Gourmet Master Co. Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Gourmet Master Co. Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Gourmet Master Co. Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its 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 and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2023 is stated as follows:

Recognition of Sales Revenue in Franchising

The Group is principally engaged in the manufacture and sale of baked goods, retail sale and franchise of groceries and beverages. In consideration of the materiality, auditing standards and recognition of sales revenue, sales revenue from franchising includes a presumption of significant risk; therefore, we identified the occurrence of sales revenue a key audit matter. Refer to Note 4(n) for the related accounting policies.

Our main audit procedures performed in respect of the above-mentioned key audit matter included the following:

1. We obtained an understanding of the management's design of internal controls with respect to sales revenue of franchising and tested the implementation and effectiveness of such controls.

2. We took samples of sales revenue from franchising and examined the external documents to confirm the occurrence and accuracy of sales.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are I-Chen Lu and Ming-Chung Hsieh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2024

<u>Notice to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022 (Restatement)		January 1, 2022 (Restatement)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 3,695,288	19	$ 2,197,876	11	$ 5,010,293	24
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	222,047	1	196,868	1	222,939	1
Financial assets at amortized cost - current (Notes 8 and 32)	1,625,413	8	3,231,075	16	1,476,627	7
Notes receivable	2,565	-	1,526	-	2,247	-
Trade receivables (Notes 9, 23 and 31)	330,322	2	280,496	1	290,208	1
Finance lease receivables (Note 10)	-	-	8,534	-	35,042	-
Other receivables (Note 31)	118,316	1	130,457	1	89,593	1
Current tax assets	130,987	1	102,313	-	121,039	1
Inventories (Note 11)	862,613	4	935,525	5	763,584	4
Prepayments	274,455	1	287,678	1	264,373	1
Other current assets	5,673	-	7,144	-	7,350	-
Total current assets	7,267,679	37	7,379,492	36	8,283,295	40
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Notes 7 and 30)	1,103	-	1,105	-	997	-
Financial assets at amortized cost - non-current (Note 8)	248,215	1	665,612	3	553,309	3
Investments accounted for using equity method (Note 13)	136,095	1	112,317	-	101,673	-
Property, plant and equipment (Notes 14 and 32)	6,718,896	35	6,536,937	32	5,690,811	27
Right-of-use assets (Note 15)	3,935,981	20	4,637,532	23	4,844,355	23
Investment properties (Notes 16 and 32)	183,237	1	187,558	1	191,087	1
Intangible assets	35,046	-	44,844	-	48,117	-
Deferred tax assets (Note 25)	415,614	2	326,181	2	319,357	2
Prepaid equipment	148,172	1	266,612	1	487,821	2
Refundable deposits	337,927	2	388,764	2	408,861	2
Finance lease receivables - non-current (Note 10)	-	-	-	-	7,271	-
Other non-current assets (Note 17)	7,494	-	1,137	-	1,722	-
Total non-current assets	12,167,780	63	13,168,599	64	12,655,381	60
TOTAL	$ 19,435,459	100	$ 20,548,091	100	$ 20,938,676	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 18 and 32)	$ -	-	$ 413,055	2	$ 204,179	1
Contract liabilities - current (Note 23)	1,305,358	7	1,323,204	7	1,405,179	7
Notes payable	3,433	-	3,839	-	605	-
Trade payables (Note 19)	1,342,957	7	1,384,512	7	1,478,660	7
Other payables (Note 20)	1,313,487	7	1,385,733	7	1,313,878	6
Current tax liabilities	39,604	-	58,268	-	86,532	1
Lease liabilities - current (Note 15)	1,281,310	7	1,526,776	7	1,626,416	8
Deferred revenue - current (Note 27)	1,898	-	4,353	-	4,168	-
Other current liabilities	77,795	-	57,216	-	53,038	-
Total current liabilities	5,365,842	28	6,156,956	30	6,172,655	30
NON-CURRENT LIABILITIES						
Decommission, restoration and rehabilitation provisions	89,716	-	113,721	-	90,037	-
Deferred tax liabilities (Note 25)	128,521	1	83,026	-	195,646	1
Lease liabilities - non-current (Note 15)	2,719,780	14	3,211,553	16	3,361,822	16
Deferred revenue - non-current (Note 27)	826	-	3,223	-	5,082	-
Guarantee deposits received	170,539	1	184,887	1	189,447	1
Total non-current liabilities	3,109,382	16	3,596,410	17	3,842,034	18
Total liabilities	8,475,224	44	9,753,366	47	10,014,689	48
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)						
Share capital						
Ordinary capital	1,800,000	9	1,800,000	9	1,800,000	8
Capital surplus						
Additional paid-in capital	2,376,605	12	2,376,605	12	2,376,605	11
Retained earnings						
Reserve	1,497,903	7	1,449,595	7	1,340,270	6
Special reserve	347,842	2	671,682	3	575,871	3
Unappropriated earnings	5,452,858	28	4,948,578	24	5,570,632	27
Total retained earnings	7,298,603	37	7,069,855	34	7,486,773	36
Other equity	(458,427)	(2)	(347,842)	(2)	(671,682)	(3)
Total equity attributable to owners of the Company	11,016,781	56	10,898,618	53	10,991,696	52
NON-CONTROLLING INTERESTS	(56,546)	-	(103,893)	-	(67,709)	-
Total equity	10,960,235	56	10,794,725	53	10,923,987	52
TOTAL	$ 19,435,459	100	$ 20,548,091	100	$ 20,938,676	100

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 23, 31 and 36)	$ 20,423,522	100	$ 19,513,836	100
OPERATING COSTS (Note 11)	(8,398,604)	(41)	(8,265,362)	(42)
GROSS PROFIT	12,024,918	59	11,248,474	58
OPERATING EXPENSES (Note 24)				
Selling and marketing expenses	(9,836,617)	(48)	(9,554,309)	(49)
General and administrative expenses	(989,439)	(5)	(893,159)	(5)
Research and development expenses	(77,128)	(1)	(69,154)	-
Expected credit loss (Notes 9 and 10)	(20,674)	-	(549)	-
Total operating expenses	(10,923,858)	(54)	(10,517,171)	(54)
PROFIT FROM OPERATIONS	1,101,060	5	731,303	4
NON-OPERATING INCOME AND EXPENSES (Notes 24, 27 and 31)				
Interest income	121,663	1	140,161	1
Other income	115,052	1	120,281	1
Other gains and losses	(136,617)	(1)	(105,090)	(1)
Finance costs	(160,181)	(1)	(177,392)	(1)
Share of profit or loss of associates and joint ventures	13,104	-	15,383	-
Total non-operating income and expenses	(46,979)	-	(6,657)	-
PROFIT BEFORE INCOME TAX	1,054,081	5	724,646	4
INCOME TAX EXPENSE (Note 25)	(310,740)	(1)	(255,241)	(2)
NET PROFIT FOR THE YEAR	743,341	4	469,405	2

(Continued)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences on translation to the presentation currency	$ (211,214)	(1)	$ 174,881	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	100,880	-	145,497	1
Other comprehensive (loss) income for the year, net of income tax	(110,334)	(1)	320,378	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 633,007	3	$ 789,783	4
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 756,605	4	$ 483,082	2
Non-controlling interests	(13,264)	-	(13,677)	-
	$ 743,341	4	$ 469,405	2
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 646,020	3	$ 806,922	4
Non-controlling interests	(13,013)	-	(17,139)	-
	$ 633,007	3	$ 789,783	4
EARNINGS PER SHARE (Note 26)				
Basic	$ 4.20		$ 2.68	

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Equity Attributable to the Owners of the Company									
				Retained Earnings			Other Equity			
	Number of Shares (In Thousands)	Share Capital	Capital Surplus	Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	180,000	$ 1,800,000	$ 2,376,605	$ 1,340,270	$ 575,871	$ 5,570,632	$ (671,682)	$ 10,991,696	$ (67,709)	$ 10,923,987
Appropriation of the 2021 earnings										
Reserve	-	-	-	109,325	-	(109,325)	-	-	-	-
Special reserve	-	-	-	-	95,811	(95,811)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(900,000)	-	(900,000)	-	(900,000)
Net profit for the year ended December 31, 2022	-	-	-	-	-	483,082	-	483,082	(13,677)	469,405
Other comprehensive loss for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	323,840	323,840	(3,462)	320,378
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	483,082	323,840	806,922	(17,139)	789,783
Cash dividends distributed by non-controlling	-	-	-	-	-	-	-	-	(19,045)	(19,045)
BALANCE AT DECEMBER 31, 2022	180,000	1,800,000	2,376,605	1,449,595	671,682	4,948,578	(347,842)	10,898,618	(103,893)	10,794,725
Appropriation of the 2022 earnings										
Reserve	-	-	-	48,308	-	(48,308)	-	-	-	-
Special reserve	-	-	-	-	(323,840)	323,840	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(450,000)	-	(450,000)	-	(450,000)
Net profit for the year ended December 31, 2023	-	-	-	-	-	756,605	-	756,605	(13,264)	743,341
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(110,585)	(110,585)	251	(110,334)
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	-	756,605	(110,585)	646,020	(13,013)	633,007
(Decrease) increase in non-controlling interests	-	-	-	-	-	(77,857)	-	(77,857)	60,360	(17,497)
BALANCE AT DECEMBER 31, 2023	180,000	$ 1,800,000	$ 2,376,605	$ 1,497,903	$ 347,842	$ 5,452,858	$ (458,427)	$ 11,016,781	$ (56,546)	$ 10,960,235

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

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,054,081	$ 724,646
Adjustments for:		
Depreciation expense	2,477,775	2,543,655
Amortization expense	15,418	15,342
Expected credit loss recognized on trade receivables	20,674	549
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(25,179)	26,071
Finance costs	160,181	177,392
Interest income	(121,663)	(140,161)
Dividend income	(8,712)	(8,712)
Share of profit of associates and joint ventures	(13,104)	(15,383)
Loss on disposal of property, plant and equipment	114,722	61,310
Loss on disposal of intangible assets	-	10
Impairment loss of non-financial assets	15,490	14,020
Government grants	(7,465)	(7,621)
Changes in operating assets and liabilities		
Notes receivable	(1,039)	721
Trade receivables	(63,415)	(610)
Other receivables	20,158	(23,480)
Inventories	55,642	(161,061)
Prepayments	13,223	(23,305)
Other current assets	1,471	206
Contract liabilities	(17,846)	(81,975)
Notes payable	(406)	3,234
Trade payables	(41,555)	(94,148)
Other payables	(72,246)	71,855
Provisions	(24,005)	23,684
Deferred revenue	2,678	5,810
Other current liabilities	20,579	4,178
Cash generated from operations	3,575,457	3,116,227
Interest paid	(160,181)	(177,392)
Income taxes paid	(402,016)	(384,223)
Net cash generated from operating activities	3,013,260	2,554,612
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(1,837,662)
Proceeds from sale of financial assets at amortized cost	1,981,761	-
Purchase of long-term investments accounted for using the equity method	(17,117)	(1,150)
Payments for property, plant and equipment	(1,076,861)	(1,446,023)
Proceeds from disposal of property, plant and equipment	65,262	34,912
Decrease in refundable deposits	50,837	20,097
Payments for intangible assets	(5,761)	(9,728)

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GOURMET MASTER CO. LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
Decrease in finance lease receivables	$ -	$ 44,560
Increase in other non-current assets	(6,357)	-
Decrease in other non-current assets	-	585
Increase in prepayments for equipment	(120,801)	-
Interest received	113,646	121,563
Dividends received from associates	5,889	5,889
Other dividends received	8,712	8,712
Net cash generated from (used in) investing activities	999,210	(3,058,245)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	-	208,876
Repayments of short-term borrowings	(413,055)	-
Refund of guarantee deposits received	(14,348)	(4,560)
Repayment of the principal portion of lease liabilities	(1,652,388)	(1,668,436)
Dividends paid to owners of the Company	(450,000)	(900,000)
Dividends paid to non-controlling interests	(17,497)	(19,045)
Net cash used in financing activities	(2,547,288)	(2,383,165)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	32,230	74,381
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	1,497,412	(2,812,417)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,197,876	5,010,293
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,695,288	$ 2,197,876

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

1. GENERAL INFORMATION

Gourmet Master Co. Ltd. (the "Company") was incorporated in the Cayman Islands in September 2008.

The Company and its subsidiaries (collectively referred to as the "Group") is mainly engaged in the production and wholesale of bakery products, retail and wholesale of beverages, wholesale of bakery machinery, and the operation of chain stores and franchising business.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since November 22, 2010.

The functional currency of the Company is the renminbi. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company's shares are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 13, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

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

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

     The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group applied the amendments and recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. Upon initial application of the amendments to IAS 12, the Group restated comparative information.

Had the Group applied the original IAS 12 in the current year, the following adjustments should be made to reflect the line items and balances under the amendments to IAS 12.

Impact on assets and liabilities for the current year

	December 31, 2023
Increase in deferred tax assets	$ 61,984
Increase in assets	$ 61,984
Increase in deferred tax liabilities	$ 61,984
Increase in liabilities	$ 61,984

Impact on assets and liabilities for the prior year

	As Originally Stated	Adjustments Arising from Initial Application	Restated
December 31, 2022			
Deferred tax assets	$ 271,858	$ 54,323	$ 326,181
Total effect on assets	$ 271,858	$ 54,323	$ 326,181
Deferred tax liabilities	$ 28,703	$ 54,323	$ 83,026
Total effect on liabilities	$ 28,703	$ 54,323	$ 83,026
January 1, 2022			
Deferred tax assets	$ 203,245	$ 116,112	$ 319,357
Total effect on assets	$ 203,245	$ 116,112	$ 319,357
Deferred tax liabilities	$ 79,534	$ 116,112	$ 195,646
Total effect on liabilities	$ 79,534	$ 116,112	$ 195,646

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

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

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;

- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;

- Liabilities due to be settled within 12 months after the reporting period; and

- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, Tables 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group from functional currencies to the presentation currency, are not subsequently reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and merchandise are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates and joint venture

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associate and joint venture.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When an entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

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

j. Intangible assets

1) Intangible assets acquired separately

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 loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

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

k. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, as well as finance lease receivables.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and finance lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Decommissioning and restoration obligation

Pursuant to the lease agreement, the Group has an obligation, at the end of the respective lease terms, to restore the leased assets to their original condition at the time of the lease. Provisions are recognized based on the present value of the best estimate of future outflows of economic benefits that will be required for fulfillment of the restoration obligation stated on the lease contract.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of beverages, cake, bread and other goods. For sales of goods through its own retail outlets, revenue is recognized when the customer purchases the goods at the retail outlet. When the customer purchases the gift vouchers and stored-value cards, the transaction price received is recognized as a contract liability until the gift vouchers and stored-value cards have been redeemed.

Under the Customer Loyalty Program, the Group offers award credits which can be used in future purchases when the customer buys goods. The award credits provide a material right to the customer. Transaction prices allocated to the award credits are recognized as contract liabilities when collected and will be recognized as revenue when the award credits are redeemed or have expired.

2) Licensing revenue

For the franchise license contract, it is the Group’s customary business practice to undertake activities that will assist the franchisee in selecting the store location, staff training and store management techniques, etc. The nature of the franchise license is to provide franchise stores access to intellectual property as it exists at the point in time at which the license is granted. The franchise fee is recognized as revenue when the Group completes the obligations of the license.

o. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying the recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise fixed payments, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

p. Borrowing costs

Borrowing costs directly attributable to an 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

q. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

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

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

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes 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 taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

Based on the assessment of the Group’s management, the accounting policies, estimates, and assumptions adopted by the Group have not been subject to material accounting judgements, estimates and assumptions uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	**2022**
Cash on hand	$ 40,919	$ 49,065
Checking accounts and demand deposits	1,929,377	2,097,090
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	1,724,992	51,721
	$ 3,695,288	$ 2,197,876

The market rate intervals of cash in bank at the end of the year were as follows:

	December 31	
	2023	**2022**
Time deposits	1.10%-5.25%	0.02%-4.42%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	**2022**
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 211,629	$ 186,582
Mutual funds	10,418	10,286
	$ 222,047	$ 196,868
Financial assets - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Others	$ 1,103	$ 1,105

8. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	**2022**
Current		
Time deposits with original maturities of more than 3 months (a)	$ 1,563,372	$ 3,163,267
Restricted bank deposits	62,041	67,808
	$ 1,625,413	$ 3,231,075

(Continued)

	December 31	
	2023	2022
Non-current		
Foreign investments		
Time deposits with original maturities of more than 3 months (a)	$ 73,560	$ 515,736
Bond investments - China Development Bank (b)	30,675	30,700
Bond investments - United Overseas Bank (c)	143,980	119,176
	$ 248,215	$ 665,612

(Concluded)

a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.30%-5.80% and 1.10%-3.50% per annum as of December 31, 2023 and 2022, respectively.

b. In May 2015, the Group bought 10-year bank debentures issued by China Development Bank with a coupon rate of 4.25%, an effective interest rate of 4.17% and a maturity date of December 2, 2024, for US$1,006 thousand (par value of US$1,000 thousand).

c. In August 2023, October and December 2022, the Group bought 10-year bank debentures issued by United Overseas Bank with a coupon rate of 4.50%, for RMB6,279 thousand, RMB16,800 thousand and RMB10,000 thousand.

d. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

9. TRADE RECEIVABLES

	December 31	
	2023	2022
Trade receivables		
At amortized cost		
Gross carrying amount	$ 332,758	$ 320,866
Less: Allowance for impairment loss	(2,436)	(40,370)
	$ 330,322	$ 280,496

The average credit period of sales of goods was 30 to 60 days. No interest was charged on trade receivables. The Group considers any change in credit quality from the initial credit date to the balance sheet date.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer’s current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group’s different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are over 361 days past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2023

	1 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 360 Days	Over 360 Days	Total
Gross carrying amount	$ 291,798	$ 7,454	$ 27,939	$ 4,232	$ 1,335	$ 332,758
Loss allowance (Lifetime ECLs)	-	-	-	(1,988)	(448)	(2,436)
Amortized cost	$ 291,798	$ 7,454	$ 27,939	$ 2,244	$ 887	$ 330,322

December 31, 2022

	1 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 360 Days	Over 360 Days	Total
Gross carrying amount	$ 276,126	$ 3,091	$ 4,962	$ 437	$ 36,250	$ 320,866
Loss allowance (Lifetime ECLs)	-	(1,681)	(2,849)	(176)	(35,664)	(40,370)
Amortized cost	$ 276,126	$ 1,410	$ 2,113	$ 261	$ 586	$ 280,496

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 40,370	$ 30,048
Add: Impairment losses recognized	11,745	9,068
Less: Amounts written off	(51,524)	-
Foreign exchange gains and losses	1,845	1,254
Balance at December 31	$ 2,436	$ 40,370

10. FINANCE LEASE RECEIVABLES

	December 31	
	2023	2022
Undiscounted lease payments		
Year 1	$ -	$ 18,565
Year 2	-	-
Year 3	-	-
Year 4	-	-
Year 5	-	-
Year 6 onwards	-	-
	-	18,565
Less: Unearned finance income	-	(181)
Less: Allowance for impairment loss	-	(9,850)
Net investment in leases presented as finance lease receivables	$ -	$ 8,534

The movements of the loss allowance of finance lease receivables were as follows:

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 9,850	$ 17,833
Add: Impairment losses recognized	8,929	-
Less: Amounts written off	(19,235)	-
Less: Impairment losses reversed	-	(8,519)
Foreign exchange gains and losses	456	536
Balance at December 31	$ -	$ 9,850

11. INVENTORIES

	December 31	
	2023	2022
Raw materials and supplies	$ 628,626	$ 734,926
Finished goods	194,874	149,281
Merchandise	31,852	43,669
Work in process	7,261	7,649
	$ 862,613	$ 935,525

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was $8,398,604 thousand and $8,265,362 thousand, respectively.

12. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Proportion of Ownership (%) December 31		
Investor	Investee	Main Business	2023	2022	Remark
Gourmet Master Co. Ltd.	85 Degrees Co., Ltd.	Investment	100.0	100.0	
	Prime Scope Trading Limited	Investment, retail sale of groceries and beverages	100.0	100.0	
	Perfect 85 Degrees C, Inc.	Manufacturing and sale of baked goods	100.0	100.0	
	85 Degrees Café International Pty. Ltd.	Investment	51.0	51.0	
	Lucky Bakery Limited	Investment	100.0	100.0	
	WinWin 85C Holding Co., Ltd.	Investment	100.0	100.0	
Perfect 85 Degrees C, Inc.	WinPin 85 Investments, LLC	Retail sale of groceries and beverages	100.0	100.0	
	Golden 85 Investments, LLC	Retail sale of groceries and beverages	65.0	65.0	
85 Degree Co., Ltd.	Comestibles Master Co., Ltd.	Manufacturing and sale of baked goods	100.0	100.0	
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Retail sale of groceries and beverages	100.0	100.0	
Mei Wei Master Co., Ltd.	Mei Wei Fu Xing Ltd.	Retail sale of groceries and beverages	60.0	60.0	
WinWin 85C Holding Co., Ltd.	WinWin 85C LLC	Investment	100.0	100.0	
	WinUS 85C LLC	Investment	100.0	100.0	
	85C NJ LLC	Investment	-	-	*
85 Degrees Café International Pty. Ltd.	85 Degrees Coffee Australia Pty. Ltd.	Retail sale of groceries and beverages	100.0	100.0	
Prime Scope Trading Limited	Shanghai Gourmet Master Food & Beverage Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	He-Shia Food & Beverage Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	Sheng-Pin (Hangzhou) Food Ltd.	Manufacturing and sale of baked goods	100.0	100.0	
	He-Shia (Nanjing) Food & Beverage Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	Beijing 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	25.0	25.0	
	Zhejiang 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	Sheng-Pin (Beijing) Food Ltd.	Manufacturing and sale of baked goods	61.5	61.5	
	Fuzhou 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	100.0	100.0	

(Continued)

Investor	Investee	Main Business	Proportion of Ownership (%) December 31 2023	2022	Remark
	Sheng-Pin (Jiangsu) Food Ltd.	Manufacturing and sale of baked goods	100.0	100.0	
	Sheng-Pin (Xiamen) Food Ltd.	Manufacturing and sale of baked goods	100.0	100.0	
	Sheng-Pin (Qingdao) Food Ltd.	Manufacturing and sale of baked goods	100.0	100.0	
	Xiamen 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	Sheng-Pin (Shenyang) Food Ltd.	Manufacturing and sale of baked goods	100.0	100.0	
	85 Degrees (Qingdao) Food & Beverage Management Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	85 Degrees (Jiangsu) Food Ltd.	Manufacturing and sale of baked goods	25.0	25.0	
	Wincase Limited	Retail sale of groceries and beverages	100.0	100.0	
	Worldinn Limited	Manufacturing and sale of baked goods	100.0	100.0	
	Winstar 85C LLC	Franchising	100.0	100.0	
	WinTrade Distribution LLC	Trading and wholesale	100.0	100.0	
Shanghai Gourmet Master Food & Beverage Ltd.	Shanghai Howco Jing Way Food & Beverage Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	Shenzheng 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	85.0	85.0	
	Chengdu 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	Sheng-Pin (Wuhan) Food Ltd.	Manufacturing and sale of baked goods	100.0	100.0	
	Wuhan Jing Way Food & Beverage Ltd.	Retail sale of groceries and beverages	57.0	57.0	
	Jin Wei Industrial (Shanghai) Ltd.	Retail sale of groceries	100.0	100.0	
	Guangzhou 85 Degree Food & Beverage Management Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	85 Degrees (Jiangsu) Food Ltd.	Manufacturing and sale of baked goods	75.0	75.0	
	Mai-Jia (Chengdu) Food Ltd.	Manufacturing and sale of baked goods	100.0	100.0	
	Jia Ding Jing Way Food & Beverage Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	Kunshan 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	Sheng-Pin (Dongguan) Food Ltd.	Manufacturing and sale of baked goods	100.0	100.0	
	Shanghai Minhang Jinxia Food & Beverage Ltd.	Retail sale of groceries and beverages	100.0	100.0	
	Kunshan Jin Wei Industrial Ltd.	Retail sale of groceries	100.0	100.0	
He-Shia Food & Beverage Ltd.	Wuhan Jing Way Food & Beverage Ltd.	Retail sale of groceries and beverages	43.0	43.0	
	Beijing 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	75.0	75.0	
	Sheng-Pin (Beijing) Food Ltd.	Manufacturing and sale of baked goods	38.5	38.5	
85 Degree (Qingdao) Food & Beverage Management Ltd.	Qingdao Jie Wei Food & Beverage Management Ltd.	Retail sale of groceries and beverages	100.0	100.0	
Jin Wei Industrial (Shanghai) Ltd.	Xia He Wei (Xiamen) Trading Limited	Retail sale of groceries	100.0	100.0	

(Concluded)

Remarks:

* 85C NJ LLC was established in 2022 and registered in the United States. As of December 31, 2023, it had not completed the capital injection.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31 2023	2022
Investment in associates	$ 120,207	$ 112,317
Investment in joint venture	15,888	-
	$ 136,095	$ 112,317

a. Investment in associates

	December 31 2023	2022
Material associate		
Associate(s) that is (are) not individually material	$ 120,207	$ 112,317

b. Investment in joint ventures

	December 31	
	2023	2022
Joint ventures that are not individually material	$ 15,888	$ -

The Group invested US$540 thousand in JG FOOD SERVICE LLC in 2023, with a joint venture ratio of 30%. The Group adopts the equity method of accounting for the above-mentioned joint venture. Refer to Table 7 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associate.

Investments accounted for using the equity method, the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements that have not been audited. Management believes there is no material impact on the equity method of accounting, or the calculation of the share of profit or loss and other comprehensive income from the financial statements that have not been audited.

14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Leasehold Improvements	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress	Total
Cost									
Balance at January 1, 2023	$ 1,965,459	$ 2,770,970	$ 2,899,142	$ 4,484,929	$ 74,007	$ 360,060	$ 707,902	$ 73,916	$ 13,336,385
Additions	-	5,107	293,393	355,390	2,948	32,354	75,570	312,099	1,076,861
Disposal	-	-	(248,573)	(635,141)	(12,972)	(47,295)	(50,667)	-	(994,648)
Reclassifications	-	68,914	33,668	115,859	-	-	-	(218,441)	-
Transferred from the prepayments for equipment	-	1,973	197,661	4,360	-	10,596	24,651	-	239,241
Effect of foreign currency exchange differences	(791)	(37,382)	(28,091)	(39,976)	(586)	(4,327)	(5,071)	(1,049)	(117,273)
Balance at December 31, 2023	$ 1,964,668	$ 2,809,582	$ 3,147,200	$ 4,285,421	$ 63,397	$ 351,388	$ 752,385	$ 166,525	$ 13,540,566
Accumulated depreciation and impairment									
Balance at January 1, 2023	$ -	$ 937,682	$ 1,999,692	$ 3,079,228	$ 51,563	$ 305,652	$ 425,631	$ -	$ 6,799,448
Depreciation expense	-	136,188	273,480	389,058	6,052	26,744	75,140	-	906,662
Impairment loss	-	-	477	5,787	3	31	741	-	7,039
Disposal	-	-	(218,143)	(499,005)	(12,499)	(44,393)	(40,624)	-	(814,664)
Reclassifications	-	-	(31)	31	-	-	-	-	-
Effect of foreign currency exchange differences	-	(16,616)	(20,823)	(31,167)	(541)	(3,631)	(4,037)	--	(76,815)
Balance at December 31, 2023	$ -	$ 1,057,254	$ 2,034,652	$ 2,943,932	$ 44,578	$ 284,403	$ 456,851	$ -	$ 6,821,670
Carrying amount at December 31, 2023	$ 1,964,668	$ 1,752,328	$ 1,112,548	$ 1,341,489	$ 18,819	$ 66,985	$ 295,534	$ 166,525	$ 6,718,896
Cost									
Balance at January 1, 2022	$ 1,759,646	$ 2,295,972	$ 2,589,540	$ 4,187,550	$ 59,627	$ 388,874	$ 548,008	$ 47,453	$ 11,876,670
Additions	178,533	424,529	181,683	312,864	16,999	26,035	191,185	114,195	1,446,023
Transfers from prepaid equipment	-	-	221,209	-	-	-	-	-	221,209
Disposal	-	(549)	(168,048)	(322,039)	(3,857)	(63,345)	(48,132)	(1,790)	(607,760)
Reclassifications	-	2,962	12,655	76,003	-	-	275	(91,895)	-
Effect of foreign currency exchange differences	27,280	48,056	62,103	230,551	1,238	8,496	16,566	5,953	400,243
Balance at December 31, 2022	$ 1,965,459	$ 2,770,970	$ 2,899,142	$ 4,484,929	$ 74,007	$ 360,060	$ 707,902	$ 73,916	$ 13,336,385
Accumulated depreciation and impairment									
Balance at January 1, 2022	$ -	$ 799,614	$ 1,858,550	$ 2,754,357	$ 46,720	$ 334,843	$ 391,775	$ -	$ 6,185,859
Depreciation expense	-	125,617	273,746	431,080	6,353	27,424	66,751	-	930,971
Impairment loss	-	-	-	16,968	-	-	-	-	16,968
Disposal	-	(549)	(150,974)	(255,617)	(2,444)	(61,211)	(40,743)	-	(511,538)
Reclassifications	-	-	(146)	880	-	-	(734)	-	
Effect of foreign currency exchange differences	-	13,000	18,516	131,560	934	4,596	8,582	-	177,188
Balance at December 31, 2022	$ -	$ 937,682	$ 1,999,692	$ 3,079,228	$ 51,563	$ 305,652	$ 425,631	$ -	$ 6,799,448
Carrying amount at December 31, 2022	$ 1,965,459	$ 1,833,288	$ 899,450	$ 1,405,701	$ 22,444	$ 54,408	$ 282,271	$ 73,916	$ 6,536,937

Impairment losses recognized on property, plant and equipment for the years ended December 31, 2023 and 2022 amounted to $7,039 thousand and $16,968 thousand, respectively, which was mainly attributable to the decrease in expected future cash inflow of some of the stores, plant and equipment. The carrying amounts of the property, plant and equipment were assessed to be less than their recoverable amounts, and the impairment loss has been recognized under other gains and losses in the consolidated statements of comprehensive income.

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-49 years
Power system engineering	11 years
Furnishing	3-20 years
Machinery equipment	1-18 years
Leasehold improvements	1-20 years
Transportation equipment	1-10 years
Office equipment	1-15 years
Other equipment	1-20 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	**2022**
Carrying amount		
Land	$ 157,343	$ 165,272
Buildings	3,765,906	4,453,479
Transportation equipment	11,349	16,503
Other equipment	1,383	2,278
	$ 3,935,981	$ 4,637,532

	For the Year Ended December 31	
	2023	**2022**
Additions to right-of-use assets	$ 1,548,547	$ 1,703,421
Depreciation charge for right-of-use assets		
Land	$ 4,970	$ 4,999
Buildings	1,549,160	1,582,644
Transportation equipment	11,414	12,025
Other equipment	1,657	9,091
	$ 1,567,201	$ 1,608,759

Impairment (gains) losses recognized on right-of-use assets for the years ended December 31, 2023 and 2022 amounted to $8,451 thousand and $(2,948) thousand. The impairment loss has been recognized under other gains and losses in the consolidated statements of comprehensive income.

b. Lease liabilities

	December 31	
	2023	2022
Carrying amount		
Current	$ 1,281,310	$ 1,526,776
Non-current	$ 2,719,780	$ 3,211,553

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Buildings	1.00%-5.49%	1.00%-5.49%
Transportation equipment	1.00%	1.00%
Other equipment	1.00%	1.00%

c. Material leasing activities and terms

The Group leases land and buildings for the use of plants, offices and retail stores with lease terms of 1 to 50 years. Variable lease payments of lease contracts for some of the retail stores are determined at a specific percentage of sales generated from the respective stores. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor’s consent.

In order to cope with retail demand, the Group entered into a large number of lease arrangements for the purposes of renting commercial space for the establishment of retail stores. Lease terms are negotiated by the management of each respective area and includes a wide range of payment terms. Variable payment terms are used for a variety of reasons, including minimizing the fixed cost base for newly established stores and for reasons of margin control and operational flexibility. Variable lease payment terms vary widely across the Group:

- The majority of variable payments are calculated based on the specified percentage of each store’s total sales.

- Variable lease payments account for approximately 0% to 100% of the total lease payments of each individual item of property.

- Some variable lease payment terms include minimum or cap clauses.

Variable payment terms lead to the incurrence of higher rental costs for stores with higher sales. However, the use of variable payment terms help to facilitate the management of margins across the Group.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases	$ 18,246	$ 29,162
Expenses relating to low-value asset leases	$ 15,665	$ 11,722
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 91,901	$ 102,235
Total cash outflow for leases	$ (1,932,165)	$ (1,980,569)

16. INVESTMENT PROPERTIES

	Completed Investment Properties
Cost	
Balance at January 1, 2023	$ 268,051
Effect of foreign currency exchange differences	(1,692)
Balance at December 31, 2023	$ 266,359
Accumulated depreciation and impairment	
Balance at January 1, 2023	$ (80,493)
Depreciation expense	(3,912)
Effect of foreign currency exchange differences	1,283
Balance at December 31, 2023	$ (83,122)
Carrying amount at December 31, 2023	$ 183,237
Cost	
Balance at January 1, 2022	$ 266,714
Effect of foreign currency exchange differences	1,337
Balance at December 31, 2022	$ 268,051
Accumulated depreciation and impairment	
Balance at January 1, 2022	$ (75,627)
Depreciation expense	(3,925)
Effect of foreign currency exchange differences	(941)
Balance at December 31, 2022	$ (80,493)
Carrying amount at December 31, 2022	$ 187,558

Except for the depreciation recognized, the Group did not have any significant addition, disposal, or impairment of investment properties during the years ended December 31, 2023 and 2022.

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	20-49 years

The carrying amount of the investment properties located in Taichung, Taiwan was $161,715 thousand. The fair values of the investment properties were not assessed by independent appraisers, instead, they were assessed by the management of the Company taking into account the situation of use of the assets frequently used by market participants and the market prices. The valuation was arrived at by reference to market evidence of transaction prices of similar properties.

	December 31	
	2023	**2022**
Fair value	$ 270,155	$ 299,452

The carrying amount of the investment properties located in Shenyang City, Liaoning Province, China was $21,522 thousand. The fair value of the investment properties as of December 31, 2017 was measured by independent qualified professional valuers using Level 3 inputs, and the valuation was arrived at by reference to market evidence of transaction prices of similar properties. Management of the Company had assessed and determined that there were no significant changes in the fair value as of December 31, 2023 as compared to the fair value as of December 31, 2017.

	December 31	
	2023	**2022**
Fair value	$ 37,614	$ 38,318

All of the Group's investment properties are held under freehold interests. The investment properties pledged as collateral for bank borrowings are set out in Note 32.

17. OTHER ASSETS

	December 31	
	2023	**2022**
Non-current		
Prepayment for real estate	$ 6,715	$ -
Others	779	1,137
	$ 7,494	$ 1,137

Prepayment for real estate is for factories located in New Jersey in the United States, and the transaction process is still incomplete and shall be paid by the subsidiary.

18. BORROWINGS

Short-term borrowings

	December 31 2023	December 31 2022
Secured borrowings (Note 31)		
Bank loans	$ -	$ 413,055

The range of weighted average effective interest rates of bank loans was 1.53%-4.92% per annum as of December 31, 2022, respectively.

19. TRADE PAYABLES

The average credit period of purchases of certain goods was 45 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER LIABILITIES

	December 31 2023	December 31 2022
Current		
Other payables		
Payables for accrued payroll and bonuses	$ 400,035	$ 406,238
Payables for purchases of equipment	149,541	179,842
Payables for rent	88,805	81,197
Payables for insurance	56,394	61,634
Payables for utilities	39,636	48,928
Payables for fines (Note 33)	20,980	20,830
Others (shipping expense, repair expense, etc.)	558,096	587,064
	$ 1,313,487	$ 1,385,733

21. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

Comestibles Master Co., Ltd., Mei Wei Master Co., Ltd. and Mei Wei Fu Xing Ltd. of the Group adopted a pension plan under the Labor Pension Act (LPA) of the ROC, which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in China and USA are members of a state-managed retirement benefit plan operated by the government of China and USA. The subsidiaries are required to contribute a specified percentage of the payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

22. EQUITY

Share Capital

Ordinary shares

	December 31	
	2023	2022
Number of shares authorized (in thousands)	850,000	850,000
Shares authorized	$ 8,500,000	$ 8,500,000
Number of shares issued and fully paid (in thousands)	180,000	180,000
Shares issued	$ 1,800,000	$ 1,800,000

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

Capital Surplus

The capital surplus arising from shares issued in excess of par (including share premium from the issuance of ordinary shares) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's capital surplus and once a year).

Retained Earnings and Dividend Policy

According to Company's Articles of Incorporation, the Company may declare dividends in the form of an ordinary resolution, but its amount must not exceed the amount recommended by the board of directors. Where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The Company's reserve is used for operational or investment purposes in a manner deemed appropriate by the board of directors, and the investment does not need to be part of the reserve separately from other investments. After meeting the aforementioned requirements, the remaining retained earnings should be appropriated in the following order after approval has been obtained from the shareholders:

a. Bonus for employees (including subsidiaries' employees) at 3% or less;

b. Remuneration of directors at 1% or less; and

c. The earnings appropriated should not be less than 30% of the after-tax earnings, and cash dividends distributed should not be less than 10% of the total cash dividends and share dividends distributed.

In accordance with the amendments to the Company Act of the ROC in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. Because the Company is incorporated in the Cayman Islands, the Company Act of the ROC is not applicable to the Company. The Company does not need to propose amendments to its Articles of Incorporation.

For the years ended December 31, 2023 and 2022, there were no accruals of bonuses for employees and remuneration of directors and supervisors. Material differences between estimated amounts and the amounts proposed by the board of directors on or before the consolidated financial statements are authorized for issue are adjusted in the year the bonuses and remuneration were recognized. If there is a change in the proposed amounts after the consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate. If share bonuses are resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonuses by the fair value of the shares. The fair value of the shares is stated at the closing price (after considering the effect of cash and share dividends) of the shares on the day immediately preceding the shareholders' meeting.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", shall be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and may thereafter be distributed.

The appropriations of earnings for 2022 and 2021 approved in the shareholders' meetings on June 16, 2023 and June 2, 2022, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	**2021**
Reserve	$ 48,308	$ 109,325
Special reserve	$ (323,840)	$ 95,811
Cash dividends	$ 450,000	$ 900,000
Cash dividends per share (NT$)	$ 2.5	$ 5.0

The Company held their regular shareholders' meetings on June 16, 2023 and June 2, 2022 and resolved that there would be no distribution of bonuses to employees and remuneration of directors and supervisors for 2022 and 2021, respectively.

The appropriation of earnings for 2023 was proposed by the Company's board of directors on March 13, 2024. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Reserve	$ 75,660	$ -
Special reserve	110,585	-
Cash dividends	630,000	3.5

The appropriation of earnings for 2023 is subject to the resolution of the shareholders in the shareholders' meeting to be held on June 12, 2024.

There was no difference between the amounts of bonuses for employees and the remuneration of directors and supervisors approved and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021, respectively.

Information on the bonuses for employees and the remuneration of directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Non-controlling Interests

On May 10, 2023, the Group passed a resolution at the board of directors' meeting to abandon its claim of \$158,892 thousand against 85 Degrees Coffee Australia Pty Ltd., a subsidiary, considering the likelihood of recovery and the associated costs. Of the above-mentioned amount, calculated based on the non-controlling interest's ownership percentage of 49%, \$77,857 thousand is recognized as an increase in non-controlling interests, concurrently reducing retained earnings.

23. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	$ 20,320,336	$ 19,427,623
Other revenue	103,186	86,213
	$ 20,423,522	$ 19,513,836

a. Disaggregation of revenue

Refer to Note 36 for information about the disaggregation of revenue.

b. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Trade receivables (Note 9)	$ 330,322	$ 280,496	$ 290,208
Contract liabilities			
Sale of goods	$ 1,265,590	$ 1,255,935	$ 1,322,013
Customer loyalty program	39,768	67,269	83,166
Contract liabilities - current	$ 1,305,358	$ 1,323,204	$ 1,405,179

The changes in the contract liability balances primarily result from the timing difference between the Group’s satisfaction of performance obligations and the customer’s payment.

24. FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2023	2022
Income from government grants (Note 27)	$ 23,482	$ 40,023
Rental income	20,785	24,183
Dividend income	8,712	8,712
Others	62,073	47,363
	$ 115,052	$ 120,281

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gains	$ 7,504	$ 12,188
Loss on disposal of property, plant and equipment	(114,722)	(61,310)
Net gain (losses) arising from financial assets held for trading	25,179	(26,071)
Impairment loss (Notes 14 and 15)	(15,490)	(14,020)
Expected indemnity losses (Note 33)	-	(20,830)
Others	(39,088)	4,953
	$ (136,617)	$ (105,090)

c. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on lease liabilities	$ 153,965	$ 169,014
Interest on bank loans	6,216	8,378
	$ 160,181	$ 177,392

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	$ 219,269	$ 193,828
Operating expenses	2,258,506	2,349,827
	$ 2,477,775	$ 2,543,655
An analysis of amortization by function		
Operating costs	$ 76	$ 31
Operating expenses	15,342	15,311
	$ 15,418	$ 15,342

e. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	$ 60,757	$ 59,578
Other employee benefits	6,420,018	6,193,047
	$ 6,480,775	$ 6,252,625
An analysis of employee benefits expense by function		
Operating costs	$ 1,015,955	$ 1,024,109
Operating expenses	5,464,820	5,228,516
	$ 6,480,775	$ 6,252,625

f. Impairment losses recognized (reversed)

	For the Year Ended December 31	
	2023	**2022**
Property, plant and equipment (included in other gains and losses)	$ 7,039	$ 16,968
Right-of-use assets (included in other gains and losses)	8,451	(2,948)
	$ 15,490	$ 14,020

25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ 343,841	$ 281,078
Income tax on unappropriated earnings	9,920	16,448
Adjustments for prior year	5,673	2,937
	359,434	300,463
Deferred tax		
In respect of the current year	(48,694)	(45,222)
Income tax expense recognized in profit or loss	$ 310,740	$ 255,241

A reconciliation of accounting profit and income tax expense is as follow:

	For the Year Ended December 31	
	2023	**2022**
Profit before income tax	$ 1,054,081	$ 724,646
Income tax expense calculated at the statutory rate	$ 193,343	$ 127,617
Nondeductible expenses in determining taxable income	32,604	2,184
Tax-exempt income and others	(21,083)	(5,471)
Deferred tax effect of earnings of subsidiaries	39,133	39,442
Income tax on unappropriated earnings	9,920	16,448
Unrecognized deductible temporary differences	(3,587)	(1,601)
Unrecognized loss carryforwards	54,737	73,685
Adjustments for prior years’ tax	5,673	2,937
Income tax expense recognized in profit or loss	$ 310,740	$ 255,241

As the status of the 2023 appropriation of earnings is uncertain, the potential income tax consequences of the 2022 unappropriated earnings are not reliably determinable.

b. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2023

Deferred Tax Assets	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Paid in the Current Year	Closing Balance
Temporary differences					
Inventory write-downs	$ 2,859	$ 270	$ (25)	$ -	$ 3,104
Operating leases	59,330	(9,478)	(1)	-	49,851
Property, plant and equipment	40,969	7,687	(408)	-	48,248
Right-of-use assets	74,460	8,885	(196)	-	83,149
Deferred revenue	15,893	(3,850)	(37)	-	12,006
Tax losses	101,563	51,241	(2,392)	-	150,412
Others	31,107	39,623	(1,886)	-	68,844
	$ 326,181	$ 94,378	$ (4,945)	$ -	$ 415,614

Deferred Tax Liabilities	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Paid in the Current Year	Closing Balance
Temporary differences					
Unappropriated earnings of subsidiaries	$ (25,244)	$ (39,133)	$ 174	$ -	$ (64,203)
Unrealized exchange gain	(208)	208	-	-	-
Lease liabilities	(54,823)	(9,519)	40	-	(64,302)
Others	(2,751)	2,760	(25)	-	(16)
	$ (83,026)	$ (45,684)	$ 189	$ -	$ (128,521)

For the year ended December 31, 2022

Deferred Tax Assets	Opening Balance	Amendments to IFRS 12 retrospectively	Opening Balance (Restatement)	Recognized in Profit or Loss	Exchange Differences	Paid in the Current Year	Closing Balance
Temporary differences							
Inventory write-downs	$ 3,527	$ -	$ 3,527	$ (788)	$ 120	$ -	$ 2,859
Operating leases	53,524	-	53,524	-	5,806	-	59,330
Property, plant and equipment	30,596	-	30,596	7,982	2,391	-	40,969
Right-of-use assets	37,248	116,112	153,360	(80,485)	1,585	-	74,460
Deferred revenue	15,614	-	15,614	(868)	1,147	-	15,893
Tax losses	43,102	-	43,102	56,123	2,338	-	101,563
Others	19,634	-	19,634	9,454	2,019	-	31,107
	$ 203,245	$ 116,112	$ 319,357	$ (8,582)	$ 15,406	$ -	$ 326,181

Deferred Tax Liabilities	Opening Balance	Amendments to IFRS 12 retrospectively	Opening Balance (Restatement)	Recognized in Profit or Loss	Exchange Differences	Paid in the Current Year	Closing Balance
Temporary differences							
Unappropriated earnings of subsidiaries	$ (46,582)	$ -	$ (46,582)	$ (39,442)	$ (4,096)	$ 64,876	$ (25,244)
Property, plant and equipment	(27,792)	-	(27,792)	29,566	(1,774)	-	-
Unrealized exchange gain	(109)	-	(109)	(98)	(1)	-	(208)
Lease liabilities	(3,407)	(116,112)	(119,519)	64,750	(54)	-	(54,823)
Salaries and wages payable	(1,644)	-	(1,644)	1,670	(26)	-	-
Others	-	-	-	(2,642)	(109)	-	(2,751)
	$ (79,534)	$ (116,112)	$ (195,646)	$ 53,804	$ (6,060)	$ 64,876	$ (83,026)

c. Items for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31					
	2023			2022		
	Applicable Tax Rate 25%	Applicable Tax Rate 20%	Applicable Tax Rate 16.5% and 30%	Applicable Tax Rate 25%	Applicable Tax Rate 20%	Applicable Tax Rate 16.5% and 30%
Loss carryforwards						
Expiry in 2023	$ -	$ -	$ -	$ 31,784	$ -	$ -
Expiry in 2024	81,769	41,436	-	78,518	69,519	-
Expiry in 2025	-	81,070	-	-	81,070	-
Expiry in 2026	170,945	12,921	-	104,841	12,921	-
Expiry in 2027	349,740	24,434	-	169,341	24,434	-
Expiry in 2028	559,657	12,059	-	109,297	12,059	-
Expiry in 2029	-	33,154	-	-	33,154	-
Expiry in 2030	-	20,562	-	-	20,562	-
Expiry in 2031	-	2,250	-	-	2,250	-
Expiry in 2032	-	800	-	-	800	-
Expiry in 2033	-	907	-	-	-	-
No expiration date	-	-	198,979	-	-	426,639
	$ 1,162,111	$ 229,593	$ 198,979	$ 493,781	$ 256,769	$ 426,639

d. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2023 comprised:

Unused Amount				
Applicable Tax Rate 25%	Applicable Tax Rate 20%	Applicable Tax Rate 16.5% and 30%	Total	Expiry Year
$ 81,769	$ 41,436	$ -	$ 123,205	2024
-	81,070	-	81,070	2025
182,917	12,921	-	195,838	2026
135,490	24,434	-	159,924	2027
242,953	12,059	-	255,012	2028
-	33,154	-	33,154	2029
-	20,562	-	20,562	2030
-	2,250	-	2,250	2031
-	800	-	800	2032
-	907	-	907	2033
-	-	73,728	73,728	No expiration date
$ 643,129	$ 229,593	$ 73,728	$ 946,450	

e. Income tax assessments

With respect to the income tax assessments of the Company and its subsidiaries, except for the Company, which is not subject to income tax, the income tax returns of Comestibles Master Co., Ltd., Mei Wei Master Co., Ltd. and Mei Wei Fu Xing through 2021 have been assessed by the tax authorities in the ROC. The companies in other jurisdictions have been assessed based on their local tax laws.

26. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2023	**2022**
Basic earnings per share		
From continuing operations	$ 4.20	$ 2.68

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2023	**2022**
Earnings used in the computation of basic earnings per share	$ 756,605	$ 483,082

Weighted Average Number of Ordinary Shares Outstanding (In Thousands of Shares)

	For the Year Ended December 31	
	2023	**2022**
Weighted average number of ordinary shares used in the computation of basic and diluted earnings per share	180,000	180,000

27. GOVERNMENT GRANTS

The amounts of project subsidies and incentives received for the years ended December 31, 2023 and 2022 were $16,017 thousand and $32,402 thousand, respectively. The government grants were recognized in non-operating income and expenses - other income in the consolidated statements of comprehensive income.

The Group received a government grant for plant construction and waste recovery. The amount was recognized as deferred revenue and subsequently transferred to profit or loss over the useful life of the related assets. This policy resulted in a credit to income of $7,465 thousand and $7,621 thousand for the years ended December 31, 2023 and 2022, respectively.

28. NON-CASH TRANSACTIONS

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2023

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Short-term borrowings	$ 413,055	$ (413,055)	$ -	$ -	$ -
Guarantee deposits received	184,887	(14,348)	-	-	170,539
Lease liabilities	4,738,329	(1,806,353)	1,548,547	(479,433)	4,001,090
	$ 5,336,271	$ (2,233,756)	$ 1,548,547	$ (479,433)	$ 4,171,629

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes		Closing Balance
			New Leases	Others	
Short-term borrowings	$ 204,179	$ 208,876	$ -	$ -	$ 413,055
Guarantee deposits received	189,447	(4,560)	-	-	184,887
Lease liabilities	4,988,238	(1,837,450)	1,703,421	(115,880)	4,738,329
	$ 5,381,864	$ (1,633,134)	$ 1,703,421	$ (115,880)	$ 5,336,271

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued and the amount of existing debt redeemed.

30. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

Fair value of financial instruments not carried at fair value

The management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements to approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares and emerging market shares	$ 211,629	$ -	$ -	$ 211,629
Mutual funds	10,418	-	-	10,418
Other	-	-	1,103	1,103
	$ 222,047	$ -	$ 1,103	$ 223,150

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares and emerging market shares	$ 186,582	$ -	$ -	$ 186,582
Mutual funds	10,286	-	-	10,286
Other	-	-	1,105	1,105
	$ 196,868	$ -	$ 1,105	$ 197,973

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

	Debt Instruments
Balance at January 1, 2023	$ 1,105
Recognized in profit or loss (other income)	-
Repayments/settlements	-
Effect of foreign currency exchange differences	(2)
Balance at December 31, 2023	$ 1,103

For the year ended December 31, 2022

	Debt Instruments
Balance at January 1, 2022	$ 997
Recognized in profit or loss (other income)	-
Repayments/settlements	-
Effect of foreign currency exchange differences	108
Balance at December 31, 2022	$ 1,105

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	$ 223,150	$ 197,973
Financial assets at amortized cost (Note 1)	6,358,046	6,895,806
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	2,430,381	2,965,788

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes receivable, trade receivables and other receivables.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, trade payables, notes payable, other payables, long-term borrowings and deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables and borrowings. The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group has foreign currency denominated deposits and loans, which exposes the Group to foreign currency risk. There has been no change to the Group's exposure to market risk in relation to financial instruments or the manner in which these risks are managed and measured.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase and decrease in the Renminbi (the functional currency) against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the Renminbi weakening 1% against the relevant currency. For a 1% strengthening of the Renminbi against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	U.S. Dollar Impact	
	For the Year Ended December 31	
	2023	**2022**
Profit or loss	$ 845	$ 709

* This was mainly attributable to the exposure on outstanding U.S. dollar denominated bank deposits which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial liabilities	$ 4,001,090	$ 4,738,329
Cash flow interest rate risk		
Financial liabilities	-	413,055

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $0 and $(4,131) thousand, respectively, which would be mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

The Group's sensitivity to interest rates decreased during the current year mainly due to the decrease in variable rate debt investments.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

At the end of the reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arose from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

Most of the Group's counterparties are franchisees with whom the Group has business relationships with for a long time, and the Group monitors trade receivables from such franchisees continuously. Thus, impairment loss recognized on these trade receivables was not significant. Trade receivables cover a large number of customers spread across diverse industries and geographical areas. Therefore, the Group assessed that the concentration of credit risk was limited.

The concentration of credit risk with such counterparties was never more than 10% of the Group's monetary assets.

Other than the abovementioned franchisees, because the counterparties of liquid funds were banks monitored by regulators in the People's Republic of China and Republic of China, such credit risk was limited.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized bank loan facilities set out below.

	December 31	
	2023	**2022**
Unsecured bank loan facilities:		
Amount used	$ -	$ -
Amount unused	230,000	230,000
	$ 230,000	$ 230,000
Secured bank loan facilities:		
Amount used	$ -	$ 413,055
Amount unused	1,887,337	1,967,972
	$ 1,887,337	$ 2,381,027

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides as disclosed elsewhere in other notes, details of transactions between the Group and other related parties are disclosed below:

a. Name and relationship of related parties

Related Party Name	Related Party Category
The Hot Pot Food and Beverage Management Co., Ltd.	Associates
Jiou Chu Management Co., Ltd.	Associates
JIOU CHU FOOD LLC	Associates
Toast Man Development Co., Ltd.	Related parties
Xiang Tian (Shanghai) Food and Beverage Management Co., Ltd	Related parties
The Hot Pot (Shanghai) Food and Beverage Management Co., Ltd	Related parties
Original Mind Enterprises Limited	Related parties
JG FOOD SERVICE LLC	Joint venture

b. Sales of goods

		For the Year Ended December 31	
Line Item	**Related Party Category/Name**	**2023**	**2022**
Sales	Associates	$ 7,246	$ 344
	Related parties	4,944	3,254
		$ 12,190	$ 3,598

c. Other transactions

		For the Year Ended December 31	
Line Item	**Related Party Category**	**2023**	**2022**
Rental income	Associates	$ 1,515	$ 942
	Related parties	23	-
		$ 1,538	$ 942

The rent paid by the related parties for the rent of commercial space for operational purposes is paid on a monthly basis at the agreed price.

d. Receivables from related parties (excluding loans to related parties)

		December 31	
Line Item	**Related Party Category**	**2023**	**2022**
Trade receivables	Associates	$ 1,855	$ 204
	Related parties	736	1,052
		$ 2,591	$ 1,256

Line Item	Related Party Category	December 31 2023	December 31 2022
Other receivables	Associates	$ 6,854	$ 567
	Related parties	2,235	1,218
		$ 9,089	$ 1,785

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023 and 2022, no impairment loss was recognized for trade receivables from related parties.

e. Other transactions with related parties

The Group performed technical services for associates, related parties and joint venture. For the years ended December 31, 2023 and 2022, income from technical services amounted to $7,712 thousand and $1,324 thousand, respectively.

f. Disposal of property, plant and equipment

	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
Related Party Category/Name	2023	2022	2023	2022
Associates/The Hot Pot Food and Beverage Management Co., Ltd.	$ 2,753	$ 2,017	$ 129	$ (3,326)

g. Compensation of key management personnel

	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Short-term benefits	$ 26,450	$ 23,113

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral to banks for bank borrowings:

	December 31 2023	December 31 2022
Property, plant and equipment		
Land	$ 293,761	$ 293,761
Buildings	8,251	9,892
Financial assets at amortized cost - current	62,041	67,808
Investment properties	58,056	58,590
	$ 422,109	$ 430,051

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2023 and 2022 were as follows:

a. Significant commitments

Unrecognized commitments were as follows:

	December 31	
	2023	**2022**
Acquisition of property, plant and equipment	$ 133,130	$ 13,032

b. Contingencies

The Group's subsidiaries in Australia were imposed penalties for violating the Australian labor related regulations. Based on legal advice, as of the date of issue of the consolidated financial statements, the litigation procedures are still ongoing, and the attorney estimated that the penalty amount was AUD1,000 thousand, which was recognized as compensation losses and accounted for under other gains and losses.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

December 31, 2023

	Foreign Currency	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
USD	$ 1,761	7.0827 (USD:RMB)	$ 53,984
USD	996	30.6468 (USD:NTD)	30,516
AUD	4,527	4.8486 (AUD:RMB)	94,973
AUD	535	20.9800 (AUD:NTD)	11,222
HKD	6,262	0.9080 (HKD:RMB)	24,603
Financial liabilities			
Monetary items			
NTD	40,390	0.0326 (NTD:USD)	40,390

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 411	6.9646 (USD:RMB)	$ 12,614
USD	1,899	30.7000 (USD:NTD)	58,306
AUD	4,373	4.7255 (AUD:RMB)	91,088
AUD	9,974	20.8300 (AUD:NTD)	207,762
Financial liabilities			
Monetary items			
NTD	155,300	0.0480 (NTD:AUD)	155,300

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains (losses) were $7,504 thousand and $12,188 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 6)

11) Information on investees (Table 7)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of the investee, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and the limit on the amount of investment in the mainland China area (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group’s principal geographical areas are China, Taiwan and the United States (USA).

a. Revenue from major products and services

The following is an analysis of the Group’s revenue from continuing operations categorized by major products and services:

	For the Year Ended December 31	
	2023	2022
Beverages	$ 4,826,726	$ 5,055,619
Cakes	7,448,726	6,998,411
Bread	8,053,821	7,333,963
Others	94,249	125,843
	$ 20,423,522	$ 19,513,836

b. Geographical information

The Group's revenue from continuing operations from external customers by location of operations is detailed below:

	Revenue from External Customers	
	For the Year Ended December 31	
	2023	2022
China	$ 10,348,915	$ 10,373,552
United States	7,066,521	5,891,852
Taiwan	2,918,240	3,072,729
Others	89,846	175,703
	$ 20,423,522	$ 19,513,836

c. Significant customer information

The Group has no customer who contributes over 10% to the Group's total revenue for the years ended December 31, 2023 and 2022.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Actual Amount Borrowed (Foreign Currencies in Thousands)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Shanghai Gourmet Master Food & Beverage Ltd.	He-Shia Food & Beverage Ltd.	Other receivables - related parties	Yes	$ 302,890 (RMB 70,000)	$ -	$ -	2.00	For short-term financing	$ -	Working capital loan	$ -	-	$ -	$ 441,404	$ 662,107	Note 1,a
		He-Shia Food & Beverage Ltd.	Other receivables - related parties	Yes	302,890 (RMB 70,000)	302,890 (RMB 70,000)	302,890 (RMB 70,000)	2.00	For short-term financing	-	Working capital loan	-	-	-	441,404	662,107	Note 1,a
		Fuzhou 85 Food & Beverage Ltd.	Other receivables - related parties	Yes	86,540 (RMB 20,000)	-	-	2.00	For short-term financing	-	Working capital loan	-	-	-	441,404	662,107	Note 1,a
		Fuzhou 85 Food & Beverage Ltd.	Other receivables - related parties	Yes	86,540 (RMB 20,000)	86,540 (RMB 20,000)	86,540 (RMB 20,000)	2.00	For short-term financing	-	Working capital loan	-	-	-	441,404	662,107	Note 1,a
		Prime Scope Trading Limited	Other receivables - related parties	Yes	216,350 (RMB 50,000)	216,350 (RMB 50,000)	-	2.00	For short-term financing	-	Working capital loan	-	-	-	441,404	662,107	Note 1,a
2	Sheng-Pin (Hangzhou) Food Ltd.	He-Shia Food & Beverage Ltd.	Other receivables - related parties	Yes	38,943 (RMB 9,000)	-	-	2.00	For short-term financing	-	Working capital loan	-	-	-	42,727	64,090	Note 1,b
3	Jin Wei Industrial (Shanghai) Ltd.	He-Shia (Nanjing) Food & Beverage Ltd.	Other receivables - related parties	Yes	86,540 (RMB 20,000)	-	-	2.00	For short-term financing	-	Working capital loan	-	-	-	156,442	234,662	Note 1,c
		He-Shia (Nanjing) Food & Beverage Ltd.	Other receivables - related parties	Yes	86,540 (RMB 20,000)	86,540 (RMB 20,000)	86,540 (RMB 20,000)	2.00	For short-term financing	-	Working capital loan	-	-	-	156,442	234,662	Note 1,c
		85 Degrees (Qingdao) Food & Beverage Management Ltd.	Other receivables - related parties	Yes	34,616 (RMB 8,000)	-	-	2.00	For short-term financing	-	Working capital loan	-	-	-	156,442	234,662	Note 1,c
		85 Degrees (Qingdao) Food & Beverage Management Ltd.	Other receivables - related parties	Yes	34,616 (RMB 8,000)	34,616 (RMB 8,000)	34,616 (RMB 8,000)	2.00	For short-term financing	-	Working capital loan	-	-	-	156,442	234,662	Note 1,c
		Prime Scope Trading Limited	Other receivables - related parties	Yes	64,905 (RMB 15,000)	64,905 (RMB 15,000)	-	2.00	For short-term financing	-	Working capital loan	-	-	-	156,442	234,662	Note 1,c
4	Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Other receivables - related parties	Yes	50,000	-	-	0.65	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		Mei Wei Master Co., Ltd.	Other receivables - related parties	Yes	50,000	-	-	0.82	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		Mei Wei Master Co., Ltd.	Other receivables - related parties	Yes	50,000	-	-	0.82	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		Mei Wei Master Co., Ltd.	Other receivables - related parties	Yes	50,000	-	-	1.40	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		Mei Wei Master Co., Ltd.	Other receivables - related parties	Yes	50,000	50,000	-	1.60	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		Mei Wei Master Co., Ltd.	Other receivables - related parties	Yes	50,000	50,000	50,000	1.45	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		Mei Wei Fu Xing Ltd.	Other receivables - related parties	Yes	2,000	-	-	0.82	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		Mei Wei Fu Xing Ltd.	Other receivables - related parties	Yes	2,000	2,000	-	1.60	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		85 Degrees Coffee Australia Pty. Ltd.	Other receivables - related parties	Yes	115,765 (AUD 5,518)	-	-	4.00	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		85 Degree Co., Ltd	Other receivables - related parties	Yes	6,000	-	-	0.65	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		85 Degree Co., Ltd	Other receivables - related parties	Yes	6,000	-	-	1.40	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		85 Degree Co., Ltd	Other receivables - related parties	Yes	5,000	-	-	0.82	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
		85 Degree Co., Ltd	Other receivables - related parties	Yes	5,000	5,000	3,000	1.45	For short-term financing	-	Working capital loan	-	-	-	1,156,422	1,156,422	Note 1,d
5	Perfect 85 Degrees C, Inc.	WinUS 85C LLC	Other receivables - related parties	Yes	87,407 (US$ 2,852)	-	-	4.40	For short-term financing	-	Working capital loan	-	-	-	1,129,272	1,129,272	Note 1,e
		WinUS 85C LLC	Other receivables - related parties	Yes	87,407 (US$ 2,852)	87,407 (US$ 2,852)	76,617 (US$ 2,500)	5.66	For short-term financing	-	Working capital loan	-	-	-	1,129,272	1,129,272	Note 1,e
		WinWin 85C LLC	Other receivables - related parties	Yes	214,529 (US$ 7,000)	214,529 (US$ 7,000)	186,947 (US$ 6,100)	4.40	For short-term financing	-	Working capital loan	-	-	-	1,129,272	1,129,272	Note 1,e
		WinWin 85C LLC	Other receivables - related parties	Yes	159,364 (US$ 5,200)	159,364 (US$ 5,200)	159,364 (US$ 5,200)	5.66	For short-term financing	-	Working capital loan	-	-	-	1,129,272	1,129,272	Note 1,e
6	Winpin 85 Investments, LLC	WinWin 85C LLC	Other receivables - related parties	Yes	159,364 (US$ 5,200)	-	-	4.40	For short-term financing	-	Working capital loan	-	-	-	321,126	321,126	Note 1,f
		WinWin 85C LLC	Other receivables - related parties	Yes	168,559 (US$ 5,500)	168,559 (US$ 5,500)	168,559 (US$ 5,500)	4.40	For short-term financing	-	Working capital loan	-	-	-	321,126	321,126	Note 1,f
		85C NJ LLC	Other receivables - related parties	Yes	214,529 (US$ 7,000)	214,529 (US$ 7,000)	-	5.66	For short-term financing	-	Working capital loan	-	-	-	321,126	321,126	Note 1,f

(Continued)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Foreign Currencies in Thousands)	Ending Balance (Foreign Currencies in Thousands)	Actual Amount Borrowed (Foreign Currencies in Thousands)	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
7	Prime Scope Trading Limited	85 Degrees Coffee Australia Pty. Ltd.	Other receivables - related parties	Yes	$ 20,980 (AUD 1,000)	$ -	$ -	5.00	For short-term financing	$ -	Working capital loan	$ -	-	$ -	$ 1,547,936	$ 1,547,936	Note 1,a
		85 Degrees Coffee Australia Pty. Ltd.	Other receivables - related parties	Yes	20,980 (AUD 1,000)	-	-	5.00	For short-term financing	-	Working capital loan	-	-	-	1,547,936	1,547,936	Note 1,g
		85 Degrees Coffee Australia Pty. Ltd.	Other receivables - related parties	Yes	41,960 (AUD 2,000)	-	-	5.00	For short-term financing	-	Working capital loan	-	-	-	1,547,936	1,547,936	Note 1,g
		85 Degrees Coffee Australia Pty. Ltd.	Other receivables - related parties	Yes	62,940 (AUD 3,000)	62,940 (AUD 3,000)	-	5.00	For short-term financing	-	Working capital loan	-	-	-	1,547,936	1,547,936	Note 1,g
		85 Degrees Coffee Australia Pty. Ltd.	Other receivables - related parties	Yes	20,980 (AUD 1,000)	20,980 (AUD 1,000)	-	5.00	For short-term financing	-	Working capital loan	-	-	-	1,547,936	1,547,936	Note 1,g
		85 Degrees Coffee Australia Pty. Ltd.	Other receivables - related parties	Yes	83,920 (AUD 4,000)	83,920 (AUD 4,000)	83,920 (AUD 4,000)	5.00	For short-term financing	-	Working capital loan	-	-	-	1,547,936	1,547,936	Note 1,g
		85C NJ LLC	Other receivables - related parties	Yes	337,117 (US$ 11,000)	-	-	5.66	For short-term financing	-	Working capital loan	-	-	-	1,547,936	1,547,936	Note 1,g
		Mei Wei Master Co., Ltd.	Other receivables - related parties	Yes	50,000	50,000	-	1.41	For short-term financing	-	Working capital loan	-	-	-	1,547,936	1,547,936	Note 1,g
		Mei Wei Master Co., Ltd.	Other receivables - related parties	Yes	90,000	90,000	90,000	1.41	For short-term financing	-	Working capital loan	-	-	-	1,547,936	1,547,936	Note 1,g
		Mei Wei Fu Xing Ltd.	Other receivables - related parties	Yes	7,000	7,000	7,000	1.41	For short-term financing	-	Working capital loan	-	-	-	1,547,936	1,547,936	Note 1,g
		85 Degree Co., Ltd	Other receivables - related parties	Yes	6,000	6,000	6,000	1.41	For short-term financing	-	Working capital loan	-	-	-	1,547,936	1,547,936	Note 1,g
		85 Degree Co., Ltd	Other receivables - related parties	Yes	5,000	5,000	-	1.41	For short-term financing	-	Working capital loan	-	-	-	1,547,936	1,547,936	Note 1,g

Note 1: The aggregate financing limits and financing limits for each individual borrower with short-term financing needs are calculated as follows:

a. The aggregate financing limit shall not exceed $1,103,511 (in thousands) × 60% = $662,107 (in thousands) of the net worth of Shanghai Gourmet Master Food & Beverage Ltd. The financing limit for each individual borrower shall not exceed $1,103,511 (in thousands) × 40% = $441,404 (in thousands) of the net worth of Shanghai Gourmet Master Food & Beverage Ltd. (net worth based on the financing company’s latest audited financial statements).

b. The aggregate financing limit shall not exceed $106,817 (in thousands) × 60% = $64,090 (in thousands) of the net worth of Sheng-Pin (Hangzhou) Food Ltd. The financing limit for each individual borrower shall not exceed $106,817 (in thousands) × 40% = $42,727 (in thousands) of the net worth of Sheng-Pin (Hangzhou) Food Ltd. (net worth based on the financing company’s latest audited financial statements).

c. The aggregate financing limit shall not exceed $391,104 (in thousands) × 60% = $234,662 (in thousands) of the net worth of Jin Wei Industrial (Shanghai) Ltd. The financing limit for each individual borrower shall not exceed $391,104 (in thousands) × 40% = $156,442 (in thousands) of the net worth of Jin Wei Industrial (Shanghai) Ltd. (net worth based on the financing company’s latest audited financial statements).

d. The aggregate financing limit shall not exceed $2,891,055 (in thousands) × 40% = $1,156,422 (in thousands) of the net worth of Comestibles Master Co., Ltd. The financing limit for each individual borrower shall not exceed $2,891,055 (in thousands) × 40% = $1,156,422 (in thousands) of the net worth of Comestibles Master Co., Ltd. (net worth based on the financing company’s latest audited financial statements).

e. The aggregate financing limit shall not exceed $2,823,179 (in thousands) × 40% = $1,129,272 (in thousands) of the net worth of Perfect 85 Degrees C, Inc. The financing limit for each individual borrower shall not exceed $2,823,179 (in thousands) × 40% = $1,129,272 (in thousands) of the net worth of Perfect 85 Degrees C, Inc. (net worth based on the financing company’s latest audited financial statements).

f. The aggregate financing limit shall not exceed $802,814 (in thousands) × 40% = $321,126 (in thousands) of the net worth of WinPin 85 Investments, LLC. The financing limit for each individual borrower shall not exceed $802,814 (in thousands) × 40% = $321,126 (in thousands) of the net worth of WinPin 85 Investments, LLC (net worth based on the financing company’s latest audited financial statements).

g. The aggregate financing limit shall not exceed $3,869,840 (in thousands) × 40% = $1,547,936 (in thousands) of the net worth of Prime Scope Trading Limited. The financing limit for each individual borrower shall not exceed $3,869,840 (in thousands) × 40% = $1,547,936 (in thousands) of the net worth of Prime Scope Trading Limited (net worth based on the financing company’s latest audited financial statements).

Note 2: The above transactions have been eliminated in these consolidated financial statements.

(Concluded)

TABLE 2

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period (US$ in Thousand)	Outstanding Endorsement/ Guarantee at the End of the Period (US$ in Thousand)	Actual Amount Borrowed (US$ in Thousand)	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
1	Comestibles Master Co., Ltd.	Gourmet Master Co., Ltd.	d	$ 578,211	$ 122,588 (US$ 4,000)	$ -	$ -	$ 154,520	-	$ 1,445,528	N	Y	N	
		Gourmet Master Co., Ltd.	d	578,211	137,912 (US$ 4,500)	-	-	205,548	-	1,445,528	N	Y	N	
		Perfect 85 Degrees C, Inc.	c	578,211	125,653 (US$ 4,100)	125,653 (US$ 4,100)	-	-	4.35	1,445,528	N	N	N	
		Perfect 85 Degrees C, Inc.	c	578,211	211,464 (US$ 6,900)	211,464 (US$ 6,900)	-	-	7.31	1,445,528	N	N	N	
2	Prime Scope Trading Limited	Comestibles Master Co., Ltd.	c	773,968	200,000	200,000	-	-	5.17	1,934,920	N	N	N	
		Comestibles Master Co., Ltd.	c	773,968	459,705 (US$ 15,000)	459,705 (US$ 15,000)	-	-	11.88	1,934,920	N	N	N	
		Comestibles Master Co., Ltd.	c	773,968	183,882 (US$ 6,000)	-	-	-	-	1,934,920	N	N	N	
		Perfect 85 Degrees C, Inc.	c	773,968	306,470 (US$ 10,000)	306,470 (US$ 10,000)	-	-	7.92	1,934,920	N	N	N	

Note 1: Numbers in the No. column are represented as follows:

a. Number 0 represents the issuer.
b. Number 1 (onwards) represents the investee.

Note 2: Relationships between the endorser and endorsee are represented as follows:

a. The endorser and endorsee have business dealings with each other.
b. The endorser directly or indirectly owns over 50% of the endorsee's voting shares.
c. The endorsee directly or indirectly owns over 50% of the endorser's voting shares.
d. The endorser and its group of companies have a combined shareholding percentage of at least 90% of the endorsee's voting shares, either directly or indirectly.
e. The endorser and endorsee are in the same industry or are joint builders in the construction projects and provide mutual endorsements to each other based on the contractual provisions.
f. All the capital contributing shareholders of the endorser provides endorsements to the endorsee in proportion to their shareholding percentages.
g. The endorser and endorsee are in the same industry and provide joint endorsements for each other for the performance guarantee of the sales contract for pre-construction homes pursuant to the Consumer Protection Act.

Note 3: The endorsement/guarantee limit is calculated as follows:

a. The total amount of guarantee shall not exceed 50% of the net worth of Comestibles Master Co., Ltd.: $2,891,055 × 50% = $1,445,528 (in thousands).
b. The total amount of guarantee provided to any individual entity shall not exceed 20% of the net worth of Comestibles Master Co., Ltd.: $2,891,055 × 20% = $578,211 (in thousands).
c. The total amount of guarantee shall not exceed 50% of the net worth of Prime Scope Trading Limited: $3,869,840 × 50% = $1,934,920 (in thousands).
d. The total amount of guarantee provided to any individual entity shall not exceed 20% of the net worth of Prime Scope Trading Limited: $3,869,840 × 20% = $773,968 (in thousands).

TABLE 3

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Market Price	
Gourmet Master Co., Ltd.	Bank debentures							
	United Overseas Bank	-	Financial assets at amortized cost - non-current	-	$ 143,980	-	$ 143,980	
Comestibles Master Co., Ltd.	Bank debentures							
	China Development Bank	-	Financial assets at amortized cost - non-current	-	30,675	-	30,675	
	Shares							
	Tehmag Foods Corporation	-	Financial assets at fair value through profit or loss - current	726	211,629	1.96	211,629	
	Fund							
	Taishin 1699 Money Market	-	Financial assets at fair value through profit or loss - current	-	10,418	-	10,418	

TABLE 4

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Seller	Related Party	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts Payable or Receivable			Note
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Term	Account	Ending Balance	% of Total	
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Subsidiary	Sales	$ 206,029	7	25 days	Based on the Group's transfer pricing policy	-	Trade receivables	$ 40,953	16	Note
	Perfect 85 Degrees C, Inc.	Affiliated company	Sales	200,142	7	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	30,273	12	Note
Jin Wei Industrial (Shanghai) Ltd.	Shanghai Gourmet Master Food & Beverage Ltd.	Affiliated company	Sales	423,420	9	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	41,878	8	Note
	He-Shia Food & Beverage Ltd.	Affiliated company	Sales	850,354	18	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	71,767	14	Note
	He-Shia (Nanjing) Food & Beverage Ltd.	Affiliated company	Sales	979,839	21	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	194,213	38	Note
	Beijing 85 Food & Beverage Ltd.	Affiliated company	Sales	193,411	4	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	13,371	3	Note
	Shenzhen 85 Food & Beverage Ltd.	Affiliated company	Sales	313,549	7	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	23,900	5	Note
	Zhejiang 85 Food & Beverage Ltd.	Affiliated company	Sales	305,862	6	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	24,320	5	Note
	Fuzhou 85 Food & Beverage Ltd.	Affiliated company	Sales	380,175	8	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	32,648	6	Note
	Kunshan 85 Food & Beverage Ltd.	Affiliated company	Sales	164,237	3	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	17,083	3	Note
Xia He Wei (Xiamen) Trading Limited	Xiamen 85 Food & Beverage Ltd.	Affiliated company	Sales	684,828	81	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	57,260	83	Note
85 Degrees (Jiangsu) Food Ltd.	Jin Wei Industrial (Shanghai) Ltd.	Affiliated company	Sales	1,511,111	93	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	135,886	86	Note
Sheng-Pin (Hangzhou) Food Ltd.	Jin Wei Industrial (Shanghai) Ltd.	Affiliated company	Sales	331,222	97	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	38,082	99	Note
Sheng-Pin (Dongguan) Food Ltd.	Jin Wei Industrial (Shanghai) Ltd.	Affiliated company	Sales	145,396	99	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	10,462	98	Note
Sheng-Pin (Xiamen) Food Ltd.	Xia He Wei (Xiamen) Trading Limited	Affiliated company	Sales	150,990	64	60 days	Based on the Group's transfer pricing policy	-	Trade receivables	12,435	64	Note
Perfect 85 Degrees C, Inc.	WinPin 85 Investments, LLC	Subsidiary	Sales	2,670,428	91	30 days	Based on the Group's transfer pricing policy	-	Trade receivables	-	-	Note
	Golden 85 Investments, LLC	Subsidiary	Sales	172,716	6	30 days	Based on the Group's transfer pricing policy	-	Trade receivables	-	-	Note

Note: Transactions have been written off in these consolidated financial statements.

TABLE 5

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Shanghai Gourmet Master Food & Beverage Ltd.	He-Shia Food & Beverage Ltd.	Affiliated company	$ 302,890	(Note)	$ -	-	$ -	$ -
Jin Wei Industrial (Shanghai) Ltd.	He-Shia (Nanjing) Food & Beverage Ltd.	Affiliated company	194,213	6.68	-	-	-	-
85 Degrees (Jiangsu) Food Ltd.	Jin Wei Industrial (Shanghai) Ltd.	Affiliated company	135,886	10.55	-	-	-	-
Perfect 85 Degrees C, Inc.	WinWin 85C, LLC	Affiliated company	186,947	(Note)	-	-	-	-
	WinWin 85C, LLC	Affiliated company	159,364	(Note)	-	-	-	-
WinPin 85 Investments, LLC	WinWin 85C, LLC	Affiliated company	168,559	(Note)	-	-	-	-

Note: The ending balance is primarily comprised of other receivables, which are not applicable in the calculation of the turnover ratio.

TABLE 6

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Transactions			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
1	Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	c	Purchases	$ 206,029	25 days	1
		Perfect 85 Degrees C, Inc.	c	Purchases	200,142	60 days	1
2	Shanghai Gourmet Master Food & Beverage Ltd.	He-Shia Food & Beverage Ltd.	c	Other receivables	302,890	Financing provided, annual interest rate 2%	2
3	Jin Wei Industrial (Shanghai) Ltd.	He-Shia (Nanjing) Food & Beverage Ltd.	c	Purchases	979,839	60 days	5
		He-Shia Food & Beverage Ltd.	c	Purchases	850,354	60 days	4
		Shanghai Gourmet Master Food & Beverage Ltd.	c	Purchases	423,420	60 days	2
		Fuzhou 85 Food & Beverage Ltd.	c	Purchases	380,175	60 days	2
		Shenzhen 85 Food & Beverage Ltd.	c	Purchases	313,549	60 days	2
		Zhejiang 85 Food & Beverage Ltd.	c	Purchases	305,862	60 days	1
		Beijing 85 Food & Beverage Ltd.	c	Purchases	193,411	60 days	1
		Kunshan 85 Food & Beverage Ltd.	c	Purchases	164,237	60 days	1
		He-Shia (Nanjing) Food & Beverage Ltd.	c	Trade payables	194,213	60 days	1
4	85 Degrees (Jiangsu) Food Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchases	1,511,111	60 days	7
		Jin Wei Industrial (Shanghai) Ltd.	c	Trade payables	135,886	60 days	1
5	Sheng-Pin (Hangzhou) Food Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchases	331,222	60 days	2
6	Sheng-Pin (Dongguan) Food Ltd.	Jin Wei Industrial (Shanghai) Ltd.	c	Purchases	145,396	60 days	1
7	Sheng-Pin (Xiamen) Food Ltd.	Xia He Wei (Xiamen) Trading Limited	c	Purchases	150,990	60 days	1
8	Xia He Wei (Xiamen) Trading Limited	Xiamen 85 Food & Beverage Ltd.	c	Purchases	684,828	60 days	3
9	Perfect 85 Degrees C, Inc.	WinPin 85 Investments, LLC	c	Purchases	2,670,428	30 days	13
		Golden 85 Investments, LLC	c	Purchases	172,716	30 days	1
		WinPin 85 Investments, LLC	c	Purchases	320,375	-	2
		WinWin 85C LLC	c	Other receivables	186,947	Financing provided, annual interest rate 4.40%	1
		WinWin 85C LLC	c	Other receivables	159,364	Financing provided, annual interest rate 5.66%	1
10	WinPin 85 Investments, LLC	WinWin 85C LLC	c	Other receivables	168,559	Financing provided, annual interest rate 4.40%	1

(Continued)

Note 1: Intercompany relationships and significant intercompany transactions information are represented within the number column as follows:

a. Number 0 represents the parent company.
b. Number 1 to 12 represents subsidiaries.

Note 2: The flow of transactions between the counterparties of the transactions are represented as follows:

a. “a” represents transactions from parent company to subsidiary.
b. “b” represents transactions from subsidiary to parent company.
c. “c” represents transactions between subsidiaries.

Note 3: The amounts of asset accounts and liability accounts are calculated as a percentage of the consolidated total assets. The amounts of income accounts are calculated as a percentage of the consolidated total sales.

(Concluded)

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Gourmet Master Co., Ltd.	85 Degree Co., Ltd.	Malaysia	Investment	$ 553,447	$ 553,447	12,899,078	100	$ 2,898,385	$ 231,794	$ 231,794	
	Prime Scope Trading Limited	Hong Kong	Investment & retail sale of groceries and beverages	1,432,525 (US$ 46,743)	1,435,008 (US$ 46,743)	46,742,963	100	3,869,840	22,857	22,857	Note 1
	Perfect 85 Degrees C, Inc.	USA	Manufacturing and sale of baked goods	231,476 (US$ 7,553)	231,877 (US$ 7,553)	5,301,000	100	2,823,179	510,301	510,301	Note 1
	85 Degrees Café International Pty. Ltd.	Australia	Investment	37,449 (AUD 1,785)	37,182 (AUD 1,785)	1,785,000	51	(89,378)	(39,883)	(20,341)	Notes 1 and 2
	Lucky Bakery Limited	Samoa	Investment	114,589 (US$ 3,739)	114,787 (US$ 3,739)	811,000	100	47,776	2,216	2,216	Notes 1 and 2
	WinWin 85C Holding Co., Ltd.	Cayman Islands	Investment	66,197 (US$ 2,160)	66,312 (US$ 2,160)	2,160,000	100	60,554	1,169	1,169	Notes 1 and 2
WinWin 85C Holding Co., Ltd.	WinWin 85C LLC	USA	Investment	39,841 (US$ 1,300)	39,910 (US$ 1,300)	-	100	28,346	(10,677)	(11,528)	Notes 1 and 2
	WinUS 85C LLC	USA	Investment	23,292 (US$ 760)	23,332 (US$ 760)	-	100	31,269	12,088	12,088	Notes 1 and 2
	85C NJ LLC	USA	Investment	-	-	-	-	-	-	-	Note 4
Prime Scope Trading Limited	Wincase Limited	Hong Kong	Retail sale of groceries and beverages	134,152 (HK$ 34,144)	134,459 (HK$ 34,144)	-	100	14,935	(57)	(57)	Notes 1 and 2
	Worldinn Limited	Hong Kong	Manufacturing and sale of baked goods	140,053 (HK$ 35,646)	140,374 (HK$ 35,646)	-	100	13,600	(3,350)	(3,350)	Notes 1 and 2
	Winstar 85C, LLC	USA	Franchising	12,259 (US$ 400)	12,280 (US$ 400)	-	100	27,510	13,883	13,883	Notes 1 and 2
	WinTrade Distribution, LLC	USA	Trading and wholesale	15,323 (US$ 500)	15,350 (US$ 500)	-	100	15,372	48	48	Notes 1 and 2
Perfect 85 Degrees C, Inc.	Golden 85 Investments, LLC	USA	Retail sale of groceries and beverages	60,405 (US$ 1,971)	60,510 (US$ 1,971)	-	65	40,570	55,960	36,374	Notes 1 and 2
	WinPin 85 Investments, LLC	USA	Retail sale of groceries and beverages	269,692 (US$ 8,800)	270,160 (US$ 8,800)	-	100	802,814	538,379	538,379	Note 1
	JG Food Service, LLC	USA	Restaurant	17,117 (US$ 540)	-	-	30	15,888	(2,226)	(675)	Notes 1 and 2
85 Degrees Café International Pty. Ltd.	85 Degrees Coffee Australia Pty Ltd.	Australia	Retail sale of groceries and beverages	73,430 (AUD 3,500)	72,905 (AUD 3,500)	-	100	(176,281)	113,149	113,149	Notes 1 and 2
85 Degree Co., Ltd.	Comestibles Master Co., Ltd.	Taichung City, Taiwan (ROC)	Manufacturing and sale of baked goods	493,447	493,447	35,908,727	100	2,891,055	71,151	71,151	
Comestibles Master Co., Ltd.	Mei Wei Master Co., Ltd.	Taichung City, Taiwan (ROC)	Retail sale of groceries and beverages	129,349	129,349	55,893	100	(35,149)	25,504	25,504	
	The Hot Pot Food and Beverage Management Co., Ltd.	Taichung City, Taiwan (ROC)	Restaurant	58,893	58,893	5,889,288	23	120,207	59,174	13,627	Note 2
	Toast Man Development Co., Ltd.	Taichung City, Taiwan (ROC)	Restaurant	1,150	1,150	775,000	31	-	(5,159)	-	Note 2
Mei Wei Master Co., Ltd.	Mei Wei Fu Xing Ltd.	Taichung City, Taiwan (ROC)	Retail sale of groceries and beverages	1,800	1,800	-	60	(1,942)	(919)	(552)	

Note 1: The exchange rate was US$1=NT$30.647; RMB1=NT$4.327; AUD1=NT$20.980; HK$1=NT$3.929 as of December 31, 2023.

Note 2: The carrying amount was based on the net assets of the investee whose financial statements were not audited as of December 31, 2023.

Note 3: For information of investments in mainland China, refer to Table 8.

Note 4: Company was established in 2022. As of December 31, 2023, had not completed the capital injection.

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Prime Scope Trading Limited													
Shanghai Gourmet Master Food & Beverage Ltd.	Retail sale of groceries and beverages	$ 244,868 (US$ 7,990)	Direct investment	$ -	$ -	$ -	$ -	$ 65,370	100.0	$ 65,370	$ 1,103,511	$ -	Note 1
He-Shia Food & Beverage Ltd.	Retail sale of groceries and beverages	67,423 (US$ 2,200)	Direct investment	-	-	-	-	(13,953)	100.0	(13,953)	19,913	-	Note 1
Sheng-Pin (Hangzhou) Food Ltd.	Manufacturing and sale of baked goods	61,294 (US$ 2,000)	Direct investment	-	-	-	-	8,146	100.0	8,227	105,967	-	Notes 1 and 2
He-Shia (Nanjing) Food & Beverage Ltd.	Retail sale of groceries and beverages	61,294 (US$ 2,000)	Direct investment	-	-	-	-	(123,054)	100.0	(123,054)	108,265	-	Note 1
Beijing 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	245,175 (US$ 8,000)	Direct investment	-	-	-	-	14,075	25.0	3,519	19,306	-	Notes 1 and 2
Zhejiang 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	61,294 (US$ 2,000)	Direct investment	-	-	-	-	(49,323)	100.0	(49,323)	40,710	-	Notes 1 and 2
Sheng-Pin (Beijing) Food Ltd.	Manufacturing and sale of baked goods	199,204 (US$ 6,500)	Direct investment	-	-	-	-	5,434	61.5	3,342	106,003	-	Notes 1 and 2
Fuzhou 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	15,323 (US$ 500)	Direct investment	-	-	-	-	(52,737)	100.0	(52,737)	(25,280)	-	Notes 1 and 2
Sheng-Pin (Jiangsu) Food Ltd.	Manufacturing and sale of baked goods	-	Direct investment	-	-	-	-	(1,049)	100.0	(1,049)	-	-	Notes 1 and 2
Sheng-Pin (Xiamen) Food Ltd.	Manufacturing and sale of baked goods	61,294 (US$ 2,000)	Direct investment	-	-	-	-	6,303	100.0	5,654	99,536	-	Notes 1 and 2
Sheng-Pin (Qingdao) Food Ltd.	Manufacturing and sale of baked goods	76,617 (US$ 2,500)	Direct investment	-	-	-	-	(3)	100.0	(3)	82,424	-	Notes 1 and 2
Xiamen 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	30,647 (US$ 1,000)	Direct investment	-	-	-	-	29,978	100.0	29,978	135,214	-	Note 1
Sheng-Pin (Shenyang) Food Ltd.	Manufacturing and sale of baked goods	122,587 (US$ 4,000)	Direct investment	-	-	-	-	(942)	100.0	(942)	72,677	-	Notes 1 and 2
85 Degree (Qingdao) Food & Beverage Management Ltd.	Retail sale of groceries and beverages	61,294 (US$ 2,000)	Direct investment	-	-	-	-	(14,599)	100.0	(14,599)	(23,878)	-	Notes 1 and 2
85 Degrees (Jiangsu) Food Ltd.	Manufacturing and sale of baked goods	704,877 (US$ 23,000)	Direct investment	-	-	-	-	36,179	25.0	8,924	195,968	-	Note 1
Shanghai Gourmet Master Food & Beverage Ltd.													
Shanghai Howco Jing Way Food & Beverage Ltd.	Retail sale of groceries and beverages	8,654 (RMB 2,000)	Direct investment	-	-	-	-	(962)	100.0	(962)	15,760	-	Notes 1 and 2
Shenzhen 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	57,822 (RMB 13,363)	Direct investment	-	-	-	-	(63,841)	85.0	(54,264)	49,727	-	Notes 1 and 2
Chengdu 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	201,595 (RMB 46,590)	Direct investment	-	-	-	-	(5,529)	100.0	(5,529)	22,990	-	Notes 1 and 2
Sheng-Pin (Wuhan) Food Ltd.	Manufacturing and sale of baked goods	16,014 (RMB 3,701)	Direct investment	-	-	-	-	47	100.0	47	410	-	Notes 1 and 2

(Continued)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Remittance of Funds: Outward	Remittance of Funds: Inward	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
Wuhan Jing Way Food & Beverage Ltd.	Retail sale of groceries and beverages	$ 199,042 (RMB 46,000)	Direct investment	$ -	$ -	$ -	$ -	$ (64)	56.5	$ (36)	$ 44,626	$ -	Notes 1 and 2
Jin Wei Industrial (Shanghai) Ltd.	Retail sale of groceries	8,654 (RMB 2,000)	Direct investment	-	-	-	-	75,100	100.0	76,050	391,104	-	Note 1
Guangzhou 85 Degree Food & Beverage Management Ltd.	Retail sale of groceries and beverages	90,867 (RMB 21,000)	Direct investment	-	-	-	-	5,503	100.0	5,503	4,698	-	Notes 1 and 2
Mai-Jia (Chengdu) Food Ltd.	Manufacturing and sale of baked goods	107,093 (RMB 24,750)	Direct investment	-	-	-	-	(1,118)	100.0	(990)	88,077	-	Notes 1 and 2
85 Degrees (Jiangsu) Food Ltd.	Manufacturing and sale of baked goods	704,877 (US$ 23,000)	Direct investment	-	-	-	-	36,179	75.0	26,772	642,516	-	Note 1
Jia Ding Jing Way Food & Beverage Ltd.	Retail sale of groceries and beverages	4,327 (RMB 1,000)	Direct investment	-	-	-	-	6,044	100.0	6,044	24,926	-	Notes 1 and 2
Kunshan 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	43,270 (RMB 10,000)	Direct investment	-	-	-	-	(20,872)	100.0	(20,872)	38,848	-	Notes 1 and 2
Sheng-Pin (Dongguan) Food Ltd.	Manufacturing and sale of baked goods	302,890 (RMB 70,000)	Direct investment	-	-	-	-	5,590	100.0	5,666	300,400	-	Notes 1 and 2
Shanghai Minhang Jinxia Food & Beverage Ltd.	Retail sale of groceries and beverages	12,981 (RMB 3,000)	Direct investment	-	-	-	-	(199)	100.0	(199)	11,549	-	Notes 1 and 2
Kunshan Jin Wei Industrial Ltd.	Retail sale of groceries	4,327 (RMB 1,000)	Direct investment	-	-	-	-	(28,704)	100.0	(28,704)	(35,504)	-	Notes 1 and 2
85 Degree (Qingdao) Food & Beverage Management Ltd.													
Qingdao Jie Wei Food & Beverage Management Ltd.	Retail sale of groceries and beverages	6,491 (RMB 1,500)	Direct investment	-	-	-	-	(2,338)	100.0	(2,338)	1,114	-	Notes 1 and 2
He-Shia Food & Beverage Ltd.													
Wuhan Jing Way Food & Beverage Ltd.	Retail sale of groceries and beverages	199,042 (RMB 46,000)	Direct investment	-	-	-	-	(64)	43.5	(28)	34,328	-	Notes 1 and 2
Beijing 85 Food & Beverage Ltd.	Retail sale of groceries and beverages	245,175 (US$ 8,000)	Direct investment	-	-	-	-	14,075	75.0	10,556	57,918	-	Notes 1 and 2
Sheng-Pin (Beijing) Food Ltd.	Manufacturing and sale of baked goods	199,204 (US$ 6,500)	Direct investment	-	-	-	-	5,434	38.5	2,092	66,360	-	Notes 1 and 2
Jin Wei Industrial (Shanghai) Ltd.													
Xia He Wei (XiaMen) Trading Limited.	Retail sale of groceries	2,164 (RMB 500)	Direct investment	-	-	-	-	44,001	100.0	44,001	77,438	-	Notes 1 and 2

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
NA	NA	NA

Note 1: The exchange rate was US$1=NT$30.647, RMB1=NT$4.327 as of December 31, 2023.

Note 2: The carrying amount was based on the net assets of the investee whose financial statements were not audited as of December 31, 2023.

(Concluded)

TABLE 9

GOURMET MASTER CO. LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Infinity Emerging Markets Limited	41,307,045	22.94
Wu Cheng-Hsueh	26,105,400	14.50
Henderson I Yield Growth Limited	14,910,723	8.28

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.