Stock code: 2753

Bafang Yunji International Co., Ltd.

Parent Company Only Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditor's Report

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Independent Auditor's Report

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

Audit Opinion

We have audited the accompanying parent company only balance sheet of Bafang Yunji International Co., Ltd. (the "Company") as of December 31, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and the notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2021 and 2020, and its parent company only financial performance and cash flows for the years then ended, in conformity with the requirements of Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the parent company only financial statements. We are independent of the Company in accordance with The Norms of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31,2021. These matters were addressed in the content of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinions on those matters.

Key audit matters of the 2021 parent company only financial statements for the ended December 31, 2021 is stated as follows:

Authenticity of sales revenues from shipments to specific customers

The Company is principally engaged in food processing, food ingredients trading and providing food and restaurant services. Based on the materiality and the presumption of significant risk in revenue recognition in the Statement of Auditing Standards; Therefore, we believe that the authenticity of sales revenues from shipments to specific customers recognized by the Company has a significant impact on the financial statements. Therefore, the authenticity of the sales revenues from shipments to specific customers is listed as a key audit matter of this year. For a description of the revenue recognition policy, please refer to Note 4(11).

We conducted the following audit procedures:

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

Responsibilities of Management and Those in Charge with Governance of the parent company only Financial Statements

The responsibility of management is to prepare fairly presented parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintain necessary internal control related to the preparation of parent company only financial statements in order to ensure material misstatement caused by fraud or error does not exist in the parent company only financial statements.

In preparing the parent company only financial statements, the management is also responsible for assessing the Company’s ability as a going concern, disclosing as applicable, matters related to a going concern and using the going concern basis of accounting. Unless the management either intends to liquidate the Company or to cease operations, or has no other realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the parent company only Financial Statements

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

As part of an audit in accordance with the generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error; design, and perform countermeasures for assessed risks; and obtain evidence that is sufficient and appropriate to provide a basis of audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in the Company.
3. Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the parent company only financial statements, including disclosures, whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information or the entities or business activities of the Company to express

an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the audit of the Company. We remain solely responsible for our audit opinion.

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

We also provide those in charge of governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to affect on our independence, and other matters (including related protective measures).

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Taiwan

CPA Kuo, Nai-Hua

Financial Supervisory Commission approval document
Jin-Guan-Zheng-Shen-Zi No. 1070323246

CPA Chen, Hui-Ming

Securities and Futures Commission approval document
Tai-Cai-Zheng (6) Zi No. 0920123784

Date: March 22, 2022

Bafang Yunji International Co., Ltd.

Parent Company Only Balance Sheets

December 31, 2021 and 2020

Unit: In thousands of NT$

Code	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6, and 30)	$ 790,679	21	$ 342,921	12
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7, and 30)	94,302	2	-	-
1141	Financial assets measured at amortized cost - current (Notes 4, 8, 9, 30 and 32)	400,374	10	372	-
1170	Accounts receivable - unrelated parties (Notes 4, 10, 23 and 30)	70,088	2	63,749	3
1180	Accounts receivable - related parties (Notes 4, 10, 23, 30 and 31)	29,658	1	32,918	1
1200	Other receivables (Notes 4, 10, and 30)	2,566	-	1,284	-
1210	Other receivables - related parties (Notes 4, 10, 30 and 31)	29,406	1	33,004	1
130X	Inventories (Notes 4 and 11)	168,426	4	144,164	5
1410	Prepayments (Note 16)	69,083	2	52,865	2
1470	Other current assets (Note 17)	8,674	-	99	-
11XX	Total current assets	1,663,256	43	671,376	24
	Non-current assets				
1550	Investments accounted for using the equity method (Notes 4, 12 and 31)	820,136	21	803,685	29
1600	Property, plant and equipment (Notes 4, 13, 31 and 32)	1,019,787	27	1,002,018	36
1755	Right-of-use assets (Notes 4, 14 and 31)	243,976	6	206,923	7
1801	Intangible assets (Notes 4 and 15)	5,920	-	4,228	-
1840	Deferred income tax assets (Notes 4 and 25)	30,830	1	40,173	1
1915	Prepayments for equipment (Note 17)	39,690	1	45,462	2
1990	Other non-current assets (Notes 17 and 30)	42,856	1	37,096	1
15XX	Total non-current assets	2,203,195	57	2,139,585	76
1XXX	Total assets	$ 3,866,451	100	$ 2,810,961	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term loans (Notes 18, 30 and 32)	$ 27,000	1	$ 70,000	2
2150	Notes payable (Notes 19 and 30)	1,000	-	-	-
2170	Accounts payable - unrelated parties (Notes 19 and 30)	162,388	4	140,278	5
2180	Accounts payable - related parties (Notes 19, 30 and 31)	3,101	-	3,602	-
2200	Other payables - unrelated parties (Notes 20 and 30)	336,940	9	195,448	7
2220	Other payables - related parties (Notes 20, 30 and 31)	10,942	-	10,759	-
2280	Lease liabilities - current (Notes 4, 14, 30 and 31)	53,838	2	43,366	2
2230	Current income tax liabilities (Notes 4 and 25)	62,697	2	80,868	3
2322	Long-term loans due within one year (Notes 18, 30 and 32)	9,996	-	59,996	2
2399	Other current liabilities (Note 20)	6,254	-	2,101	-
21XX	Total current liabilities	674,156	18	606,418	21
	Non-current liabilities				
2540	Long-term loans (Notes 18, 30 and 32)	25,823	1	35,819	2
2580	Lease liabilities - non-current (Notes 4, 14, 30 and 31)	167,042	4	146,121	5
2570	Deferred income tax liabilities (Notes 4 and 25)	594	-	500	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 21)	4,974	-	5,498	-
2645	Deposits received (Note 30)	1,500	-	260	-
25XX	Total non-current liabilities	199,933	5	188,198	7
2XXX	Total liabilities	874,089	23	794,616	28
	Equity (Notes 22 and 27)				
3110	Common stock	660,448	17	600,448	21
3200	Capital surplus	970,319	25	34,649	1
	Retained earnings				
3310	Legal reserve	348,629	9	257,154	9
3320	Special reserve	48,589	1	27,261	1
3350	Undistributed earnings	1,018,632	27	1,136,438	41
3300	Total retained earnings	1,415,850	37	1,420,853	51
3400	Other equity	(54,255)	(2)	(39,605)	(1)
3XXX	Total equity	2,992,362	77	2,016,345	72
	Total liabilities and equity	$ 3,866,451	100	$ 2,810,961	100

The accompanying notes are an integral part of the parent company only financial statements.

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

Bafang Yunji International Co., Ltd.
Parent Company Only Statements of Comprehensive Income
For the Years Ended December 31, 2021 and 2020

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

Code		2021 Amount	2021 %	2020 Amount	2020 %
4000	Operating revenues (Notes 4, 23 and 31)	$ 4,015,944	100	$ 3,554,319	100
5000	Operating costs (Notes 4, 11, 24 and 31)	(2,763,440)	(69)	(2,331,871)	(66)
5900	Gross profit	1,252,504	31	1,222,448	34
	Operating expenses (Notes 21, 24, 27 and 31)				
6100	Selling and marketing	(362,150)	(9)	(319,081)	(9)
6200	General and administrative	(266,942)	(7)	(203,681)	(6)
6300	Research and development	(12,904)	-	(10,121)	-
6000	Total operating expenses	(641,996)	(16)	(532,883)	(15)
6900	Net operating profit	610,508	15	689,565	19
	Non-operating income and expenses (Notes 12, 24 and 31)				
7100	Interest income	834	-	361	-
7010	Other income	17,375	-	12,518	-
7020	Other gains and losses	(1,145)	-	(1,887)	-
7050	Financial costs	(4,133)	-	(3,832)	-
7070	Share of profits of subsidiaries and associates	60,906	2	88,317	3
7000	Total non-operating income and expenses	73,837	2	95,477	3
7900	Net profit before tax	684,345	17	785,042	22
7950	Income tax expense (Notes 4 and 25)	(143,004)	(4)	(151,431)	(4)
8200	Net profit for the year	541,341	13	633,611	18
	Other comprehensive income				
	Items that will not be reclassified to profit or loss				
	Remeasurement of defined benefit plans (Notes 4 and 21)	18	-	(1,777)	-

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Code		2021 Amount	2021 %	2020 Amount	2020 %
8349	Income tax related to items that will not be reclassified to profit or loss (Notes 4 and 25)	($ 3)	-	$ 355	-
8360	Items that may subsequently be reclassified to profits or loss				
8361	Exchange differences arising on translation of foreign operations (Note 22)	(18,314)	-	(15,431)	(1)
8399	Income tax related to items that may subsequently be reclassified (Notes 4, 22 and 25)	3,664	-	3,087	-
8300	Total other comprehensive income (net)	(14,635)	-	(13,766)	(1)
8500	Total comprehensive income for the year	$ 526,706	13	$ 619,845	17
	Earnings per share (Note 26)				
9710	Basic	$ 8.74		$ 10.55	
9810	Diluted	$ 8.68		$ 10.53	

The accompanying notes are an integral part of the parent company only financial statements.

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

Bafang Yunji International Co., Ltd.
Parent Company Only Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020

Unit: In thousands of NT$, unless otherwise specified

		Share capital			Retained earnings			Other equity	
Code		Number of shares (in thousands of shares)	Amount	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences arising on translation of foreign operations	Total equity
A1	Balance as of January 1, 2020	60,045	$ 600,448	$ 28,895	$ 232,407	$ 12,958	$ 723,433	($ 27,261)	$ 1,570,880
	Appropriation and distribution of earnings								
B1	Legal reserve	-	-	-	24,747	-	(24,747)	-	-
B3	Special reserve	-	-	-	-	14,303	(14,303)	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	(180,134)	-	(180,134)
N1	Share-based payment transaction	-	-	5,754	-	-	-	-	5,754
D1	Net profit for 2020	-	-	-	-	-	633,611	-	633,611
D3	Other comprehensive income after tax for 2020	-	-	-	-	-	(1,422)	(12,344)	(13,766)
D5	Total comprehensive income for 2020	-	-	-	-	-	632,189	(12,344)	619,845
Z1	Balance as of December 31, 2020	60,045	600,448	34,649	257,154	27,261	1,136,438	(39,605)	2,016,345
	Appropriation and distribution of earnings								
B1	Legal reserve	-	-	-	91,475	-	(91,475)	-	-
B3	Special reserve	-	-	-	-	21,328	(21,328)	-	-
B5	Shareholders' cash dividends	-	-	-	-	-	(540,403)	-	(540,403)
E1	Cash capital increase	6,000	60,000	912,967	-	-	-	-	972,967
N1	Share-based payment transaction	-	-	25,628	-	-	-	-	25,628
M7	Actual acquisition of partial interests in a subsidiary	-	-	(2,925)	-	-	(5,956)	-	(8,881)
D1	Net profits for 2021	-	-	-	-	-	541,341	-	541,341
D3	Other comprehensive income after tax for 2021	-	-	-	-	-	15	(14,650)	(14,635)
D5	Total comprehensive income for 2021	-	-	-	-	-	541,356	(14,650)	526,706
Z1	Balance as of December 31, 2021	66,045	$ 660,448	$ 970,319	$ 348,629	$ 48,589	$ 1,018,632	($ 54,255)	$ 2,992,362

The accompanying notes are an integral part of the parent company only financial statements.

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

Bafang Yunji International Co., Ltd.

Parent Company Only Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

Unit: In thousands of NT$

Code		2021	2020
	Cash flows from operating activities		
A10000	Net profit before tax from continuing operations	$ 684,345	$ 785,042
A20010	Adjustments for		
A20100	Depreciation expenses	149,944	128,059
A20200	Amortization expenses	1,726	1,711
A20400	Net losses on financial assets and liabilities measured at fair value through profit or loss	66	-
A22400	Share of profits of subsidiaries, affiliates and joint ventures accounted for using the equity method	(60,906)	(88,317)
A20900	Financial costs	4,133	3,832
A21200	Interest income	(834)	(361)
A21900	Share-based compensation	25,628	5,754
A22500	Loss on disposal of property, plant and equipment	316	283
A23700	Loss on decline in value and obsolescence of inventories	-	5,295
A29900	Lease modification losses	-	55
A30000	Net change in operating assets and liabilities		
A31150	Accounts receivable	(6,339)	(1,613)
A31160	Accounts receivable - related parties	3,260	(26,874)
A31180	Other receivables	(1,282)	2,253
A31190	Other receivables - related parties	(1,402)	(2,746)
A31200	Inventories	(24,262)	(15,799)
A31230	Prepayments	(16,218)	(4,934)
A31240	Other current assets	(212)	(22)
A32130	Notes payable	1,000	(1,514)
A32160	Accounts payable - related parties	22,110	(4,867)
A32150	Accounts payable	(501)	29,380
A32180	Other payables	(6,510)	26,736
A32190	Other payables - related parties	183	1,730
A32230	Other current liabilities	4,153	79
A32240	Net defined benefit liabilities	(506)	(475)
A33000	Cash inflows from operations	777,892	842,687
A33100	Interest received	834	361
A33300	Interest paid	(1,159)	(1,870)
A33500	Income tax paid	(148,077)	(123,037)
AAAA	Net cash inflows from operating activities	629,490	718,141

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Code		2021	2020
	Cash flows from investing activities		
B00100	Purchase of financial assets at fair value through profit or loss	($ 138,924)	$ -
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	44,556	-
B00040	Purchase of financial assets measured at amortized cost	(400,002)	(2)
B01800	Increase in long-term equity investments accounted for using the equity method	(21,216)	(169,818)
B02700	Payment for property, plant and equipment	(92,908)	(57,152)
B02800	Proceeds from disposal of property, plant and equipment	43	4,498
B03800	Increase in refundable deposits	(5,760)	(10,384)
B04300	Increase in other receivables - related parties	-	(30,000)
B04400	Decrease in other receivables - related parties	5,000	-
B04500	Payments of intangible assets	(3,418)	(1,822)
B05350	Acquisition of right-of-use assets.	(6,996)	-
B06500	Increase in other financial assets	(8,363)	-
B07100	Increase in prepayments for equipment	(17,464)	(79,098)
B07600	Receipt of dividends from subsidiaries	38,476	12,555
B09900	Refund of share price for capital reduction by subsidiaries	-	38,095
BBBB	Net cash outflows from investing activities	(606,976)	(293,128)
	Cash flows from financing activities		
C00200	Decrease in short-term loans	(43,000)	-
C01700	Repayment of long-term loans	(59,996)	(9,996)
C03000	Increase in deposits received	1,240	260
C04020	Repayment of lease principals	(55,676)	(59,237)
C04500	Distribution of cash dividends	(390,291)	(360,268)
C04600	Cash capital increase	972,967	-
CCCC	Net cash inflows (outflows) from financing activities	425,244	(429,241)
EEEE	Increase (decrease) in cash and cash equivalents	447,758	(4,228)
E00100	Cash and cash equivalents at the beginning of the year	342,921	347,149
E00200	Cash and cash equivalents at the end of the year	$ 790,679	$ 342,921

The accompanying notes are an integral part of the parent company only financial statements.

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

Bafang Yunji International Co., Ltd.
Notes to parent company only financial statements
For the Years Ended December 31, 2021 and 2020
(Amounts in New Taiwan dollars thousands unless otherwise stated)

1. Company History

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

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

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

2. Date and Procedure for Approval of Financial Statements

The parent company only financial statements were approved by the Board of Directors on March 22, 2022.

3. Application of New and Revised Standards and Interpretation

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

The application of the amendments to the IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the Company's accounting policies.

(2) Amendments to the IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2022.

New, Amended or Revised Standards and Interpretations	Effective Date Issued by IASB
Annual Improvements to IFRS Standard 2018-2020	January 1, 2022 (Note 1)
Amendment to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 2)
Amendment to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use ”	January 1, 2022 (Note 3)
Amendment to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contracts”	January 1, 2022 (Note 4)

Note 1: The amendment to IFRS 9 will be applied to swaps or changes in the terms of financial liabilities that occur in annual reporting periods beginning after January 1, 2022; the

amendment to IAS 41, “Agriculture”, will be applied to fair value measurements in annual reporting periods beginning after January 1, 2022; and the amendment to IFRS 1, “First-time Adopeions of IFRSs”, will be applied retrospectively to annual reporting periods beginning after January 1, 2022.

Note 2: This amendment applies to business combinations for which the acquisition date falls within the annual reporting period after January 1, 2022.

Note 3: This amendment applies to plant, property and equipment that begins to operate in the manner such as location and condition expected by management after January 1, 2021.

Note 4: This amendment applies to contracts with unfulfilled obligations as of January 1, 2022.

The Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Company to the date the parent company only financial statements are approved and released, and will make appropriate disclosure after the evaluation.

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

New, Amended or Revised Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendment 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
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendment to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendment to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)
Amendment to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

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

Note 2: This amendment will be applicable for annual reporting periods beginning after January 1, 2023.

Note 3: This amendment applies to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning after January 1, 2023.

Note 4: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred income taxes on temporary differences for lease and ex-service obligations as of January 1, 2022.

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

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

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

B. Amendment to IAS 1 “Classification of Liabilities as Current or Noncurrent”

The amendment aims to clarify whether a liability is classified as noncurrent; the Company should assess whether it has the right to defer settlement at the end of the reporting period for at least 12 months after the reporting period. If the Company has such a right as of the end of the reporting period, the liability is classified as noncurrent whether or not the Company exercises its right to defer settlement of a liability. The amendment aims to clarify if the Company is required to comply with certain conditions in order to have the right to defer settlement of a liability. The Company must have complied with specific conditions as of the end of the reporting period, even if the lender tests whether the Company has complied with those conditions at a later date.

The amendment provides the purpose to clarify that settlement refers to the transfer to the counterparty of cash, other economic resources or equity instruments of the Company that results in the extinguishment of the liability. However, if the terms of the liability may result in transferring the Company’s equity instruments at the option of the counterparty, and if the option is separately recognized in equity in accordance with IAS 32, “Financial Instruments: Presentation” the above-mentioned provisions do not affect the classification of the liability.

C. Amendment to IAS 1 “Disclosure of Accounting Policies”

The amendment specifies that the Company shall determine the material accounting policy information to be disclosed based on the definition of materiality. Accounting policy information is considered material if it could reasonably be expected to affect the decisions of the primary users of the general-purpose financial statements based on those financial statements. The amendment also clarifies:

- Accounting policy information related to immaterial transactions, other events or circumstances is immaterial and the Company is not required to disclose such information.
- The Company may determine that related accounting policy information is material because of the nature of the transactions, other events or circumstances, even if the amount is not material.
- Not all accounting policy information related to significant transactions, other events or circumstances is material.

In addition, the amendment provides examples of accounting policy information that may be material if it relates to significant transactions, other events or circumstances and under the following circumstances, the information may be material:

a. A change in the Company's accounting policy during the reporting period that results in a material change in financial statement information;

b. The Company selects applicable accounting policies from among the options permitted by the standards.

c. Due to the lack of specific standards, the Company establishes accounting policies in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”;

d. The Company discloses the relevant accounting policies that require the application of significant judgments or assumptions; or

e. that it involves complex accounting requirements when users of financial statements rely on such information to understand such significant transactions, other events or circumstances.

D. Amendment to IAS 8 “Definition of Accounting Estimates”

The amendment explicitly specifies that accounting estimate represents the monetary amounts in the financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may need to measure financial statement items using monetary amounts that are not directly observable but must be estimated, and therefore measurement techniques and input values are required to create accounting estimates for this purpose. The effect of changes in measurement techniques or input values on accounting estimates that are not corrections of prior period errors are accounted for as changes in accounting estimates.

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

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and relevant laws and regulations.

(2) Basis of preparation

Except for the financial instruments on the basis of fair value and the recognition of net defined benefit liabilities on the basis of the present value of net defined benefit obligation net of the fair value of planned assets, the parent company only financial statements were compiled on the basis of historical cost.

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

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

B. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.

C. Level 3 input value: the unobservable input value of asset or liability.

In preparing its financial statements, the Company uses the equity method to account for its investment in subsidiaries and affiliates. In order to make the same the current profit or loss, other comprehensive income and equity in the parent company only financial statements as the current year’s profit or loss, other comprehensive income and equity attributable to shareholders of the Company in the consolidated financial statements, certain accounting differences between the parent company only basis and consolidated basis are adjusted for “investments accounted for using the equity method”, “profit or loss share of subsidiaries, affiliates and joint ventures accounted for using the equity method”, “other comprehensive income share of subsidiaries, affiliates and joint ventures accounted for using the equity method” and related equity items.

(3) Standards in differentiating current and noncurrent assets and liabilities

Current assets include:

A. Assets held primarily for trading purposes;

B. Assets expected to be realized within 12 months of the balance sheet date; and

C. Cash and cash equivalents (excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date).

Current liabilities include:

A. Liabilities held primarily for trading purposes;

B. Liabilities due for settlement within 12 months after the balance sheet date (current liabilities even if a long-term refinancing or rescheduling agreement is completed after the balance sheet date and before the financial statements are authorized for issuance), and

C. Liabilities whose settlement deadline cannot be unconditionally deferred until at least 12 months after the balance sheet date. If the terms of the liability, at the option of the counterparty, result in the settlement of the liability by the issuance of equity instruments, the classification is not affected.

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

(4) Foreign currency

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

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

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

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

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

(5) Inventories

Inventories include raw materials, supplies, semi-finished goods, finished goods, and merchandises. Inventories are valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. The cost of inventories is calculated using the weighted-average method.

(6) Investment in subsidiaries

The Company adopts the equity method for investment in subsidiaries.

A subsidiary is an entity over which the Company has control.

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

When a change in the Company's ownership interest in a subsidiary does not result in a loss of control, it is treated as an equity transaction. The difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity

The Company assesses impairment based on the cash-generating units as a whole in the financial statements and compares their recoverable amounts with their carrying amounts. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. Impairment losses attributable to goodwill must not be reversed in subsequent periods.

When control over a subsidiary is lost, the Company measures its remaining investment in the subsidiary at fair value at the date of loss of control. The difference between the fair value of the remaining investment and the carrying amount of the investment at the date of loss of control, if any, is recognized in profit or loss for the period. In addition, all amounts recognized in other comprehensive income related to the subsidiary are accounted for on the same basis as if the Company had directly disposed of the related assets or liabilities.

Unrealized gains or losses on downstream transactions with subsidiaries are eliminated in the parent company only financial statements. Gains or losses from upstream and side-stream transactions with subsidiaries are recognized in the parent company only financial statements only to the extent that they are not related to the Company's equity interest in the subsidiary.

(7) Property, plant and equipment

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

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Costs include professional service expanses and loan costs that meet the capitalization conditions. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

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

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

(8) Intangible assets

A. Acquired separately

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

B. Derecognition

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

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

The Company at each balance sheet date is to assess whether there is any indication of the impairment occurring to the tangible and intangible assets. If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company is to estimate the recoverable amount of the respective cash-generating unit. Shared assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis.

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

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

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

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

(10) Financial instrument

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

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

A. Financial assets

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

a. Types of measurement

The types of financial assets held by the Company are financial assets at fair value through profit or loss and financial assets at measured amortized cost.

I. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are measured at fair value, while dividends, interests and gains or losses arising from remeasurement are recognized in other gains and losses. Please refer to Note 7 for the determination of fair value.

II. Financial assets measured at amortized cost

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

i. The financial assets held under a particular mode of operation and the purpose of holding is for the collection of contractual cash flows; and

ii. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

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

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

i. Interest income on financial assets that are credit-impaired upon acquisition or creation is calculated using the credit-adjusted effective interest rate multiplied by the amortized cost of the financial assets.

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

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with minimal risk of changes in value within 3 months from the acquisition date and are used to meet short-term cash commitments.

b. Impairment of financial assets and contract assets

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

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

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

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

c. Derecognition of financial assets

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

B. Equity instruments

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

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

The retrieval of the Company's own equity instruments is recognized and deducted under equity. The Company’s equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

C. Financial liabilities

a. Subsequent measurement

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

b. Derecognition of financial liabilities

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

(11) Recognition of revenue

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

A. Revenue from merchandise sales

Revenue from merchandise sales is derived from sales of food ingredients to franchisees, etc.

The Company recognizes revenue and accounts receivable at the point of delivery of the franchisee's food ingredients to the franchisee's designated location, when the franchisee has the right to set the price and use the merchandise and has the primary responsibility for the merchandise at the time of sale, and bears the risk of obsolescence of the merchandise.

B. Licensing revenue

The Company’s licensing revenue is generated from the licensing of franchisee chain. The business practice of the Company is to continuously analyze consumers' preferences for products in order to launch new products, conduct pricing analysis and marketing activities, while the franchisee is required to launch new products. Since the aforementioned business practices do not transfer merchandises or services to the franchisee, the nature of the license is to provide the franchisee with access to intellectual property existing during the license period, and the original license fee is recognized as licensing revenue on a straight-line basis over the license period.

(12) Leases

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

A. The Company is the lessor

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

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

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

B. The Company is the lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, and interest expense is amortized over the lease period. If there is a change in future lease payments due to changes in the lease period, the Company remeasures the lease liability and adjusts the right-of-use asset accordingly. However, if the carrying amount of the right-of-use asset is reduced to zero, the remaining remeasurement amount is recognized in profit or loss. The lease liabilities are expressed separately in the balance sheet.

Rentals under leases that do not depend on changes in indices or rates are recognized as expense in the period in which they are incurred.

(13) Borrowing costs

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

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

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

(14) Employee benefits

A. Short-term employee benefits

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

B. Retirement benefits

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

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

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

(15) Share-based payment agreement

Equity Settled Share-based Payment Agreement to Employees

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

(16) Income tax

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

A. Current income tax

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

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

B. Deferred income tax

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

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

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

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

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

C. Current and deferred income tax

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

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

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

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

Estimations, and Main Sources of Assumption Uncertainties

Useful lives of property, plant and equipment

As described in Note 13, the Consolidated Company reviews the estimated useful lives of property, plant and equipment at each balance sheet date.

6. Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand and working capital	$ 518	$ 738
Bank checking and demand deposits	332,481	342,183
Cash equivalents (investments with original maturity of less than 3 months)		
Bonds with repurchase agreement	257,680	-
Bank time deposit	200,000	-
	$790,679	$342,921

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

	December 31, 2021	December 31, 2020
Bank deposits	0.001%~0.03%	0.001%~0.03%
Bonds with repurchase agreement	0.26%~0.3%	-

7. Financial instruments at fair value through profit or loss

	December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss		
Mixed financial assets		
- Structured deposits	$ 94,302	$ -

In 2021, the Company entered into structured time deposit contracts with financial institutions. The structured time deposit includes an embedded derivative that is not closely related to the host contract. As the host contract included in the hybrid contract is an IFRS 9 asset, it is assessed as a mandatory classification at fair value through profit or loss for the entire hybrid contract.

8. Financial assets measured at amortized cost

	December 31, 2021	December 31, 2020
Current		
Time deposits with original maturity over 3 months	$400,374	$ 372

As of December 31, 2021 and 2020, the interest rate ranges for time deposits with original maturity over 3 months were 0.33% to 0.59% and 0.41% per annum, respectively. The Company set pledge as loan guarantee, please refer to Note 32.

9. Credit risk management of investments in debt instruments

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

December 31, 2021

	Measured at amortized cost
Total carrying amount	$400,374
Allowance for losses	-
Amortized cost	$400,374

December 31, 2020

	Measured at amortized cost
Total carrying amount	$ 372
Allowance for losses	-
Amortized cost	$ 372

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

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

Credit rating	Definition	Recognition basis for expected credit loss	Expected credit loss rate	Total carrying amount as of December 31, 2021	Total carrying amount as of December 31, 2020
Normal	Debtors have low credit risk and sufficient ability to repay contractual cash flow obligations	12-month expected credit loss rate	0%~ 0.01%	$ 400,374	$ 372

10. Notes receivable, accounts receivable and other receivables

	December 31, 2021	December 31, 2020
Accounts receivable		
Measured at amortized cost		
Total carrying amount - non-related parties	$ 70,565	$ 64,226
Less: Allowance for losses	(477)	(477)
	$ 70,088	$ 63,749
Total carrying amount - related parties (Note 31)	$ 29,658	$ 32,918
Other receivables		
Non-related parties (3)	$ 2,566	$ 1,284
Related parties (Note 31)		
Loan receivable - fixed interest rate (2)	$ 25,000	$ 30,000
Others	4,406	3,004
	$ 29,406	$ 33,004

(1) Accounts and notes receivable

The Company's sales of merchandises to customers are based on the credit period agreed upon by both parties, and the credit period is 3 to 15 days. In determining the collectability of accounts receivable, the Company considers any changes in the credit quality of accounts receivable from the original credit date to the balance sheet date.

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

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

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

The Company measures the allowance for losses on accounts receivable based on the allowance matrix as follows:

December 31, 2021

	0～30 days	31～60 days	61～90 days	91～120 days	120 days or more	Total
Expected credit loss rate	0.18%	30.4%	65.39%	76.66%	100%	
Total carrying amount	$ 99,888	$ 6	$ 180	$ 90	$ 59	$100,223
Allowance for losses (Lifetimes ECLs)	(145)	(3)	(180)	(90)	(59)	(477)
Amortized cost	$ 99,743	$ 3	$ -	$ -	$ -	$ 99,746

December 31, 2020

	0～30 days	31～60 days	61～90 days	91～120 days	120 days or more	Total
Expected credit loss rate	0.01%	10.08%	100%	100%	100%	
Total carrying amount	$ 96,961	$ 110	$ -	$ -	$ 73	$ 97,144
Allowance for losses (Lifetimes ECLs)	(394)	(10)	-	-	(73)	(477)
Amortized cost	$ 96,567	$ 100	$ -	$ -	$ -	$ 96,667

The above is an aging analysis based on the posting date

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

	Year ended December 31,	
	2021	2020
Balance at the beginning of the year	$ 477	$ 477
Balance at the end of the year	$ 477	$ 477

(2) Other receivables - loan receivables

The interest rate exposure and contract maturities of the Company's loan receivables are as follows:

	December 31, 2021	December 31, 2020
Loan receivables		
No more than 1 year	$ 25,000	$ 30,000

The following is the content of the loan receivables.

	Maturity date	Collaterals	Effective interest rate	December 31, 2021	December 31, 2020
Loans receivable of NT$30,000 thousand	May 4, 2021	None	-	$ -	$ 30,000
Loans receivable of NT$25,000 thousand	April 19, 2022	None	-	25,000	-
				$ 25,000	$ 30,000

(3) Other receivables

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

11. Inventories

	December 31, 2021	December 31, 2020
Raw materials	$ 126,786	$ 115,283
Semi-finished products	9,939	4,927
Finished goods	15,011	11,780
Merchandise inventories	16,690	12,174
	$ 168,426	$ 144,164

The nature of cost of goods sold is as follows:

	Year ended December 31,	
	2021	2020
Cost of inventories sold	$ 2,763,440	$ 2,326,576
Loss on decline in value of inventories	-	5,295
	$ 2,763,440	$ 2,331,871

12. Investments accounted for using equity method

	December 31, 2021	December 31, 2020
Investment in subsidiaries	$ 820,136	$ 803,685

Investment in subsidiaries

	December 31, 2021	December 31, 2020
Bafang Yunji Restaurant Co., Ltd.	$ 192,468	$ 203,024
Bafang Yunji (Samoa) International Co., Ltd.	420,472	352,733
Fang Sin International Trading Co., Ltd.	43,960	41,857
Bafang Co., Ltd.	59,035	68,906
Bafang Yunji International (USA) Limited	59,896	71,064
Dante Coffee & Foods Co., Ltd.	44,305	66,101
	$ 820,136	$ 803,685

	Percentage of ownership and voting rights	
Name of subsidiary	December 31, 2021	December 31, 2020
Bafang Yunji Restaurant Co., Ltd.	100%	100%
Bafang Yunji (Samoa) International Co., Ltd.	100%	100%
Fang Sin International Trading Co., Ltd.	100%	100%
Bafang Co., Ltd.	100%	100%
Bafang Yunji International (USA) Limited	100%	100%
Dante Coffee & Foods Co., Ltd.	85.29%	69.02%

Investments accounted for using the equity method and the calculation of the Company’s share of profit or loss and other comprehensive income of the investments are based on the financial statements of each of the subsidiaries for the same period attested by CPAs

In 2020, the Company increased capital of its 100%-owned Fang Sin International Trading Co., Ltd. by cash for a total of $30,000 thousand.

In December 2020, the Company invested $74,114 thousand by cash in Bafang Yunji International (USA) Limited, which is 100% owned by the Company.

On November 3, 2020, the Company acquired 69.02% of the shares of Dante Coffee & Foods Co., Ltd. with $65,704 thousand. On July 15, 2021, the Company acquired 16.27% of the equity for $21,216 thousand. Please refer to Notes 33 and 34 to the Company's consolidated financial statements for 2021.

For the details of the indirect investment in subsidiaries, please refer to Notes 36, Exhibits 4 and 5.

13. Property, plant and equipment

	December 31, 2021	December 31, 2020
Self-use	$ 1,019,787	$ 1,002,018

Self-use

	Land	Building and construction	Machinery equipment	Office equipment	Transportation equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost									
Balance at January 1, 2021	$ 368,741	$ 356,039	$ 365,089	$ 34,284	$ 31,939	$ 34,184	$ 68,331	$ 43,839	$ 1,302,446
Addition	-	7,867	41,663	7,652	245	5,648	2,928	24,795	90,798
Reclassification	-	53,770	19,982	2,344	-	847	2,034	(55,741)	23,236
Disposal	-	-	(2,345)	(1,357)	-	(715)	(1,498)	-	(5,915)
Balance at December 31, 2021	$ 368,741	$ 417,676	$ 424,389	$ 42,923	$ 32,184	$ 39,964	$ 71,795	$ 12,893	$ 1,410,565
Accumulated depreciation									
Balance at January 1, 2021	$ -	$ 58,069	$ 156,066	$ 21,925	$ 11,806	$ 23,559	$ 29,003	$ -	$ 300,428
Depreciation expenses	-	18,775	50,391	5,886	4,787	6,482	9,585	-	95,906
Reclassification	-	-	-	-	-	-	-	-	-
Disposal	-	-	(2,277)	(1,311)	-	(673)	(1,295)	-	(5,556)
Balance at December 31, 2021	$ -	$ 76,844	$ 204,180	$ 26,500	$ 16,593	$ 29,368	$ 37,293	$ -	$ 390,778
Net amount at December 31, 2021	$ 368,741	$ 340,832	$ 220,209	$ 16,423	$ 15,591	$ 10,596	$ 34,502	$ 12,893	$ 1,019,787
Cost									
Balance at January 1, 2020	$ 368,741	$ 337,913	$ 314,159	$ 29,332	$ 29,643	$ 32,231	$ 63,045	$ 16,682	$ 1,191,746
Addition	-	1,004	6,911	2,156	94	628	3,711	41,763	56,267
Reclassification	-	17,122	49,212	3,126	2,438	1,325	1,813	(14,606)	60,430
Disposal	-	-	(5,193)	(330)	(236)	-	(238)	-	(5,997)
Balance at December 31, 2020	$ 368,741	$ 356,039	$ 365,089	$ 34,284	$ 31,939	$ 34,184	$ 68,331	$ 43,839	$ 1,302,446
Accumulated depreciation									
Balance at January 1, 2020	$ -	$ 40,623	$ 112,632	$ 16,675	$ 7,593	$ 18,122	$ 20,435	$ -	$ 216,080
Depreciation expenses	-	17,446	43,879	5,547	4,449	5,437	8,806	-	85,564
Reclassification	-	-	-	-	-	-	-	-	-
Disposal	-	-	(445)	(297)	(236)	-	(238)	-	(1,216)
Balance at December 31, 2020	$ -	$ 58,069	$ 156,066	$ 21,925	$ 11,806	$ 23,559	$ 29,003	$ -	$ 300,428
Net amount at December 31, 2020	$ 368,741	$ 297,970	$ 209,023	$ 12,359	$ 20,133	$ 10,625	$ 39,328	$ 43,839	$ 1,002,018

There was no indication of impairment of property, plant and equipment listed above in 2021 and 2020 as assessed by management.

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

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

For property, plant and equipment pledged as collateral for loans by the Company, please refer to Note 32.

14. Lease agreements

(1) Right-of-use assets

	December 31, 2021	December 31, 2020
Carrying amount of right-of-use assets		
Land	$ 58,186	$ 36,079
Building	60,681	65,829
Transportation equipment	125,109	105,015
	$243,976	$206,923

	Year ended December 31,	
	2021	2020
Addition of right-of-use assets.		
Land	$ 24,515	$ 36,536
Building	8,054	7,845
Transportation equipment	58,522	70,268
	$ 91,091	$114,649
Depreciation expenses of right-of-use assets		
Land	$ 2,408	$ 457
Building	13,202	11,778
Transportation equipment	38,428	30,260
	$ 54,038	$ 42,495

(2) Lease liabilities

	December 31, 2021	December 31, 2020
Carry amount of lease liabilities		
Current	$ 53,838	$ 43,366
Non-current	$167,042	$146,121

The discount rate range for lease liabilities is as follows

	December 31, 2021	December 31, 2020
Land	1.42%	1.42%
Building	1.25%~1.7%	1.25%~1.7%
Transportation equipment	1.25%~1.7%	1.25%~1.7%

(3) Significant lease activities and terms

The Company leases certain land and buildings as plants and offices with lease periods from 2011 to 2041, upon termination of which, the Company has no bargain purchase option for the leased buildings.

(4) Information on other leases

	Year ended December 31,	
	2021	2020
Lease expenses for low-value assets	$ 275	$ 647
Total cash (outflows) from leases	($ 55,951)	($ 59,884)

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

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

	December 31, 2021	December 31, 2020
Lease commitments	$121,800	$ -

15. Other intangible assets

	Year ended December 31,	
	2021	2020
Cost		
Balance at the beginning of the year	$ 14,127	$ 12,365
Acquired separately	3,418	1,822
Disposal	(7)	(60)
Balance at the end of the year	$ 17,538	$ 14,127
Accumulated depreciations		
Balance at the beginning of the year	$ 9,899	$ 8,248
Amortization expenses	1,726	1,711
Disposal	(7)	(60)
Balance at the end of the year	$ 11,618	$ 9,899
Net amount at the end of the year	$ 5,920	$ 4,228

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

Computer software costs	5 to 10 years

16. Prepayments

	December 31, 2021	December 31, 2020
Prepaid rental	$ 468	$ 466
Prepayments for goods	56,158	38,864
Prepaid insurance	920	1,073
Others	11,537	12,462
	$ 69,083	$ 52,865

17. Other assets

	December 31, 2021	December 31, 2020
Current		
Other financial assets (1)	$ 8,363	$ -
Temporary payments	252	93
Payments for others	59	6
	$ 8,674	$ 99
Non-current		
Prepayments for equipment (2)	$ 39,690	$ 45,462
Refundable deposits (3)	$ 42,856	$ 37,096

(1) Other financial assets - restricted bank deposits

The Company's other financial assets-restricted bank demand deposits are mainly trust lodgments for gift certificates, as described in Note 32.

(2) Prepayments for equipment

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

(3) Refundable deposits

The refundable deposits are cash pledges provided by the Company under lease agreements.

18. Short-term loans

(1) Short-term loans

	December 31, 2021	December 31, 2020
Secured loans (Note 32)		
Bank loans	$ 27,000	$ 70,000

The bank loans were secured by pledges of the Company's own land and buildings, with effective interest rates ranging from 1.16% and 1.2% per annum respectively as of December 31, 2021 and 2020. The amount drawn was used for short-term operating turnover and material purchases.

(2) Long-term loans

	Maturity date	Material terms	Effective interest rate	December 31, 2021	December 31, 2020
Secured loans (Note 32)					
Bank of Taiwan					
Mortgaged loans	2019.4.1-2021.4.1	The total borrowing amount is $50,000 thousand. The principal is repayable in one lump sum upon maturity and interest is charged monthly.	1.2%	$ -	$ 50,000

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	Maturity date	Material terms	Effective interest rate	December 31, 2021	December 31, 2020
Mega International Commercial Bank					
Mortgaged loans	2018.7.5-2025.7.4	The total borrowing amount is $70,000 thousand and the principal is repayable in 84 equal installments from the date of borrowing (2018.7.5), with interest charged monthly.	1.17%	$ 35,819	$ 45,815
Less: current portion				(9,996)	(59,996)
Long-term bank loans				$ 25,823	$ 35,819

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

19. Notes payable and accounts payable

	December 31, 2021	December 31, 2020
Notes payable		
Incurred as a result of operations - non-related parties	$ 1,000	$ -
Accounts payable		
Incurred as a result of operations - non-related parties	$ 162,388	$ 140,278
Incurred as a result of operations - related parties	3,101	3,602
	$ 165,489	$ 143,880

The average credit period for the purchase of raw materials is 30 to 60 days.

20. Other liabilities

	December 31, 2021	December 31, 2020
Current		
Other payables		
Salaries payable and bonus	$ 110,432	$ 110,784
Remuneration payable to employees and directors and supervisors	15,000	19,200
Insurance premiums payable	7,745	7,336
Retirement benefits payable	4,898	4,610
Equipment payables	4,529	6,639
Business tax payable	18,398	17,609
Service expenses payable	1,242	1,157

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	December 31, 2021	December 31, 2020
Dividends payable	$ 150,112	$ -
Others	24,584	28,113
	$ 336,940	$ 195,448
Other payables - related parties		
Marketing and advertising expenses payable	$ 8,474	$ 9,419
Others	2,468	1,340
	$ 10,942	$ 10,759
Other liabilities - current		
Financial liabilities	$ 2,575	$ -
Advanced receipts	11	-
Temporary receipts	1,082	15
Receipts under custody	2,586	2,086
	$ 6,254	$ 2,101

21. Retirement benefit plans

(1) Defined contribution plan

The Company's pension plan under the Labor Pension Act is a government-administered defined contribution pension plan, which requires the Company to contribute 6% of employees' monthly salaries to the individual accounts of the Bureau of Labor Insurance. The Company recognized pension costs of $19,310 thousand and $16,964 thousand for 2021 and 2020, respectively.

(2) Defined benefit plan

The pension plan of the Company under the Labor Standards Act of the ROC is a government-administered defined benefit pension plan. Employees' pension payments are based on the average salary for the six months before the date of retirement. The Company contributes 4% of the employees' monthly salaries to the pension fund, which is deposited in the name of the Supervisory Committee of Labor Retirement Reserve in a dedicated account in the Bank of Taiwan. Before the end of the year, if the estimated balance in the account is not sufficient to pay the employees who are expected to meet the retirement criteria in the following year, the difference will be made up in one lump sum by the end of March of the following year. The Company does not have the right to influence the investment management strategy as the dedicated account is entrusted to be administered by the Bureau of Labor Funds of the Ministry of Labor.

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

	December 31, 2021	December 31, 2020
Present value of defined benefit obligations	$ 13,034	$ 12,896
Fair value of plan assets	(8,060)	(7,398)
Net defined benefit liabilities	$ 4,974	$ 5,498

Changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1, 2020	$ 10,819	($ 6,623)	$ 4,196
Service costs			
Interest expenses (income)	108	(69)	39
Recognized in profit or loss	108	(69)	39
Remeasurement			
Actuarial gains (losses) from changes in demographic assumptions	111	-	111
Return on planned assets (other than the amount included in net interest)	-	(192)	(192)
Actuarial gains - changes in financial assumptions	965	-	965
Actuarial gains - adjustments through experience	893	-	893
Recognized in other comprehensive income	1,969	(192)	1,777
Contribution from the employer	-	(514)	(514)
December 31, 2020	$ 12,896	($ 7,398)	$ 5,498
January 1, 2021	$ 12,896	($ 7,398)	$ 5,498
Service costs			
Interest expenses (income)	64	(38)	26
Recognized in profit or loss	64	(38)	26
Remeasurement			
Actuarial gains (losses) from changes in demographic assumptions	440	-	440
Return on planned assets (other than the amount included in net interest)	-	(92)	(92)
Actuarial gains - changes in financial assumptions	(767)	-	(767)
Actuarial gains - adjustments through experience	401	-	401

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	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Recognized in other comprehensive income	$ 74	($ 92)	($ 18)
Contribution from the employer	-	(532)	(532)
December 31, 2021	$ 13,034	($ 8,060)	$ 4,974

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

	Year ended December 31,	
	2021	2020
Operating expenses	$ 26	$ 39

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

A. Investment risk: The Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank deposits through its own management or entrusted third parties, but the amount allocated to the Company's plan assets is based on the income at a rate no less than the local bank's 2-year time deposit rate.

B. Interest rate risk: A decrease in interest rates on government bonds will increase the present value of the defined benefit obligation, but the return on debt investment in plan assets will also increase, which will have a partially offsetting effect on the net defined benefit obligation.

C. Salary Risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the plan member. Therefore, increases in plan member's salary will result in an increase in the present value of the defined benefit obligation.

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

	December 31, 2021	December 31, 2020
Discount rate	0.875%	0.5%
Expected rate of salary increase	3%	3%

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

	December 31, 2021	December 31, 2020
Discount rate		
Increase by 0.25%	($ 486)	($ 495)
Decrease by 0.25%	$ 513	$ 522
Expected rate of salary increase		
Increase by 0.25%	$ 494	$ 501
Decrease by 0.25%	($ 472)	($ 479)

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

	December 31, 2021	December 31, 2020
The expected contributions to the plan for the next year	$ 550	$ 539
Average duration to maturity of defined benefit obligations	17.6 years	15.7 years

22. Equity

(1) Share capital

Common stock

	December 31, 2021	December 31, 2020
Authorized number of shares (in thousands)	100,000	100,000
Authorized share capital	$ 1,000,000	$ 1,000,000
Number of issued and fully paid shares (in thousands)	66,045	60,045
Issued share capital	$ 660,448	$ 600,448

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

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

(2) Capital surplus

	December 31, 2021	December 31, 2020
For loss make-up, payment in cash or capitalization as equity (A)		
Share issue premium	$ 924,436	$ 3,235
Difference between the actual acquisition price and the book value of the subsidiary	-	2,925
Employee share-based payment remuneration costs	22,735	22,735
Lapsed employee stock options	132	-
	947,303	28,895
Not for any purpose		
Employee stock options	23,016	5,754
	$ 970,319	$ 34,649

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

(3) Retained Earnings and Dividend Policy

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

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

The Company's policy on the distribution of remuneration to employees and remuneration to directors as stipulated in the Company's Articles of Incorporation is described in Note 24(7) Remuneration to Employees, Directors and Supervisors

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

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

The Company has provided and reversed the special reserve in accordance with the letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 and the provisions of the "Questions and Answers on the Application of International Financial Reporting Standards (IFRSs) to the Provision of Special Reserve". Prior to the amendment of the Articles of Incorporation, the Company provided for special reserve from undistributed earnings from prior periods in accordance with the law.

The Board of Directors resolved the earnings distribution for 2021 and 2020 as follows:

	January 1 to June 30, 2021	July 1 to December 31, 2020	January 1 to June 30, 20210
Board of Directors' resolution date	August 10, 2021	April 13, 2021	August 13, 2020
Legal reserve	$ 28,256	$ 63,219	$ -
Special reserve	$ 8,984	$ 12,344	$ -
Cash dividends	$ 150,112	$ 390,291	$ -
Cash dividends per share (NT$)	$ 2.27	$ 6.50	$ -

The Board of Directors' meeting on March 22, 2022 proposed the following earnings distribution for the second half of 2021.

	July 1 to December 31, 2021
Legal reserve	$ 25,284
Special reserve	$ 5,666
Cash dividends	$ 279,179
Cash dividends per share (NT$)	$ 4.23

The above cash dividends have been approved by the Board of Directors, and the rest are subject to the resolution of the shareholders' meeting scheduled to be held on June 15, 2022

(4) Special reserve

	Year ended December 31, 2021	2020
Balance at the beginning of the year	$ 27,261	$ 12,958
Provision for special reserve		
Provision for deductions to other equity items	21,328	14,303
Balance at the end of the year	$ 48,589	$ 27,261

(5) Other equity items

Exchange differences on translation of financial statements of foreign operations

	Year ended December 31, 2021	2020
Balance at the beginning of the year	($ 39,605)	($ 27,261)
Exchange differences on translation of financial statements of foreign operations	(18,314)	(15,431)
Income tax related to translation of financial statements of foreign operations	3,664	3,087
Balance at the end of the year	($ 54,255)	($ 39,605)

The translation differences arising from the translation of the financial statements of foreign operations from their functional currencies to the Company's presentation currency (i.e., NTD) are recognized directly in the exchange differences on translation of financial statements of foreign operations under other comprehensive income.

23. Revenue

	Year ended December 31, 2021	2020
Revenue from customer contracts		
Revenue from merchandise sales	$ 4,004,912	$ 3,551,270
Licensing revenue	11,032	3,049
	$ 4,015,944	$ 3,554,319

(1) Description of customer contracts

A. Revenue from merchandise sales

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

B. Licensing revenue

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

(2) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Notes receivable and accounts receivable (Note 10)	$ 99,746	$ 96,667	$ 68,180

(3) Disaggregation of revenue from contracts with customers

	Year ended December 31,	
	2021	2020
Revenue from customer contracts		
Revenue from merchandise sales	$ 4,004,912	$ 3,551,270
Licensing revenue	11,032	3,049
	$ 4,015,944	$ 3,554,319

24. Net profit from continuing operations

(1) Interest income

	Year ended December 31,	
	2021	2020
Bank deposits	$ 834	$ 361

(2) Other income

	Year ended December 31,	
	2021	2020
Rental income		
Other operating Rental	$ 940	$ 708
Manpower dispatch income	3,872	1,215
Others	12,563	10,595
	$ 17,375	$ 12,518

(3) Other gains and losses

	Year ended December 31, 2021	Year ended December 31, 2020
Loss on disposal of property, plant and equipment	($ 316)	($ 283)
Net foreign currency exchange loss	(548)	(48)
Lease modification losses	-	(55)
Loss on financial assets at fair value through profit or loss	(66)	-
Others	(215)	(1,501)
	($ 1,145)	($ 1,887)

(4) Financial costs

	Year ended December 31, 2021	Year ended December 31, 2020
Interest on bank loans	$ 1,159	$ 1,870
Interest on lease liabilities	2,974	1,962
	$ 4,133	$ 3,832

No interest was capitalized in 2021 and 2020 of the Company.

(5) Depreciation and amortization

	Year ended December 31, 2021	Year ended December 31, 2020
Depreciation expenses summarized by function		
Operating costs	$ 89,731	$ 80,525
Operating expenses	60,213	47,534
	$ 149,944	$ 128,059
Amortization expenses summarized by function		
Operating costs	113	116
Selling expenses	34	89
Administrative expenses	1,579	1,506
	$ 1,726	$ 1,711

(6) Employee benefit expenses

	Year ended December 31, 2021	Year ended December 31, 2020
Short-term employee benefits	$ 537,180	$ 494,720
Retirement benefits (Note 21)		
Defined contribution plan	19,310	16,964
Defined benefit plan	26	39
Share-based payment		
Equity settlement	25,628	5,754
Total employee benefit expenses	$ 582,144	$ 517,477

	Year ended December 31,	
	2021	2020
Summarized by function		
Operating costs	$ 246,955	$ 215,153
Operating expenses	335,189	302,324
	$ 582,144	$ 517,477

(7) Remuneration to employees, directors and supervisors

In accordance with the provision of the Articles of Incorporation, the Company shall use the current year's pre-tax profit before the distribution of the remuneration to employees and directors to make up for the accumulated loss, and if there is any remaining balance, the Company shall appropriate not less than 1% as employees' remuneration and not more than 1% as directors' remuneration The remuneration to employees , directors and supervisors for 2021 and 2020 were resolved by the Board of Directors on March 22, 2022 and April 8, 2021, respectively, as follows

Estimated percentage

	Year ended December 31,	
	2021	2020
Remuneration to employees	1.43%	1.57%
Remuneration to directors and supervisors	0.71%	0.82%

Amount

	Year ended December 31,	
	2021	2020
	Cash	Cash
Remuneration to employees	$ 10,000	$ 12,600
Remuneration to directors and supervisors	5,000	6,600

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

The actual amounts of remuneration to employees, directors and supervisors in 2020 and 2019 did not differ from the amounts recognized in the financial statements in 2020 and 2019.

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

25. Income tax for continuing operations

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

	Year ended December 31,	
	2021	2020
Income tax for the current year		
Generated in the current year	$ 124,594	$ 140,277
Surtax on undistributed earnings	8,317	3,428
Adjustments to prior years	(3,005)	(376)
	129,906	143,329
Deferred income tax		
Generated in the current year	13,098	8,102
Income tax expense recognized in profit or loss	$ 143,004	$ 151,431

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

	Year ended December 31,	
	2021	2020
Net income before tax from continuing operations	$ 684,345	$ 785,042
Income tax expense at statutory tax rate on net profit before tax	$ 136,869	$ 157,008
Non-taxable income	823	(8,629)
Surtax on undistributed earnings	8,317	3,428
Current income tax expense of prior years is adjusted in the current year.	(3,005)	(376)
Income tax expense recognized in profit or loss	$ 143,004	$ 151,431

(2) Income tax recognized in other comprehensive income

	Year ended December 31,	
	2021	2020
Deferred income tax		
Generated in the current year		
- Exchange differences from foreign operations	$ 3,664	$ 3,087
- Remeasurement of defined benefit plan	(3)	355
Income tax recognized in other comprehensive income	$ 3,661	$ 3,442

(3) Current income tax assets and liabilities

	December 31, 2021	December 31, 2020
Current income tax liabilities		
Income tax payable	$ 62,697	$ 80,868

(4) Deferred income tax assets and liabilities

Changes in deferred income tax assets and liabilities are as follows:

For the year ended December 31, 2021

Deferred income tax assets	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Temporary differences				
Unrealized loss on decline in value of inventories	$ 1,714	$ -	$ -	$ 1,714
Unrealized doubtful accounts expense	22	-	-	22
Undistributed earnings of subsidiaries	27,218	(13,004)	-	14,214
Exchange differences from foreign operations	9,902	-	3,664	13,566
Defined benefit plan	1,317	-	(3)	1,314
	$ 40,173	($ 13,004)	$ 3,661	$ 30,830

Deferred income tax liabilities	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Temporary differences				
Payment differences of defined contribution plan	($ 464)	($ 102)	$ -	($ 566)
Unrealized exchange gains	(36)	8	-	(28)
	($ 500)	($ 94)	$ -	($ 594)

For the year ended December 31, 2020

Deferred income tax assets	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Temporary differences				
Unrealized loss on decline in value of inventories	$ 655	$ 1,059	$ -	$ 1,714
Unrealized doubtful accounts expense	22	-	-	22
Undistributed earnings of subsidiaries	36,253	(9,035)	-	27,218
Exchange differences from foreign operations	6,815	-	3,087	9,902
Defined benefit plan	962	-	355	1,317
	$ 44,707	($ 7,976)	$ 3,442	$ 40,173

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	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
Deferred income tax liabilities				
Temporary differences				
Payment differences of defined contribution plan	($ 369)	($ 95)	$ -	($ 464)
Unrealized exchange gains	(5)	(31)	-	(36)
	($ 374)	($ 126)	$ -	($ 500)

(5) Income tax assessment status

The income tax returns of the Company had been assessed by the tax authorities through 2019.

26. Earnings per share (EPS)

Unit: NT$ per share

	Year ended December 31, 2021	2020
Basic earnings per share	$ 8.74	$ 10.55
Diluted earnings per share	$ 8.68	$ 10.53

Earnings and the weighted-average number of shares of common stock used to calculate earnings per share were as follows:

Net profit for the year

	Year ended December 31, 2021	2020
Net profit used to calculate diluted earnings per share	$ 541,341	$ 633,611
Impact of potential common stock with dilutive effect:		
Remuneration to employees	-	-
Net profit used to calculate diluted earnings per share	$ 541,341	$ 633,611

Number of shares

Unit: In thousands of shares

	Year ended December 31,	
	2021	2020
Weighted-average number of shares of common stock used to calculate basic earnings per share	61,952	60,045
Impact of potential common stock with dilutive effect:		
Remuneration to employees	98	155
Employee stock options	302	-
Weighted-average number of shares of common stock used to calculate diluted earnings per share	62,352	60,200

If the Company has the option to pay remuneration to employees in stock or cash, the calculation of diluted earnings per share will adopt the assumption that employee remuneration will be paid in stock and is included in the weighted-average number of shares of common shares outstanding for the purpose of calculating diluted earnings per share when the potential common shares have a dilutive effect. The dilutive effect of these potential common shares will continue to be considered in the calculation of diluted earnings per share prior to the issuance of shares in the following year's resolution for remuneration to employees.

27. Share-based payment agreement

(1) The Company’s employee stock option plan

In September 2020, the Company granted 600 thousand units of stock options to employees, each unit of which is entitled to one share of common stock. The grant was made to employees of the Company and its subsidiaries who meet certain criteria. The stock options are granted for a duration of 5 years, and the holders of the stock options can exercise a certain percentage of the stock options granted after 2 years from the date of grant. The exercise price of the stock options is the closing price of the Company's common stock on the date of issuance. In the event of a change in the Company's common stock after the issuance of the stock options, the exercise price of the stock options shall be adjusted in accordance with the prescribed formula.

Information on employee stock options is as follows:

Employee stock options	2021 Unit: (In thousands)	2021 Weighted average exercise price (NT$)	2020 Unit: (In thousands)	2020 Weighted average exercise price (NT$)
Outstanding at the beginning of the year	600	$ 30	-	$ -
Granted in the year	-		600	30
Outstanding at the end of the year	600		600	
Exercisable at the end of the year	-		-	
Weighted average fair value of options granted in the year (NT$)	$ 72.12		$ 72.12	

Year ended December 31,

Information on employee stock options outstanding is as follows:

	December 31, 2021	December 31, 2020
Range of exercise price (NT$)	$ 30	$ 30
Weighted average remaining contract period (years)	3.67 years	4.67 years

The Company used the Black-Scholes valuation model for all employee stock options granted in September 2020, and the input values used in the valuation model were as follows:

	September 2020
Share price on grant date	124.2 years
Exercise price	NT$30
Expected volatility	19.74-20.76%
Duration	3.5/4/4.5 years
Expected dividend yield	5.14%
Risk-free interest rate	0.24%/0.27%/0.29%

The Company recognized remuneration costs of $17,262 thousand and $5,754 thousand in 2021 and 2020, respectively, for share-based payment agreements.

(2) Cash capital increase reserved for employee stock options in 2021

On July 20, 2021, the Board of Directors resolved to increase capital by cash with issuance of 6,000 thousand shares of common stock at $10 per share, amounting to $60,000 thousand. The employee stock options for the cash capital increase were granted on August 26, 2021. According to Article 267 of the Company Law, 15% of the stock options were reserved for employee stock options, with a total of 900 thousand shares and a recognized remuneration cost of $8,366 thousand.

28. Non-cash transaction

(1) Non-cash transaction

A. The Company entered into the following non-cash transactions of investing activities in 2021 and 2020.

	Year ended December 31, 2021	Year ended December 31, 2020
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	$ 90,798	$ 56,267
Add: Equipment payables at the beginning of the period	6,639	7,524
Less: Equipment payables at the end of the period	(4,529)	(6,639)
Cash paid	$ 92,908	$ 57,152

B. The Company reclassified prepayments for equipment to property, plant and equipment of $23,236 thousand and $60,430 thousand in 2021 and 2020, respectively.

(2) Changes in liabilities from financing activities

For the year ended December 31, 2021

			Non-cash changes		
	January 1, 2021	Cash flow	New/amended contracts	Interest expenses	December 31, 2021
Short-term loans	$ 70,000	($ 43,000)	$ -	$ -	$ 27,000
Long-term loans	95,815	(59,996)	-	-	35,819
Lease liabilities	189,487	(55,676)	84,095	2,974	220,880
	$ 355,302	($ 158,672)	$ 84,095	$ 2,974	$ 283,699

For the year ended December 31, 2020

			Non-cash changes		
	January 1, 2020	Cash flow	New/amended contracts	Interest expenses	December 31, 2020
Short-term loans	$ 70,000	$ -	$ -	$ -	$ 70,000
Long-term loans	105,811	(9,996)	-	-	95,815
Lease liabilities	132,507	(59,237)	114,255	1,962	189,487
	$ 308,318	($ 69,233)	$ 114,255	$ 1,962	$ 355,302

29. Capital risk management

The Company conducts capital management to ensure it is able to maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

The Company's capital structure consists of the Company's net debt (i.e., borrowings less cash and cash equivalents) and equity (i.e., share capital, capital surplus, and retained earnings).

The Company is not subject to other external capital requirements.

The Group's capital structure is reviewed annually by the Company's key management, which includes consideration of the cost of each type of capital and the related risks. The Company will balance its overall capital structure by paying dividends, issuing new shares, buying back shares and issuing new debt or paying off old debt, as recommended by key management.

30. Financial instrument

(1) Fair value information - financial instruments not measured at fair value

The Company's management considers that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values.

(2) Fair value information - financial instruments measured at fair value on a repeated basis

The Company did not hold any financial instruments measured at fair value as of December 31, 2021 and 2020.

(3) Type of financial instruments

	December 31, 2021	December 31, 2020
Financial assets		
Measured at amortized cost (Note 1)	$ 1,365,627	$ 511,344
Measured at fair value through profit or loss	94,302	-
Financial liabilities		
Measured at amortized cost (Note 2)	578,690	516,162

Note 1: The balances include financial assets measured at amortized cost such as cash and cash equivalents, accounts receivable, financial assets at amortized cost, other receivables, and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost such as short-term loans, notes payable, accounts payable, other payables, long-term loans and deposits received.

(4) Financial risk management objectives and policies

The Company's major financial instruments include equity investments, accounts receivable and accounts payable. The Company's financial management department provides services to each business unit, coordinates access to domestic and international financial markets, and monitors and manages the financial risks associated with the Company's operations through internal risk reports that analyze the risk of violence according to the level and breadth of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

A. Market risk

The Company's major financial risks arising from its operating activities are foreign currency exchange rate risk (see a. below) and interest rate risk (see b. below).

a. Exchange rate risk

The Company engages in foreign currency-denominated import transactions that result in monetary assets (bank deposits) and monetary liabilities that are not in a functional currency, which expose the Company to exchange rate fluctuations.

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date are disclosed in Note 35.

Sensitivity analysis

The Company is mainly affected by the fluctuation of the USD exchange rate.

The following table details the sensitivity analysis of the Company when the exchange rate of the New Taiwan dollar (functional currency) changes 1% against each relevant foreign currency. 1% is the sensitivity ratio used by the Company for internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The positive numbers below represent the increase in net profit before tax if the NTD depreciates by 1% against the respective currencies, and the negative number for the same amount if the NTD appreciates by 1% against the respective currencies.

	Impact of USD	
	Year ended December 31,	
	2021	2020
Profit or loss	$ 800	$ 5

b. Interest rate risk

Interest rate risk arises because the Company borrow funds at both fixed and floating interest rates and maintain bank deposits. However, because interest rates do not fluctuate significantly, the impact of changes in market interest rates on the Company's revenue and operating cash flows is limited.

The carrying amounts of the Company's financial assets and liabilities exposed to interest rate risk as of the balance sheet date were as follows

	December 31, 2021	December 31, 2020
Fair value interest rate risk		
- Financial assets	$ 952,356	$ 372
Cash flow interest rate risk		
- Financial assets	332,481	342,183
- Financial liabilities	62,819	165,815

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk of derivative and non-derivative instruments as of the balance sheet date. For floating rate liabilities, the analysis assumes that the amount of the liability outstanding at the balance sheet date is outstanding at the reporting date. The rate of change used in reporting interest rates internally to key management of the Company is an increase or decrease in interest rates by 1%, which represents management's assessment of the range of reasonably possible changes in interest rates.

If interest rates had increased or decreased by 1%, with all other variables held constant, the Company's net profit before tax would have increased/decreased by $2,697 thousand and $1,764 thousand for fiscal years 2021 and 2020, respectively, mainly due to the exposure to changes in interest rates on the Company's floating-rate bank deposits and loans.

B. Credit risk

Credit risk refers to the risk of financial loss resulting from the default of contractual obligations by the counterparties. As of the balance sheet date, the maximum exposure to credit risk of the Company to financial loss due to non-performance of counterparties' obligations and financial guarantees provided by the Company mainly arises from the carrying amount of financial assets recognized in the Consolidated Balance Sheet.

The Company's policy is to transact only with creditworthy counterparties and to obtain adequate guarantees, if necessary, to mitigate the risk of financial loss arising from default. The Company continuously monitors credit risk and the creditworthiness of counterparties, and controls credit risk through credit limits on counterparties that are reviewed and approved by management on an annual basis. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible receivables.

The Company's customer base is large and unrelated, so the concentration of credit risk is not high.

C. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Company's management monitors the use of bank financing facilities and ensures compliance with the terms of the loan agreements.

The ultimate responsibility for liquidity risk management rests with the Company's Board of Directors, which has established an appropriate liquidity risk management framework to address the Company's short-, medium- and long-term funding and liquidity management needs.

Bank loans are an important source of liquidity for the Company. As of December 31, 2021 and 2020, the Company had unutilized financing facilities, as described in (2) Financing Facilities below.

a. Liquidity and interest rate risk of non-derivative financial liabilities

The analysis of the remaining contract maturities of non-derivative financial liabilities was prepared based on the undiscounted cash flows (including principal and estimated interest) of the financial liabilities based on the earliest possible date on which the Company could be required to make repayment. Accordingly, the Company's bank loans that may be required to be repaid immediately are listed in the table below at the earliest possible date, without considering the probability that the bank will immediately enforce the right; the maturity analysis of other non-derivative financial liabilities is prepared based on the contractual repayment dates.

The undiscounted interest amount of interest cash flows paid at floating interest rates is derived from the yield rate at the balance sheet date.

December 31, 2021

	Less than 1 year	1 to 2 years	2 to 5 years	5 years or more
Floating interest rate instrument				
Short-term loans	$ 27,021	$ -	$ -	$ -
Long-term loans	10,113	20,226	5,899	-
Lease liabilities	56,578	54,209	83,305	39,598
No interest-bearing liabilities				
Notes payable	1,000	-	-	-
Accounts payable	165,489	-	-	-
Other payables	347,882	-	-	-
	$ 608,083	$ 74,435	$ 89,204	$ 39,598

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1～5 years	5～10 years	10～15 years	15～20 years	20 years or more
Lease liabilities	$ 56,578	$137,514	$ 20,561	$ 11,274	$ 7,763	$ -

December 31, 2020

	Less than 1 year	1 to 2 years	2 to 5 years	5 years or more
Floating interest rate instrument				
Short-term loans	$ 70,288	$ -	$ -	$ -
Long-term loans	61,070	10,457	26,076	-
Lease liabilities	46,112	40,313	77,984	33,318
No interest-bearing liabilities				
Accounts payable	143,880	-	-	-
Other payables	206,207	-	-	-
	$ 527,557	$ 50,770	$ 104,060	$ 33,318

Further information on the maturity analysis of lease liabilities is as follows:

	Less than 1 year	1～5 years	5～10 years	10～15 years	15～20 years	20 years or more
Lease liabilities	$ 46,112	$118,297	$ 22,009	$ 6,283	$ 5,026	$ -

The above non-derivative financial assets and liabilities with floating rate instruments are subject to change because the floating rate differs from the interest rate estimated at the balance sheet date.

b. Financing Facilities

	December 31, 2021	December 31, 2020
Bank short-term loan facilities (renewable by mutual consent)		
- Amount drawn	$ 27,000	$ 70,000
- Amount undrawn	40,000	12,000
	$ 67,000	$ 82,000
Bank long-term loan facilities		
- Amount drawn	$ 35,819	$ 95,815
- Amount undrawn	100,000	50,000
	$ 135,819	$ 145,815

31. Related party transactions

Except as disclosed in other notes, the transactions between the Company and its related parties are as follows.

(1) Name of related party and the relationship

Name of related party	Relationship with the Company
Bafang Yunji Restaurant Co., Ltd. (Bafang Restaurant Company)	Subsidiary
Fang Sin International Trading Co., Ltd. (Fang Sin Company)	Subsidiary
Dante Coffee & Foods Co., Ltd. (Dante Company)	Subsidiary
Bafang Yunji International (USA) Limited	Subsidiary
Meide Eatery	Substantive related party
Taiyuan Eatery	Substantive related party
Chengde Eatery	Substantive related party
Wuhua Eatery	Substantive related party
Taimanhan Diner	Substantive related party
Taimanji Diner	Substantive related party
Yutingyuan Enterprise	Substantive related party
Su, Hsiao-Chi	Substantive related party
Lung, Chia-Hui	Substantive related party
New Taipei City Private Bafang Yunji Social Welfare Charitable Foundation (hereinafter referred to as Bafang Yunji Foundation)	Substantive related party

(2) Operating revenue

Account	Type of related party/Name	2021	2020
Operating revenue	Subsidiary		
	Bafang Restaurant Company	$ 567,074	$ 406,758
	Fang Sin Company	1,071	812
		568,145	407,570

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Account	Type of related party/Name	2021	2020
	Substantive related party		
	Others	$ 40,083	$ 26,107
		$ 608,228	$ 433,677

The Company's sales price and collection period to related parties are the same as those to regular customers.

(3) Purchases

Type of related party/Name	2021	2020
Subsidiary		
Fang Sin Company	$ 239,490	$ 182,992
Bafang Restaurant Company	788	502
Dante Company	10	-
	$ 240,288	$ 183,494

The Company's purchase price and payment period to related parties are the same as those to regular vendors

(4) Manufacturing expenses and operating expenses

Account	Type of related party/Name	2021	2020
Manufacturing expenses	Subsidiary		
Meal expenses, etc.	Bafang Restaurant Company	$ 1,216	$ 1,746
	Dante Company	1	-
		$ 1,217	$ 1,746
Operating expenses	Subsidiary		
Training expenses	Bafang Restaurant Company	$ 21,005	$ 13,693
Advertising expenses	Bafang Restaurant Company	43,099	51,045
Miscellaneous expense	Bafang Restaurant Company	39,704	28,507
Others	Bafang Restaurant Company	900	1,142
Miscellaneous expense	Fang Sin Company	-	61
Others	Dante Company	138	-
		104,846	94,448
	Substantive related party		
Service expenses	Others	3,090	1,330
Donation	Bafang Yunji Foundation	3,000	3,000
		6,090	4,330
		$ 110,936	$ 98,778

(5) Receivable from related parties (excluding loans to related parties)

Account	Type of related party/Name	December 31, 2021	December 31, 2020
Accounts receivable	Subsidiary		
	Bafang Restaurant Company	$ 28,411	$ 31,734
	Fang Sin Company	107	107
		28,518	31,841
	Substantive related party		
	Others	1,140	1,077
		$ 29,658	$ 32,918
Other receivables	Subsidiary		
	Bafang Restaurant Company	$ 675	$ -
	Fang Sin Company	56	112
	Dante Company	291	5
	Bafang Yunji International (USA) Limited	3,383	2,854
		4,405	2,971
	Substantive related party		
	Others	1	33
		$ 4,406	$ 3,004

The outstanding receivables due from related parties were not guaranteed. No impairment loss on receivables due from related parties was recognized in 2021 and 2020.

(6) Payable to related parties

Account	Type of related party/Name	December 31, 2021	December 31, 2020
Accounts payable	Subsidiary		
	Bafang Restaurant Company	$ 29	$ 20
	Fang Sin Company	3,072	3,582
		$ 3,101	$ 3,602
Other payables	Subsidiary		
	Bafang Restaurant Company	$ 10,676	$ 10,619
	Dante Company	6	-
		10,682	10,619
	Substantive related party		
	Others	260	140
		$ 10,942	$ 10,759

The outstanding payables due to related parties were not guaranteed.

(7) Price for acquisition of property, plant and equipment

Type of related party/Name	Acquisition price 2021	Acquisition price 2020
Subsidiary		
Bafang Restaurant Company	$ -	$ 29

(8) Disposal of property, plant and equipment

Type of related party/Name	Disposal price 2021	Disposal price 2020	Loss on disposal 2021	Loss on disposal 2020
Subsidiary				
Bafang Restaurant Company	$ -	$ 28	$ -	$ -

(9) Lease agreement - the Consolidated Company is lessee

Account	Type of related party	December 31, 2021	December 31, 2020
Lease liabilities	Subsidiary		
	Bafang Restaurant Company	$ 17,869	$ 20,810

2021

Type of related party	Lease subject matter	Lease period	Rental determination	Monthly rental
Subsidiary				
Bafang Restaurant Company	No. 153, Cihui 3rd Street, Zhongli City, Taoyuan County	2018.12.20~2023.12.19	Bargain	$ 50
	2nd Floor, No. 205, Jieshou Village, Nangan Township, Lianjiang County	2018.10.1~2025.9.30	"	57
	2nd and 3rd Floor, No. 355, Boai Street, Zhubei City, Hsinchu County	2016.8.1~2021.7.31	"	20
	2F, No. 242, Wujia 2nd Road, Fengshan District, Kaohsiung City	2016.1.1~2030.12.31	"	118

2020

Type of related party	Lease subject matter	Lease period	Rental determination	Monthly rental
Subsidiary				
Bafang Restaurant Company	No. 153, Cihui 3rd Street, Zhongli City, Taoyuan County	2018.12.20~2023.12.19	Bargain	$ 50
	2nd Floor, No. 205, Jieshou Village, Nangan Township, Lianjiang County	2018.10.1~2025.9.30	"	57
	2nd and 3rd Floor, No. 355, Boai Street, Zhubei City, Hsinchu County	2016.8.1~2021.7.31	"	20
	2F, No. 242, Wujia 2nd Road, Fengshan District, Kaohsiung City	2016.1.1~2030.12.31	"	118

(10) Lease agreement - the Consolidated Company is lessor

Operating lease

The Company leases its assets under operating leases. As of December 31, 2021 and 2020, the total amount of future lease payments to be received was $7,737 thousand and $8,677 thousand, respectively. The lease income recognized in 2021 and 2020 were as follows:

Account	Type of related party/Name	2021	2020
Rental income	Subsidiary		
	Bafang Restaurant Company	$ 103	$ 471
	Fang Sin Company	60	60
	Dante Company	720	120
		883	651
	Substantive related party		
	Others	57	57
		$ 940	$ 708

(11) Loans to related parties

Type of related party	2021	2020
Other receivables		
Subsidiary		
Fang Sin Company	$ 25,000	$ 30,000

The Company's funds lent to subsidiaries are all unsecured loans with 0% interest rate.

(12) Other income

Account	Type of related party/Name	2021	2020
Other income	Subsidiary		
	Bafang Restaurant Company	$ 784	$ 244
	Fang Sin Company	84	1,236
	Dante Company	71	33
	Substantive related party		
	Others	8	1
		$ 947	$ 1,514

(13) Other related party transactions

Account	Type of related party	2021	2020
Using the equity method	Subsidiary		
Investments - cash dividends received	Bafang Restaurant Company	$ 37,754	$ 9,576
	Fang Sin Company	722	2,979
		$ 38,476	$ 12,555

Account	Type of related party	2021	2020
Using the equity method	Subsidiary		
Investments - cash	Fang Sin Company	$ -	$ 30,000
Capital increase	Bafang Yunji International (USA) Limited	-	74,114
		$ -	$ 104,114

(14) Remuneration to key management

	2021	2020
Short-term employee benefits	$ 70,954	$ 54,657
Retirement benefits		
Defined contribution plan	1,085	720
Share-based payment		
Equity settlement	9,254	2,877
	$ 81,293	$ 58,254

Salary and remuneration to directors and other key management is determined by the Remuneration Committee based on individual performance and market trends.

32. Pledged assets

The following assets of the Company have been pledged as collaterals for loans from financial institutions, payments for Taipei Agricultural Products Marketing Corporation, and the issuance of gift certificates, with the book value of each account as follows:

	December 31, 2021	December 31, 2020
Financial assets measured at amortized cost - current		
Bank time deposit	$ 374	$ 372
Other financial assets - current	8,363	-
Property, plant and equipment		
Land	230,500	230,500
Building and construction	149,335	154,551
Machinery equipment	-	46,690
	$ 388,572	$ 432,113

33. Significant Contingent Liabilities and Unrecognized Contract Commitments

In addition to those described in other notes, the Company had the following significant commitments and contingencies as of the balance sheet date.

(1) As a result of the plant expansion plan approved by the Board of Directors in September 2021, the Company entered into contracts for

the construction and purchase of related plant and equipment for a total amount of $64,289 thousand as of December 31, 2021, and paid $5,637 thousand

(2) Except for the plant expansion plan, the Company had the following unrecognized contractual commitments:

	December 31, 2021	December 31, 2020
Purchase of property, plant and equipment	$ 12,319	$ 63,350

34. Significant Subsequent Events: None.

35. Information on foreign currency assets and liabilities with significant effect

The following information is presented in foreign currencies other than the functional currency of the Company, and the exchange rates disclosed are the rates at which the foreign currencies were translated into the functional currency. Information on foreign currency assets and liabilities with significant effect as follows:

December 31, 2021

Foreign currency assets	Foreign currency (in thousands)	Exchange rate	Carrying amount
Monetary items			
CNY (RMB)	$ 45	4.344 (CNY: NTD)	$ 195
USD	2,891	27.68 (USD: NTD)	80,009
			$ 80,204
Monetary items			
Subsidiary accounted for using the equity method			
USD	2,164	27.68 (USD: NTD)	$ 59,896
JPY	245,470	0.2405 (JPY: NTD)	59,035
			$ 118,931

December 31, 2020

Foreign currency assets	Foreign currency (in thousands)	Exchange rate	Carrying amount
Monetary items			
CNY (RMB)	$ 45	4.377 (CNY: NTD)	$ 198
USD	16	28.48 (USD: NTD)	480
EUR	134	35.02 (EUR: NTD)	4,708
			$ 5,386
Monetary items			
Subsidiary accounted for using the equity method			
USD	14,880	28.48 (USD: NTD)	$ 423,797
JPY	249,388	0.2763 (JPY: NTD)	68,906
			$ 492,703

The Company's realized and unrealized foreign currency exchange gain or loss for 2021 and 2020 were exchange loss of $548 thousand and $48 thousand, respectively.

36. Additional Disclosure

(1) Information on Significant Transactions

A. Financing provided to others. (Exhibit 1)

B. Endorsements/guarantees to others. (None)

C. Marketable securities held at the end of the period. (Note 2)

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

E. Acquisition of real estate amounting to NT$300 million or 20% of the paid-in capital. (None)

F. Disposal of real estate amounting to NT$300 million or 20% of the paid-in capital. (None)

G. Purchase or sale of goods from or to related parties amounting to NT100 million or 20% of the paid-in capital. (Exhibit 3)

H. Receivables due from related parties amounting to NT$100 million or 20% of the paid-in capital. (None)

I. Trading in derivative instruments. (Note 7)

(2) Information on Investees (Exhibit 4)

(3) Information on investment in Mainland China:

A. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding percentage, profit or loss for the period and investment income and loss recognized, investment carrying amount at the end of the period, repatriated investment income and losses, and investment limit for Mainland China. (Exhibit 5)

B. Significant transactions with Mainland China investees directly or indirectly through third regions, as well as their prices, payment terms, and unrealized profits or losses: (Exhibit 5)

a. The amount and percentage of purchases and the related ending balance and percentage of payables.

b. The amount and percentage of sales and the related ending balance and percentage of receivables.

c. The amount of property transactions and the amount of resulting gains or losses.

d. The ending balance of endorsement guarantee of notes or the provision of collateral and its purpose.

e. The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation (Exhibit 1)

f. Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.

(4) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the shares. (Exhibit 6)

37. Segment information

The Company has made the required disclosures of operating segment financial information in the consolidated financial statements for 2021.

Bafang Yunji International Co., Ltd.
Financing provided to others
For the year ended December 31, 2021

Exhibit 1

Unit: In thousands of NT$/foreign currency

No. (Note 1)	Lender	Borrower	Financial statement account	Related party or not	Maximum amount for the period	Ended Balance	Actual amount drawn	Interest rate range	Nature of Financing (Note 2)	Amount of business transactions	Reasons for short-term financing	allowance for doubtful accounts	Collaterals		Financing limit for each borrower (Note 3)	Aggregate financing limit (Note 3)	Note
													Irem	Value			
0	Bafang Yunji International Co., Ltd.	Fang Sin International Trading Co., Ltd.	Other receivables - related parties	Yes	$ 60,000	$ 30,000	$ 25,000	0%	the need for short-term financing	$ -	Operating turnover	$ -	—	$ -	$ 598,472	$ 598,472	
0	Bafang Yunji International Co., Ltd.	Dante Coffee & Foods Co., Ltd.	Other receivables - related parties	Yes	50,000	50,000	-	1.165%	the need for short-term financing	-	Operating turnover	-	—	-	598,472	598,472	
1	Bafang Yunji International Company Limited	Bafang Yunji Foods (Shenzhen) Co., Ltd.	Other receivables - related parties	Yes	4,223 HKD 1,150,752	-	-	0%	the need for short-term financing	-	Operating turnover	-	—	-	151,141	151,141	
2	Fujian Bafang Yunji Foods Co., Ltd.	Fujian Bafang YunjiI Restaurant & Management Co., Ltd.	Other receivables - related parties	Yes	6,725 RMB 1,540,722	3,976 RMB 915,918	3,976 RMB 915,918	0%	the need for short-term financing	-	Operating turnover	-	—	-	17,965	17,965	

Note 1: The number column is filled out as follows:
(1) Fill in 0 for the issuer.
(2) Each invested company is numbered in sequential order starting from 1.

Note 2: For nature of funds lending, fill in if it is for business transaction or there is a need for short-term financial accommodation

Note 3: The limit of funds lent to individual recipients is $2,992,362 thousand * 20% of the net worth of the company that lends funds (Bafang Yunji International Co., Ltd.) = $598,472 thousand; the total limit of funds lent is $2,992,362 thousand * 20% of the net worth of the company that lends funds (Bafang Yunji International Co., Ltd.) = $598,472 thousand.
The limit of funds lent to individual recipients is $377,852 thousand * 40% of the net worth of the company that lends funds (Bafang Yunji International Company Limited) = $151,141 thousand; the total limit of funds lent is $377,852 thousand * 40% of the net worth of the company that lends funds (Bafang Yunji International Company Limited) = $151,141 thousand.
The limit of funds lent to individual recipients is $44,913 thousand * 40% of the net worth of the company that lends funds (Fujian Bafang Yunji Foods Co., Ltd.) = $17,965 thousand; the total limit of funds lending is $44,913 thousand * 40% of the net worth of the company that lends funds (Fujian Bafang Yunji Foods Co., Ltd.) = $17,965 thousand.

Bafang Yunji International Co., Ltd.
Marketable securities held at the end of the period
December 31, 2021

Exhibit 2

Unit: In thousands of NT$, unless otherwise specified

Holding company name	Type and name of marketable securities	Relationship with the issuers of the marketable securities	Financial statement Account	End of the period				Note
				Number of shares	Carrying amount	Shareholding percentage	Fair value	
Bafang Yunji International Co., Ltd.	Structured deposits							
	President DSU USD 100% Capital Protected Structured Instrument	-	Financial assets at fair value through profit or loss - current	-	$ 44,297	-	$ 44,297	
	President DSU NTD 100% Capital Protected Structured Instrument	-	Financial assets at fair value through profit or loss - current	-	50,005	-	50,005	
					$ 94,302	-	$ 94,302	
	Bonds with repurchase agreement							
	Reliance Industries India	-	Cash and cash equivalents	-	$ 27,680	-	$ 27,680	
	Formosa Chemicals And Fibre Corporation	-	Cash and cash equivalents	-	60,000	-	60,000	
	EVA Air	-	Cash and cash equivalents	-	32,000	-	32,000	
	Highwealth Construction Corp.	-	Cash and cash equivalents	-	6,000	-	6,000	
	Formosa Plastics	-	Cash and cash equivalents	-	20,000	-	20,000	
	SUPCON Group	-	Cash and cash equivalents	-	14,000	-	14,000	
	Chinese Petroleum Corporation	-	Cash and cash equivalents	-	17,000	-	17,000	
	Nan Ya Plastics Corporation	-	Cash and cash equivalents	-	14,600	-	14,600	
	Fubon Financial Holding	-	Cash and cash equivalents	-	15,400	-	15,400	
	HSBC Bank	-	Cash and cash equivalents	-	14,400	-	14,400	
	Taipower	-	Cash and cash equivalents	-	24,100	-	24,100	
	Cathay Financial Holding	-	Cash and cash equivalents	-	12,500	-	12,500	
					$ 257,680	-	$ 257,680	
Fang Sin International Trading Co., Ltd.	Stocks of domestic non-listed companies							
	Fresh Information Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	150,000	$ 3,750	3.7%	$ 3,750	

Note: For information on investment in subsidiaries, affiliates and joint venture interests, please refer to Exhibits 4 and 5.

Bafang Yunji International Co., Ltd.
Purchase or sale of goods from or to related parties amounting to NT100 million or 20% of the paid-in capital
For the year ended December 31, 2021

Exhibit 3

Unit: In thousands of NT$, unless otherwise specified

Purchaser/Seller	Counterparty	Relationship	Transaction				Difference in transaction terms compared to third party transactions		Notes and accounts receivable (payable)		Note
			purchases (sales)	Amount	percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	percentage of total notes and accounts receivable (payable)	
Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	subsidiary	Sales	$ 567,074	14.12%	Semi-monthly settlement	Same transaction price as with regular customers	Same credit term as with regular customers	$ 28,411	28.48%	Note 1
Bafang Yunji International Co., Ltd.	Fang Sin International Trading Co., Ltd.	subsidiary	Purchases	239,490	10.20%	Semi-monthly settlement	Same transaction price as with regular vendors	Same payment terms as with regular vendors	(3,072)	1.85%	Note 1

Note 1: The above transactions have been eliminated in the consolidated financial statements.

Bafang Yunji International Co., Ltd.
Information on investees, locations, etc
For the year ended December 31, 2021

Exhibit 4

Unit: In thousands of NT$, unless otherwise specified

Name of investor	Name of investee	Location	Principal business	Original investment amount: End of the period	Original investment amount: End of last year	Holding at the end of the period: Number of shares	Holding at the end of the period: Ratio	Holding at the end of the period: Carrying amount	Profit or loss of investee for the period	Investment income or loss recognized in the period	Note
Bafang Yunji International Co., Ltd.	Bafang Yunji (Samoa) International Co., Ltd.	Samoa	Investment management	$ 522,568	$ 522,568	16,691,980	100	$ 420,472	$ 75,305	$ 75,305	Note 1
				USD 16,691,980	USD 16,691,980			USD 15,190,475	USD 2,688,599	USD 2,688,599	
	Bafang Yunji Restaurant Co., Ltd.	Taiwan	Food and beverage services	150,727	150,727	15,000,000	100	192,468	27,198	27,198	Note 1
	Fang Sin International Trading Co., Ltd.	Taiwan	Food trading	40,000	40,000	4,000,000	100	43,960	2,825	2,825	Note 1
	Bafang Co., Ltd.	Japan	Food processing and food and beverage services	81,621	81,621	30,000	100	59,035	(1,001)	(1,001)	Note 1
				JPY 300,000,000	JPY 300,000,000			JPY 245,469,985	(JPY 3,918,386)	(JPY 3,918,386)	
	Bafang Yunji International (USA) Limited	United States	Investment management	74,114	74,114	500	100	59,896	(9,281)	(9,281)	Note 1
				USD 2,500,000	USD 2,500,000			USD 2,163,863	(USD 331,353)	(USD 331,353)	
	Dante Coffee & Foods Co., Ltd.	Taiwan	Food and beverage services	86,920	65,704	8,120,000	85.29	44,305	(43,836)	(34,140)	Note 1
Bafang Yunji (Samoa) International Co., Ltd.	Bafang Yunji Restaurant Group Limited	Hong Kong	Investment management	408,301	408,301	5,250,000	100	42,310	(9,000)	(9,000)	Note 1
				USD 13,290,438	USD 13,290,438			USD 1,528,528	(USD 321,335)	(USD 321,335)	
	Bafang Yunji (Samoa) Investment Company Limited	Samoa	Investment management	-	-	-	100	-	-	-	Note 1
	Bafang Yunji International Company Limited	Hong Kong	Food processing and food and beverage services	140,000	140,000	17,500,000	100	377,852	87,151	87,151	Note 1
				USD 4,280,035	USD 4,280,035			HKD 106,467,444	HKD 24,188,367	HKD 24,188,367	
Bafang Yunji Restaurant Group Limited	Fujian Bafang Yunji Foods Co., Ltd.	Mainland China	Food processing	105,941	105,941	-	100	44,913	(1,764)	(1,764)	Notes 1, 2
				USD 3,500,000	USD 3,500,000			RMB 10,345,118	(RMB 406,295)	(RMB 406,295)	
	Fujian Bafang YunjiI Restaurant & Management Co., Ltd.	Mainland China	Food and beverage services	113,129	113,129	-	100	(14,389)	(2,779)	(2,779)	Notes 1, 2
				USD 3,700,000	USD 3,700,000			(RMB 3,314,278)	(RMB 640,089)	(RMB 640,089)	
	Zhejiang Fuyu Restaurant & Management Co., Ltd.	Mainland China	Food and beverage services	-	92,305	-	-	-	(298)	(298)	Notes 1, 2
					USD 3,000,000				(RMB 68,566)	(RMB 68,566)	
	Xiamen Fuyu Bafang Equity Investment Co., Ltd.	Mainland China	Investment management	-	63,878	-	-	-	(1)	(1)	Notes 1, 2
					RMB 13,700,000				(RMB 196)	(RMB 196)	
Bafang Yunji International Company Limited	Bafang Yunji Foods (Shenzhen) Co., Ltd.	Mainland China	Food processing	-	27,062	-	-	-	139	139	Notes 1, 2
					HKD 7,000,000				RMB 31,993	RMB 31,993	
	Hsin Chiao International Co. Limited	Hong Kong	Transportation	-	-	1	100	12,850	10,765	10,765	Note 1
				HKD 1	HKD 1			HKD 3,620,686	HKD 2,987,761	HKD 2,987,761	
	Long Success (HK) Industrial Limited	Hong Kong	Food and beverage services	-	-	1	100	50,259	13,564	13,564	Note 1
				HKD 1	HKD 1			HKD 14,161,554	HKD 3,764,516	HKD 3,764,516	
	Rich Grade Limited	Hong Kong	Food and beverage services	-	-	1	100	9,046	612	612	Note 1
				HKD 1	HKD 1			HKD 2,548,879	HKD 169,935	HKD 169,935	
	Wise Success Enterprise Limited	Hong Kong	Transportation	-	-	1	100	685	(43)	(43)	Note 1
				HKD 1	HKD 1			HKD 193,133	(HKD 11,956)	(HKD 11,956)	
	Jiashide Limited	Hong Kong	Investment management	6,891	6,891	10,000	100	-	-	-	Note 1
				RMB 1,500,000	RMB 1,500,000						
Jiashide Limited	Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Mainland China	Food trading	6,891	6,891	-	100	-	-	-	Notes 1, 2
				RMB 1,500,000	RMB 1,500,000						
Bafang Yunji International (USA) Limited	Bafang Yunji Foods LLC	United States	Food processing	35,575	35,575	-	60	27,997	(8,626)	(5,176)	Note 1
				USD 1,200,000	USD 1,200,000			USD 1,011,462	(USD 308,020)	(USD 184,812)	
	Bafang Yunji Restaurant Group LLC	United States	Food and beverage services	26,681	26,681	-	60	20,959	(6,617)	(3,970)	Note 1
				USD 900,000	USD 900,000			USD 757,195	(USD 236,245)	(USD 141,747)	
Dante Coffee & Foods Co., Ltd.	Shichang Interior Design Co., Ltd	Taiwan	Interior design	-	1,000	-	-	-	(211)	(211)	Note 1
	Sound Sino Group Limited	Samoa	Investment management	23,034	23,034	710,000	71	(267)	491	349	Note 1
				USD 710,000	USD 710,000			(USD 9,653)	USD 17,536	USD 12,451	
	Dante Creative CO., LTD.	Taiwan	Food processing	30,000	-	3,000,000	100	29,901	(99)	(99)	Note 1
Sound Sino Group Limited	Shanghai Dante Coffee Co., Ltd	Mainland China	Food and beverage services	43,797	43,797	-	100	67	491	491	Notes 1, 2
				USD 1,350,000	USD 1,350,000			RMB 15,434	RMB 113,131	RMB 113,131	

Note 1: The above investment income or loss of the investee for 2021 was recognized based on the investee's financial statements for the same period audited by CPAs.
Note 2: Please refer to Exhibit 5 for the information on investees in Mainland China.

Bafang Yunji International Co., Ltd.
Information on investment in Mainland China
For the year ended December 31, 2021

Exhibit 5

Unit: In thousands of NT$, unless otherwise specified

1. The name of the investees in Mainland China, main business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment income and losses, investment book value, repatriated investment income and loss.

Name of investee in Mainland China	Main business	Paid-in capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investment remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of investee for the period	Shareholding percentage of the Company's direct or indirect investment	Investment income or loss recognized in the period	Carrying amount of investments at the end of the period	Investment income remitted back as of the end of the period	Note
					Remittance	Recovery							
Fujian Bafang Yunji Foods Co., Ltd.	Food processing	$ 105,941	(2)	$ 105,941 USD 3,500,000	$ -	$ -	$ 105,941 USD 3,500,000	($ 1,764) (RMB 406,295)	100	($ 1,764) (RMB 406,295)	$ 44,913 RMB 10,345,118	$ -	
Fujian Bafang YunjiI Restaurant & Management Co., Ltd.	Food and beverage services	113,129	(2)	113,129 USD 3,700,000	-	-	113,129 USD 3,700,000	(2,779) (RMB 640,089)	100	(2,779) (RMB 640,089)	(14,389) (RMB 3,314,278)	-	
Zhejiang Fuyu Restaurant & Management Co., Ltd.	Food and beverage services	92,305	(2)	92,305 USD 3,000,000	-	-	-	(298) (RMB 68,566)	-	(298) (RMB 68,566)	-	-	
Xiamen Fuyu Bafang Equity Investment Co., Ltd.	Investment management	63,878	(2)	63,878 RMB 13,700,000	-	-	-	(1) (RMB 196)	-	(1) (RMB 196)	-	-	
Bafang Yunji Foods (Shenzhen) Co., Ltd.	Food processing	27,062	(2)	27,062 HKD 7,000,000	-	-	-	139 RMB 31,993	-	139 RMB 31,993	-	-	
Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Food trading	6,891	(2)	6,891 RMB 1,500,000	-	-	6,891 RMB 1,500,000	-	100	-	-	-	
Shanghai Dante Coffee Co., Ltd.	Food and beverage services	43,797	(2)	31,096 USD 958,500	-	-	31,096 USD 958,500	491 RMB 113,131	71	349 RMB 80,323	48 RMB 10,958	-	

2. Investment quota for Mainland China.

Accumulated amount of investment from Taiwan to mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for mainland China as stipulated by the Investment Commission, MOEA
$ 502,428 (USD 16,341,534)	$ 502,428 (USD 16,341,534)	$ 1,819,519

Note 1: The investment methods can be divided into the following three types, and just indicate as such.
(1) Invest in mainland China directly.
(2) Invest in Mainland China through companies in third regions. (Please specify the investment company of the third region).
(3) Other methods

Note 2: In the column of investment income or loss recognized in the current period.
(1) If the investment is under preparation and there is no investment income or loss, it should be noted.
(2) The basis for recognizing investment income or losses is divided into the following three categories, which should be specified.
A. The financial statements have been audited by an international CPA firm with which CPA firms in the ROC. has a cooperative relationship.
B. The financial statements have been audited by the attesting CPA of the parent company in Taiwan.
C. Others

Note 3: In accordance with the "Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China" of the Investment Commission dated 2008.8.29, the higher of 60% of the net worth of the investor company or the consolidated net worth shall be the limit.

Note 4: Including the deregistration of Zhejiang Fuyu Foods Co., Ltd. in July 2020, Xiamen Fuyu Bafang Equity Investment Co., Ltd. in February 2021, and Zhejiang Fuyu Foods Co., Ltd. and Zhejiang Fuyu Restaurant & Management Co., Ltd. in March 2021, the accumulated investment amount of $253,433 thousand remitted from Taiwan was not repatriated back.

3. Significant transactions with investees in Mainland China directly or indirectly through third-region businesses: None.
4. Endorsement, guarantee or provision of collaterals provided to investees in Mainland China directly or indirectly through third-region businesses: None.
5. For financial accommodation provided to investees in Mainland China directly or indirectly through third-region businesses, please see Exhibit 1 for details of the relevant circumstances.
6. Other transactions that have a significant effect on the current profit or loss or financial position: None.

Bafang Yunji International Co., Ltd.
Information on major shareholders
December 31, 2021

Exhibit 6

Name of major shareholders	Shares	
	Shareholding	Shareholding percentage
Fu Yu Investment Co., Ltd.	9,304,966	14.08%
Lin, Chia-Yu	5,095,963	7.71%
Su, Shu-Hsin	4,031,784	6.10%
Dedicated account for the investment in Adept Capital Holdings Limited entrusted to Cathay United Bank for custody	3,323,000	5.03%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company's common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company's consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

Note 2: If a shareholder delivers his or her shares to a trust, the above information shall be disclosed by the individual trustor account opened by the trustee. As for the shareholder’s declaration of insider’s equity in accordance with the Securities and Exchange Act, the shareholding of the shareholder includes his or her own shares plus the shares that he or she has delivered to a trust and has the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider's equity declaration.

§Table of Contents for Schedule of Significant Accounting Items§

Item	Number/Index
Schedule of assets, liabilities and equity items	
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Schedule of changes in financial assets at fair value through profit or loss - current	Schedule 2
Schedule of financial assets measured at amortized cost - current	Schedule 3
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Schedule of inventories	Schedule 5
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Bafang Yunji International Co., Ltd.
Schedule of cash and cash equivalents
December 31, 2021

Schedule 1 Unit: In thousands of NT$

Item	Summary	Amount
Cash on hand		$ 518
Checking deposits	Bank A	1,000
Demand deposits	Bank A	121,682
	Bank B	43,838
	Bank C	132,512
	Others	501
Foreign currency deposits	Bank A (including USD 139,000@27.68, etc.)	3,852
	Bank B (including USD 1,034,000@27.68, etc.)	28,622
	Others	474
Cash equivalents		
Bonds with repurchase agreement		257,680
Time deposit	Bank C	200,000
		$ 790,679

Bafang Yunji International Co., Ltd.
Schedule of changes in financial assets at fair value through profit or loss - current
For the year ended December 31, 2021

Schedule 2

Unit: In thousands of NT$, unless otherwise specified

Name of financial instruments	Beginning of the period		Increase in the period		Decrease in the period		Valuation amount	End of the period		Provision of guarantee or pledge	Remarks
	Number of shares or board lots	Fair value	Number of shares or board lots	Amount	Number of shares or board lots	Amount		Number of shares or board lots	Fair value		
President DSU USD 100% Capital Protected Structured Instrument	-	$ -	-	$ 88,924	-	($ 44,556)	($ 71)	-	$ 44,297	None	
President DSU NTD 100% Capital Protected Structured Instrument	-	-	-	50,000	-	-	5	-	50,005	None	
		$ -		$138,924		($ 44,556)	($ 66)		$ 94,302		

Bafang Yunji International Co., Ltd.
Schedule of financial assets measured at amortized cost - current
December 31, 2021

Schedule 3

Unit: In thousands of NT$

Name	Number of board lots	Par value	Total amount	Interest rate	Carrying amount	Accumulated impairment	Remarks
Bank time deposit with Taipei Fubon Bank	-	-	$ 300,000	0.33%	$ 300,000	$ -	—
Bank time deposit with Welcome To Sunny Bank	-	-	100,000	0.59%	100,000	-	—
Pledged time deposits with Hua Nan Commercial Bank	-	-	374	0.41%	374	-	Please refer to Note 32 for pledges.
			$ 400,374		$ 400,374	$ -	

Bafang Yunji International Co., Ltd.
Schedule of accounts receivable
December 31, 2021

Schedule 4 Unit: In thousands of NT$

Customer name	Summary	Amount
Franchisee accounts receivable	Food ingredients receivable	$ 70,565
Less: Allowance for losses		(477)
Subtotal		70,088
Accounts receivable - related parties	Food ingredients receivable	29,658
Total		$ 99,746

Note: The balance of each customer does not exceed 5% of the balance of this account.

Bafang Yunji International Co., Ltd.
Schedule of inventories
December 31, 2021

Schedule 5 Unit: In thousands of NT$

Item	Summary	Book value	Market price
Raw materials	Meat, other food ingredients, etc.	$ 134,263	$ 131,077
Semi-finished products	Defrosted meat, etc.	9,956	10,216
Finished products	Stuffing, marinated meat, etc.	15,200	21,179
Merchandise	Store supplies, etc.	17,579	21,031
Less: Allowance for loss on decline in value and obsolescence of inventories		(8,572)	-
		$ 168,426	$ 183,503

Note: Market price is calculated based on net realizable value.

Bafang Yunji International Co., Ltd.
Schedule of other current assets
December 31, 2021

Schedule 6 Unit: In thousands of NT$

Item	Summary	Amount
Other financial assets (1)	Restricted bank demand deposits	$ 8,363
Temporary payments		252
Payments for others		59
		$ 8,674

Bafang Yunji International Co., Ltd.
Schedule of changes in long-term equity investments accounted for using the equity method
For the year ended December 31, 2021

Schedule 7 Unit: In thousands of NT$

	Amount at the beginning of the period		Increase in the period (Note 4)		Decrease in the period (Note 3)			Cumulative	Balance at the end of the period			Market price or equity net worth (Note 2)			Provision of
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Investment income (loss)	translation adjustments	Number of shares	Shareholding %	Amount	Unit price (NT$)	Total price	Valuation basis	guarantee or pledge
Non-listed companies valued using the equity method (Note 1)															
Bafang Yunji Restaurant Co., Ltd.	15,000,000	$ 203,024	-	$ -	-	($ 37,754)	$ 27,198	$ -	15,000,000	100	$ 192,468	12.83	$ 192,468	Equity method	None
Bafang Yunji (Samoa) International Co.,LTD.	16,691,980	352,733	-	-	-	-	75,305	(7,566)	16,691,980	100	420,472	25.19	420,472	Equity method	None
Fang Sin International Trading Co., Ltd.	4,000,000	41,857	-	-	-	(722)	2,825	-	4,000,000	100	43,960	10.99	43,960	Equity method	None
Bafang Co., Ltd.	30,000	68,906	-	-	-	-	(1,001)	(8,870)	30,000	100	59,035	1,967.83	59,035	Equity method	None
Bafang Yunji International (USA) Limited	500	71,064	-	-	-	-	(9,281)	(1,887)	500	100	59,896	119,792	59,896	Equity method	None
Dante Coffee & Foods Co., Ltd.	6,570,400	66,101	1,549,600	12,335	-	-	(34,140)	9	8,120,000	85.29	44,305	5.46	44,305	Equity method	None
		$ 803,685		$ 12,335		($ 38,476)	$ 60,906	($ 18,314)			$ 820,136		$ 820,136		

Note 1: The calculation is based on the financial statements audited by CPAs for the same period.
Note 2: The calculation of equity net worth is based on the investee's financial statements and the Company's shareholding percentage
Note 3: Details of the decrease for the period are as follows:

Item	Amount
Receipt of cash dividends from subsidiaries	($ 38,476)

Note 4: Details of the decrease for the period are as follows:

Item	Amount
Actual acquisition price of equity in Dante Coffee & Foods Co., Ltd.	$ 21,216
Capital surplus - difference between the acquisition price and book value of equity in Dante Coffee & Foods Co., Ltd.	(2,925)
Undistributed earnings - difference between the acquisition price and book value of equity in Dante Coffee & Foods Co., Ltd.	(5,956)
	$ 12,335

Bafang Yunji International Co., Ltd.
Schedule of changes in right-of-use assets
For the year ended December 31, 2021

Schedule 8 Unit: In thousands of NT$

Item	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period
Land	$ 36,536	$ 24,515	$ -	$ 61,051
Building	87,913	8,054	(7,135)	88,832
Transportation equipment	143,775	58,522	(8,019)	194,278
	$ 268,224	$ 91,091	($ 15,154)	$ 344,161

Bafang Yunji International Co., Ltd.
Schedule of changes in accumulated depreciation of right-of-use assets
For the year ended December 31, 2021

Schedule 9 Unit: In thousands of NT$

Item	Balance at the beginning of the period	Increase in the period	Decrease in the period	Balance at the end of the period
Land	$ 457	$ 2,408	$ -	$ 2,865
Building	22,084	13,202	(7,135)	28,151
Transportation equipment	38,760	38,428	(8,019)	69,169
	$ 61,301	$ 54,038	($ 15,154)	$ 100,185

Bafang Yunji International Co., Ltd.
Schedule of other non-current assets
December 31, 2021

Schedule 10 Unit: In thousands of NT$

Item	Summary	Amount
Prepayments for equipment	Payment for plant and equipment	$ 39,690
Refundable deposits	Lease deposits, etc.	42,856
		$ 82,546

Bafang Yunji International Co., Ltd.
Schedule of notes payable
December 31, 2021

Schedule 11 | Unit: In thousands of NT$

Customer name	Summary	Amount	Remarks
Shung Ye	Deposits	$ 1,000	—

Bafang Yunji International Co., Ltd.
Schedule of accounts payable
December 31, 2021

Schedule 12 Unit: In thousands of NT$

Vendor name	Summary	Amount
New Cheng	Payment for goods	$ 8,260
Master Channels Corporation	〃	15,636
Others (Note)	〃	138,492
Related party		3,101
		$ 165,489

Note: The balance of each vendor does not exceed 5% of the balance of this account.

Bafang Yunji International Co., Ltd.
Schedule of other payables
December 31, 2021

Schedule 13 | Unit: In thousands of NT$

Item	Summary	Amount
Other payables	Dividends payable	$ 150,112
	Salaries payable and bonus	110,432
	Remuneration payable to employees and directors and supervisors	15,000
	Insurance premiums payable	7,745
	Retirement benefits payable	4,898
	Equipment payables	4,529
	Business tax payable	18,398
	Service expenses payable	1,242
	Other expenses payable (Note)	24,584
		336,940
Related party	Marketing and advertising expenses payable	8,474
	Others (Note)	2,468
		10,942
		$ 347,882

Note: The balance of each vendor does not exceed 5% of the balance of this account.

Bafang Yunji International Co., Ltd.
Schedule of other current liabilities
December 31, 2021

Schedule 14 Unit: In thousands of NT$

Item	Summary	Amount
Receipts under custody	Income tax withholding, etc	$ 2,586
Financial liabilities		2,575
Advanced receipts		11
Temporary receipts		1,082
		$ 6,254

Bafang Yunji International Co., Ltd.
Schedule of lease liabilities
December 31, 2021

Schedule 15 Unit: In thousands of NT$

Item	Lease period	Discount rate	Amount
Land	19~20 years	1.42%	$ 36,334
Building	1~12 years	1.25%～1.7%	49,623
Transportation equipment	3~5 years	1.25%~1.7%	134,923
Less: Recorded as current liabilities			(53,838)
Lease liabilities - non-current			$ 167,042

Bafang Yunji International Co., Ltd.
Schedule of operating revenue
For the year ended December 31, 2021

Schedule 16 Unit: In thousands of NT$

Name	Amount
Food processing	$ 3,293,098
Merchandise trading	711,814
Licensing revenue	11,032
	$ 4,015,944

Bafang Yunji International Co., Ltd.
Schedule of operating costs
For the year ended December 31, 2021

Schedule 17 | Unit: In thousands of NT$

Item	Amount
Merchandise	
Inventories at the beginning of the period	$ 12,975
Purchases in the period (net)	562,897
Inventories at the end of the period	(17,579)
Less: Merchandise cycle count loss	(40)
Less: Merchandise scrapping loss	(420)
Less: Others	(635)
Cost of merchandise sold	557,198
Raw materials	
Raw materials at the beginning of the period	118,386
Purchases in the period	1,729,693
Raw materials at the end of the period	(130,082)
Add: Others	779
Less: Raw materials cycle count loss	(2,030)
Less: Raw materials scrapping	(1,138)
Less: Raw materials sold	(55,304)
Direct raw material consumption	1,660,304
Supplies	
Supplies at the beginning of the period	3,570
Purchases in the period	54,461
Supplies at the end of the period	(4,181)
Less: Supplies cycle count loss	(2)
Less: Transferred to other expenses and others	(53,848)
Indirect material consumption	-
Direct labors	155,040
Manufacturing expenses	341,220
Manufacturing costs	2,713,762
Semi-finished products	
Semi-finished products at the beginning of the period	5,798
Purchases in the period	13
Semi-finished products at the end of the period	(9,956)
Less: Semi-finished product cycle count loss	(438)
Less: Semi-finished product scrapping	(50)
Less: Others	(948)
	(5,581)
Cost of finished products	2,708,181
Finished products	
Costs of finished products at the beginning of the period	12,007
Purchases in the period	13
Costs of finished products at the end of the period	(15,200)
Less: Finished product cycle count loss	($ 778)
Less: Finished product scrapping	(4,026)
Less: Transferred to other expenses and others	(188)
	(8,172)
Production and selling costs	2,700,009
Costs of raw materials sold	55,304
Operating costs of semi-finished products	433
Inventory cycle count loss	3,288
Inventory scrapping	5,634
Other operating costs	(1,228)
	$ 2,763,440

Bafang Yunji International Co., Ltd.
Schedule of operating expenses
For the year ended December 31, 2021

Schedule 18 Unit: In thousands of NT$

Item	Selling and marketing	General and administrative	Research and development	Total
Salary expenses	$ 162,872	$ 123,248	$ 6,237	$ 292,357
Advertising expenses	84,714	52	-	84,766
Insurance expenses	16,262	7,275	331	23,868
Pension	7,620	3,599	216	11,435
Depreciation expenses	41,843	16,393	1,977	60,213
Various allocations	34	1,579	-	1,613
Training expenses	1,674	21,379	-	23,053
Other expenses	47,131	93,417	4,143	144,691
	$ 362,150	$ 266,942	$ 12,904	$ 641,996

Bafang Yunji International Co., Ltd.
Schedule of other income and expenses
For the year ended December 31, 2021

Schedule 19 Unit: In thousands of NT$

Item	Summary	Amount
Loss on disposal of property, plant and equipment		($ 316)
Net foreign currency exchange loss		(548)
Loss on financial assets at fair value through profit or loss		(66)
Others		(215)
		($ 1,145)

Bafang Yunji International Co., Ltd.
Schedule of employee benefits, depreciation and amortization expenses incurred in the period summarized by function
For the years ended December 31, 2021 and 2020

Schedule 20

Unit: In thousands of NT$

	2021			2020		
	For operating costs	For operating expenses	Total	For operating costs	For operating expenses	Total
Employee benefit expenses						
Salary expenses	$ 209,572	$ 273,241	$ 482,813	$ 183,502	$ 235,507	$ 419,009
Labor and health insurance expenses	19,101	21,892	40,993	15,729	18,557	34,286
Pension expenses	7,901	11,435	19,336	6,930	10,073	17,003
Remuneration to directors	-	19,116	19,116	-	16,254	16,254
Other employee benefit expenses	10,381	9,505	19,886	8,992	8,297	17,289
	$ 246,955	$ 335,189	$ 582,144	$ 215,153	$ 288,688	$ 503,841
Depreciation expenses	$ 89,731	$ 60,214	$ 149,945	$ 80,525	$ 47,534	$ 128,059
Amortization expenses	$ 113	$ 1,613	$ 1,726	$ 116	$ 1,595	$ 1,711

Note:

1. The number of employees in the current and previous years was 524 and 477, respectively, of which the number of directors who were not also employees was 8.
2. (1) The average employee benefit expense for the current year was $1,091 thousand ("Total employee benefit expense for the current year - total directors' remuneration " / "Number of employees for the current year - number of directors who are not also employees").
   The average employee benefit expense for the previous year was $1,040 thousand ("Total employee benefit expense for the previous year - total directors' remuneration " / "Number of employees for the previous year - number of directors who are not also employees").
   (2) The average employee salary expense for the current year was $936 thousand ("Total employee salary expense for the current year" / "Number of employees for the current year - number of directors who are not also employees").
   The average employee salary expense for the previous year was $893 thousand ("Total employee salary expense for the previous year" / "Number of employees for the previous year - number of directors who are not also employees").
   (3) Increase of 4.82% in the adjustment of average employee salary expense ("Average employee salary expense for the current year - Average employee salary expense for the previous year" / Average employee salary expense for the previous year).
   (4) Supervisors' remuneration for the current year and the previous year: The Audit Committee was established in June 2020, so there was no supervisor; the supervisors' remuneration for the previous year was $1,100 thousand.
   (5) The Company's salary and remuneration policy (including directors, managers and employees)
   A. Salary and remuneration of the Company's directors is determined in accordance with the "Regulations Governing the Salary and Remuneration of Directors and Functional Members", which includes remuneration, retirement pension, business execution related expenses and other remuneration ; their remuneration is reasonably paid in accordance with the regulations; the remuneration of directors is determined in accordance with Article 18 of the Company's Articles of Incorporation, and no more than 1% of the Company's annual profit shall be appropriated as remuneration to directors; retirement pension and business execution expenses are determined in accordance with the relevant regulations. Salary and remuneration of directors is reviewed by the Remuneration Committee and the Board of Directors, and the salary and remuneration system is reviewed from time to time depending on the actual operating conditions.
   B. Remuneration of the president, vice president and managerial officers includes salary remuneration, retirement pension, employee remuneration and business execution related expenses. Remuneration is determined by reference to industry standards, taking into account the position, rank, education and experience, professional ability and contribution to the Company, and the Company's operating results In accordance with Article 18 of the Company's Articles of Incorporation, not less than 1% of the Company's annual profit, if any, shall be provided as employee remuneration; retirement pension and business execution expenses shall be handled in accordance with the relevant regulations. The relevant salary and remuneration to employees are submitted to the Remuneration Committee for consideration and distribution after the Board of Directors' approval.

C. Remuneration of the regular employees includes salary remuneration, retirement pension, employee remuneration and business execution related expenses. Salary is determined by reference to industry standards, taking into account the position, rank, education and experience, professional ability; Bonuses and related incentives are paid based on individual performance, achievement of departmental goals, and consideration of the Company's operating results. In accordance with Article 18 of the Company's Articles of Incorporation, not less than 1% of the Company's annual profit, if any, shall be provided as employee remuneration.