance price of the aforementioned private placement common shares is in accordance with the provisions of the 'Precautions for Publicly Listed Companies Conducting Private Placement of Securities,' and therefore should be considered reasonable.</p> <p>The reference price for this private placement is NT\$27.86, and the actual private placement price is NT\$28 per share, which is 100.50% of the reference price for this private placement.</p>
Method of Candidate Selection	The target of this private placement of common shares is limited to specific individuals and strategic investors as defined in Article 43-6 of the Securities Exchange Act and Article 2 of the Guidelines for Publicly Listed Companies Conducting Private Placements of Securities.
The Necessity of Conducting Private Placement	The company raises funds from specific individuals through private placement to improve the efficiency and flexibility of the fundraising process. The provision that the securities obtained through private placement cannot be transferred within three years further ensures long-term cooperation between the company and strategic partners.
Date of completion of payment of shares	February 7, 2024

Item	2024 1st Private Placement Issue Date: March 1, 2024		
	Private Placement Target	Number of Subscriptions (Shares)	Relationship with the Company
Applicant Information	Li, Ying-Hsuan	2,000,000	None
Actual Subscription Price	28 New Taiwan Dollars		
Differences between actual subscription price and reference price	The reference price for this private placement is NT\$27.86, and the actual private placement price is NT\$28 per share, which is 100.50% of the reference price for this private placement.		
Handling the Impact of Private Placement on Shareholders' Equity	Private equity funds are used to enhance working capital, expand business scale, improve the financial structure of the company, and meet the long-term development needs of the company. This will enhance the market competitiveness and operational efficiency of our company, and strengthen the overall financial structure, which will have a positive impact on shareholder equity.		
Status and Progress of Private Fund Utilization and Project Implementation	As of the end of the first quarter of 2024, a total of NT\$32,856,656 has been utilized to enhance working capital, representing 58.67% of the total. The remaining funds of NT\$23,143,344 are held in a bank account.		
Private Fund Performance	Strengthening Working Capital and Financial Structure		

- III. Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Year up to the Publication Date of this Annual Report: None.
- IV. Other Supplementary Matters:
Implementation of Commitments during the Company's listing on Taipei Exchange (TPEX): None.
- V. Events that Have a Material Impact on Shareholders' Equity or Prices of the Company's Securities pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Most Recent Year up to the Publication Date of this Annual Report: None
- VI. Major Differences from Regulations Protecting Shareholders' Rights and Interests in Taiwan: None.

Yummy Town (Cayman) Holdings
Corporation and Subsidiaries

Consolidated Financial Statements
and Independent Auditors' Report
For the Years Ended December 31, 2023 and
2022

Address: 6F., No. 77, Xinhua 1st Rd., Neihu Dist.,
Taipei City

Phone: (02)2790-0689

Independent Auditors' Report

To Yummy Town (Cayman) Holdings Corporation:

Audit Opinion

We have audited the consolidated balance sheets of Yummy Town (Cayman) Holdings Corporation and its subsidiaries (hereinafter referred to as the “Yummy Town Group and its subsidiaries”) as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to consolidated financial statements (including the Summary of Significant Accounting Policies).

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial status of Yummy Town Group and its subsidiaries as of December 31, 2023 and 2022, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission (FSC).

Basis for Audit Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibility under those standards is further described in the section titled “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements”. We are independent of Yummy Town (Cayman) Holdings Corporation and its subsidiaries in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key Audit Matters

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of Yummy Town Group and its subsidiaries for the year ended December 31, 2023, based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the consolidated financial statements of Yummy Town Group and its subsidiaries for the year ended December 31, 2023 are stated as follows:

Recognition of sales of commodities

The operating revenue of Yummy Town Group and its subsidiaries in 2023 was \$744,754 thousand, of which the transaction type is selling raw materials to the franchisee for consideration, resulting in \$331,990 thousand of sales which represents 45% of total operating revenue. As the franchisees come from various regions and there are many business locations, considering that the sales of commodities of Yummy Town Group and subsidiaries has a significant impact on the consolidated financial report, the accountant assesses that the risk of income recognition lies in whether the revenue of specific customers with a significant amount of sales actually occurs. It is considered a key audit matter in the audit of consolidated financial statements for the year ended December 31, 2023. For details, please refer to Notes IV (XV) and V. The audit procedures conducted by the CPA for the recognition of the above revenue are as follows:

1. Understand the internal control system related to sales transactions, and evaluate and test the effectiveness of its design and implementation.
2. Conduct the confirmatory test of the sales transaction of the specific customer mentioned above. The procedures include confirming the delivery documents, the export declaration forms, the invoices and whether the payments are received on schedule according to the transaction conditions, and checking the POS information to confirm whether the franchisee has the turnover in the current month, in order to recognize the sales of Commodities.

Responsibilities of Management and Governing Bodies for the Consolidated Financial Statements

The responsibilities of management are to prepare the consolidated financial statements with a fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS, IAS, IFRIC, and SIC endorsed by the FSC with effective dates, and to maintain necessary internal controls associated with the preparation in order to ensure the financial statements are free from material misstatement arising from fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the ability of Yummy Town Group and subsidiaries in continuing as a going concern, disclosing associated matters and adopting the going concern basis of accounting unless the management intends to liquidate the Yummy Town Group and subsidiaries or cease the operations, or has no realistic alternative but to do so.

The governance bodies of Yummy Town Group and subsidiaries (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If those amounts of misstatements, either individually or in the aggregate, could reasonably be expected to influence the economic decisions of financial statements users, they are considered material.

We have utilized our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards. We also perform the following tasks:

1. Identify and assess the risks of material misstatement arising from fraud or error within the consolidated financial statements; design and execute counter-measures in response to those risks and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from the error.
2. Understand internal controls relevant to the audit in order to design appropriate audit procedures under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Yummy Town Group and subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubts on Yummy Town Group and subsidiaries' ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to

relevant disclosures in the notes to those statements within our audit report. If such disclosures are inadequate, we need 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 Yummy Town Group and subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure, and content of the consolidated financial statements (including relevant notes) and whether the consolidated financial statements adequately represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence concerning the financial information of entities within Yummy Town Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the audit and the preparation of an audit opinion on the Group.

Matters communicated between us and the governance bodies include the planned scope and timing of the audit and significant audit findings (including any significant deficiencies in internal control identified during the audit).

We also provide governance bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may possibly be deemed to impair our independence (including relevant preventive measures).

From the matters communicated with governance bodies, we determine the key audit matters of Yummy Town Group and its subsidiaries' consolidated financial statements for the year ended December 31, 2023. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte Taiwan

CPA

Zhang, Zhi-Yi

CPA

Huang-I-Min

Financial Supervisory Commission Approval
Document No.

Jin-Guan-Zheng-Shen-Zi No. 1100378647

Financial Supervisory Commission Approval
Document No.

Jin-Guan-Zheng-Shen-Zi No. 1030024438

March 15, 2024

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Consolidated Balance Sheets
On December 31, 2023, as well as on December 31, and January 1, 2022

Unit: Thousands of NT Dollars

Code	Assets	December 31, 2023		December 31, 2022 (revised)		January 1, 2022 (revised)	
		Amount	%	Amount	%	Amount	%
Current assets							
1100	Cash and cash equivalents (Notes IV and VI)	\$ 254,623	33	\$ 313,675	38	\$ 335,995	24
1110	Financial assets at fair value through profit or loss - current (Notes IV and VII)	2,711	-	3,482	-	4,361	-
1136	Financial assets at amortized cost - current (Notes IV and VIII)	46,058	6	-	-	157,576	11
1170	Accounts receivable (Notes IV and IX)	24,593	3	25,580	3	20,905	2
1180	Accounts receivable - related parties (Notes IV, IX and XXIX)	11,674	2	10,473	1	9	-
1200	Other receivables (Note XXIX)	22,971	3	25,695	3	48,261	3
1220	Current income tax assets (Notes IV and XXIII)	1,501	-	730	-	8,618	1
130X	Inventories (Notes IV and X)	44,132	6	57,827	7	107,425	8
1479	Other current assets - others (Notes VI, XXIX and XXX)	51,202	7	53,120	7	48,399	3
11XX	Total Current Assets	<u>459,465</u>	<u>60</u>	<u>490,582</u>	<u>59</u>	<u>731,549</u>	<u>52</u>
Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current (Notes IV and XI)	3,861	-	5,647	1	8,047	1
1551	Investments accounted for using the equity method (Notes IV and XIII)	6,414	1	10,642	1	107,242	8
1600	Property, plant and equipment (Notes IV, XIV and XXX)	99,258	13	111,631	14	135,020	9
1755	Right-of-use assets (Notes IV and XV)	108,993	14	111,166	13	248,598	17
1780	Intangible assets (Notes IV and XVI)	37,047	5	31,614	4	30,796	2
1840	Deferred tax assets (Notes IV and XXIII)	30,110	4	30,555	4	91,032	6
1920	Refundable deposits	24,528	3	34,834	4	67,646	5
15XX	Total Non-current Assets	<u>310,211</u>	<u>40</u>	<u>336,089</u>	<u>41</u>	<u>688,381</u>	<u>48</u>
1XXX	Total Assets	<u>\$ 769,676</u>	<u>100</u>	<u>\$ 826,671</u>	<u>100</u>	<u>\$ 1,419,930</u>	<u>100</u>
Liabilities and Equity							
Current liabilities							
2100	Short-term loans (Note XVII)	\$ 59,776	8	\$ 75,136	9	\$ 170,059	12
2170	Accounts payable	41,413	5	57,198	7	64,572	4
2219	Other payables (Note XVIII, XIX and XXIX)	91,619	12	83,690	10	123,493	9
2230	Current income tax liabilities (Notes IV and XXIII)	15,706	2	10,601	1	5,818	-
2280	Lease liabilities - current (Notes IV and XV)	60,039	8	47,017	6	117,021	8
2320	Long-term borrowings due within one year	-	-	-	-	51,762	4
2399	Other current liabilities (Note XXIX)	20,489	3	32,821	4	42,486	3
21XX	Total Current Liabilities	<u>289,042</u>	<u>38</u>	<u>306,463</u>	<u>37</u>	<u>575,211</u>	<u>40</u>
Non-current liabilities							
2527	Contract liabilities - non-current (Notes IV and XXI)	98,397	13	76,989	9	15,858	1
2570	Deferred income tax liabilities (Notes IV and XXIII)	24,328	3	26,911	3	53,982	4
2580	Lease liabilities - non-current (Notes IV and XV)	64,372	8	68,823	8	138,538	10
2645	Guarantee deposits received	68,410	9	86,275	11	117,177	8
25XX	Total Non-current Liabilities	<u>255,507</u>	<u>33</u>	<u>258,998</u>	<u>31</u>	<u>325,555</u>	<u>23</u>
2XXX	Total Liabilities	<u>544,549</u>	<u>71</u>	<u>565,461</u>	<u>68</u>	<u>900,766</u>	<u>63</u>
Equity Attributable to owners of the Company (Note XX)							
Share capital							
3110	Common stocks	260,000	34	357,852	43	357,852	25
3200	Capital surplus	113,368	15	187,517	23	215,838	15
Retained earnings							
3310	Legal reserve	-	-	-	-	68,193	5
3320	Special reserve	-	-	82,230	10	82,230	6
3350	Accumulated deficit	(110,177)	(14)	(279,866)	(34)	(95,065)	(7)
3300	Total Retained Earnings	<u>(110,177)</u>	<u>(14)</u>	<u>(197,636)</u>	<u>(24)</u>	<u>55,358</u>	<u>4</u>
Other equity							
3410	Exchange differences in translation of foreign operations	(65,754)	(9)	(67,822)	(8)	(99,856)	(7)
3420	Unrealized revaluation gains and losses on financial assets at fair value through other comprehensive income	(7,660)	(1)	(5,941)	(1)	(424)	-
3400	Total Other Equity	<u>(73,414)</u>	<u>(10)</u>	<u>(73,763)</u>	<u>(9)</u>	<u>(100,280)</u>	<u>(7)</u>
3500	Treasury stock	(20,682)	(3)	(29,605)	(3)	(29,605)	(2)
31XX	Total Equity Attributable to Shareholders of the Parent	169,095	22	244,365	30	499,163	35
36XX	Non-controlling interests (Note XII and XX)	56,032	7	16,845	2	20,001	2
3XXX	Total Equity	<u>225,127</u>	<u>29</u>	<u>261,210</u>	<u>32</u>	<u>519,164</u>	<u>37</u>
Total Liabilities and Equity							
		<u>\$ 769,676</u>	<u>100</u>	<u>\$ 826,671</u>	<u>100</u>	<u>\$ 1,419,930</u>	<u>100</u>

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

Chairman: Wu Po-Chao

President: Wu Po-Chao

Accounting Supervisor: Chih Chia-Ling

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(In Thousands of New Taiwan Dollars, Except Loss Per Share)

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes IV, V, XXI and XXIX)	\$ 744,754	100	\$ 801,129	100
5000	Operating costs (Notes X, XXII, and XXIX)	<u>355,295</u>	<u>48</u>	<u>476,338</u>	<u>59</u>
5900	Gross Profit	<u>389,459</u>	<u>52</u>	<u>324,791</u>	<u>41</u>
	Operating expenses (Note XXII and XXIX)				
6100	Sales and marketing expenses	218,252	29	304,256	38
6200	General and administrative expenses	211,202	28	222,014	28
6300	Research and development expenses	11,642	2	14,174	2
6450	Expected credit impaired loss (Note IX)	<u>10,478</u>	<u>1</u>	<u>1,951</u>	<u>-</u>
6000	Total operating expenses	<u>451,574</u>	<u>60</u>	<u>542,395</u>	<u>68</u>
6900	Net operating loss	(<u>62,115</u>)	(<u>8</u>)	(<u>217,604</u>)	(<u>27</u>)
	Non-operating income and expenses (Note XXII and XXIX)				
7100	Interest income	2,207	-	1,967	-
7010	Other income	12,615	2	18,176	2
7020	Other gains and losses	(24,084)	(3)	(17,223)	(2)
7050	Finance costs	(7,573)	(1)	(9,948)	(1)
7770	Share of loss of associates accounted for using the equity method (Notes IV and XIII)	(<u>3,751</u>)	(<u>1</u>)	(<u>689</u>)	<u>-</u>
7000	Total non-operating income and expenses	(<u>20,586</u>)	(<u>3</u>)	(<u>7,717</u>)	(<u>1</u>)

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Code		2023		2022	
		Amount	%	Amount	%
7900	Net loss before tax	(\$ 82,701)	(11)	(\$ 225,321)	(28)
7950	Income tax expenses (Notes IV and XXIII)	(12,372)	(2)	(59,190)	(7)
8200	Net loss for the period	(95,073)	(13)	(284,511)	(35)
	Other comprehensive income (loss)				
8310	Items that may be reclassified to profit or loss				
8316	Unrealized revaluation gains and losses on financial assets at fair value through other comprehensive income	(1,719)	-	(5,517)	(1)
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences in translation of foreign operations	1,920	-	33,308	4
8370	Share of other comprehensive income of associates accounted for using the equity method	(477)	-	(546)	-
8300	Total other comprehensive income	(276)	-	27,245	3
8500	Total comprehensive income for the period	(\$ 95,349)	(13)	(\$ 257,266)	(32)
	Net income (loss) attributable to				
8610	owners of the parent	(\$ 100,759)	(14)	(\$ 279,866)	(35)
8620	Non-controlling interests	5,686	1	(4,645)	(1)
8600		(\$ 95,073)	(13)	(\$ 284,511)	(36)
	Total comprehensive income (loss) attributable to				
8710	owners of the parent	(\$ 100,410)	(14)	(\$ 253,349)	(32)
8720	Non-controlling interests	5,061	1	(3,917)	-
8700		(\$ 95,349)	(13)	(\$ 257,266)	(32)
	Deficit per share (Note XXIV)				
9710	Basic	(\$ 4.06)		(\$ 11.34)	
9810	Diluted	(\$ 4.06)		(\$ 11.34)	

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

Chairman: Wu Po-Chao

President: Wu Po-Chao

Accounting Supervisor: Chih Chia-Ling

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: Thousands of NT Dollars

		Equity Attributable to owners of the Company											
Code		Share Capital Common Stock	Capital surplus	Retained earnings			Other equity			Treasury stock	Total	Non-controlling interests	Total Equity
				Legal reserve	Special reserve	(Accumulated deficit) Unappropriated earnings	Exchange differences in translation of foreign operations	Unrealized revaluation gains and losses on financial assets at fair value through other comprehensive income					
A1	Balance as of January 1, 2022	\$ 357,852	\$ 215,838	\$ 68,193	\$ 82,230	(\$ 95,065)	(\$ 99,856)	(\$ 424)	(\$ 29,605)	\$ 499,163	\$ 20,001	\$ 519,164	
D1	Net loss for the year ended December 31, 2022	-	-	-	-	(279,866)	-	-	-	(279,866)	(4,645)	(284,511)	
D3	Other comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	32,034	(5,517)	-	26,517	728	27,245	
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	(279,866)	32,034	(5,517)	-	(253,349)	(3,917)	(257,266)	
F1	Surplus reserves for making up losses (Note XX)	-	(26,872)	(68,193)	-	95,065	-	-	-	-	-	-	
M7	Changes in percentage of ownership interests in subsidiaries	-	(1,521)	-	-	-	-	-	-	(1,521)	1,521	-	
O1	Net changes in non-controlling interests (Note XX)	-	-	-	-	-	-	-	-	-	(760)	(760)	
T1	Gain on exercise of vesting rights	-	72	-	-	-	-	-	-	72	-	72	
Z1	Balance as of December 31, 2022	357,852	187,517	-	82,230	(279,866)	(67,822)	(5,941)	(29,605)	244,365	16,845	261,210	
D1	Net income (loss) for the year ended December 31, 2023	-	-	-	-	(100,759)	-	-	-	(100,759)	5,686	(95,073)	
D3	Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	2,068	(1,719)	-	349	(625)	(276)	
D5	Total comprehensive income in 112	-	-	-	-	(100,759)	2,068	(1,719)	-	(100,410)	5,061	(95,349)	
E1	Cash capital increase (Note XX)	10,000	16,000	-	-	-	-	-	-	26,000	-	26,000	
C11	Surplus reserves for making up losses	-	(89,784)	-	(82,230)	172,014	-	-	-	-	-	-	
F1	Reduce capital for making up losses (Note XX)	(107,852)	(365)	-	-	99,294	-	-	8,923	-	-	-	
M5	Partial equity of subsidiaries acquired (Note XX)	-	-	-	-	-	-	-	-	-	30,532	30,532	
M7	Changes in percentage of ownership interests in subsidiaries (Note XXV)	-	-	-	-	(860)	-	-	-	(860)	860	-	
O1	Net changes in non-controlling interests (Note XX)	-	-	-	-	-	-	-	-	-	4,404	4,404	
T1	Cash dividends distributed by subsidiaries (Note XX)	-	-	-	-	-	-	-	-	-	(1,670)	(1,670)	
Z1	Balance as of December 31, 2023	\$ 260,000	\$ 113,368	\$ -	\$ -	(\$ 110,177)	(\$ 65,754)	(\$ 7,660)	(\$ 20,682)	\$ 169,095	\$ 56,032	\$ 225,127	

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

Chairman: Wu Po-Chao

President: Wu Po-Chao

Accounting Supervisor: Chih Chia-Ling

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: Thousands of NT Dollars

Code		2023	2022
	Cash flows from operating activities		
A10000	Net loss before income tax for the period	(\$ 82,701)	(\$ 225,321)
A20010	Income and expense items		
A20100	Depreciation expense	76,911	127,242
A20200	Amortization	2,287	2,632
A20300	Expected credit impaired loss	10,478	1,951
A20400	Net loss on financial assets at fair value through profit or loss	719	946
A20900	Interest expense	7,573	9,948
A21200	Interest income	(2,207)	(1,967)
A22300	Share of loss of associates accounted for using equity method	3,751	689
A22500	Loss on disposal of property, plant and equipment	4,342	12,259
A23200	Gain on disposal of investments	(8)	(53,660)
A23700	Loss for market price decline and obsolete and slow-moving inventories (gains from recovery)	(3,651)	5,565
A23800	Impairment loss of assets	9,048	38,806
A29900	Gains on lease modification	(3,844)	(14,565)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivables	(5,543)	(7,069)
A31160	Accounts receivables - related parties	(5,149)	(10,802)
A31180	Other receivables	3,045	17,067
A31200	Inventories	17,346	42,409
A31240	Other current assets	(2,689)	(5,467)
A32125	Contract liabilities	21,408	61,593
A32150	Accounts payable	(15,785)	(5,919)
A32180	Other payables	9,131	(33,573)
A32230	Other current liabilities	(12,332)	(9,531)
A33000	Cash flow in (out) generated from operations	32,130	(46,767)
A33100	Interest received	1,886	5,911
A33300	Interest paid	(2,767)	(12,286)
A33500	Income tax paid	(10,176)	(13,113)
AAAA	Net cash in (out) generated by operating activities	<u>21,073</u>	<u>(66,255)</u>

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Code		2023	2022
	Cash flows from investing activities		
B00010	Acquisition on financial assets at fair value through other comprehensive income	\$ -	(\$ 2,761)
B00040	Net decrease (increase) in financial assets at amortized cost	(48,405)	157,576
B01900	Disposal of investments accounted for using equity method	-	149,550
B02300	Net cash outflow from the disposal of subsidiaries (Note XXVI)	-	(2,933)
B02700	Acquisition of property, plant and equipment	(10,241)	(18,418)
B02800	Proceeds from disposal of property, plant and equipment	1,486	110
B03800	Decrease in refundable deposits	9,395	17,316
B04500	Acquisition of intangible assets	(7,830)	(395)
B06600	Decrease (increase) in other current assets - others	<u>4,607</u>	<u>(455)</u>
BBBB	Net cash flows generated by (used in) investing activities	<u>(50,988)</u>	<u>299,590</u>
	Cash flows from financing activities		
C04600	Cash capital increase	26,000	-
C00100	Decrease in short-term loans	(15,360)	(94,923)
C01700	Repayment of long-term borrowings	-	(51,762)
C03100	Decrease in guarantee deposits received	(17,865)	(30,902)
C04020	Principal repayment of lease liabilities	(59,819)	(100,498)
C05800	Net changes in non-controlling interests	34,126	(760)
C09900	Exercise of vesting rights	<u>-</u>	<u>72</u>
CCCC	Net cash used in financing activities	<u>(32,918)</u>	<u>(278,773)</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>3,781</u>	<u>23,118</u>
EEEE	Net decrease in cash and cash equivalents	(59,052)	(22,320)
E00100	Cash and cash equivalents at beginning of year	<u>313,675</u>	<u>335,995</u>
E00200	Cash and cash equivalents at end of the year	<u>\$ 254,623</u>	<u>\$ 313,675</u>

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

Chairman: Wu Po-Chao

President: Wu Po-Chao

Accounting Supervisor: Chih Chia-Ling

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

Yummy Town (Cayman) Holdings Corporation (hereinafter referred to as the Company) was incorporated in the British Cayman Islands in December 2009 as an investment holding company. The Company and subsidiaries (hereinafter referred to as the Consolidated Entity) mainly engage in the catering business and the collection of franchise fees and royalties.

The Company's shares have been listed on the Taipei Exchange (TPEX) since December 24, 2014.

The Consolidated Entity's number of employees were 252 and 278 as of December 31, 2023 and 2022, respectively.

The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

II. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 15, 2024.

III. Applicability of Newly Issued and Revised Standards and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (the "IFRS Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC").

Apart from the following explanations, the application of the amended IFRSs endorsed and issued into effect by the FSC should not result in major changes in the accounting policies of the Consolidated Entity.

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

This amendment clarifies that the initial recognition exemption of IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. On January 1, 2022, the Consolidated Entity applied

this amendment to all deductible and taxable temporary differences related to leases and decommissioning obligations. Deferred income tax assets (if there is likely taxable income for the deductible temporary differences) and deferred tax liabilities are recognized. For transactions other than leasing and decommissioning obligations, the amendment shall be applied to those occurring after January 1, 2022. When applying the amendments to IAS 12, the Consolidated Entity retrospectively revised the information in the comparative period, and the cumulative impact is recognized in retained earnings on January 1, 2022.

If handled according to the IAS 12 before the amendment, the impact on relevant line items and balances adjusted to the revised IAS 12 by the Consolidated Entity in 2023 is as follows:

Impact of assets and liabilities items in 2023

	<u>December 31, 2023</u>
Increase in deferred income tax assets	\$ 25,794
Increase in assets	<u>\$ 25,794</u>
Increase in deferred income tax liabilities	\$ 22,276
Increase in liabilities	<u>\$ 22,276</u>

Impact of comprehensive income items in 2023

	<u>2023</u>
Decrease in income tax expense	\$ 3,518
Increase in net profit for this period	<u>\$ 3,518</u>
Increase in net income is attributable to:	
owners of the parent	\$ 3,320
Non-controlling interests	<u>198</u>
	<u>\$ 3,518</u>
Total comprehensive income and loss attributable to:	
owners of the parent	\$ 3,320
Non-controlling interests	<u>198</u>
	<u>\$ 3,518</u>

When applying the amendments to IAS 12 for the first time, the summarized impact in 2022 is as follows:

Impact of assets and liabilities items in 2022

	<u>Amount before revision</u>	<u>Adjustment for Initial Application</u>	<u>Amount after revision</u>
<u>December 31, 2022</u>			
Deferred income tax assets	\$ 6,512	\$ 24,043	\$ 30,555
Asset Impact	<u>\$ 6,512</u>	<u>\$ 24,043</u>	<u>\$ 30,555</u>
Deferred income tax liabilities	\$ 2,868	\$ 24,043	\$ 26,911
Impact of Debt	<u>\$ 2,868</u>	<u>\$ 24,043</u>	<u>\$ 26,911</u>
<u>January 1, 2022</u>			
Deferred income tax assets	\$ 45,488	\$ 45,544	\$ 91,032
Asset Impact	<u>\$ 45,488</u>	<u>\$ 45,544</u>	<u>\$ 91,032</u>
Deferred income tax liabilities	\$ 8,438	\$ 45,544	\$ 53,982
Impact of Debt	<u>\$ 8,438</u>	<u>\$ 45,544</u>	<u>\$ 53,982</u>

Apart from the aforementioned impacts, as of the date of authorization of the financial statements, the Consolidated Entity’s assessment of the effects of amendments to other standards and interpretations should not cause material effects on the consolidated financial conditions and performance.

- (II) FSC-endorsed IFRS Accounting Standards that are applicable from 2024 onward

<u>New/Revised/Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB (Note 1)</u>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “ Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless otherwise specified, the aforementioned New/Revised/Amended Standards and Interpretations shall be effective for the annual period after the specified 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.

Note 3: When applying this amendment for the first time, certain disclosure requirements are exempted.

As of the date of authorization of the consolidated financial statements, the Consolidated Entity’s assessment of the effects of amendments to other standards and interpretations should not cause material effects on the financial conditions and performance.

(III) IFRS Accounting Standards issued by IASB but not yet endorsed and issued into effect by FSC

New/Revised/Amended 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
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless otherwise specified, the aforementioned New/Revised/Amended Standards and Interpretations shall be effective for the annual period after the specified dates.

Note 2: Applicable during the annual reporting period starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in the retained earnings as of the date of first application. When the Consolidated Entity uses non-functional currency as the presentation currency, it will affect the exchange differences of foreign operations under equity items upon the initial application date of the adjustment.

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

The amendment stipulates that if the Consolidated Entity sells or invests assets in associates (or joint ventures), or if the Consolidated Entity loses control over

subsidiaries but retains significant influence over the subsidiaries (or joint control), and if the aforementioned assets or former subsidiaries meet the definition of “business” in IFRS 3 “Business Combinations,” the Consolidated Entity shall fully recognize the gains or losses arising from such transactions.

Furthermore, if the Consolidated Entity sells or invests assets in associates (or joint ventures), or if the Consolidated Entity loses control over subsidiaries in transactions with associates (or joint ventures) but retains significant influence over the subsidiaries (or joint control), and if the aforementioned assets or former subsidiaries does not meet the definition of “business” in IFRS 3, the Consolidated Entity shall only recognize the gains or losses arising from such transactions within the scope of interests not related to the investors in those associates (or joint ventures), in other words, the share of the gains or losses attributable to the Consolidated Entity should be written off..

Apart from the aforementioned impacts, the Consolidated Entity continues to assess the effects of amendments to other standards or interpretations on the financial status and performance up until the publishing date of the consolidated financial statements. Relevant effects will be disclosed when assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

The consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards endorsed and issued into effect by FSC.

(II) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value.

The fair value measurement is classified into three levels based on the observability and importance of related input:

1. Level 1 inputs: Quoted (unadjusted) prices of identical assets or liabilities obtainable in active markets on the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within level 1, that are observable directly (i.e. the price) or indirectly (deduced from the price) for the assets or liabilities.

3. Level 3 inputs: Unobservable inputs for the assets or liabilities.

(III) Standards for classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date (liabilities with long-term refinancing or rearrangement of payment terms completed after the balance sheet date and before the publication of the financial statements are also deemed as current liabilities); and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred till at least 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments, do not affect its classification.

The Company shall classify all other assets or liabilities that are not specified above as non-current.

(IV) Basis of consolidation

The consolidated financial statements include the financial reports of the Company and its wholly owned entities (subsidiaries). Profits and losses of subsidiaries acquired or disposed of are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. The financial statements of subsidiaries have been adjusted to ensure consistency between their accounting policies and the Consolidated Entity's accounting policies. When compiling the consolidated financial statements, all transactions, account balances, income and expenses between the entities were eliminated. A subsidiary's total comprehensive income is attributed to the shareholders of the Company and non-controlling interests, even if non-controlling interests have deficit balances in the process.

When a change in the Consolidated Entity's ownership interests in a subsidiary does not cause it to lose control of the subsidiary, it shall be treated as an equity transaction. The carrying amounts of the Consolidated Entity and its non-controlling interests have been adjusted to reflect the relative changes in the interest of the subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or collected shall be directly recognized in equity attributable to the shareholders of the Company.

Please refer to Note XII and Tables VI and VII for detailed information on subsidiaries, including percentages of ownership and main businesses.

(V) Business Combinations

Business combinations are handled by the acquisition method. Costs associated with the acquisition are recognized as expenses in the current period when costs are incurred and labor services received.

Goodwill is measured by the total amount of the fair value of the consideration transferred, the amount of non-controlling interests of the acquired and the fair value of the interests of the acquired previously owned by the acquirer on the acquisition date, which exceeds the net amount of the identifiable assets and assumed liabilities on acquisition date. If after reassessment, the net amount of identifiable assets and assumed liabilities acquired on the acquisition date still exceeds the total amount of consideration transferred, non-controlling interest of the acquiree, and fair value of the acquiree equity previously held by the acquirer on the acquisition date, the difference is the gain on bargain purchase, which is immediately recognized in profit or loss.

Non-controlling interests that have present ownership interests in the acquiree and entitlement to the proportionate share of the entity's net assets in the event of liquidation are measured at fair value. Other non-controlling interests are measured at fair value.

When the consideration transferred by the consolidated company in the business combination includes the assets or liabilities arising from the contingent consideration agreement, the contingent consideration is measured at fair value on the acquisition date and is part of the transfer consideration paid in exchange for the acquiree. If the change in the fair value of the contingent consideration is an adjustment of the measurement period, it is a

retrospective adjustment of the acquisition cost and a relative adjustment of the goodwill. The adjustment of the measurement period refers to the adjustment generated during the “measurement period” (no more than one year from the acquisition date) due to the acquisition of additional information of existing facts and circumstances on the acquisition date.

(VI) Foreign Currency

When preparing the financial statements, transactions in currencies other than the entity’s functional currency (i.e. foreign currencies) are converted into the functional currency at the rates of exchange prevailing at the dates of the transactions.

Monetary items denominated in foreign currencies are translated at the closing rates on the balance sheet date. Exchange differences arising from settlement or translation of monetary items are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When preparing the consolidated financial statements, the assets and liabilities of foreign operations (including subsidiaries, associates or branch offices located in different countries or using currencies other than the Company’s function currency) are translated into New Taiwan Dollars at the rate of exchange prevailing on the balance sheet dates. Revenue and expenses are translated at the average exchange rate for the period. Exchange differences arising, if any, are recognized in other comprehensive income (attributable to owners of the Company and non-controlling interests as appropriate).

On the disposal of the entire interest in the foreign operation, or part of the interest in subsidiaries of the foreign operation with a loss of control, or when the retained interests upon the disposal of foreign operation’s associates are

financial assets and accounted for using the accounting policies for financial instruments, all of the accumulated exchange differences attributable to shareholders of the Company and associated with the foreign operation are reclassified to profit or loss.

If the partial disposal of a subsidiary of the foreign operation does not result in a loss of control, the accumulated exchange differences are reattributed in proportion to the non-controlling interests of the subsidiary and not recognized in profit or loss. For all other situations of partial disposal of a foreign operation, the accumulated exchange difference is reclassified to profit or loss by disposal percentage.

(VII) Inventories

Inventories include raw materials and merchandise inventories. The value of inventory shall be determined based on the cost and net realizable value (NRV), whichever is lower. With the exception of inventory of the same category, individual items shall be assessed when comparing the cost and NRV. The NRV is the estimated selling price in the ordinary course of business, less the costs necessary to make the sale. The cost of inventory is calculated using the weighted average method. At the end of the period, appropriate loss allowances are provided based on the analysis of inventory aging and turnover.

(VIII) Investments in associates

An associate is an entity over which the Consolidated Entity has significant influence but is not a subsidiary nor a joint venture.

The Consolidated Entity accounts for investments in associates using the equity method.

Under the equity method, the investment is initially recognized at cost. After the acquisition date, the carrying amount of the investment is adjusted based on the Consolidated Entity's share of profit or loss and other comprehensive income and the profit distribution of the associates. In addition, changes in the interests of associates are recognized based on the shareholding percentage.

Any excess of acquisition cost over the Consolidated Entity's share of the net fair value of the identifiable assets and liabilities of the associates at the date of acquisition is recognized as goodwill. The goodwill is included in the carrying amount of the investment but not allowed for amortization. If the Consolidated

Entity's share of the net fair value of identifiable assets and liabilities exceeds acquisition cost, the excessive amount is recognized in profit or loss.

When the associate issues new shares, if the Consolidated Entity does not subscribe according to its shareholding percentage, its shareholder percentage changes, and the net equity value of the investment increases or decreases accordingly, the increase or decrease is adjusted through the capital reserve - changes in the net equity value of associates accounted for using the equity method and investments accounted for using equity method. If the amount of ownership interests in associates decreases because the Consolidated Entity fails to subscribe or acquire shares according to its shareholding percentage, the amount recognized in other comprehensive income associated with the associates is reclassified according to the percentage of decrease, and its basis of accounting treatment is the same as the one used for direct disposal of relevant assets and liabilities by the associates. If capital reserve shall be debited in the said adjustment and the amount of capital reserve generated by the investments accounted for using the equity method is insufficient, the difference is credited to retained earnings.

When the Consolidated Entity's share of loss equals or exceeds its share of interests in the associates (including the carrying amount of the investments in associates accounted for using the equity method and other long-term interests in the Consolidated Entity's net investment in associates in substance), the Consolidated Entity would cease recognizing losses any further. The Consolidated Entity only recognizes extra losses and liabilities to the extent that there is a legal obligation, constructive obligation, or payments on behalf of the associates.

When the Consolidated Entity performs impairment assessments, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with the carrying amount. The impairment loss recognized would not be allocated to assets that form part of the investment's carrying amount, including goodwill. Reversal of the impairment loss is recognized to the extent of subsequent increases in the recoverable amount of investment.

The Consolidated Entity shall cease the use of the equity method when the investment is no longer an associate. Its retained interest in the associate is

measured at fair value, and the difference between the fair value and proceeds from disposal, and the carrying amount of the investment on the date the entity stops using the equity method is recognized in profit or loss for the period. In addition, the Consolidated Entity shall account for all the amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When investments in associates become investments in joint ventures, or vice versa, the Consolidated Entity would continue to adopt the equity method and not to remeasure the retained interests.

Profit or loss in upstream, downstream, and lateral transactions between the Consolidated Entity and the associates is recognized in the consolidated financial reports to the extent that it does not affect the Consolidated Entity's interests in the associates.

(IX) Property, plant and equipment

PP&E are stated at cost and subsequently measured at cost less accumulated depreciation and impairment.

PP&E are depreciated using the straight-line method over their useful lives. Each major component is depreciated separately. The Consolidated Entity shall conduct at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods. The effects of changes in accounting estimates shall be applied prospectively.

When derecognizing PP&E, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(X) Goodwill

The goodwill received through business combinations is recognized as the cost according to the amount of goodwill recognized on the acquisition date and then measured by the amount of cost minus accumulated impairment loss.

To test impairment, goodwill is allocated to various cash-generating units or groups of cash-generating units which the Consolidated Entity expects to benefit from the comprehensive effect of the business combinations.

Each year (and when there are signs of impairment), the impairment test of the cash-generating units of the allocated goodwill is conducted by comparing the carrying amount of the unit containing goodwill with its recoverable amount. If the goodwill allocated to the cash-generating units or groups of cash-generating

units is obtained from the business combinations in the current year, an impairment test is to be conducted prior to the end of the current year. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss is considered as the loss in the current year. The impairment loss of goodwill shall not be reversed in subsequent periods.

(XI) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment. Intangible assets are amortized using straight-line method over the useful life. The Consolidated Entity would conduct at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods. The effects of changes in accounting estimates shall be applied prospectively. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

On derecognition of an intangible asset, the difference between the net proceeds of disposal and the carrying amount of the asset is recognized in profit or loss.

(XII) Impairment of property, plant, equipment, right-of-use assets and intangible assets (excluding goodwill)

The Consolidated Entity has to assess if there are any signs of possible impairment in property, plant, equipment, right-of-use assets, and intangible assets (excluding goodwill) on daily basis. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Consolidated Entity must determine the recoverable amount for the asset's cash-generating unit. Corporate assets are allocated to each cash generating unit on a reasonable and consistent basis.

For intangible assets with indefinite useful life and ones that are not yet available for use, they are subject to impairment tests at least annually and at the time when there are indications of impairment.

The recoverable amount is the fair value minus cost of sales or its value in use, whichever is higher. If the recoverable amount of individual asset or the cash-generating unit is lower than its carrying amount, the carrying amount will be reduced to the recoverable amount and the impairment loss will be recognized in profit and loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit shall be increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (minus amortization or depreciation) of the asset or cash-generating unit that was not impaired in the previous years. The reversed impairment loss shall be recognized in profit or loss.

(XIII) Financial Instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Consolidated Entity becomes a party to the financial instrument contract.

Financial assets and financial liabilities not at fair value through profit or loss are recognized initially at fair value plus transaction costs that are directly attributable to the acquisition or issuance of the financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss shall be immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

Financial assets held by the Consolidated Entity are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, and financial assets at fair value through other comprehensive income (FVTOCI).

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily at fair value through profit or loss and financial assets 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 that are not designated by the Consolidated Entity to be at fair value through other comprehensive income and investments in debt instruments that are not qualified as to be 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, with any gains or losses arising from remeasurement recognized in profit or loss. Please refer to Note XXVIII for the determination of fair value.

B. Financial assets at amortized cost

When the Consolidated Entity's investments in financial assets satisfy the following two conditions simultaneously, they are classified as financial assets at amortized cost:

- a. Held under a certain business model of which the objective of holding the financial assets is to collect contractual cash flows; and
- b. The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principal and interest on the principal amount outstanding.

After initial recognition, financial assets measured at amortized cost (including cash and cash equivalents and accounts receivable at amortized cost) are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss, and any exchange gains or losses are recognized in profit or loss.

Except for the following two circumstances, interest income is calculated using the effective interest rate times the gross carrying amount of the financial assets:

- a. For purchased or originated credit-impaired financial assets, interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial assets.

- b. For financial assets that do not belong to the former category but subsequently have become credit-impaired, interest income shall be calculated by applying the effective interest rate to the amortized cost of the financial assets in the reporting period following the credit impairment.

Financial assets are deemed as credit-impaired when the issuer or debtor has experienced significant financial difficulties, defaults have occurred, the debtor is likely to claim bankruptcy or other financial reorganization, or the active market for financial assets has disappeared due to financial difficulties.

Cash equivalents include time deposits with a maximum maturity of 3 months, which are highly liquid, can be converted into a fixed amount of cash at any time and have relatively low risk in price changes. They are used for satisfying short-term cash commitments.

- C. Investments in equity instruments at fair value through other comprehensive income

The Consolidated Entity may make an irrevocable election at initial recognition, and designated the investments in equity instruments that is not held for trading and that is not contingent consideration recognized by acquirer of business combination at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with changes in fair value recognized in other comprehensive income and accumulated in other equity. When the investment is disposed of, the cumulative gain or loss is directly transferred to retained earnings and is not reclassified to profit or loss.

Dividends of investments in equity instruments measured at fair value through other comprehensive income are recognized in profit and loss when the Consolidated Entity's right to receive payments is established unless the dividend clearly represents the recovery of part of the investment cost.

(2) Impairment of financial assets

The Consolidated Entity assesses the impairment loss of financial assets at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Loss allowance of accounts receivable is measured at an amount equal to lifetime expected credit losses. Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in risks, loss allowance is recognized at an amount equal to a 12-month expected credit loss. If the risks have increased significantly, loss allowance shall be at an amount equal to lifetime expected credit loss.

The expected credit loss is the weighted average credit loss with the risk of default as the weight. The 12-month expected credit losses represent the expected credit losses from possible defaults of the financial instrument within 12 months after the reporting date. The lifetime expected credit losses represent the expected credit losses from all possible defaults of the financial instrument during the expected period of existence.

For the purpose of internal credit risk management, the Consolidated Entity, without considering the collateral on hand, determines that the following situations represent defaults of the financial assets:

- A. Internal or external information indicates that it is not possible for the debtor to settle the debt.
- B. Overdue for more than 90 days, unless there is reasonable and corroborable information showing that a postponed default benchmark is more appropriate.

The Consolidated Entity recognizes impairment losses of all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

(3) Derecognition of financial assets

The Consolidated Entity derecognizes financial assets when the contractual rights to the cash inflow from the asset expire or when the entity transfers the financial assets with substantially all the risks and rewards of ownership to other enterprises.

When derecognizing a financial asset measured at amortized cost in its entirety, the difference between the carrying amount and the consideration received is recognized in profit or loss. When derecognizing a debt instrument at fair value through other comprehensive income in its entirety, the difference between the carrying amount and the sum of consideration received and receivable and the cumulative gain or loss already recognized in other comprehensive income is recognized in profit or loss. When derecognizing an equity instrument at fair value through other comprehensive income in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

Debts and equity instruments issued by the Consolidated Entity are classified as financial liabilities or equity in accordance with the substance of contractual arrangements and the definitions of a financial liability and an equity instrument.

The equity instrument issued by the Consolidated Entity shall be recognized at the proceeds received net of the direct cost of issuance.

The repurchase of equity instruments issued by the Company is recognized and deducted under equity. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is not recognized in profit or loss.

3. Financial liabilities

(1) Subsequent measurement

Financial liabilities are measured at amortized cost by the effective interest method.

(2) Derecognition of financial liabilities

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

(XIV) Provisions

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Provision is measured at the discounted cash flows estimated to settle the obligation.

(XV) Revenue recognition

After the Consolidated Entity identifies its performance obligations in contracts with customers, it shall allocate the transaction costs to each obligation in the contract and recognize revenue upon satisfaction of performance obligations.

1. Commodity and catering revenues

Commodity and catering revenues come from the sales of raw materials and drinks catering. When a customer has the right to use the product and bears the risk of obsolescence, the Consolidated Entity transfers the control over products to the customer and recognizes the revenue and accounts receivable.

The customer loyalty program gives customers reward points upon purchases for future purchases or redemption of the products. These reward points provide important rights. Contract liabilities are recognized when the transaction price allocated to the reward points is collected, and reclassified to revenue when the reward points are redeemed or expire.

2. Brand revenue

For a franchise transaction, as the major risk and rewards are transferred to the franchisee at the time when his/her business commences, a certain percentage of the royalty fee received is recognized as brand revenue when the franchisee opens his/her business. The remaining royalties will be recognized on a straight-line basis over the franchising period.

The commercial practice of the Consolidated Entity's franchising business is to continuously analyze consumers' product preferences and launch new products, conduct pricing analysis and marketing activities accordingly; and the franchisees must cooperate with the launch of new products. As

the aforementioned commercial practice does not involve the transfer of goods or services to the franchisees, the continuing franchise fees calculated based on sales are recognized as brand revenue only when the franchisees make actual sales.

(XVI) Leases

The Consolidated Entity assesses whether a contract is (or contains) a lease on the establishment date of the contract.

1. The Consolidated Entity is a lessor

If the lease transfers substantially all of the risks and rewards incidental to the underlying asset's ownership to the lessee, it is classified as a finance lease. All other leases are classified as operating leases.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis over the relevant lease period. The initial direct costs arising from the acquisition of operating leases are added to the carrying amount of the underlying assets, and an expense is recognized for the lease on a straight-line basis over the lease term.

Rental changes in lease agreements that do not depend on indices or rates are recognized as income in the period in which they are incurred.

2. The Consolidated Entity is a lessee

Right-of-use assets and lease liabilities are recognized for all leases at the inception date of such leases, except for leases qualified for recognition exemption, e.g. leases with low-value assets and short-term leases, for which an expense is recognized on a straight-line basis over the lease term.

A right-of-use asset is initially measured at cost (including the initially measured number of lease liability, the amount of lease payments made to the lessors fewer lease incentives received prior to the inception of the lease, and initial direct costs and the estimated costs of restored underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment, adjusted for any remeasurements of the lease liability. Right-of-use assets are expressed separately in the consolidated balance sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful life, or to the end of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments. If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate of interest shall be used.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If the assessments on lease terms, amounts expected to be paid under residual value guarantees and purchase option of the underlying assets; or changes in the index or rate which determines the lease payments result in changes in future lease payments, the Consolidated Entity would remeasure the lease liabilities with a corresponding adjustment on the right-of-use assets. However, if the carrying amount of right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are expressed separately in the consolidated balance sheets.

The Consolidated Entity and the lessor conducted rent negotiations directly related to the COVID-19, resulting in a decrease in rent through adjusting the rent due before June 30, 2022, and these negotiations did not significantly change other lease terms. The Consolidated Entity chooses to adopt a practical expedient method to deal with rent negotiation meeting the aforementioned conditions and does not assess whether the negotiation is a lease modification, but recognizes the reduction in lease payment as profit and loss when the concession event or situation occurs, and reduces the lease liabilities relatively.

Changes in leases that do not depend on an index or a rate in lease agreements are recognized as expenses in the period in which they take place.

(XVII) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(XVIII) Government subsidies

Government subsidies are only recognized when it can be reasonably assured that the Consolidated Entity shall comply with the conditions imposed by government subsidies and that such subsidies can be received.

If the government subsidy is used to compensate fees or losses that had occurred, or is given to the Consolidated Entity for the purpose of immediate financial support without related future costs, it can be recognized in profit or loss within the collectible period.

(XIX) Employee benefits

1. Short-term employee benefits

Related liabilities for short-term employee benefits are measured by the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

For pension under the defined contribution retirement plan, the amount of pension contribution is recognized as expenses during the employee's service period.

The Company's subsidiaries in mainland China would contribute a certain percentage to the pension fund on a monthly basis in accordance with local regulations. The Company's subsidiaries in Taiwan adopt the defined contribution retirement plan, i.e. the amount of pension contribution is recognized as expenses during the employee's service period. As there are no mandatory requirements in the local laws and regulations of the remaining overseas subsidiaries where post-employment benefits are concerned, the Consolidated Entity does not set up any post-employment benefit rules.

(XX) Income tax

Income tax expenses are the sum of current income tax and deferred income tax.

1. Current income tax

The Consolidated Entity determines the current income (loss) in accordance with the laws and regulations established by each income tax jurisdiction and calculates the income tax payable (recoverable) based on it.

The additional income tax on the unappropriated earnings pursuant to the Income Tax Law of the Republic of China act by the Company's

subsidiaries in Taiwan is recognized in the year when the shareholders' meeting resolves to appropriate the earnings.

Adjustments to income tax payable from previous years are recognized in the income tax of current year.

2. Deferred income tax

Deferred income tax is calculated based on the temporary difference between the carrying amount of the assets and liabilities and the taxable basis of the taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized when there are likely to be taxable income against which the deductible temporary differences and loss credits can be utilized. Temporary differences are not recognized as deferred income tax assets and liabilities if they arise from the original recognition of other assets and liabilities (excluding business combinations) and the transaction does not affect taxable income or accounting profits at that time.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Consolidated Entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred income tax assets from deductible temporary differences associated with these types of investments and interests are recognized only to the extent that it is likely there will be sufficient taxable income to realize the benefits of temporary differences and it is within the scope expected to be reversed in the foreseeable future.

The carrying amount of the deferred income tax assets is re-examined at each balance sheet date and the carrying amount is reduced to the extent that it is no longer likely to have sufficient taxable income to recover all or part of the assets. Assets that have not been recognized as deferred income tax assets are re-examined at each balance sheet date and the carrying amount is increased for assets that are likely to generate sufficient taxable income to recover all or part of the assets.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the

balance sheet date or have been substantially legislated. The measurement of deferred income tax liabilities and assets reflects the tax consequences generated by the expected manner of recovery or repayment of the carrying amount of the assets and liabilities on the balance sheet date.

3. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred income taxes are recognized in other comprehensive income or directly in equity, respectively.

V. Significant Accounting Judgments, Estimates, and Key Sources of Uncertainty over Assumptions

When the Consolidated Entity adopts accounting policies, the management must make judgments, estimates, and assumptions based on historical experience and other critical factors for related information that are not readily available from other sources. Actual results may differ from original estimates.

The management shall continue to review the estimates and basic assumptions. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Revenue recognition

The Consolidated Entity assesses whether performance obligations are fulfilled over time or at a certain point in time in accordance with the contracts with customers and the applicable relevant regulations.

In making such judgments, the management considers the income recognition conditions, especially whether the Consolidated Entity has transferred the control of the goods to the buyer.

VI. Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 1,191	\$ 1,655
Check and demand deposits	234,589	292,852
Cash equivalents		
Time deposits with original maturity dates within 3 months	18,843	19,168
	<u>\$ 254,623</u>	<u>\$ 313,675</u>

As of December 31, 2022, time deposits with original maturity dates within 3 months of \$4,607 thousand were provided to banks as collateral for short-term loans, respectively, and recognized as other current assets – others. Please refer to Notes XVII and XXX for details.

VII. Financial assets at fair value through profit or loss - current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Beneficiary certificates	<u>\$ 2,711</u>	<u>\$ 3,482</u>

For the years ended December 31, 2023 and 2022, net loss on financial assets at fair value through profit or loss were \$719 thousand and \$946 thousand, respectively.

VIII. Financial assets at amortized cost

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Time deposit with original maturity date over 3 months	\$ 46,058	\$ -
Less: Loss allowance	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 46,058</u>	<u>\$ -</u>

As of December 31, 2023, the interest rate ranges of time deposits with original maturity dates over 3 months were 4.40%.

IX. Accounts receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Accounts receivables</u>		
Measured at amortized cost Gross carrying amount	\$ 31,379	\$ 27,189
Less: Loss allowance	<u>(6,786)</u>	<u>(1,609)</u>
	<u>\$ 24,593</u>	<u>\$ 25,580</u>

Accounts receivables - related parties (Note XXIX)

Measured at amortized cost Gross carrying amount	\$ 15,476	\$ 10,811
Less: Loss allowance	<u>(3,802)</u>	<u>(338)</u>
	<u>\$ 11,674</u>	<u>\$ 10,473</u>

The Consolidated Entity's average collection term for sales of goods is 30 to 60 days. Accounts receivable do not bear interest. The policy adopted by the Consolidated Entity is to obtain sufficient guarantee deposits to mitigate the risk of financial losses due to arrears. In addition, the Consolidated Entity uses the publicly available financial

information and historical transaction records to rate major customers, continuously monitors exposures to credit risk and the credit ratings of counterparties, and disperses the total transaction amount to different customers with qualified credit ratings. Also, it manages credit risk with annual reviews and evaluations of counterparties' credit limits. To lower credit risk, management of the Consolidated Entity appoints a dedicated team to handle decisions on credit limits, credit approvals, and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Consolidated Entity would review the recoverable amount of each receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As a result, the Company's management concluded that the credit risk of the Consolidated Entity is significantly reduced.

The Consolidated Entity adopts the simplified approach stipulated in IFRS 9 and recognizes loss allowance for accounts receivables based on lifetime expected credit loss. The lifetime expected credit loss is calculated using the aging loss rate, which takes into account the customer's past history of default and current financial conditions, as well as the guarantee deposits received. Since the Consolidated Entity's historical experience on credit loss indicates no significant difference in the loss patterns between various customer segments, the loss rate is not set at the customer segment level. Instead, it is determined based on the overdue days of accounts receivables.

The Consolidated Entity writes off accounts receivable when there is evidence indicating that the counterparty is experiencing severe financial difficulty and there is no realistic prospect in collecting these receivables. However, the Consolidated Entity would continue to engage in enforcement activity in an attempt to recover the receivables written off and the amount recovered would be recognized in profit or loss.

Loss allowance on accounts receivables measured by the provisional matrix is as follows:

December 31, 2023

	<u>Not past due</u>	<u>1 to 90 Days Past Due</u>	<u>91 to 180 Days Past Due</u>	<u>Overdue over 180 Days</u>	<u>Overdue over 365 Days</u>	<u>Total</u>
Expected credit loss rate	-	-	23%	84%	100%	
Gross carrying amount	\$ 19,996	\$ 9,874	\$ 7,299	\$ 4,801	\$ 4,885	\$ 46,855
Loss allowance (lifetime expected credit loss)	<u>-</u>	<u>-</u>	<u>(1,649)</u>	<u>(4,054)</u>	<u>(4,885)</u>	<u>(10,588)</u>
Amortized cost	<u>\$ 19,996</u>	<u>\$ 9,874</u>	<u>\$ 5,650</u>	<u>\$ 747</u>	<u>\$ -</u>	<u>\$ 36,267</u>

December 31, 2022

	<u>Not past due</u>	<u>1 to 90 Days Past Due</u>	<u>91 to 180 Days Past Due</u>	<u>Overdue over 180 Days</u>	<u>Overdue over 365 Days</u>	<u>Total</u>
Expected credit loss rate	-	-	35%	56%	74%	
Gross carrying amount	\$ 28,285	\$ 5,960	\$ 1,756	\$ 772	\$ 1,227	\$ 38,000
Loss allowance (lifetime expected credit loss)	<u>-</u>	<u>-</u>	<u>(609)</u>	<u>(432)</u>	<u>(906)</u>	<u>(1,947)</u>
Amortized cost	<u>\$ 28,285</u>	<u>\$ 5,960</u>	<u>\$ 1,147</u>	<u>\$ 340</u>	<u>\$ 321</u>	<u>\$ 36,053</u>

The aging analysis above is based on the number of past due days.

The loss allowance for doubtful receivables for the years ended December 31, 2023 and 2022 changed as followed:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 1,947	\$ -
Recognition of impairment loss for the period	10,478	1,951
Write-off for the current period	(1,719)	-
Exchange differences in translation of foreign currencies	<u>(118)</u>	<u>(4)</u>
Ending Balance	<u>\$ 10,588</u>	<u>\$ 1,947</u>

X. Inventories

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Raw materials	\$ 33,914	\$ 41,358
Merchandise inventories	<u>10,218</u>	<u>16,469</u>
	<u>\$ 44,132</u>	<u>\$ 57,827</u>

The cost of goods sold associated with inventories were \$278,179 thousand and \$421,985 thousand for the years ended December 31, 2023 and 2022, respectively.

The cost of goods sold, including loss for market price decline and obsolete and slow-moving inventories (gains from recovery) were (\$3,651) thousand and \$5,565 thousand for the years ended December 31, 2023 and 2022, respectively. The recovery of net realizable value for inventories is due to inventory destocking.

XI. Financial assets at fair value through other comprehensive income - non-current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-TWSE/TPEX listed companies' Stocks</u>		
Meng Qiqi Technology (Shanghai) Co., Ltd.	\$ 3,215	\$ 5,039
Yanqiaomai Food Technology (Shanghai) Co., Ltd.	<u>646</u>	<u>608</u>
	<u>\$ 3,861</u>	<u>\$ 5,647</u>

The Consolidated Entity invests in common stocks of the above mentioned companies under the medium and long-term strategy and expects to make profits through long-term investment. The management of the Consolidated Entity considers that the short-term fair value of the investments will be included in the profit or loss and is not consistent with the long-term investment planning as the above-mentioned, and, therefore, the designation of such investments is not in line with the fair value of the investment in other comprehensive income.

XII. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

Entities included in the consolidated financial statements are as follows:

Name of Investor	Name of subsidiaries	Nature of Business	Percentage of Ownership		Remark
			December 31, 2023	December 31, 2022	
Yummy Town (Cayman) Holdings Corporation	Yen Mei Enterprise Limited	Trading of beverages, collection of franchise fees and royalties and trading of raw materials for catering	100.00	100.00	Note 1
"	RBT Enterprise Limited	Trademark rights management	100.00	100.00	
"	RBT Holdings Limited	Investment holding and trading of raw materials for catering	100.00	100.00	Note 2
Yen Mei Enterprise Limited	Yen Chun International Co., Ltd.	Operation of food and beverage outlets	100.00	100.00	Note 3
RBT Holdings Limited	RBT Resources Limited	Trading of raw materials for catering	100.00	100.00	
"	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Catering shop, trading of beverages, collection of franchise fees and royalties	100.00	100.00	Note 4
"	Happy Lemon HK Limited	Trading of beverages, collection of franchise fees and royalties	100.00	100.00	
"	Yummy-town UK Ltd	Investment holding	100.00	100.00	Note 6
Yummy-town UK Ltd	Yummy-town Holding Corporation	Investment holding	95.00	100.00	Note 5, 6
Yummy-town Holding Corporation	Yummy-town USA LLC	Trading of beverages, trading of raw materials for catering, collection of franchise fees and royalties	100.00	100.00	Note 2, 6, 16
"	RBT International LLC	Trading of raw materials for catering	100.00	100.00	Note 7
"	GW Bros International Corporation	Catering shop, collection of franchise fees and royalties and trading of raw materials for catering	51.00	-	Note 14
Yummy-town USA LLC	Happy Lemon West Inc.	Trading of beverages, trading of raw materials for catering and collection of franchise fees and royalties	70.00	70.00	

(Continued)

(Continued from previous page)

Name of Investor	Name of subsidiaries	Nature of Business	Percentage of Ownership		Remark
			December 31, 2023	December 31, 2022	
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Shanghai Tai Quan Trading Co., Ltd.	Trading of raw materials for catering	100.00	100.00	Note 8
"	Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	100.00	100.00	Note 9
"	Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Catering shop, collection of franchise fees and royalties	100.00	100.00	
"	Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	100.00	100.00	Note 10
"	You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	55.50	55.50	
"	Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	100.00	100.00	Note 11
"	Yi Cheng Food & Beverage Management (Guangxi) CO., LTD	Trading of beverages, collection of franchise fees and royalties	-	-	Note 15
"	Fengfu Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	100.00	100.00	
"	Yibang Health Technology (Shanghai) Co., Ltd.	Food marketing	-	100.00	Note 12
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	100.00	100.00	
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Cacha Prince Intelligent Technology (Shanghai) Co., Ltd.	Catering equipment sales and others	51.00	51.00	Note 13

Note 1: In December 2022, the Company's shareholders approved a cash capital reduction of NTD 40,000 thousand.

Note 2: To expand its business in the United States, the Consolidated Entity increased its capital by \$2,000,000 by cash through RBT Holdings Limited to Yummy-town USA LLC. Additionally, the company increased its capital by \$800,000 and \$200,000 by cash to Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. through RBT Holdings Limited in June and September in 2023, respectively.

Note 3: In December 2022, the Company's board of directors passed the resolution to reduce cash capital by NTD 15,000 thousand.

- Note 4: This company increased its capital by USD 1,000,000 by cash in 2023.
- Note 5: This company was established on March 1, 2022. The organizational structuring of the Company was completed in December 2022.
- Note 6: In December 2022, Yummy-town UK Ltd disposed of all shares of Yummy-town USA LLC to Yummy-town Holding Corporation. The transaction is actually a structural adjustment within the group. In April 2023, this company sold 5% of its shares in Yummy-town Holding Corporation to its related party T Rock Inc. Please refer to Note XXV.
- Note 7: This company was established on May 13, 2022, and it was not yet funded as of December 31, 2023.
- Note 8: This company increased its capital by RMB 3,600,000 and RMB 10,400,000 by cash in 2023 and 2022, respectively.
- Note 9: This company increased its capital by RMB 10,400,000 by cash in 2023.
- Note 10: This company increased its capital by RMB 10,000,000 by cash in 2023.
- Note 11: This company increased its capital by RMB 110,000 by cash in 2022.
- Note 12: This company increased its capital by RMB 790,000 by cash in 2022. In addition, this company sold all of its shares to non-related parties, recognizing gain on disposal of investments of RMB 8 thousand in 2023.
- Note 13: This company increased its capital by RMB 500,000 by cash in 2022.
- Note 14: To expand its development in the United States, the Consolidated Entity established a new company called GW Bros International Corporation through a joint venture with Yummy-town Holding Corporation and Yongqin International Co., Ltd. in December 2023. The Consolidated Entity invested USD 2,000,000, with a shareholding percentage of 51%.
- Note 15: This company decided to go into liquidation in July 2022, and the liquidation procedure was completed in October 2022, recognizing gains on disposal of investment of \$1,562 thousand.
- Note 16: This company decreased its capital by USD 1,020,000 by cash in 2023.

(II) Information on subsidiaries with material non-controlling interests

<u>Name of subsidiaries</u>	<u>Percentage of Shares and Voting Rights Held by Non-controlling Interests</u>	
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
GW Bros International Corporation	51%	-

Please refer to Table VI for information on the main business premises and countries of registration.

<u>Name of subsidiaries</u>	<u>Profit or Loss Allocated to Non-controlling Interests</u>		<u>Non-controlling interests</u>	
	<u>2023</u>	<u>2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
GW Bros International Corporation	\$ -	\$ -	\$ 30,091	\$ -
Others	<u>5,686</u>	<u>(4,645)</u>	<u>25,941</u>	<u>16,845</u>
Total	<u>\$ 5,686</u>	<u>(\$ 4,645)</u>	<u>\$ 56,032</u>	<u>\$ 16,845</u>

The summarized financial information of the following subsidiaries is prepared according to the amount before the write-off of intercompany transactions:

GW Bros International Corporation

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current assets	<u>\$ 61,410</u>	<u>\$ -</u>
Equity	<u>\$ 61,410</u>	<u>\$ -</u>
Equity attributable to:		
owners of the parent	\$ 31,319	\$ -
Non-controlling interests of GW Bros International Corporation	<u>30,091</u>	<u>-</u>
	<u>\$ 61,410</u>	<u>\$ -</u>

XIII. Investments accounted for using the equity methodInvestments in associates

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Associates not individually material</u>		
Freshtea Japan CO., LTD.	\$ 6,414	\$ 8,099
Happy Lemon (M) Sdn Bhd.	<u>-</u>	<u>2,543</u>
	<u>\$ 6,414</u>	<u>\$ 10,642</u>

All the aforementioned associates are accounted for using the equity method by the consolidated entity.

In order to enrich the working capital to meet the long-term operation and development strategy, the board of directors of the Consolidated Entity decided on March 24, 2022 to dispose of 20% of the equity of Yong Chun Cheng Co., Ltd. to non-related parties with the total sale price amounted to \$150,000 thousand, and \$51,642 thousand of the gain on disposal of investments was recognized.

Happy Lemon (M) Sdn Bhd. is continuing to operate at a loss. The Consolidated Entity has recognized its share of losses from the associates according to its shareholding percentage, which has exceeded its equity in the associates. As a result, the Consolidated Entity has ceased recognizing any further losses. As of December 31, 2023, the associates have a net worth of 0 thousand using the equity method.

(I) Summary of information of associates not individually material

<u>Name of Company</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Freshtea Japan CO., LTD.	40%	40%
Happy Lemon (M) Sdn Bhd.	45%	45%

Happy Lemon (M) Sdn Bhd. resolved through its board of directors to increase its capital by MYR 400,000 by cash in December 2022. The Consolidated Entity did not subscribe to the increase in cash capital according to the shareholding percentage in December 31, 2022, resulting in a decrease in its shareholding percentage from 51% to 45%. It is no longer the single largest shareholder, thus it has lost control of the company and is now classified as an associate. Gains on disposal of investments of MYR 456 thousand has been recognized. Please refer to Notes XXVI.

Please refer to Table VI for information on the nature of business, area of operations, and country of company registry of the above associates.

	<u>2023</u>	<u>2022</u>
Share owned by the Consolidated Entity		
Net loss for the period	(\$ 3,751)	(\$ 5,306)
Other comprehensive income (loss)	(477)	(597)
Total comprehensive income	(<u>\$ 4,228</u>)	(<u>\$ 5,903</u>)

(II) The investments in associates accounted for using equity method and the Consolidated Entity's share of profit or loss and other comprehensive income of those investments as of December 31, 2023 and 2022 were recognized based on unaudited financial statements. As those amounts were not material, they shall not have a significant influence on the consolidated financial statements.

XIV. Property, plant and equipment

	Freehold Land	Buildings	Machinery & equipment	Leasehold improvements	Other equipment	Total
<u>Cost</u>						
Balance as of January 1, 2022	\$ 37,601	\$ 36,469	\$ 75,965	\$ 128,915	\$ 29,355	\$ 308,305
Additions	-	-	4,488	12,314	597	17,399
Disposals	-	-	(30,787)	(59,661)	(4,167)	(94,615)
Disposal of subsidiaries	-	-	(1,996)	(3,301)	(1,018)	(6,315)
Net exchange differences	<u>4,121</u>	<u>3,997</u>	<u>1,996</u>	<u>5,346</u>	<u>720</u>	<u>16,180</u>
Balance as of December 31, 2022	<u>\$ 41,722</u>	<u>\$ 40,466</u>	<u>\$ 49,666</u>	<u>\$ 83,613</u>	<u>\$ 25,487</u>	<u>\$ 240,954</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2022	\$ -	\$ 6,321	\$ 55,884	\$ 94,103	\$ 16,977	\$ 173,285
Depreciation expense	-	782	5,868	13,981	4,456	25,087
Impairment loss	-	-	4,444	6,448	257	11,149
Disposals	-	-	(26,220)	(52,295)	(3,731)	(82,246)
Disposal of subsidiaries	-	-	(884)	(2,519)	(701)	(4,104)
Net exchange differences	<u>-</u>	<u>721</u>	<u>1,345</u>	<u>3,580</u>	<u>506</u>	<u>6,152</u>
Balance as of December 31, 2022	<u>\$ -</u>	<u>\$ 7,824</u>	<u>\$ 40,437</u>	<u>\$ 63,298</u>	<u>\$ 17,764</u>	<u>\$ 129,323</u>
Net balance as of December 31, 2022	<u>\$ 41,722</u>	<u>\$ 32,642</u>	<u>\$ 9,229</u>	<u>\$ 20,315</u>	<u>\$ 7,723</u>	<u>\$ 111,631</u>
<u>Cost</u>						
Balance as of January 1, 2023	\$ 41,722	\$ 40,466	\$ 49,666	\$ 83,613	\$ 25,487	\$ 240,954
Additions	-	-	4,115	2,519	2,453	9,087
Disposals	-	-	(2,936)	(19,450)	(3,217)	(25,603)
Net exchange differences	<u>(95)</u>	<u>(92)</u>	<u>(831)</u>	<u>(194)</u>	<u>(336)</u>	<u>(1,548)</u>
Balance as of December 31, 2023	<u>\$ 41,627</u>	<u>\$ 40,374</u>	<u>\$ 50,014</u>	<u>\$ 66,488</u>	<u>\$ 24,387</u>	<u>\$ 222,890</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2023	\$ -	\$ 7,824	\$ 40,437	\$ 63,298	\$ 17,764	\$ 129,323
Depreciation expense	-	818	3,013	7,493	3,585	14,909
Disposals	-	-	(2,822)	(13,863)	(3,090)	(19,775)
Impairment loss	-	-	455	-	-	455
Net exchange differences	<u>-</u>	<u>(29)</u>	<u>(761)</u>	<u>(259)</u>	<u>(231)</u>	<u>(1,280)</u>
Balance as of December 31, 2023	<u>\$ -</u>	<u>\$ 8,613</u>	<u>\$ 40,322</u>	<u>\$ 56,669</u>	<u>\$ 18,028</u>	<u>\$ 123,632</u>
Net balance as of December 31, 2023	<u>\$ 41,627</u>	<u>\$ 31,761</u>	<u>\$ 9,692</u>	<u>\$ 9,819</u>	<u>\$ 6,359</u>	<u>\$ 99,258</u>

Due to the impact of the recent COVID-19 pandemic on the catering segment of the Consolidated Entity, cash provided by the Consolidated Entity to operating machinery, equipment and leasehold improvements was expected to decrease, causing the recoverable amount less than the carrying amount. Therefore, the recognized impairment loss of 2023 and 2022 was \$455 thousand and \$11,149 thousand, respectively. The Consolidated Entity adopted value in use as the recoverable amount, with a discount rate of 13% being applied.

The property, plant, and equipment of the consolidated entity are depreciated on a straight-line basis over their useful lives listed below:

Buildings	
Main building	50 years
Machinery & equipment	3 to 5 years
Leasehold improvements	1.5 to 3 years
Other equipment	3 to 5 years

The net amount of the Consolidated Entity's partial property, plant and equipment has been pledged to banks as collateral for short-term borrowings. Please refer to Notes XVII and XXX.

XV. Lease Agreements

(I) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Buildings	<u>\$ 108,993</u>	<u>\$ 111,166</u>
	<u>2023</u>	<u>2022</u>
Addition of right-of-use assets	<u>\$ 101,162</u>	<u>\$ 48,175</u>
Disposal of right-of-use assets	<u>(\$ 32,722)</u>	<u>(\$ 80,700)</u>
Net exchange difference on right-of-use assets	<u>(\$ 929)</u>	<u>\$ 9,409</u>
Depreciation expenses of right-of-use assets		
Buildings	\$ 62,002	\$ 101,687
Other equipment	-	468
	<u>\$ 62,002</u>	<u>\$ 102,155</u>
Impairment loss of right-of-use assets		
Buildings	<u>\$ 7,682</u>	<u>\$ 12,161</u>

The catering segment of the Consolidated Entity was impacted by the recent COVID-19 pandemic in China. Cash provided by the Consolidated Entity to right-of-use assets and buildings was expected to decrease, causing the recoverable amount to be less than the carrying amount. Therefore, the recognized impairment loss for 2023 and 2022 was \$7,682 thousand and \$12,161 thousand, respectively. The Consolidated Entity adopted the value in use as the recoverable amount, with a discount rate of 13% being applied.

(II) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of lease liabilities		
Current	<u>\$ 60,039</u>	<u>\$ 47,017</u>
Non-current	<u>\$ 64,372</u>	<u>\$ 68,823</u>

Discount rate ranges for lease liabilities are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	4%	4%
Other equipment	-	4%

(III) Other lease information

	<u>2023</u>	<u>2022</u>
Expenses of short-term leases	<u>\$ 3,093</u>	<u>\$ 12,335</u>
the expense of leases of low-value assets	<u>\$ 31</u>	<u>\$ 31</u>
Variable lease payments not included in lease liability measurement	<u>\$ 27,475</u>	<u>\$ 13,106</u>
Total cash (outflow) from lease	<u>(\$ 90,418)</u>	<u>(\$ 125,970)</u>

The Consolidated Entity elects to apply the recognition exemptions to some buildings and other equipment that qualify as a short-term lease or lease with low-value assets, respectively. Consequently, it does not recognize any right-of-use assets or lease liabilities for the said leases.

XVI. Intangible assets

(I) Goodwill

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 28,068	\$ 25,300
Net exchange differences	(4)	2,768
Ending Balance	<u>\$ 28,064</u>	<u>\$ 28,068</u>

(II) Other intangible assets

	<u>Trademarks</u>	<u>Computer software</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2022	\$ 6,832	\$ 32,081	\$ 38,913
Additions	395	-	395
Net exchange differences	<u>763</u>	<u>473</u>	<u>1,236</u>
Balance as of December 31, 2022	<u>\$ 7,990</u>	<u>\$ 32,554</u>	<u>\$ 40,544</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2022	\$ 4,668	\$ 28,749	\$ 33,417
Amortization	573	2,059	2,632
Net exchange differences	<u>532</u>	<u>417</u>	<u>949</u>
Balance as of December 31, 2022	<u>\$ 5,773</u>	<u>\$ 31,225</u>	<u>\$ 36,998</u>
Net balance as of December 31, 2022	<u>\$ 2,217</u>	<u>\$ 1,329</u>	<u>\$ 3,546</u>
<u>Cost</u>			
Balance as of January 1, 2023	\$ 7,990	\$ 32,554	\$ 40,544
Additions	2,459	5,371	7,830
Net exchange differences	(50)	(677)	(727)
Balance as of December 31, 2023	<u>\$ 10,399</u>	<u>\$ 37,248</u>	<u>\$ 47,647</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2023	\$ 5,773	\$ 31,225	\$ 36,998
Amortization	610	1,677	2,287
Net exchange differences	(21)	(600)	(621)
Balance as of December 31, 2023	<u>\$ 6,362</u>	<u>\$ 32,302</u>	<u>\$ 38,664</u>
Net balance as of December 31, 2023	<u>\$ 4,037</u>	<u>\$ 4,946</u>	<u>\$ 8,983</u>

The intangible assets of the Consolidated Entity are amortized on a straight-line basis over the following useful lives:

Trademarks	8 to 15 years
Computer software	1 to 5 years

XVII. Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Secured loans</u>		
Bank loans	\$ <u>59,776</u>	\$ <u>75,136</u>
Interest rate	<u>1.86%-6.47%</u>	<u>1.635%-6.25%</u>

The above-mentioned secured borrowings are mainly borrowings with bank deposits, freehold land, and buildings as collateral, as well as jointly guaranteed by the Company's Chairman. Please refer to Notes VI, XIV, XXIX and XXX for details.

XVIII. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payroll and bonus payable	\$ 29,870	\$ 31,842
Untaken leave payable	6,618	7,111
Business tax payable	534	789
Social security and provident fund payable	3,951	7,614
Professional service fee payable	5,875	2,359
Payables on equipment	3,772	4,926
Others	<u>40,999</u>	<u>29,049</u>
	<u>\$ 91,619</u>	<u>\$ 83,690</u>

XIX. Provisions - current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Employee benefits (under other payables)	\$ <u>6,618</u>	\$ <u>7,111</u>

Provision for employee benefits includes the estimate of employees' vested leaves.

XX. Equity

(I) Share Capital - Common Stock

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized 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 shares issued and fully paid (in thousands)	<u>26,000</u>	<u>35,785</u>
Issued share capital	<u>\$ 260,000</u>	<u>\$ 357,852</u>

The par value of common stocks issued is \$10 per share. Each stock is entitled to one vote and the right to receive dividends.

To strengthen its financial structure, increase the net asset value per share, and meet future operational development needs, the plan to reduce capital to make up losses was passed at the Company's board of directors meeting on March 20, 2023. The reduction amount was approved at the shareholders' meeting on June 12, 2023, with a total of NT\$107,852 thousand, writing off 10,785 thousand shares, and a reduction ratio of 30%. The paid-in capital after the reduction is NT\$250,000 thousand. The above capital reduction plan has been declared effective by the Taipei Exchange on September 13, 2023, and the chairman has been authorized by the shareholders' meeting to set the base date of capital reduction on September 22, 2023, and base date of capital reduction through stock issuance on November 3, 2023.

On March 24, 2022, the Company's board of directors decided not to proceed with the private placement of common stocks approved by the 2021 annual shareholders' meeting.

On June 12, 2023 and December 15, 2023, the Company's shareholders' meeting passed the resolution in order to further increase the net worth of shareholders' equity in response to long-term operational development, expansion of operating scale and market territory, and planned to issue common stocks through private placement for cash capital increase within the limit of 5,000 thousand and 2,000 common stocks, respectively.

The Company approved the issuance of 1,000 shares of common stock through a private placement for the first time on November 14, 2023. The shares will be offered to the offeree Crystal Charm International Limited Taiwan Branch, at NTD 26 per share, and a total of NT\$26,000 thousand was raised. The base date for the capital increase is set on November 15, 2023, and the shares have been fully received.

(II) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>It may be used to offset the deficits, distributed as cash dividends, or transferred to share capital (1)</u>		
Stock issuance premium	\$ 44,136	\$ 54,708
Premium on conversion of corporate bonds	69,143	132,720
<u>It may be used to offset the deficits</u>		
Gain on exercise of vesting rights	<u>89</u>	<u>89</u>
	<u>\$ 113,368</u>	<u>\$ 187,517</u>

1. Capital reserve related to the income derived from the issuance of shares at a premium may be used to offset the deficits. When the Company has no deficit, it may be distributed as cash dividends or transferred to share capital. The transfer is limited to a certain percentage of the Company's paid-in capital of the year.
2. This type of capital surplus refers to the affected amount of equity transaction recognized due to changes in the subsidiary's equity when the Company has not actually acquired or disposed of equity in a subsidiary.

(III) Retained earnings and dividend policy

The Company's Articles of Incorporation provide that the Company shall use earnings for the year, if any, to offset accumulated losses from prior years, capital surplus pursuant to the Articles of Incorporation, allocate 10% as legal surplus in accordance with regulations applicable to public companies (except where the accumulated surplus equals the total paid-in capital) and surplus required by competent authorities in the Republic of China before the remaining balance can be used for earnings distribution. Dividends paid shall not be lower than 5%. The Company's board of directors can, by a resolution approved by more than two-thirds of the directors' present and half of the directors' present, distribute cash dividends from the accumulated unappropriated earnings or the legal reserve. For details on the Company's policies of compensation to employees and remuneration to Directors in the Articles of Incorporation, please refer to Note XXII(VII).

The deficit recovery plan for the year ended December 31, 2022, resolved by the board of directors of the Company on March 20, 2023, which uses special reserve of \$82,230 thousand, capital surplus of \$39,784 thousand, and share capital of \$157,852 thousand to offset the deficit of \$279,866 thousand. Furthermore, on April 12, 2023, the Company's board of directors approved the revision of the amounts for the special reserve, capital surplus, and share capital used to offset the deficit to \$82,230 thousand, \$89,784 thousand, and \$107,852 thousand, respectively. These revisions were approved at the shareholders' general meeting on June 12, 2023.

The deficit recovery plan for the year ended December 31, 2021, resolved by the board of directors of the Company on March 24, 2022, which uses legal reserve of \$68,193 thousand and capital reserve of \$26,872 thousand to offset the deficit of \$95,065 thousand, was subject to the resolution of the shareholders in the shareholders' general meeting held on June 15, 2022.

(IV) Special reserve

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Beginning balance	\$ 82,230	\$ 82,230
Reverse special reserve		
Surplus reserves for making up the amount of losses	(<u>82,230</u>)	<u>-</u>
Ending Balance	<u>\$ -</u>	<u>\$ 82,230</u>

(V) Other equity

Exchange differences in translation of foreign operations

Exchange difference from the translation of foreign operations' net assets denominated in its functional currency into the consolidated entity's presentation currency (NTD) is directly recognized under other comprehensive income as exchange differences on translation of foreign operations. The cumulative exchange differences in translation of foreign operations are reclassified to profit or loss upon the disposal of foreign operations.

(VI) Treasury stock

	Unit: In Thousand Share	
	<u>2023</u>	<u>2022</u>
Beginning balance	444	444
Decrease	(<u>134</u>)	<u>-</u>
Ending balance	<u>310</u>	<u>444</u>

The capital reduction to make up losses was resolved at the Company's shareholders' meeting on June 12, 2023. The number of treasury stocks are decreased by 134 thousand, with a cost of \$8,923 thousand. During the capital reduction, the Company offsets \$365 thousand from the capital surplus and \$8,558 thousand from retained earnings.

Treasury stocks held by the Company may not be pledged nor assigned rights to dividend appropriation and voting in accordance with the Securities and Exchange Act.

(VII) Non-controlling interests

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 16,845	\$ 20,001
Increase	5,264	2,753
Decrease	-	(537)
Net profit (loss) for the period	5,686	(4,645)
Other comprehensive income (loss) for the year		
Exchange differences in translation of foreign operations	(625)	728
Increase in non-controlling Interests from acquisition of subsidiaries	30,532	-
Decrease in non-controlling Interests from disposal of subsidiaries (Note XXVI)	-	(1,455)
Cash dividends distributed by the subsidiaries	(<u>1,670</u>)	<u>-</u>
Ending Balance	<u>\$ 56,032</u>	<u>\$ 16,845</u>

XXI. Operating Revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Sales revenue	\$ 331,990	\$ 387,073
Catering revenue	246,131	287,016
Brand revenue	132,421	88,431
Other operating revenues	<u>34,212</u>	<u>38,609</u>
	<u>\$ 744,754</u>	<u>\$ 801,129</u>

(I) Contract balance

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Contract liabilities - non-current		
Brand revenue	\$ 97,727	\$ 75,919
Customer loyalty program under catering revenue	<u>670</u>	<u>1,070</u>
	<u>\$ 98,397</u>	<u>\$ 76,989</u>

The Company recognized revenue from the beginning balance of contract liability after the satisfaction of performance obligation as follows:

	<u>2023</u>	<u>2022</u>
<u>Beginning balance of contract liability</u>		
Brand revenue	<u>\$ 35,837</u>	<u>\$ 23,078</u>

(II) Disaggregation of revenue from contracts with customers

2023

	<u>Reportable Segment</u>		
	<u>Catering</u>	<u>Trade</u>	<u>Total</u>
Product type			
Sales Revenue of Commodities	\$ -	\$ 331,990	\$ 331,990
Catering revenue	246,131	-	246,131
Brand revenue	132,421	-	132,421
Other operating revenues	<u>34,199</u>	<u>13</u>	<u>34,212</u>
	<u>\$ 412,751</u>	<u>\$ 332,003</u>	<u>\$ 744,754</u>

2022

	<u>Reportable Segment</u>		
	<u>Catering</u>	<u>Trade</u>	<u>Total</u>
Product type			
Sales Revenue of Commodities	\$ -	\$ 387,073	\$ 387,073
Catering revenue	287,016	-	287,016
Brand revenue	88,431	-	88,431
Other operating revenues	<u>38,462</u>	<u>147</u>	<u>38,609</u>
	<u>\$ 413,909</u>	<u>\$ 387,220</u>	<u>\$ 801,129</u>

XXII. Net (Loss) Income of Continuing Operations

(I) Interest income

	<u>2023</u>	<u>2022</u>
Bank deposit	<u>\$ 2,207</u>	<u>\$ 1,967</u>

(II) Other income

	<u>2023</u>	<u>2022</u>
Government subsidy income (Note XXXIII)	\$ 4,308	\$ 9,839
Others	<u>8,307</u>	<u>8,337</u>
	<u>\$ 12,615</u>	<u>\$ 18,176</u>

(III) Other gains and losses

	<u>2023</u>	<u>2022</u>
Loss on disposal of property, plant and equipment	(\$ 4,342)	(\$ 12,259)
Gain on disposal of investments (Notes XII and XXVI)	8	53,660
Impairment loss (Note XIV and XV)	(9,048)	(38,806)
Gains on lease modification	3,844	14,565
Net foreign exchange losses (Note XXXIV)	(1,403)	(9,314)
Loss on financial assets at fair value through profit or loss (Note VII)	(719)	(946)
Others	(<u>12,424</u>)	(<u>24,123</u>)
	(<u>\$ 24,084</u>)	(<u>\$ 17,223</u>)

The catering segment of the Consolidated Entity was impacted by the recent COVID-19 pandemic in China. The Consolidated Entity can not recover part of refundable deposits due to closure of direct-sale stores. Therefore, the recognized impairment loss for 2023 and 2022 was \$911 thousand and \$15,496 thousand, respectively.

(IV) Finance costs

	<u>2023</u>	<u>2022</u>
Interest on bank loans	\$ 2,719	\$ 2,295
Interest on lease liabilities	<u>4,854</u>	<u>7,653</u>
	<u>\$ 7,573</u>	<u>\$ 9,948</u>

(V) Depreciation and amortization

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 14,909	\$ 25,087
Right-of-use assets	62,002	102,155
Intangible assets	<u>2,287</u>	<u>2,632</u>
	<u>\$ 79,198</u>	<u>\$ 129,874</u>
Depreciation expense summarized by function		
Operating costs	\$ 3,807	\$ 5,304
Operating expenses	<u>73,104</u>	<u>121,938</u>
	<u>\$ 76,911</u>	<u>\$ 127,242</u>
Amortized cost summarized by function		
Operating expenses	<u>\$ 2,287</u>	<u>\$ 2,632</u>

(VI) Employee benefits expenses

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 219,306	\$ 254,417
Post-employment benefits	<u>3,240</u>	<u>3,056</u>
	<u>\$ 222,546</u>	<u>\$ 257,473</u>
Summarized by functions		
Operating costs	\$ 16,229	\$ 45,045
Operating expenses	<u>206,317</u>	<u>212,428</u>
	<u>\$ 222,546</u>	<u>\$ 257,473</u>

(VII) Compensation to employee and remuneration to Directors

The Company's employee compensation and remuneration to Directors shall be capped at 3% of the income before income tax and the deduction of employee compensation and remuneration to Directors of the year, and the remuneration to Directors shall be distributed in cash.

If there are changes made to the amount after the issuance of consolidated annual financial statements, the changes shall be accounted for as changes in accounting estimates and recognized in the financial statements of the following year.

The Company had a accumulated loss in 2023 and 2022; therefore, the compensation to employees and remuneration to Directors are not estimated.

Please access the "Market Observation Post System" of the Taiwan Stock Exchange for information on the Company's employee compensation and remuneration to Directors in the 2023 and 2022 Board of Directors' meetings.

XXIII. Income Tax Expense

(I) Details of the Company's income tax expenses are as follows:

	<u>2023</u>	<u>2022</u>
Current income tax expense	\$ 15,239	\$ 14,776
Adjustment on income taxes of prior years	(729)	11,008
Adjustment on deferred income tax	<u>(2,138)</u>	<u>33,406</u>
	<u>\$ 12,372</u>	<u>\$ 59,190</u>

(II) The reconciliation of accounting profit and taxable income was as follows:

	<u>2023</u>	<u>2022</u>
Income before income tax (Note)	<u>\$ 75,007</u>	<u>\$ 133,565</u>
Income tax expense at the statutory rate (Note)	\$ 15,275	\$ 25,936
Tax effects of reconciled items		
Other permanent differences	(36)	(18,706)
Income basic tax	<u>-</u>	<u>7,546</u>
Current income tax expense	<u>\$ 15,239</u>	<u>\$ 14,776</u>

Note: For entities at various regions which use their operating results as the net income before tax, it is the aggregate of net income before tax times the applicable tax rate.

The Company was established in the British Cayman Islands; thus, there are no relevant taxes. The individual tax rate of the income tax law of the Republic of China applicable to the consolidated entity is 20%, the tax rate in Hong Kong is 16.5%; the tax rate in mainland China is 25%; the tax rate in the United States is 21%.

(III) The components of income tax assets (liabilities) for the current period are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current income tax assets	<u>\$ 1,501</u>	<u>\$ 730</u>
Current income tax liabilities	<u>(\$ 15,706)</u>	<u>(\$ 10,601)</u>

(IV) The components of deferred income tax assets (liabilities) are as follows:

2022

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Directly recognized in profit or loss</u>	<u>Ending balance</u>
Deferred income tax assets				
Temporary differences				
Deferred income	\$ 4,041	(\$ 2,709)	\$ -	\$ 1,332
Right-of-use assets	-	24,043	-	24,043
Others	4,036	(104)	-	3,932
Loss carryforward	<u>37,411</u>	<u>(36,163)</u>	<u>-</u>	<u>1,248</u>
	<u>\$ 45,488</u>	<u>(\$ 14,933)</u>	<u>\$ -</u>	<u>\$ 30,555</u>

(Continued)

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	Beginning balance	Recognized in profit or loss	Directly recognized in profit or loss	Ending balance
Deferred income tax liabilities				
Temporary differences				
Withholding earnings from subsidiaries				
Withholding tax on remitted	\$ 5,037	(\$ 5,037)	\$ -	\$ -
Deferred income	3,401	(533)	-	2,868
Lease liabilities	-	24,043	-	24,043
	<u>\$ 8,438</u>	<u>\$ 18,473</u>	<u>\$ -</u>	<u>\$ 26,911</u>

2023

	Beginning balance	Recognized in profit or loss	Directly recognized in profit or loss	Ending balance
Deferred income tax assets				
Temporary differences				
Deferred income	\$ 1,332	\$ 464	\$ -	\$ 1,796
Right-of-use assets	24,043	1,751	-	25,794
Others	3,932	(1,412)	-	2,520
Loss carryforward	1,248	(1,248)	-	-
	<u>\$ 30,555</u>	<u>(\$ 445)</u>	<u>\$ -</u>	<u>\$ 30,110</u>
Deferred income tax liabilities				
Temporary differences				
Deferred income	\$ 2,868	(\$ 816)	\$ -	\$ 2,052
Lease liabilities	24,043	(1,767)	-	22,276
	<u>\$ 26,911</u>	<u>(\$ 2,583)</u>	<u>\$ -</u>	<u>\$ 24,328</u>

(V) Income tax assessments

The income tax declaration cases for profitable businesses of Zhan Xin Resources Enterprise Co., Ltd. Taiwan Branch, Yen Chun International Co., Ltd, and Yen Mei Enterprise Limited before 110 have been approved by the tax authorities.

XXIV. Deficit per share

	Unit: NT\$ per share	
	<u>2023</u>	<u>2022</u>
Basic deficit per share	(<u>\$ 4.06</u>)	(<u>\$ 11.34</u>)
Diluted deficit per share	(<u>\$ 4.06</u>)	(<u>\$ 11.34</u>)

The deficit and the weighted average number of common stocks for the purpose of calculating deficit per share are as follows:

Net loss for the period

	<u>2023</u>	<u>2022</u>
To calculate the net loss in the deficit per share	(<u>\$ 100,759</u>)	(<u>\$ 279,866</u>)

Number of shares

	<u>2023</u>	<u>2022</u>
Basic deficit per share for the weighted average number of common stocks	<u>24,821</u>	<u>24,690</u>

Unit: In thousands

When calculating the deficit per share, the impact of capital reduction to offset the loss has been retrospectively adjusted. The base date for the capital reduction to offset the loss is set on September 22, 2023. Due to the retrospective adjustments, the change in basic deficit per share for 2022 is as follows:

	Unit: NT\$ per share / In thousand share	
	<u>Before retrospective adjustments</u>	<u>After retrospective adjustments</u>
	<u>2022</u>	<u>2022</u>
Basic deficit per share	(<u>\$ 7.92</u>)	(<u>\$ 11.34</u>)
Basic deficit per share for the weighted average number of common stocks	<u>35,341</u>	<u>24,690</u>

XXV. Non-controlling interests equity transactions

In April 2023, the Consolidated Entity disposed of 5% of its shares in the subsidiary Yummy-town Holding Corporation to the related party T Rock Inc., based on the company's net worth of USD 150,000 (equivalent to NTD 4,775 thousand). As a result, the shareholding percentage decreased from 100% to 95%. Please refer to Notes XII and XX.

	<u>2023</u>
Consideration received	\$ 4,775
The subsidiaries' carrying amount of net assets should be calculated based on changes in relative equity to determine the amount to be transferred out of non-controlling interests.	(5,264)
Adjust equity items attributable to owners of the Company	
— Exchange differences in translation of foreign operations	(<u>371</u>)
Equity transaction differences	(<u>\$ 860</u>)
<u>Equity transaction adjustment account</u>	
Retained earnings	<u>\$ 860</u>

As the aforementioned transaction did not change the Consolidated Entity's control over these subsidiaries, the Consolidated Entity treats it as an equity transaction.

XXVI. Disposal of subsidiaries- not subscribe according to the shareholding percentage

On December 31, 2022, the Consolidated Entity did not subscribe the new shares of Malaysia's subsidiary according to its shareholding percentage. Its shareholding percentage decreased from 51% to 45%. It is no longer the single largest shareholder of the Company, lost control of the Company and becomes an associate.

(I) Analysis of assets and liabilities over which the Company lost control

	<u>Malaysia subsidiary</u>
Current assets	
Cash and cash equivalents	\$ 2,933
Accounts receivables	782
Other receivables	1,554
Inventories	1,624
Other current assets	1,201
Non-current assets	
Property, plant and equipment	2,211
Right-of-use assets	849
Current liabilities	
Accounts payable	(1,455)
Other payables	(5,211)
Lease liabilities - current	(157)
Other current liabilities	(134)
Non-current liabilities	
Contract liabilities - non-current	(462)
Lease liabilities - non-current	(764)
Net assets	<u>\$ 2,971</u>
not subscribe shares according to the shareholding percentage	51%
Disposal of net assets	<u>\$ 1,516</u>

(II) Gain on disposal of subsidiaries

	<u>Malaysia subsidiary</u>
Disposal of net assets	(\$ 1,516)
Remaining carrying amount of the equity investment	2,543
Reclassified to profit or loss due to lose the control of subsidiaries	
— Accumulated exchange differences	(571)
Gain on disposals	<u>\$ 456</u>

XXVII. Capital Risk Management

The Consolidated Entity manages its capital to ensure the continued operations of the entities within. By optimizing its debts and liabilities, it can maximize return for stakeholders.

The capital structure of the Consolidated Entity is composed of net liabilities (i.e. loans less cash and cash equivalents) and equity attributable to the shareholders of the Company (i.e. capital, capital reserve, retained earnings, and other equity items).

The Consolidated Entity is not subject to any other external capital requirements.

The Consolidated Entity's key management reassesses its capital structure quarterly. Items assessed include the cost and related risks of various capitals. In accordance with advice from the Consolidated Entity's key management, the Entity balances its overall capital structure through dividend payments, issuance of new stocks, and repayment of old debts.

XXVIII. Financial Instruments

(I) Fair value information - financial instruments not measured at fair value

The carrying amounts of the Consolidated Entity's financial assets and financial liabilities not measured at fair value approach their fair values. As of December 31, 2023 and 2022, there were no material differences between the carrying amounts and fair values.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Beneficiary certificates	<u>\$ 2,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,711</u>
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Non-TWSE/TPEX listed companies' Stocks	<u>\$ -</u>	<u>\$ 3,861</u>	<u>\$ -</u>	<u>\$ 3,861</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ <u>3,482</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>3,482</u>
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Non-TWSE/TPEX listed companies' Stocks	\$ <u>-</u>	\$ <u>5,647</u>	\$ <u>-</u>	\$ <u>5,647</u>

There was no transfer between Levels 1 and 2 fair value measurements for the years ended December 31, 2023 and 2022.

2. Valuation techniques and inputs used in level 2 fair value measurements

<u>Category of financial Instruments</u>	<u>Valuation techniques and inputs</u>
Non-TWSE/TPEX listed companies' Stocks	Determine the value of equity investment through Asset-Based Approach

(III) Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

1. The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
2. The fair value of derivative financial instruments with quoted prices in active liquid markets is estimated by market prices. The fair value of the option-based derivative is estimated by the option pricing model if quoted market prices are not available. The fair value of a non-option derivative is estimated by discounted cash flow analysis and the applicable yield curve for the duration if quoted market prices are not available. Forward exchange contracts are measured by yield curve using forward exchange rates and the yield curve derived from quoted interest rates that match the maturity period of the contracts.
3. The fair value of other financial assets and financial liabilities (except the above) is determined by a generally accepted pricing model based on discounted cash flow analysis.

(IV) Financial risk management objectives and policy

The Consolidated Entity's main financial instruments consist of investments in debt instruments, accounts receivable, accounts payable, loans and lease liabilities. The financial management department of the Consolidated Entity provides services to the business units, coordinates the operation in the domestic and international financial market, and supervises and manages the financial risks related to the operation of the Consolidated Entity based on the internal risk reports which analyses risk exposures according to the degree and breadth of risks. Such risks include market risk, credit risk, and liquidity risk.

1. Market risks

The main market risks assumed by the Consolidated Entity are foreign exchange risk and interest rate risk.

The financial instruments' exposure to market risk and the management and measurement of such exposure remains unchanged for the Consolidated Entity.

(1) Foreign exchange risk

Foreign exchange risk arises from the Consolidated Entity's engagement in deposits and borrowings denominated in foreign currencies.

Please refer to Note XXXIV for details on the carrying amount of monetary assets and monetary liabilities not expressed in functional currency on the balance sheet date.

Sensitivity analysis

The Consolidated Entity's sensitivity analysis includes only the outstanding net monetary items denominated in foreign currencies and an adjustment on the end-of-period translation with a 10% change in the exchange rate against New Taiwan dollars. The following table shows the increase in the Consolidated Entity's net income before tax with a 10% appreciation in foreign currencies.

	<u>Impact of USD</u>		<u>Impact of RMB</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Effect on profit or loss	\$ 4,144	\$ 5,891	\$ 90	\$ 1,566

(2) Interest rate risk

The interest rate risk of the Consolidated Entity mainly comes from time deposits and bank loans with floating interest rates.

The carrying amount of financial assets and financial liabilities exposed to interest rate risks on the balance sheet date is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
Financial liabilities	\$ 124,411	\$ 115,840
Cash flow interest rate risks		
Financial assets	64,901	23,775
Financial liabilities	59,776	75,136

The sensitivity analysis of interest rate risk is based on the changes in the fair value of financial assets and financial liabilities with floating interest rates at the end of the financial reporting period. If the interest rate drops by 1%, the Consolidated Entity's cash inflows will increase (decrease) by \$51 thousand and (\$514) thousand for the years ended December 31, 2023 and 2022, respectively.

2. Credit risk

Credit risks refer to risks that cause financial loss to the Consolidated Entity due to the counterparty's delay in honoring contractual obligations.

The Consolidated Entity has the right to request collateral or other guarantees from major transaction counterparties and thus effectively reduce its credit risk. Management of the Consolidated Entity appoints a dedicated team to handle decisions on credit limits, credit approvals, and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Consolidated Entity would review the recoverable amount of each receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As a result, the Consolidated Entity's management concluded that the credit risk of the Consolidated Entity is significantly reduced.

3. Liquidity risk

(1) Liquidity risk and interest rate risk table

The Consolidated Entity has sufficient working capital. Thus, there is no liquidity risk arising from insufficient capital to fulfill contractual obligations.

The anticipated maturity dates of the Consolidated Entity's non-derivative financial liabilities with the agreed repayment period are as follows:

	December 31, 2023			Total
	Within 1 year	1 to 3 years	Over 3 years	
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	\$ 172,400	\$ 27,888	\$ 1,154	\$ 201,442
Lease liabilities	60,039	50,237	14,135	124,411
Liabilities with floating interest rates	<u>59,776</u>	<u>-</u>	<u>-</u>	<u>59,776</u>
	<u>\$ 292,215</u>	<u>\$ 78,125</u>	<u>\$ 15,289</u>	<u>\$ 385,629</u>

	December 31, 2022			Total
	Within 1 year	1 to 3 years	Over 3 years	
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	\$ 177,789	\$ 41,374	\$ 8,000	\$ 227,163
Lease liabilities	47,017	47,111	21,712	115,840
Liabilities with floating interest rates	<u>75,136</u>	<u>-</u>	<u>-</u>	<u>75,136</u>
	<u>\$ 299,942</u>	<u>\$ 88,485</u>	<u>\$ 29,712</u>	<u>\$ 418,139</u>

(2) Line of credit

	December 31, 2023	December 31, 2022
Bank loan limit		
— Amount utilized	\$ 59,776	\$ 75,136
— Amount not utilized	<u>3,070</u>	<u>18,426</u>
	<u>\$ 62,846</u>	<u>\$ 93,562</u>

XXIX. Related Party Transactions

All transactions, account balances, income and expenses between the Company and its subsidiaries (related parties of the Company) are eliminated upon consolidation. Thus, they are not shown in this Note. In addition to the information disclosed in Supplementary Disclosures, transactions between the Consolidated Entity and other related parties are as follows.

(I) The names and relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the Consolidated Entity</u>
Freshtea Japan CO., LTD.	Associates
Happy Lemon (M) Sdn Bhd	Used to be subsidiaries, have become the associates since December 31, 2022
T Rock Inc.	Investors of significant influence (Note 1) / other related parties (Note 2)
Mr. Wu-Po-Chao	Chairman of the Company

Note 1: T Rock Inc. holds a 30% of the equity of Happy Lemon West Inc.

Note 2: T Rock Inc. is an investor of significant influence for Happy Lemon West Inc.; T Rock Inc. is other related party for other parties in the group.

(II) Operating transaction

<u>Financial Statement Account</u>	<u>Category of Related Parties/Name</u>	<u>2023</u>	<u>2022</u>
Sales revenue	Associates	\$ 3,277	\$ 418
	Other related parties		
	T Rock Inc. (Note)	62,139	54,295
Brand revenue	Investors of significant influence	585	1,167
	Associates	568	147
	Other related parties		
Other operating revenues	T Rock Inc. (Note)	8,705	7,893
	Investors of significant influence	<u>53</u>	<u>-</u>
		<u>\$ 75,327</u>	<u>\$ 63,920</u>
Purchases	Investors of significant influence		
	T Rock Inc. (Note)	<u>\$ 11,379</u>	<u>\$ 9,179</u>

The prices of sales between the Consolidated Entity and its related parties are not significantly different from that of general customers. The collection terms of general customers are delivery upon cash receipt or one month from end of month. The collection terms of related parties are delivery upon cash receipt or three months from end of month.

The prices of purchases between the Consolidated Entity and its related parties are not significantly different from that of general suppliers. The payment terms of general suppliers are 1 to 2 months from end of month whereas the payment terms of related parties are 2 months from end of month.

Note: The Consolidated Company's purchases and sales with T Rock Inc. are shown in total.

(III) Operating expenses

Category of Related Parties/Name	2023	2022
Investors of significant influence		
T Rock Inc.	\$ 2,492	\$ 4,173
Other related parties		
.T Rock Inc.	6,686	9,256
Chairman of the Company	<u>36</u>	<u>-</u>
	<u>\$ 9,214</u>	<u>\$ 13,429</u>

The prices of service expenditures between the Consolidated Entity and its related parties are not significantly different from that of general suppliers.

(IV) Other Related Party Transactions

Financial Statement Account	Category of Related Parties/Name	2023	2022
Other income	Investors of significant influence		
	T Rock Inc.	\$ <u>394</u>	\$ <u>-</u>

Other income includes processing fees for ingredients charged by the Consolidated Entity to related parties.

(V) Receivables from related parties

Financial Statement Account	Category of Related Parties/Name	December 31, 2023	December 31, 2022
Accounts receivables	Other related parties		
	T Rock Inc.	\$ 11,644	\$ 9,186
	Associates		
	Happy Lemon (M) Sdn Bhd	3,802	1,609
	Freshtea Japan CO., LTD.	<u>30</u>	<u>16</u>
		<u>\$ 15,476</u>	<u>\$ 10,811</u>
Other receivables	Other related parties		
	T Rock Inc.	\$ <u>44</u>	\$ <u>-</u>

Guarantee deposits from outstanding receivables from related parties are not collected and expected credit losses are recognized for amounts that are more than 90 days past due.

Other receivables represent amounts collected or paid on behalf of others, etc.

(VI) Accounts payable - related parties

<u>Financial Statement Account</u>	<u>Category of Related Parties/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables	Other related parties		
	T Rock Inc.	<u>\$ 341</u>	<u>\$ 358</u>

Other payable represent amounts collected or paid on behalf of others.

(VII) Accounts received in advance (prepayments) - related parties

<u>Financial Statement Account</u>	<u>Category of Related Parties/Name</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepayments	Investors of significant influence		
	T Rock Inc.	\$ -	\$ 2,534
	Other related parties		
	T Rock Inc.	<u>3,685</u>	<u>11,055</u>
		<u>\$ 3,685</u>	<u>\$ 13,589</u>

Advances for goods	Other related parties		
	T Rock Inc.	<u>\$ 7</u>	<u>\$ -</u>

The amount collected in advance represents the deposit made by related parties for the purchase of goods, while prepaid expenses represent service fees prepaid by the Consolidated Entity to related parties.

(VIII) Acquisition of intangible assets

<u>Financial Statement Account</u>	<u>Category of Related Parties/Name</u>	<u>Price</u>	
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
Intangible assets	Other related parties		
	T Rock Inc.	<u>\$ 4,583</u>	<u>\$ -</u>

(IX) Equity transaction

Please refer to Note XXV.

(X) Loans

For loans between the Company and its subsidiaries, please refer to Table I.

- (XI) Endorsement and guarantee
For endorsement and guarantee between the Company and its subsidiaries, please refer to Table II.
- (XII) Loan guarantee
The Consolidated Entity's long/short-term loans were guaranteed by the Chairman, Wu-Po-Chao.
- (XIII) Compensation to key management

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	<u>\$ 24,289</u>	<u>\$ 19,840</u>

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends.

XXX. Pledged Assets

The following assets of the Consolidated Entity have been provided to financial institutions as collateral for long/short-term loans:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Restricted bank deposits (recognized under other current assets - others) (Note VI)	\$ -	\$ 4,607
Freehold land (Note XIV)	41,627	41,722
Buildings (Note XIV)	<u>31,761</u>	<u>32,642</u>
	<u>\$ 73,388</u>	<u>\$ 78,971</u>

XXXI. Unrecognized Contract Commitments

Unrecognized contract commitments of the Consolidated Entity as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Right-of-use assets (lease contract)	<u>\$ -</u>	<u>\$ 45,448</u>

XXXII. Significant Subsequent Events

- (I) Due to excessive competition in mainland China's catering market in recent years, the operational performance of our Company's business in mainland China has not improved. Therefore, the Company's board of directors passed the resolution to introduce a strategic partner to help improve the operational capabilities and rebuild brand competitiveness on October 12, 2023. To achieve long-term business development and ensure the sustainability of the Company, the Company plans to dispose of 70% equity of Xian Zong Lin Food &

Beverage Management (Shanghai) Co., Ltd., a business entity in mainland China. The Company has already handled this according to the “OTC Commitments” reported to the Taipei Exchange on December 24, 2014. The Company obtained the approval of the Taipei Exchange (hereinafter referred to as TPEX) on December 22, 2023, and has proposed a temporary shareholders’ meeting for discussions on December 15, 2023. The base date for disposal is expected to be on January 31, 2024.

- (II) The Company approved the issuance of 2,000 shares of common stock through a private placement for the first time on February 6, 2024. The shares will be offered to the individual offerees who are non-related parties, at NTD 28 per share, and a total of NT\$56,000 thousand was raised. The base date for the capital increase is set on February 17, 2024, and the shares have been fully received.
- (III) The Company’s subsidiary, RBT Holdings Limited, originally had a joint venture with Keio Corporation to operate and develop the Happy Lemon brand in Japan. However, considering the economic and political development after the pandemic in Japan and overall operational planning, Keio Corporation proposed to sell 60% of its equity in the joint venture company, Freshtea Japan Co., Ltd., to the Company’s subsidiary, RBT Holdings Limited. As a result, the Company’s shares held in Freshtea Japan Co., Ltd. increased from 40% to 100%. This proposal was approved by the board of directors on February 6, 2024, with the total transaction price not exceeding NTD 9,900 thousand.

XXXIII. Others

Due to the need to comply with the pandemic prevention and control policies in mainland China, some subsidiaries implemented closed management, resulting in net operating loss and impairment of assets from April to May 2022. In response to the impact of the pandemic, the Consolidated Entity has taken the following actions to mitigate the impact on its ongoing operational capabilities and fundraising risks.

- (I) Adjust operation strategy
 - 1. In response to the impact of the pandemic in Shanghai, commodities were shipped to Shanghai from other areas to support the normal operation in Shanghai and Eastern China.
 - 2. Closed unprofitable stores to reduce losses and closed the Guangzhou and Chengdu warehouses to reduce additional warehousing costs.

3. To expand operations in the U.S. market, to accelerate investment and franchise programs, and to strengthen logistics, distribution, and warehousing in all continents of the U.S. make the supply of raw materials more efficient.

(II) Financing strategy

During the pandemic, the Consolidated Entity maintained a certain line of credit with the existing cooperating banks and actively negotiated to increase the line of credit.

(III) Government subsidy income

In 2023 and 2022, the Consolidated Entity had received \$4,308 thousand and \$9,839 thousand of subsidy income including salaries, insurance premiums, operating subsidies, etc. which were accounted for under other income.

XXXIV. Significant Assets and Liabilities Denominated in Foreign Currencies

The following summary is presented in foreign currencies other than the functional currencies of entities within the Consolidated Entity. The exchange rates disclosed are the ones used to translate amount in foreign currencies to the functional currency.

	Unit: Foreign currency/in thousands of NT\$					
	December 31, 2023			December 31, 2022		
	Foreign Currency	Exchange Rate	NT\$	Foreign Currency	Exchange Rate	NT\$
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 2,449,631	30.705	\$ 75,216	\$ 3,518,167	30.71	\$ 108,043
RMB	207,094	4.327	896	3,552,881	4.408	15,661
<u>Non-monetary items</u>						
JPY	29,528,400	0.2172	6,414	34,849,600	0.2324	8,099
MYR	-	6.411	-	379,599	6.6990	2,543
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,100,000	30.705	33,776	1,600,000	30.71	49,136

The Company's foreign exchange losses, including unrealized and realized portions, were \$1,403 thousand and \$9,314 thousand for the years ended December 31, 2023 and 2022, respectively. Due to a large number of foreign currency transactions and functional currencies within the entities, gains or losses cannot be disclosed by foreign currencies with significant impact.

XXXV. Supplementary Disclosures

(I) Information on significant transactions and (II) Information on reinvestment

No.	Item	Remark
1	Financing provided to others	Table I
2	Endorsement and guarantee provided to others	Table II
3	Marketable securities held at the end of year (excluding investments in subsidiaries, associates and joint ventures)	Table III
4	The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital.	None
5	The amount of property acquired reached NTD 300 million or 20% and above of the paid-in capital.	None
6	The amount of property disposal reached NTD 300 million or 20% and above of the paid-in capital.	None
7	The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital.	None
8	Receivables from related parties amounted to NTD 100 million or 20% and above of paid-in capital.	Table IV
9	Engaging in derivatives trading	None
10	Business Relationships and Important Transactions between the Parent Company and Subsidiaries and between Subsidiaries	Table V
11	Information on investees	Table VI

(III) Information on investments in mainland China:

No.	Item	Remark
1	Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income/loss of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income/loss, and limit on the amount of investment in mainland China.	Table VII
2	Significant transactions with investees in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses.	Table VII

(IV) Information of major shareholders:

No.	Item	Remark
1	The names, shareholding amount, and proportion of shareholders with a shareholding percentage of 5% or more	Table VIII

XXXVI. Segment information

The information is provided to the chief business decision-maker to allocate resources and assess the performance of each segment, focusing on the type of product or service delivered or provided. Reportable segments of the consolidated entity are as follows:

Catering segment - direct sales to consumers

Trade segment - wholesale sales to franchisees

Other segment - other

The chief business decision-makers consider the constituent entities within the group as individual operating segments. However, when compiling the consolidated financial report, the Consolidated Entity considers the following factors and treats operating segments with the following features as a single operating entity:

- (I) These operating segments have similar long-term gross profits;
- (II) The methods for generating cash flows are similar; and
- (III) Daily operations are similar.

Segment revenues and the results of operations

The segment revenue and operation results of the Consolidated Entity are analyzed by reportable segments as follows:

	2023					
	Catering	Trade	Others	Total	Adjustments and Elimination	Total
Operating Revenue	\$ 448,383	\$ 403,735	\$ 4,559	\$ 856,677	(\$ 111,923)	\$ 744,754
Net operating income (loss)	(\$ 52,680)	\$ 7,023	(\$ 18,225)	(\$ 63,882)	\$ 1,649	(\$ 62,115)
Interest income						2,207
Other income						12,615
Other gains and losses						(24,084)
Finance costs						(7,573)
Shares of loss of associates accounted for using the equity method						(3,751)
Net loss before tax						(\$ 82,701)
	2022					
	Catering	Trade	Others	Total	Adjustments and Elimination	Total
Operating Revenue	\$ 455,205	\$ 448,655	\$ 1,269	\$ 905,129	(\$ 104,000)	\$ 801,129
Net operating loss	(\$ 150,216)	(\$ 43,823)	(\$ 11,564)	(\$ 205,603)	(\$ 12,001)	(\$ 217,604)
Interest income						1,967
Other income						18,176
Other gains and losses						(17,223)
Finance costs						(9,948)
Shares of loss of associates accounted for using the equity method						(689)
Net loss before tax						(\$ 225,321)

Interdepartmental transactions in 2023 and 2022 were eliminated.

Segment income refers to the profits made by each segment and excludes other income, other gains, and losses, finance costs, the share of losses of associates accounted for using the equity method, and income tax expenses. The assessed amount is provided to the chief business decision-maker to allocate resources and assess the performance of each segment.

Areas revenues and the results of operations

The Consolidated Company's revenue from external customers in continuing operations units by location as follows:

	<u>Revenue from external customers</u>	
	<u>2023</u>	<u>2022</u>
Mainland China	\$ 248,593	\$ 364,086
Taiwan	196,184	175,100
United States	213,900	150,442
Hong Kong	86,077	101,354
Malaysia	-	10,147
	<u>\$ 744,754</u>	<u>\$ 801,129</u>

Information of major customers:

The Consolidated Company does not have a single customer who contributes more than 10% of the Consolidated Company's total revenue.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Financing Provided to Others
2023

Table I

Unit: Thousands of NT Dollars/Foreign Currency

No.	Lending company	Borrower	General Ledger Account	Related Party or Not	Maximum Balance for the Period	Ending Balance	Actual Drawdown	Interest Rate Range %	Nature of Financing (Note 3)	Business Transaction Amount	Reason for Short-term Financing	Allowance for Loss Receivables	Collateral		Limit on the Loan Amount to Individual Counterparty (Note 1)	Total Limit on Financing (Note 1)
													Title	Value		
0	Yummy Town (Cayman) Holdings Corporation	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Receivables from related parties	Yes	\$ 46,110 USD 1,500,000	\$ 36,846 USD 1,200,000	\$ 36,846 USD 1,200,000	-	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 33,819	\$ 67,638
1	RBT Resources Limited	Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	62,160 HKD 15,000,000	58,935 HKD 15,000,000	58,935 HKD 15,000,000	-	2	-	Operating capital	-	-	-	165,512	220,682
		Yen Mei Enterprise Limited	Receivables from related parties	Yes	20,000	-	-	-	2	-	Operating capital	-	-	-	22,068	44,136
		RBT Enterprise Limited	Receivables from related parties	Yes	9,430 HKD 2,400,000	9,430 HKD 2,400,000	-	-	2	-	Operating capital	-	-	-	22,068	44,136
2	Happy Lemon HK Limited	Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	49,728 HKD 12,000,000	47,148 HKD 12,000,000	38,097 HKD 9,696,452	-	2	-	Operating capital	-	-	-	113,678	151,570
		RBT Enterprise Limited	Receivables from related parties	Yes	12,432 HKD 3,000,000	11,787 HKD 3,000,000	11,787 HKD 3,000,000	-	2	-	Operating capital	-	-	-	113,678	151,570
3	Shanghai Tai Quan Trading Co., Ltd.	Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Receivables from related parties	Yes	2,239 RMB 500,000	2,164 RMB 500,000	-	-	2	-	Operating capital	-	-	-	2,985	3,980
		Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Receivables from related parties	Yes	2,239 RMB 500,000	2,164 RMB 500,000	2,164 RMB 500,000	-	2	-	Operating capital	-	-	-	2,985	3,980
		Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Receivables from related parties	Yes	2,239 RMB 500,000	-	-	-	2	-	Operating capital	-	-	-	2,985	3,980
4	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Receivables from related parties	Yes	42,541 RMB 9,500,000	-	-	-	2	-	Operating capital	-	-	-	-	-
		Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Receivables from related parties	Yes	26,868 RMB 6,000,000	25,962 RMB 6,000,000	25,962 RMB 6,000,000	-	2	-	Operating capital	-	-	-	-	-
		Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Receivables from related parties	Yes	24,629 RMB 5,500,000	23,799 RMB 5,500,000	22,500 RMB 5,200,000	-	2	-	Operating capital	-	-	-	-	-
		Shanghai Tai Quan Trading Co., Ltd.	Receivables from related parties	Yes	44,780 RMB 10,000,000	21,635 RMB 5,000,000	13,976 RMB 3,230,000	-	2	-	Operating capital	-	-	-	-	-
		Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Receivables from related parties	Yes	35,824 RMB 8,000,000	-	-	-	2	-	Operating capital	-	-	-	-	-
5	Yen Chun International Co., Ltd.	Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	12,970 USD 400,000	12,282 USD 400,000	12,282 USD 400,000	-	2	-	Operating capital	-	-	-	3,451	6,901
6	Yen Mei Enterprise Limited	Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	10,000	10,000	10,000	-	2	-	Operating capital	-	-	-	14,697	29,393
		RBT Resources Limited	Receivables from related parties	Yes	10,000	10,000	10,000	-	2	-	Operating capital	-	-	-	14,697	29,393
7	Yummy Town USA LLC	Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	9,728 USD 300,000	9,212 USD 300,000	-	-	2	-	Operating capital	-	-	-	128,379	171,172

Note 1:

- According to the Company's procedures for loaning capital to others, the total amount of capital loans from the Company to others shall not exceed 40% of the net value of the latest financial statement (financial statement on December 31, 2023). Among them, the limit of the capital loan for a single enterprise to others shall not exceed 20% of the net value of the latest financial statements.
- According to the Company's non-Taiwan subsidiary's procedures for loaning capital to others, the total amount of capital loans from subsidiaries to others shall not exceed 200% of the net value of the latest financial statement (statement on December 31, 2023). Among them, the limit of the capital loan to a single enterprise shall not exceed 150% of the net value of the latest financial statements.
- According to the Company's non-Taiwan subsidiary's procedures for loaning capital to others, the total amount of capital loans from RBT Resources Limited to Yen Mei Enterprise Limited shall not exceed 40% of the net value of the latest financial statement (statement on December 31, 2023). Among them, the limit of the capital loan to a single enterprise shall not exceed 20% of the net value of the latest financial statements.

Note 2: On December 31, 2023, the exchange rate was USD: NTD = 1:30.705; HKD: NTD = 1:3.929; RMB: NTD = 1:4.327.

Note 3: Nature of financing:

- Trading partner
- Short-term financing is needed.

Note 4: RBT Resources Limited, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd and Yen Chun International Co., Ltd. will propose an improvement plan in accordance with the regulations due to the overdue capital loan caused by the decrease in net worth as of December 31, 2023.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Endorsement and Guarantee Provided to Others

2023

Table II

Unit: Thousands of NT Dollars/Foreign Currency

No.	Name of Endorsement/ Guarantee Provider	Subject of Endorsements/Guarantees		Limit on Endorsements/ Guarantees Provided to a Single Party (Note 1)	Maximum Balance for Endorsements and Guarantees this Period	Endorsement/ Guarantee Ending Balance	Actual Drawdown	Amount of Endorsement/ Guarantee Collateralized by Properties	Accumulated Endorsements/ Guarantees to Net Worth per Latest Financial Statement %	Endorsements/ Guarantees Provided by Parent Company to A Subsidiary	Endorsements/ Guarantees Provided by A Subsidiary to Parent Company	Endorsements/ Guarantees Provided to Subsidiaries in mainland China	Maximum Endorsement/ Guarantee Amount Allowance (Note 1)
		Name of Company	Relationship (Note 3)										
1	RBT Resources Limited	Yummy Town (Cayman) Holdings Corporation	3	\$ 220,682	\$ 73,000	\$ 36,500	\$ 33,776	\$ 33,776	33%	-	V	-	331,023
		RBT Resources Limited Taiwan Branch	4	220,682	52,000	26,000	USD 1,100,000 26,000	26,000	24%	-	-	-	331,023

Note 1: The maximum limit of the Company's endorsement and guarantee to external parties is \$84,548 thousand = Net worth of \$169,095 thousand x 50%, and to a single company is \$33,819 thousand = Net worth of \$169,095 thousand x 20%. This restriction does not apply to where the endorsement and guarantee are provided between companies 100% voting rights-owned by the subsidiaries and by the Company, either directly or indirectly. However, the individual objects are limited to not exceeding 200% of the endorsement and guarantee of the Company's net worth, and the total amount is limited to not exceeding 300% of the endorsement and guarantee of the Company's net worth.

Note 2: The exchange rate on December 31, 2023 was USD: NTD = 1: 30.705.

Note 3: The relationships between the endorsement and guarantee provider and subject are as follows:

1. Trading partner
2. Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
3. Companies that directly and indirectly hold more than 50% of the voting shares in the Company.
4. Between companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
5. Mutually guaranteed companies among peers or co-constructors based on the need for undertaking projects.
6. The company is guaranteed by all shareholders in proportion to their shareholdings due to the joint investment relationship.
7. Joint and several securities between peers for performance guarantees of pre-construction homes under the Consumer Protection Act.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
 Marketable Securities Held at the End of Year
 December 31, 2023

Table III

Unit: Thousands of NT Dollars/Foreign Currency

Holding Company Name	Type and Name of Securities	Relationship with the Issuer of the Securities	Financial Statement Account	Ending Balance				Remark
				Number of Shares / Unit (Note I)	Carrying Amount	Shareholding Percentage%	Market Value or Net Worth	
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	<u>Beneficiary certificates</u> Heartland Investment Great China No. 1 Through Train Private Investment Fund	None	Financial assets at fair value through profit or loss - current	RMB 855,285.67	\$ 2,711	-	\$ 2,711	
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	<u>Non-TWSE/TPEX listed companies</u> Meng Qiqi Technology (Shanghai) Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	RMB 1,950,000	3,215	19.50	3,215	
RBT Holdings Limited	Yanqiaomai Food Technology (Shanghai) Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	USD 99,900	646	16.65	646	

Note 1: It is listed by the share of the original investment unit.

Note 2: For information on investments in subsidiaries, associates, and joint ventures, please refer to Table VI and Table VII.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
 Receivables from related parties amounted to NTD 100 million or 20% and above of paid-in capital.
 December 31, 2023

Table IV

Unit: Thousands of NT Dollars

Company with accounts receivables	Counterparty	Relationship	Balance of receivables from related parties	Turnover rate	Receivables from related parties past due		The amount recovered from related parties after the due date of accounts receivable	Allowance for Loss Receivables
					Amount	Processing Method		
RBT Resources Limited	Yummy Town (Cayman) Holdings Corporation	Parent Company	\$ 58,935 HKD 15,000,000 (Note)	-	\$ -	—	\$ -	\$ -

Note: Record under other receivables- related parties

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Business Relationships and Important Transactions between the Parent Company and Subsidiaries and between Subsidiaries
For the Year Ended December 31, 2023

Table V

Unit: Thousands of NT Dollars

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			% to Consolidated Total Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Transaction Terms (Note 4)	
0	Yummy Town (Cayman) Holdings Corporation	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	1	Receivables from advances to related parties	\$ 36,846	No major differences from non-related parties	5
1	Shanghai Tai Quan Trading Co., Ltd.	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	3	Sales	12,999	"	2
			"	Accounts receivables	1,939	"	-
		Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	3	Sales	1,857	"	-
			"	Accounts receivables	5,965	"	1
		Yen Mei Enterprise Limited	3	Sales	2,101	"	-
		Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	3	Sales	15,159	"	2
			"	Accounts receivables	17,452	"	2
		Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	3	Accounts receivables	5,710	"	1
			"	Receivables from advances to related parties	2,164	"	-
		Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	3	Accounts receivables	3,995	"	1
		RBT Holdings Limited	3	Sales	1,107	"	-
		RBT Resources Limited	3	Sales	2,948	"	-
2	RBT Resources Limited	Yummy Town (Cayman) Holdings Corporation	2	Receivables from advances to related parties	58,935	"	8
		Happy Lemon HK Limited	3	Sales	12,230	"	2
			"	Accounts receivables	900	"	-
		Yen Mei Enterprise Limited	3	Sales	7,066	"	1
			"	Rent income	229	"	-
		Yummy-town USA LLC	3	Sales	2,551	"	-
		Happy Lemon West Inc.	3	Sales	11,199	"	2
3	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	3	Receivables from advances to related parties	22,500	"	3
		Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	3	Receivables from advances to related parties	25,962	"	3
		Shanghai Tai Quan Trading Co., Ltd.	3	Receivables from advances to related parties	13,976	"	2
		Fengfu Food & Beverage Management (Shanghai) Co., Ltd.	3	Service income	871	"	-
4	RBT Holdings Limited	RBT Resources Limited	3	Sales	1,238	"	-
			"	Accounts receivables	44	"	-
5	RBT Enterprise Limited	Happy Lemon HK Limited	3	Royalty income	1,248	"	-
			"	Accounts receivables	194	"	-

(Continued)

(Continued from previous page)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			% to Consolidated Total Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Transaction Terms (Note 4)	
6	Happy Lemon HK Limited	Yummy Town (Cayman) Holdings Corporation	2	Receivables from advances to related parties	\$ 38,097	No major differences from non-related parties	5
		RBT Enterprise Limited	3	Receivables from advances to related parties	11,787	"	2
7	Yen Mei Enterprise Limited	Yummy Town (Cayman) Holdings Corporation	2	Receivables from advances to related parties	10,000	"	1
		Happy Lemon West Inc.	3	Sales	18,614	"	2
			"	Accounts receivables	3,327	"	-
		RBT Resources Limited	3	Sales	1,653	"	-
			"	Accounts receivables	361	"	-
			"	Receivables from advances to related parties	10,000	"	1
8	Yen Chun International Co., Ltd.	Yen Chun International Co., Ltd.	3	Accounts receivables	4,951	"	1
		Yummy Town (Cayman) Holdings Corporation	2	Receivables from advances to related parties	12,282	"	2
9	Yummy-town USA LLC	Yen Mei Enterprise Limited	3	Royalty income	1,200	"	-
		Happy Lemon West Inc.	3	Royalty income	1,099	"	-
10	Happy Lemon West Inc.	Yummy-town USA LLC	"	Accounts receivables	198	"	-
			3	Service income	9,629	"	1
			"	General and administrative income	4,362	"	1
			"	Sales	1,631	"	-
11	Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	"	Accounts receivables	760	"	-
			3	Service income	1,161	"	-

Note 1: The information on business dealings between the parent company and subsidiaries shall be numbered in the "Code" column with the following coding method:

1. Parent company will be coded "0".
2. The subsidiaries are coded from "1" in the order presented in the table above.

Note 2: Relations with counterparty can be any one of the following three types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Between subsidiaries.

Note 3: Regarding the percentage of the transaction amount to consolidated revenue or total assets, it is computed based on the ending balance to the consolidated total assets for balance sheet items; and based on the interim accumulated amount to the consolidated revenue for profit or loss items.

Note 4: The collection terms for sales to related parties are delivery upon cash receipt or three months from end of month, and to non-related parties are delivery upon cash receipt or one month to two months from end of month.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Names, Locations, etc. of Investees
For the Year Ended December 31, 2023

Table VI

Unit: Thousands of NT Dollars/Foreign Currency

Name of Investor	Name of investee	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Profit or Loss of Investee	Share of Profit or Loss	Remark
				End of This Period	End of Last Period	Number of Shares (Note 1)	Percentage%	Carrying Amount			
Yummy Town (Cayman) Holdings Corporation	Non-TWSE/TPEX listed companies RBT Holdings Limited	Hong Kong	Investment holding and trading of raw materials for catering	\$ 295,770	\$ 203,626	HKD 73,750,000	100	\$ 215,589	(\$ 101,425)	(\$ 101,425)	Subsidiary
	RBT Enterprise Limited	Hong Kong	Trademark rights management	37	37	HKD 8,800	100	(6,003)	(8,745)	(8,745)	Subsidiary
	Yen Mei Enterprise Limited	Taiwan	Trading of beverages, collection of franchise fees and royalties and trading of raw materials for catering	49,127	49,127	50,000	100	73,350	18,347	18,214	Subsidiary
Yen Mei Enterprise Limited	Non-TWSE/TPEX listed companies Yen Chun International Co., Ltd.	Taiwan	Operation of food and beverage outlets	10,000	10,000	1,000,000	100	17,253	(1,197)	(1,197)	Second-tier subsidiary
RBT Holdings Limited	Non-TWSE/TPEX listed companies Happy Lemon HK Limited	Hong Kong	Trading of beverages, collection of franchise fees and royalties	27,857	27,857	HKD 7,000,000	100	75,785	11,564	11,564	Second-tier subsidiary
	RBT Resources Limited	Hong Kong	Trading of raw materials for catering	105,354	105,354	HKD 26,000,000	100	110,341	(295)	795	Second-tier subsidiary
	Yummy-town UK Ltd	United Kingdom	Investment holding	108,166	41,696	GBP 2,750,000	100	119,314	12,469	12,469	Second-tier subsidiary
	Happy Lemon (M) Sdn Bhd	Malaysia	Trading of beverages	10,207	10,207	MYR 1,530,000	45	-	(6,419)	(2,570)	Associate accounted for using the equity method
	Freshtea Japan CO., LTD.	Japan	Trading of beverages	19,893	19,893	4,800	40	6,414	(2,953)	(1,181)	Associate accounted for using the equity method
Yummy-town UK Ltd	Non-TWSE/TPEX listed companies Yummy-town Holding Corporation	United States	Investment holding	107,663	107,663	USD 3,457,371	95	111,052	10,897	10,352	Second-tier subsidiary
Yummy-town Holding Corporation	Non-TWSE/TPEX listed companies Yummy-town USA LLC	United States	Trading of beverages, collection of franchise fees and royalties	74,704	-	USD 2,290,628	100	85,586	13,363	13,363	Second-tier subsidiary
	RBT International LLC	United States	Trading of raw materials for catering	-	-	USD -	-	-	-	-	Second-tier subsidiary
	GW Bros International LLC	United States	Catering shop, collection of franchise fees and royalties and trading of raw materials for catering	31,319	-	USD 1,020,000	51	31,319	-	-	Second-tier subsidiary
Yummy-town USA LLC	Non-TWSE/TPEX listed companies .Happy Lemon West Inc.	United States	Trading of beverages	33,442	33,442	USD 208,821	70	42,047	12,829	8,980	Second-tier subsidiary

Note 1: Except for Freshtea Japan Co., Ltd., Yen Chun International Co., Ltd., and Yen Mei Enterprise Limited where the balance is shown by the number of shares, the balances of other investees are shown by the paid-in capitals as of December 31, 2023.

Note 2: Entities' investment gain/loss accounted for using equity method, investors' investments accounted for using equity method and investees' net equity value are fully eliminated in the preparation of consolidated financial statements.

Note 3: Please refer to Table VII for information on investments in mainland China.

Note 4: Happy Lemon (M) Sdn Bhd. is continuing to operate at a loss. The Consolidated Entity has recognized its share of losses from the associates according to its shareholding percentage, which has exceeded its equity in the associates. As a result, the Consolidated Entity has ceased recognizing any further losses. As of December 31, 2023, the associates have a net worth of 0 thousand using the equity method.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Information on investments in mainland China
For the Year Ended December 31, 2023

Table VII

Unit: Thousands of NT Dollars/Foreign Currency

1. Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment gain/loss, carrying amount of the investment and repatriations of investment income/loss:

Name of Investee in mainland China	Principal Business Activities	Paid-in Capital	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Outward or Inward Remittance Investment Amount in the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Investee	The Company's Percentage of Ownership, Directly or Indirectly (%)	Share of Profit or Loss (Note I)	Carrying Amount of the Investment as of the End of the Period	Repatriations of Investment Income/Loss as of the End of the Period
					Outflow	Recovery						
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Catering shop, collection of franchise fees and royalties	USD 4,500,000	Reinvested in mainland China by setting up a holding company in a third-place	\$ -	\$ -	\$ -	\$ -	(\$ 119,746)	100	(\$ 119,746)	(\$ 102,349)	\$ -
You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	RMB 20,000,000	"	-	-	-	-	304	55.5	169	11,751	-
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	RMB 6,810,000	"	-	-	-	-	1,202	100	1,202	7,441	-
Shanghai Tai Quan Trading Co., Ltd.	Trading of raw materials for catering	RMB 15,000,000	"	-	-	-	-	(47,635)	100	(47,635)	1,990	-
Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Catering shop, collection of franchise fees and royalties	RMB 1,000,000	"	-	-	-	-	(5,366)	100	(5,366)	(37,241)	-
Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 11,000,000	"	-	-	-	-	(19,295)	100	(19,295)	(43,790)	-
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 13,400,000	"	-	-	-	-	(12,101)	100	(12,101)	(63,654)	-
Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 1,000,000	"	-	-	-	-	1,112	100	1,112	(37,610)	-
Fengfu Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 1,300,000	"	-	-	-	-	(1,181)	100	(1,181)	(1,919)	-
Cacha Prince Intelligent Technology (Shanghai) Co., Ltd.	Catering equipment sales and others	RMB 1,500,000	"	-	-	-	-	2,471	51	1,260	3,147	-

Note 1: The investment gains and losses recognized in this period are based on the audited financial statements.

2. Limits for investments in mainland China

Accumulated investment remitted from Taiwan to mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	The upper limit on investment authorized by the Investment Commission of MOEA
(Note 2)	(Note 2)	(Note 2)

Note 2: As the Company is an offshore company to the Republic of China, the limits on investments in mainland China do not apply.

3. Significant transactions with investees in mainland China, either directly or indirectly through the third region: Please refer to Table V.
4. Provision of endorsement, guarantee, or collaterals to investees in mainland China, either directly or indirectly through the third region: Please refer to Table II.
5. Financing provided to investees in mainland China, either directly or indirectly through the third region: Please refer to Table I.
6. Other transactions that have a significant impact on the profit or loss or financial status of the current period: None.

Yummy Town (Cayman) Holdings Corporation
Information of Major Shareholders
December 31, 2023

Table VIII

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Percentage
Special investment account of Yummy Town International Ltd. under the custody of Yuanta Commercial Bank	4,805,534	18.48%
Wu Po-Chao	3,714,473	14.28%
Chun-Chung Cheng	1,697,700	6.52%

Note 1: The major shareholders in this table are shareholders holding 5% or greater of the ordinary and preference shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.