

Bafang Yunji International
Co., Ltd. and subsidiaries

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

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Representation Letter

The entities that are required to be included in the combined financial statements of Bafang Yunji International Co., Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Bafang Yunji International Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Declared by

Company Name: Bafang Yunji International Co., Ltd.

Chairperson: Lin, Hsin-Yi

March 11, 2024

Independent Auditors' Report

The Board of Directors and Shareholders

Bafang Yunji International Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Authenticity of sales revenues from shipments to specific customers

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

We conducted the following audit procedures:

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

Other Matter

We have also audited the parent company only financial statements of Bafang Yunji International Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

Deloitte Taiwan

CPA Kuo, Nai-Hua

Financial Supervisory Commission
approval document

Jin-Guan-Zheng-Shen-Zi No. 1070323246

CPA Lee, Li-Huang

Securities and Futures Commission
approval document

Tai-Cai-Zheng (6) Zi No. 0930128050

March 28, 2024

Bafang Yunji International Co., Ltd. and subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: In thousands of NT\$

Code	Assets	December 31, 2023		December 31, 2022 (Restated)	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4, 6, and 35)	\$ 803,523	13	\$ 690,016	12
1110	Financial assets at fair value through profit or loss - current (Notes 4, 7, and 35)	210,241	3	110,228	2
1140	Financial assets measured at amortized cost – current (Notes 4, 8, 9, 35 and 37)	541,141	9	1,127,766	19
1150	Notes receivable (Notes 4, 11, 26, and 35)	71	-	-	-
1170	Accounts receivable (Notes 4, 11, 26, 35 and 36)	161,182	3	138,581	2
1197	Lease receivables (Notes 4, 12 and 36)	44,077	1	53,991	1
1200	Other receivables (Notes 4, 11, 35 and 36)	17,463	-	21,838	-
1220	Current income tax assets (Notes 4 and 28)	3,444	-	327	-
130X	Inventories (Notes 4 and 13)	247,441	4	227,027	4
1429	Other prepayments (Note 18)	115,636	2	91,591	2
1470	Other current assets (Notes 19, 35 and 37)	3,428	-	21,229	-
11XX	Total current assets	<u>2,147,647</u>	<u>35</u>	<u>2,482,594</u>	<u>42</u>
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes 4, 10 and 35)	3,750	-	3,750	-
1600	Property, plant and equipment (Notes 4, 15 and 37)	2,378,535	39	1,710,287	29
1755	Right-of-use assets (Notes 4, 16 and 36)	1,309,593	21	1,286,237	22
1780	Other intangible assets (Notes 4 and 17)	18,557	-	16,161	-
1840	Deferred income tax assets (Notes 4 and 28)	6,223	-	7,617	-
1915	Prepayments for equipment (Note 19)	79,309	1	82,252	2
194D	Long-term lease receivables (Notes 4, 12 and 36)	67,691	1	105,029	2
1920	Refundable deposits (Notes 19, 35 and 36)	169,234	3	164,941	3
15XX	Total non-current assets	<u>4,032,892</u>	<u>65</u>	<u>3,376,274</u>	<u>58</u>
1XXX	Total assets	<u>\$ 6,180,539</u>	<u>100</u>	<u>\$ 5,858,868</u>	<u>100</u>
	Liabilities and equity				
	Current liability				
2100	Short-term loans (Notes 20, 35 and 37)	\$ 302,000	5	\$ 30,000	1
2150	Notes payable (Notes 21 and 35)	1,522	-	2,551	-
2170	Accounts payable (Notes 21 and 35)	238,308	4	198,717	3
2200	Other payables (Notes 22, 35 and 36)	551,617	9	567,475	10
2230	Current income tax liabilities (Notes 4 and 28)	41,357	-	96,306	2
2280	Lease liabilities - current (Notes 4, 16, 33, 35 and 36)	413,789	7	437,514	7
2322	Long-term loans due within one year (Notes 20, 33, 35 and 37)	4,244	-	4,153	-
2399	Other current liabilities (Note 23)	55,757	1	59,951	1
21XX	Total current liabilities	<u>1,608,594</u>	<u>26</u>	<u>1,396,667</u>	<u>24</u>
	Non-current liabilities				
2540	Long-term loans (Notes 20, 33, 35 and 37)	29,529	-	33,878	1
2570	Deferred income tax liabilities (Notes 4 and 28)	10,384	-	4,177	-
2580	Lease liabilities - non-current (Notes 4, 16, 33, 35 and 36)	1,020,093	17	1,009,692	17
2550	Provision for liabilities (Notes 4 and 23)	7,036	-	7,627	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 24)	2,635	-	2,246	-
2645	Deposits received (Notes 22, 33, 35 and 36)	53,461	1	40,111	1
25XX	Total non-current liabilities	<u>1,123,138</u>	<u>18</u>	<u>1,097,731</u>	<u>19</u>
2XXX	Total liabilities	<u>2,731,732</u>	<u>44</u>	<u>2,494,398</u>	<u>43</u>
	Equity (Notes 14, 25, 30 and 32)				
3110	Common stock	664,948	11	663,258	11
3200	Capital surplus	996,533	16	988,905	17
	Retained earnings				
3310	Legal reserve	440,197	7	405,884	7
3320	Special reserve	4,247	-	31,936	1
3350	Undistributed earnings	1,277,604	21	1,196,578	20
3300	Total retained earnings	<u>1,722,048</u>	<u>28</u>	<u>1,634,398</u>	<u>28</u>
	Other equity				
3410	Exchange differences on translation of financial statements of foreign operations	(1,619)	-	(4,247)	-
	Equity attributable to shareholders of the Company	3,381,910	55	3,282,314	56
36XX	Non-controlling interests	66,897	1	82,156	1
3XXX	Total equity	<u>3,448,807</u>	<u>56</u>	<u>3,364,470</u>	<u>57</u>
	Total liabilities and equity	<u>\$ 6,180,539</u>	<u>100</u>	<u>\$ 5,858,868</u>	<u>100</u>

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

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd. and subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

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

Code		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (Notes 4, 26, 36 and 42)	\$ 7,339,890	100	\$ 6,799,263	100
5000	Operating costs (Notes 13 and 27)	(4,787,287)	(65)	(4,273,394)	(63)
5900	Gross profit	<u>2,552,603</u>	<u>35</u>	<u>2,525,869</u>	<u>37</u>
	Operating expenses (Notes 11, 16, 24, 27 and 36)				
6100	Selling and marketing	(1,443,944)	(20)	(1,306,403)	(19)
6200	General and administrative	(420,300)	(6)	(410,841)	(6)
6300	Research and development	(20,031)	-	(21,117)	(1)
6450	Gain on reversal of expected credit loss	<u>305</u>	<u>-</u>	<u>835</u>	<u>-</u>
6000	Total operating expenses	(<u>1,883,970</u>)	(<u>26</u>)	(<u>1,737,526</u>)	(<u>26</u>)
6900	Net operating profit	<u>668,633</u>	<u>9</u>	<u>788,343</u>	<u>11</u>
	Non-operating income and expenses (Notes 16, 27, 31 and 36)				
7100	Interest income	30,184	-	14,421	-
7010	Other income	37,047	-	98,359	2
7020	Other gains and losses	(26,233)	-	(39,092)	(1)
7050	Finance costs	(<u>31,889</u>)	<u>-</u>	(<u>28,811</u>)	<u>-</u>
7000	Total non-operating income and expenses	<u>9,109</u>	<u>-</u>	<u>44,877</u>	<u>1</u>
7900	Net profit before tax	677,742	9	833,220	12
7950	Income tax expense (Notes 4 and 28)	(<u>139,987</u>)	(<u>2</u>)	(<u>188,144</u>)	(<u>3</u>)
8200	Net profit for the year	<u>537,755</u>	<u>7</u>	<u>645,076</u>	<u>9</u>
	Other comprehensive income (Notes 4, 24, 25 and 28)				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans	(792)	-	2,358	-

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Code		2023		2022	
		Amount	%	Amount	%
8349	Income tax related to items that will not be reclassified to profit or loss	\$ 158	-	(\$ 472)	-
8360	Items that may subsequently be reclassified to profits or loss				
8361	Exchange differences arising on translation of foreign operations	3,489	-	65,373	1
8399	Income tax related to items that may subsequently be reclassified to profit or loss	(665)	-	(12,458)	-
8300	Other comprehensive income for the year	2,190	-	54,801	1
8500	Total comprehensive income for the year	\$ 539,945	7	\$ 699,877	10
	Net profits attributable to				
8610	Shareholders of the Parent	\$ 554,172	7	\$ 660,953	9
8620	Non-controlling interests	(16,417)	-	(15,877)	-
8600		\$ 537,755	7	\$ 645,076	9
	Total comprehensive attributable to				
8710	Shareholders of the Parent	\$ 556,166	7	\$ 712,847	10
8720	Non-controlling interests	(16,221)	-	(12,970)	-
8700		\$ 539,945	7	\$ 699,877	10
	Earnings per share (Note 29)				
9710	Basic	\$ 8.35		\$ 10.00	
9810	Diluted	\$ 8.31		\$ 9.92	

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

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd. and subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

Unit: In thousands of NT\$

		Equity attributable to shareholders of the Company						Other equity items			
		Share capital		Retained earnings			Exchange differences arising on translation of foreign operations		Total	Non-controlling interests	Total equity
Code		Number of shares (in thousands of shares)	Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings				
A1	Balance as of January 1, 2022	66,045	\$ 660,448	\$ 970,319	\$ 348,629	\$ 48,589	\$ 1,018,632	(\$ 54,255)	\$ 2,992,362	\$ 40,170	\$ 3,032,532
	Appropriation and distribution of earnings										
B1	Legal reserve	-	-	-	57,255	-	(57,255)	-	-	-	-
B3	Special reserve	-	-	-	-	(16,653)	16,653	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(444,291)	-	(444,291)	-	(444,291)
N1	Common stocks issued under the employee stock ownership plan	281	2,810	4,833	-	-	-	-	7,643	-	7,643
N1	Share-based payment transaction	-	-	13,562	-	-	-	-	13,562	-	13,562
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	191	-	-	-	-	191	780	971
D1	Net profit for 2022	-	-	-	-	-	660,953	-	660,953	(15,877)	645,076
D3	Other comprehensive income after tax for 2022	-	-	-	-	-	1,886	50,008	51,894	2,907	54,801
D5	Total comprehensive income for 2022	-	-	-	-	-	662,839	50,008	712,847	(12,970)	699,877
O1	Non-controlling interests	-	-	-	-	-	-	-	-	54,176	54,176
Z1	Balance as of December 31, 2022	66,326	663,258	988,905	405,884	31,936	1,196,578	(4,247)	3,282,314	82,156	3,364,470
	Appropriation and distribution of earnings										
B1	Legal reserve	-	-	-	34,313	-	(34,313)	-	-	-	-
B3	Special reserve	-	-	-	-	(27,689)	27,689	-	-	-	-
B5	Cash dividends	-	-	-	-	-	(465,117)	-	(465,117)	-	(465,117)
N1	Common stocks issued under the employee stock ownership plan	169	1,690	2,751	-	-	-	-	4,441	-	4,441
N1	Share-based payment transaction	-	-	4,969	-	-	-	-	4,969	-	4,969
C17	Other changes in capital surplus Right of disgorgement exercised	-	-	99	-	-	-	-	99	-	99
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(191)	-	-	(771)	-	(962)	962	-
D1	Net profits for 2023	-	-	-	-	-	554,172	-	554,172	(16,417)	537,755
D3	Other comprehensive income after tax for 2023	-	-	-	-	-	(634)	2,628	1,994	196	2,190
D5	Total comprehensive income for 2023	-	-	-	-	-	553,538	2,628	556,166	(16,221)	539,945
Z1	Balance as of December 31, 2023	66,495	\$ 664,948	\$ 996,533	\$ 440,197	\$ 4,247	\$ 1,277,604	(\$ 1,619)	\$ 3,381,910	\$ 66,897	\$ 3,448,807

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

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Unit: In thousands of NT\$

Code		2023	2022
	Cash flows from operating activities		
A10000	Net profits before tax for the year	\$ 677,742	\$ 833,220
A20010	Adjustments for		
A20100	Depreciation expenses	684,028	654,542
A20200	Amortization expenses	4,484	3,308
A20300	Expected credit loss reversed	(305)	(835)
A20400	Net (Gain) loss on financial assets and liabilities measured at fair value through profit or loss	(1,492)	(702)
A20900	Finance costs	31,889	28,811
A21200	Interest income	(30,184)	(14,421)
A21300	Dividend income	(210)	-
A21900	Share-based compensation	4,969	13,562
A22500	Loss (Gain) on disposal and scrapping of property, plant and equipment	17,467	15,699
A22800	Loss on disposal of intangible assets	175	6
A23100	Losses on disposal of subsidiaries	8,737	401
A23800	Reversal of provision for decline in value and obsolescence of inventories	-	(624)
A29900	Gains on rent concessions	-	(4,883)
A29900	Lease modification gain	(2,206)	(1,935)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	(71)	-
A31150	Accounts receivable	(22,293)	(11,292)
A31180	Other receivables	(4,206)	(3,323)
A31200	Inventory	(20,412)	(16,749)
A31230	Prepayments	(24,045)	25,242
A31240	Other current assets	(617)	(259)
A32130	Notes payable	(1,029)	(285)
A32150	Accounts payable	39,591	(3,297)
A32180	Other payables	29,396	9,753
A32230	Other current liabilities	(4,194)	(2,620)
A32240	Net defined benefit liabilities	(403)	(370)
A33000	Cash inflows from operations	1,386,811	1,522,949
A33100	Interest received	27,501	11,415
A33300	Interest paid	(3,522)	(2,017)
A33500	Income tax paid	(190,959)	(144,315)
AAAA	Net cash inflows from operating activities	<u>1,219,831</u>	<u>1,388,032</u>

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Code		2023	2022
	Cash flows from investing activities		
B00100	Purchase of financial assets at fair value through profit or loss	(\$ 712,000)	(450,539)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss	613,479	435,315
B00040	Purchase of financial assets measured at amortized cost	586,625	(712,392)
B02300	Proceeds from disposal of subsidiaries	-	(69)
B02700	Payment for property, plant and equipment	(966,255)	(353,767)
B02800	Proceeds from disposal of property, plant and equipment	67,953	67,707
B03700	Increase in refundable deposits	(4,293)	(12,868)
B04500	Payments of intangible assets	(7,056)	(13,004)
B05350	Acquisition of right-of-use assets.	(200)	-
B06100	Decrease in lease receivables	59,420	55,142
B06500	Increase in other financial assets	-	(9,889)
B06600	Decrease in other financial assets	18,418	-
B07100	Increase in prepayments for equipment	(28,929)	(93,194)
B07600	Dividends received	<u>210</u>	<u>-</u>
BBBB	Net cash outflows from investing activities	(<u>372,628</u>)	(<u>1,087,558</u>)
	Cash flows from financing activities		
C00100	Increase in short-term loans	272,000	3,000
C01600	Borrowing of long-term loans	-	2,161
C01700	Repayment of long-term loans	(4,230)	(53,647)
C03000	Increase in deposits received	13,350	11,059
C04020	Repayment of lease principals	(521,754)	(498,545)
C04500	Distribution of cash dividends	(497,539)	(429,291)
C04800	Exercise of employee share options	4,441	7,643
C05500	Disposal of ownership interests in subsidiaries (without losing control)	-	971
C05800	Change in non-controlling interests	-	54,176
C09900	Right of disgorgement exercised	<u>99</u>	<u>-</u>
CCCC	Net cash (outflows) inflows from financing activities	(<u>733,633</u>)	(<u>902,473</u>)
DDDD	Effect of change in exchange rate on cash and cash equivalents	(<u>63</u>)	<u>44,290</u>

(Continued on next page)

(Continued from previous page)

<u>Code</u>		<u>2023</u>	<u>2022</u>
EEEE	Increase (decrease) in cash and cash equivalents for the period	\$ 113,507	(\$ 557,709)
E00100	Cash and cash equivalents at the beginning of the year	<u>690,016</u>	<u>1,247,725</u>
E00200	Cash and cash equivalents at the end of the year	<u>\$ 803,523</u>	<u>\$ 690,016</u>

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

Chairperson: Lin, Hsin-Yi

President: Chang, Jui-Lien

Accounting Officer: Huang, Lee-Chi

Bafang Yunji International Co., Ltd. and subsidiaries
Notes to consolidated financial statements
For the Years Ended December 31, 2023 and 2022

(Amounts in New Taiwan dollars thousands unless otherwise stated)

1. Company History

Bafang Yunji International Co., Ltd. ("the Company") was incorporated 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 on the Taiwan Stock Exchange since September 2021.

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

2. Date and Procedure for Approval of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 11, 2024.

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 Accounting Standards") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

A. Amendments to IAS 1 "Disclosure of Accounting Policies"

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

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

Refer to Note 4 for related accounting policy information.

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

The Group has applied the amendments since January 1, 2023, which defines accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

C. Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

Impact on assets, liabilities and equity for the current year

	<u>December 31, 2023</u>
Increase in deferred tax assets	\$ 696
Increase in assets	<u>\$ 696</u>
Increase in deferred tax liabilities	\$ 411
Increase in liabilities	<u>\$ 411</u>
Increase in retained earnings	\$ 285
Increase in other equity interests	-
Increase in non-controlling interests	-
Increase in equity	<u>\$ 285</u>

Impact on total comprehensive income for the current year

	<u>December 31, 2023</u>
Decrease in income tax expense	\$ 285
Increase in net profit for the year	<u>\$ 285</u>
Increase in net profit attributable to:	
Owners of the Company	\$ 285
Non-controlling interests	-
	<u>\$ 285</u>

Upon initial application of the amendments to IAS 12, the impact for the prior year is summarized below:

Impact on assets, liabilities and equity for the prior year

	<u>As Originally Stated</u>	<u>Adjustments Arising from Initial Application</u>	<u>Restated</u>
<u>December 31, 2022</u>			
Deferred tax assets	\$ 6,677	\$ 940	\$ 7,617
Total effect on assets	<u>\$ 6,677</u>	<u>\$ 940</u>	<u>\$ 7,617</u>
Deferred tax liabilities	\$ 3,237	\$ 940	\$ 4,177
Total effect on liabilities	<u>\$ 3,237</u>	<u>\$ 940</u>	<u>\$ 4,177</u>

	As Originally Stated	Adjustments Arising from Initial Application	Restated
Retained earnings	\$ -	\$ -	\$ -
Other equity interests	-	-	-
Non-controlling interests	-	-	-
Total effect on equity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

- (2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

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

- Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.
- Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.
- Note 3: The amendments provide some transition relief regarding disclosure requirements.

A. Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”

The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in such a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

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

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

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group, which may have difficulty complying with the covenants and repaying its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such an option is recognized separately as equity in accordance with IAS 32 “Financial Instruments: Presentation”, the aforementioned terms would not affect the classification of the liability.

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

(3) The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended or Revised Standards and Interpretation	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS	January 1, 2023

New, Amended or Revised Standards and Interpretation	Effective Date Issued by IASB (Note 1)
9 and IFRS 17 - Comparative Information” Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

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

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

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

B. Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being

exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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

4. Summary of Significant Accounting Policies

(1) Statement of Compliance

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

(2) Basis of preparation

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

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

- A. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
- B. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
- C. Level 3 input value: the unobservable input value of asset or liability.

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

Current assets include:

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

Current liabilities include:

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

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

(4) Basis of consolidation

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

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

For details of subsidiaries, shareholding percentage and business scope, please refer to Note 14 and Exhibit 8 of Note 41.

(5) Foreign currency

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

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

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

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

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

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

(6) Inventories

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

(7) Investments in Affiliates

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

The Group adopts the equity method for investment in affiliates.

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

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

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

(8) Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its

intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

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

(9) Intangible assets

A. Acquired separately

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

B. Derecognition

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

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

The Group 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 Group is to estimate the recoverable amount of the respective cash-generating unit.

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

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

An impairment loss is recognized for inventory, property, plant and equipment and intangible assets recognized under customer contracts in accordance with the inventory impairment rules and the above rules. Then, an impairment loss is

recognized for the amount by which the carrying amount of the contract cost-related assets exceeds the remaining balance of the consideration expected to be received for the provision of the related goods or services, less directly related costs. Next, the carrying amount of the contract cost-related assets is included in the respective cash-generating unit for the purpose of assessing the impairment of the cash-generating unit.

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

(11) Financial instrument

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

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

A. Financial instrument

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

a. Types of measurement

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

I. Financial assets at fair value through profit or loss

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

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

II. Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income

when the right of the Group in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

b. Impairment of financial assets and contract assets

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

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

B. Financial liabilities

a. Subsequent measurement

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

b. Derecognition of financial liabilities

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

C. Equity instruments

The debt and equity instruments issued by the Group 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 Group are recognized for an amount after deducting the direct issuing cost from the proceeds collected.

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

(12) Provision for liabilities

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

(13) Recognition of revenue

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

A. Revenue from merchandise sales

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

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

the sale of food and beverages in self-operated stores is recognized at the time of customer purchase.

B. Licensing revenue

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

(14) Leases

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

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

A. The Group 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 Group 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 Group applies the recognition exemption, the sublease is classified as an operating lease.

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

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

B. The Group is the lessee

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

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

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

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

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

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

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

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

(15) Borrowing costs

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

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

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

(16) Government subsidies

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

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

(17) Employee benefits

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

A. Short-term employee benefits

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

B. Retirement benefits

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

The defined benefit cost (including service cost, net interest and 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.

(18) Share-based payment agreement

Equity Settled Share-based Payment Agreement to Employees

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

(19) Income tax

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

A. Current income tax

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

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

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

B. Deferred income tax

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

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

All taxable provisional differences relevant to the investment in subsidiaries and affiliates were recognized as deferred income tax liabilities, except an event while the Group could control the time point of recovery of the control over the provisional difference or while the said provisional difference

would be very likely not recoverable in the foreseeable future. The deductible temporary differences related to such investments are recognized as deferred income tax assets when there is likely a sufficient taxable income available for realizing a temporary difference and within the expected reverse in the foreseeable future.

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

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

C. Current and deferred income tax

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

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

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

When adopting accounting policies, the Group'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 Group 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.

Estimations, and Main Sources of Assumption Uncertainties

A. Estimation of impairment on financial assets

The estimation of impairment on accounts receivable and debt instrument investments is based on assumptions regarding the probability of default and the loss rate upon default made by the Group. The Group considers historical

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

B. Impairment of inventories

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

6. **Cash and cash equivalents**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 14,584	\$ 10,889
Checking accounts and demand deposits	598,029	583,417
Cash equivalents (investments with original maturity of less than 3 months)		
Bonds with repurchase agreement	-	65,000
Bank time deposits	190,910	30,710
	<u>\$ 803,523</u>	<u>\$ 690,016</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank deposits	0.001%~5.55%	0.001%~4.5%
Bonds with repurchase agreement	-	0.59%~0.62%

7. **Financial instruments at fair value through profit or loss**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Mandatorily measured at fair value through profit or loss		
Mixed financial assets		
- Structured deposits	\$ 100,236	\$ 110,228

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-derivative financial assets		
- Beneficiary certificate	<u>110,005</u>	<u>-</u>
	<u>\$ 210,241</u>	<u>\$ 110,228</u>

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

8. **Financial assets measured at amortized cost**

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Time deposits with original maturity over 3 months	<u>\$ 541,141</u>	<u>\$1,127,766</u>

As of December 31, 2023 and 2022, the interest rate ranges for time deposits with original maturity over 3 months were 1.10%~5.15% and 0.34% to 5.12% per annum.

9. **Credit risk management of investments in debt instruments**

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

December 31, 2023

	<u>Measured at amortized cost</u>
Total carrying amount	\$ 541,141
Allowance for losses	<u>-</u>
Amortized cost	<u>\$ 541,141</u>

December 31, 2022

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

The credit risk of the Group's bank deposits and other financial instruments is measured and monitored by the Group's finance department. Since the Group'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 Group'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, 2023	Total carrying amount as of December 31, 2022
Normal	Debtors have low credit risk and sufficient ability to repay contractual cash flow obligations	12-month expected credit loss rate	0%	<u>\$ 541,141</u>	<u>\$1,127,766</u>

10. Notes receivable, accounts receivable and other receivables

Investment in equity instruments at fair value through other comprehensive income

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Domestic investments		
Stocks of non-listed companies		
Common stock of La Fresh Information Co., Ltd.	<u>\$ 3,750</u>	<u>\$ 3,750</u>

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

The Group recognized dividend income of \$210 thousand in 2023 , \$210 thousand holdings on December 31, 2023.

11. Accounts receivable and other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
Total carrying amount measured at amortized cost	\$ 71	\$ -
Less: Allowance for losses	<u>-</u>	<u>-</u>
	<u>\$ 71</u>	<u>\$ -</u>
<u>Accounts receivable</u>		
Total carrying amount measured at amortized cost		
Non-related party	\$ 161,485	\$ 139,200
Related party	1,262	1,254
Less: Allowance for losses	(<u>1,565</u>)	(<u>1,873</u>)
	<u>\$ 161,182</u>	<u>\$ 138,581</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Notes receivable</u>		
<u>Other receivables</u>		
Receivables for disposal of equipment	\$ 400	\$ 9,401
Receivables for interest	763	343
Receivables due from related parties	242	10
Others	<u>16,058</u>	<u>12,084</u>
	<u>\$ 17,463</u>	<u>\$ 21,838</u>

(1) Accounts and notes receivable

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

The Group uses the simplified IFRS 9 method to recognize an allowance for losses on accounts receivable based on expected credit losses over the duration of the receivables. The expected credit losses for the duration of the period are calculated using an allowance matrix, which takes into account the customer's past default history and current financial condition, the economic situation of the industry, as well as the GDP forecast and industry outlook. Since the credit loss history of the Group 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 Group 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 Group 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 Group measures the allowance for losses on receivables based on the allowance matrix as follows:

December 31, 2023

	0~30 days	31~60 days	61~90 days	91~120 days	120 days or more	Total
	0.02%~	0.05%~	0.14%~	49.99%~		
Expected credit loss rate	0.56%	47.98%	68.24%	85.86%	100%	
Total carrying amount	\$ 157,109	\$ 4,828	\$ 458	\$ 231	\$ 192	\$ 162,818
Allowance for losses						
(Lifetime ECLs)	(1,096)	(149)	(1)	(127)	(192)	(1,565)
Amortized cost	\$ 156,013	\$ 4,679	\$ 457	\$ 104	\$ -	\$ 161,253

December 31, 2022

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

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,	
	2023	2022
Balance at the beginning of the period	\$ 1,873	\$ 2,583
Less: Reversal of impairment loss	(305)	(835)
Foreign currency translation differences	(3)	125
Balance at the end of the period	\$ 1,565	\$ 1,873

(2) Other receivables

The Group does not accrue interest on other receivables. To mitigate credit risk, the Group'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 Group reviews the recoverable amounts of other receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been provided for uncollectible other receivables.

12. Lease receivables

	December 31, 2023	December 31, 2022
Current	\$ 44,077	\$ 53,991
Non-current	67,691	105,029
	<u>\$ 111,768</u>	<u>\$ 159,020</u>
Undiscounted lease payments		
Year 1	\$ 47,124	\$ 58,327

	December 31, 2023	December 31, 2022
Year 2	34,796	47,004
Year 3	19,506	34,295
Year 4	8,507	15,715
Year 5	3,387	4,734
More than 5 years	<u>1,495</u>	<u>3,281</u>
	114,815	163,356
Unrealized interest income receivable	(<u>3,047</u>)	(<u>4,336</u>)
Lease receivables	<u>\$ 111,768</u>	<u>\$ 159,020</u>

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

The implied interest rate for the lease period was decided not to change at the contract date and was 1.7% per annum as of December 31, 2023 and 2022

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

For all lease commitments entered into by the Group as of December 31, 2023 and 2022, there were no lease agreements with lease periods beginning after the balance sheet date.

13. Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 164,576	\$ 153,628
Semi-finished products	12,680	8,586
Finished goods	26,159	22,232
Merchandise inventories	<u>44,026</u>	<u>42,581</u>
	<u>\$ 247,441</u>	<u>\$ 227,027</u>

The nature of cost of goods sold is as follows:

	Year ended December 31,	
	2023	2022
Cost of inventories sold	\$ 4,787,287	\$ 4,274,018
Gain from price recovery of inventories	<u>-</u>	(<u>624</u>)
	<u>\$ 4,787,287</u>	<u>\$ 4,273,394</u>

14. Subsidiary

(1) Subsidiaries included in consolidated financial statements

Entities covered by the consolidated financial statements are as follows:

Name of investee	Name of subsidiary	Nature of business	Shareholding percentage		Explanation
			December 31, 2023	December 31, 2022	
Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	Food and beverage manufacturing and sales	100%	100%	-
Bafang Yunji International Co., Ltd.	Bafang Yunji (Samoa) International Co., Ltd.	Holding	100%	100%	(A) 、(C)
Bafang Yunji International Co., Ltd.	Fang Sin International Trading Co., Ltd.	International Trade	100%	100%	-
Bafang Yunji International Co., Ltd.	Bafang Co., Ltd.	Food and beverage manufacturing and sales	100%	100%	-
Bafang Yunji International Co., Ltd.	Bafang Yunji International (USA) Limited	Holding	100%	100%	(B)
Bafang Yunji International Co., Ltd.	Dante Coffee & Foods Co., Ltd.	Food and beverage manufacturing and sales	100%	85.29%	(I) 、(J)
Bafang Yunji International Co., Ltd.	Bafang Yunji International Company Limited	Food and beverage manufacturing and sales	100%	100%	(C)
Bafang Yunji (Samoa) International Co., Ltd.	Bafang Yunji Restaurant Group Limited	Holding	100%	100%	(D)
Bafang Yunji Restaurant Group Limited	Fujian Bafang Yunji Foods Co., Ltd.	Food and beverage manufacturing and sales	-	100%	(H)
Bafang Yunji Restaurant Group Limited	Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Food and beverage manufacturing and sales	-	100%	(H)
Bafang Yunji International Company Limited	Jiashide Limited	Holding	100%	100%	-
Bafang Yunji International Company Limited	Hsin Chiao International Co. Limited	Food and beverage manufacturing and sales	100%	100%	-
Bafang Yunji International Company Limited	Long Success (HK) Industrial Limited	Food and beverage manufacturing and sales	100%	100%	-
Bafang Yunji International Company Limited	Rich Grade Limited	Food and beverage manufacturing and sales	100%	100%	-
Bafang Yunji International Company Limited	Wise Success Enterprise Limited	Transportation	100%	100%	-
Jiashide Limited	Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Food wholesale	100%	100%	-
Bafang Yunji International (USA) Limited	Bafang Yunji Foods LLC	Food and beverage manufacturing and sales	59.25%	59.25%	(E) 、(F)
Bafang Yunji International (USA) Limited	Bafang Yunji Restaurant Group LLC	Food and beverage manufacturing and sales	59.25%	60%	(E) 、(F)
Dante Coffee & Foods Co., Ltd.	Sound Sino Group Limited	Holding	-	71%	(K)
Dante Coffee & Foods Co., Ltd.	Dante Creative Co., LTD.	Food and beverage manufacturing and sales	-	100%	(G)

Remarks:

- A. Bafang Yunji (Samoa) International Co., Ltd. executed the capital reduction and refunded cash \$472,514 thousand (US dollars 14,859 thousand) in September 2022.
- B. The Group invested \$13,261 thousand (USD 480 thousand) and \$63,572 thousand (USD 2,000 thousand) in Bafang Yunji International (USA) Limited

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

- C. The board of directors of the the Group passed a resolution on August 9, 2022 to adjust the internal organization for better support of operational and management requirements. As part of the re-organization, the Company paid \$460,969 thousand in cash to Bafang Yunji (Samoa) International Co., Ltd. to acquire 100% equity ownership in Bafang Yunji International Company Limited. The Group had applied accounting treatment for re-organization and valued the net worth of Bafang Yunji International Company Limited at \$476,538 thousand (HKD 119,618 thousand) as of July 31, 2022; this transaction resulted in an increase and decrease to the capital surplus of the Group and Bafang Yunji (Samoa) International Co., Ltd. by \$15,569 thousand, respectively.
- D. Bafang Yunji Restaurant Group Limited executed the capital reduction and refunded cash \$10,752 thousand (US dollars 350 thousand) in May 2022.
- E. On September of 2022, the Group sold 0.75% of the shares of Bafang Yunji Foods LLC and Bafang Yunji Restaurant Group LLC for \$637 thousand (USD 21 thousand) and \$334 thousand (USD 11 thousand), respectively, in cash, and maintained a 59.25% ownership after the disposal.
- F. On January 28 and October 18, 2022, the Group invested \$41,511 thousand (USD 1,369 thousand) in Bafang Yunji Foods LLC and invested \$37,666 thousand (USD 1,185 thousand) in Bafang Yunji Restaurant Group LLC, respectively, with a 59.25% ownership in both cases.
- G. Dante Creative Co.,LTD. was liquidated and dissolved in November 2023
- H. Fujian Bafang Yunji Foods Co., Ltd. and Fujian Bafang Yunji Restaurant & Management Co., Ltd. were deregistered in August 2023 and in October 2023, respectively.
- I. Dante Coffee & Foods Co., Ltd. executed the capital reduction by \$95,200 thousand for cover accumulated deficits, with a total of 9,520 thousand shares eliminated. In addition, the Group acquired the 14.71% ownership with a consideration of \$1 thereafter, result in increasing the ownership from 85.29% to 100%. Please refer to Note 32.
- J. The Consolidated participated in the cash capital increase of Dante Coffee & Foods Co., Ltd. and invested in \$20,000 on September 20, 2023.
- K. Sound Sino Group Limited was deregistered in November 2023.

For information on the principal place of business and the country of incorporation, please refer to Note 41, Exhibit 8, "Information on investees, locations, etc." and Exhibit 9, "Information on investment in Mainland China".

- (2) Subsidiaries not included in the consolidated financial statements: None.
- (3) Information on subsidiaries with significant non-controlling interests

Name of subsidiary	Principal place of business	Percentage of equity and voting rights held by non-controlling interests	
		December 31, 2023	December 31, 2022
Bafang Yunji Foods LLC	United States	40.75%	40.75%
Bafang Yunji Restaurant Group LLC	United States	40.75%	40.75%

Name of subsidiary	Profit or loss allocated to non-controlling interests		Non-controlling interests	
	Year ended December 31,		December 31, 2023	December 31, 2022
	2023	2022		
Bafang Yunji Foods LLC	(\$ 11,993)	(\$ 9,737)	\$ 27,890	\$ 39,716
Bafang Yunji Restaurant Group LLC	(3,466)	1,497	39,007	42,430
Others	(958)	(7,637)	-	10
Total	(\$ 16,417)	(\$ 15,877)	\$ 66,897	\$ 82,156

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

December 31, 2023

	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC
Current assets	\$ 47,719	\$ 76,261
Non-current assets	191,793	332,549
Current liabilities	(38,214)	(134,244)
Non-current liabilities	(132,857)	(178,843)
Equity	<u>\$ 68,441</u>	<u>\$ 95,723</u>
Equity attributable to:		
Shareholders of the Company	\$ 40,551	\$ 56,716
Non-controlling interests	<u>27,890</u>	<u>39,007</u>
	<u>\$ 68,441</u>	<u>\$ 95,723</u>

December 31, 2022

	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC	Others
Current assets	\$ 54,829	\$ 66,810	\$ 81,691
Non-current assets	113,547	246,973	53,460
Current liabilities	(13,612)	(18,975)	(103,492)
Non-current liabilities	(57,303)	(190,685)	(30,763)
Equity	<u>\$ 97,461</u>	<u>\$ 104,123</u>	<u>\$ 896</u>
Equity attributable to:			
Shareholders of the Company	\$ 57,745	\$ 61,693	\$ 886

	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC	Others
Non-controlling interests	<u>39,716</u> <u>\$ 97,461</u>	<u>42,430</u> <u>\$ 104,123</u>	<u>10</u> <u>\$ 896</u>

For the year ended December 31, 2023

	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC
Operating revenue	<u>\$103,121</u>	<u>\$276,732</u>
Net profit for the year from continuing operations	(\$ 29,430)	(\$ 8,506)
Net profit for the year	(29,430)	(8,506)
Other comprehensive income	<u>410</u>	<u>106</u>
Total comprehensive income	(\$ 29,020)	(\$ 8,400)
Net profit attributable to:		
Shareholders of the Company	(\$ 17,437)	(\$ 5,040)
Non-controlling interests	(<u>11,993</u>) (\$ 29,430)	(<u>3,466</u>) (\$ 8,506)
Net profit attributable to:		
Shareholders of the Company	(\$ 17,194)	(\$ 4,977)
Non-controlling interests	(<u>11,826</u>) (\$ 29,020)	(<u>3,423</u>) (\$ 8,400)

For the year ended December 31, 2022

	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC	Others
Operating revenue	<u>\$ 52,802</u>	<u>\$ 131,356</u>	<u>\$ 151,064</u>
Net profit for the year from continuing operations	(\$ 24,206)	\$ 3,831	(\$ 51,233)
Net profit for the year	(24,206)	3,831	(51,233)
Other comprehensive income	<u>5,224</u>	<u>1,788</u>	<u>292</u>
Total comprehensive income	(\$ 18,982)	\$ 5,619	(\$ 50,941)

	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC	Others
Net profit attributable to:			
Shareholders of the Company	(\$ 14,469)	\$ 2,334	(\$ 43,596)
Non-controlling interests	(9,737)	1,497	(7,637)
	(\$ 24,206)	\$ 3,831	(\$ 51,233)
Total comprehensive attributable to:			
Shareholders of the Company	(\$ 11,332)	\$ 3,417	(\$ 43,419)
Non-controlling interests	(7,650)	2,202	(7,522)
	(\$ 18,982)	\$ 5,619	(\$ 50,941)

15. Property, plant and equipment

	December 31, 2023	December 31, 2022
Self-use	<u>\$ 2,378,535</u>	<u>\$ 1,710,287</u>

Self-use

	Land	Building and construction	Transportation equipment	Food and beverage equipment	Office equipment	Machinery equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost										
Balance at January 1, 2023	\$ 411,376	\$ 654,157	\$ 51,482	\$ 330,417	\$ 24,841	\$ 574,650	\$ 458,668	\$ 95,426	\$ 39,853	\$ 2,640,870
Addition	396,258	125,977	20,640	97,728	3,097	99,284	129,463	14,099	66,296	952,842
Reclassification	-	674	1,850	140	36	24,402	9,526	7,170	(11,926)	31,872
Disposal	-	-	(3,090)	(58,762)	(1,397)	(3,612)	(53,762)	(66)	(9,566)	(130,255)
Net exchange differences	(2,789)	(1,538)	(115)	(402)	(54)	(279)	(1,060)	(9)	(864)	(7,110)
Balance at December 31, 2023	<u>\$ 804,845</u>	<u>\$ 779,270</u>	<u>\$ 70,767</u>	<u>\$ 369,121</u>	<u>\$ 26,523</u>	<u>\$ 694,445</u>	<u>\$ 542,835</u>	<u>\$ 116,620</u>	<u>\$ 83,793</u>	<u>\$ 3,488,219</u>
Accumulated depreciation and impairment										
Balance at January 1, 2023	\$ -	\$ 131,226	\$ 33,656	\$ 184,176	\$ 13,723	\$ 318,144	\$ 199,116	\$ 50,542	\$ -	\$ 930,583
Depreciation expenses	-	26,594	7,402	52,869	3,677	69,785	60,612	13,693	-	234,632
Disposal	-	-	(3,097)	(24,113)	(759)	(3,097)	(22,721)	(49)	-	(53,836)
Net exchange differences	-	(655)	(37)	(255)	(56)	(179)	(506)	(7)	-	(1,695)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 157,165</u>	<u>\$ 37,924</u>	<u>\$ 212,677</u>	<u>\$ 16,585</u>	<u>\$ 384,653</u>	<u>\$ 236,501</u>	<u>\$ 64,179</u>	<u>\$ -</u>	<u>\$ 1,109,684</u>
Net amount at December 31, 2023	<u>\$ 804,845</u>	<u>\$ 622,105</u>	<u>\$ 32,843</u>	<u>\$ 156,444</u>	<u>\$ 9,938</u>	<u>\$ 309,792</u>	<u>\$ 306,334</u>	<u>\$ 52,441</u>	<u>\$ 83,793</u>	<u>\$ 2,378,535</u>

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

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

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

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

16. Lease agreements

(1) Right-of-use assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carrying amount of right-of-use assets		
Land	\$ 148,175	\$ 156,567
Building	1,049,923	996,685
Transportation equipment	<u>111,495</u>	<u>132,985</u>
	<u>\$ 1,309,593</u>	<u>\$ 1,286,237</u>
	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Addition of right-of-use assets.		
Land	\$ -	\$ 106,772
Building	580,431	649,324
Transportation equipment	<u>29,702</u>	<u>53,215</u>
	<u>\$ 610,133</u>	<u>\$ 809,311</u>
Depreciation expenses of right-of-use assets		
Land	\$ 8,392	\$ 8,391
Building	389,812	384,033
Transportation equipment	<u>51,192</u>	<u>44,752</u>
	<u>\$ 449,396</u>	<u>\$ 437,176</u>

(2) Lease liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Carry amount of lease liabilities		
Current	<u>\$ 413,789</u>	<u>\$ 437,514</u>
Non-current	<u>\$1,020,093</u>	<u>\$1,009,692</u>

The discount rate range for lease liabilities is as follows

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Land	1.42%	1.42%
Building and construction	1.25%~4.75%	1.25%~4.75%
Transportation equipment	1.25%~1.70%	1.25%~1.70%

(3) Significant lease activities and terms

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

The Group incurred lease modification gains of \$2,206 thousand and lease modification gains of \$1,935 thousand for 2023 and 2022, respectively.

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

(4) Sublease

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Year 1	\$ 2,543	\$ 1,723
Year 2	2,558	1,200
Year 3	1,669	1,215
Year 4	600	945
Year 5	550	-
	<u>\$ 7,920</u>	<u>\$ 5,083</u>

(5) Information on other leases

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Short-term lease expenses	<u>\$ 20,616</u>	<u>\$ 6,175</u>
Lease expenses for low-value assets	<u>\$ 599</u>	<u>\$ 563</u>
Variable lease payment expense not included in the measurement of lease liabilities	<u>\$ 15,467</u>	<u>\$ 13,901</u>
Total cash (outflows) from leases	<u>(\$ 558,436)</u>	<u>(\$ 519,184)</u>

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Lease commitments	<u>\$ 25,134</u>	<u>\$ 11,860</u>

17. Other intangible assets

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Cost</u>		
Balance at the beginning of the year	\$ 35,374	\$ 22,233
Acquired separately	7,056	13,004
Disposal in the period	(237)	(367)
Net exchange differences	(17)	504
Balance at the end of the year	<u>\$ 42,176</u>	<u>\$ 35,374</u>

	<u>Year ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Accumulated depreciations</u>		
Balance at the beginning of the year	\$ 19,213	\$ 15,799
Amortization expenses	4,484	3,308
Disposal in the period	(62)	(361)
Net exchange differences	(16)	467
Balance at the end of the year	<u>\$ 23,619</u>	<u>\$ 19,213</u>
Net amount at the end of the year	<u>\$ 18,557</u>	<u>\$ 16,161</u>

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

Computer software costs	5 to 10 years
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18. Prepayments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Prepaid rental	\$ 7,843	\$ 7,332
Prepaid insurance	3,339	1,765
Prepayments for goods	75,907	49,531
Supplies inventory	8,189	8,475
Others	20,358	24,488
	<u>\$ 115,636</u>	<u>\$ 91,591</u>

Prepayments for goods

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

19. Other assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Current</u>		
Temporary payments	\$ 319	\$ 298
Other financial assets - current (1)	1,868	20,286
Others	<u>1,241</u>	<u>645</u>
	<u>\$ 3,428</u>	<u>\$ 21,229</u>
<u>Non-current</u>		
Prepayments for equipment (2)	<u>\$ 79,309</u>	<u>\$ 82,252</u>
Refundable deposits (3)	<u>\$ 169,234</u>	<u>\$ 164,941</u>

(1) Other financial assets - restricted bank deposits

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

(2) Prepayments for equipment

The Group'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 Group under lease agreements to acquire the real estate right-of-use assets in its sales stores.

20. Loans

(1) Short-term loans

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Unsecured loans	<u>\$ 302,000</u>	<u>\$ 30,000</u>

The effective interest rates ranging from 1.7%~1.865% and 1.775% per annum as of December 31, 2023 and 2022. The amount drawn was used for short-term operating turnover and material purchases.

(2) Long-term loans

	<u>Maturity date</u>	<u>Material terms</u>	<u>Effective interest rate</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Secured loans (Note 37)					
Hang Seng Bank Limited					
Mortgaged loans	2021.06.01 - 2031.06.01	The total borrowing amount is HK\$10,600,000 and the principal is repayable in 120 equal installments from the date	3.375%	\$ 32,312	\$ 36,139

	Maturity date	Material terms	Effective interest rate	December 31, 2023	December 31, 2022
		of borrowing (2021.06.01), with interest charged monthly.			
TOYOTA FINANCE					
Mortgaged loans	2022.03.23 -2027.04.22	The total borrowing amount is US\$36,726 and the principal is repayable in 60 equal installments from the date of borrowing (2022.03.23), with interest charged monthly.	3.9%	703	977
Mortgaged loans	2022.12.24 -2027.12.24	The total borrowing amount is US\$28,326 and the principal is repayable in 60 equal installments from the date of borrowing (2022.11.24), with interest charged monthly.	1.99%	758	915
Less: current portion				(4,244)	(4,153)
Long-term bank loans				\$ 29,529	\$ 33,878

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

21. Notes payable and accounts payable

	December 31, 2023	December 31, 2022
<u>Notes payable</u>		
Incurred as a result of operations	\$ 1,522	\$ 2,551
<u>Accounts payable</u>		
Incurred as a result of operations	\$ 238,308	\$ 198,717

(1) Notes payable

As of December 31, 2023 and 2022, the Group had no notes payable to banks in its accounting book.

(2) Accounts payable

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

22. Other liabilities

	December 31, 2023	December 31, 2022
<u>Current</u>		
Other payables		
Non-related party		
Salaries payable and bonus	\$ 251,501	\$ 211,449
Business tax payable	29,033	31,181
Service expenses payable	4,119	4,668

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Remuneration payable to employees and directors and supervisors-Subsidiary	600	600
Insurance premiums payable	16,236	15,232
Pension payable	9,752	8,511
Equipment payables	10,549	23,381
Dividends payable	132,690	165,112
Others	<u>81,857</u>	<u>89,101</u>
	551,337	567,215
Related party (Note 36)		
Others	<u>280</u>	<u>260</u>
	<u>\$ 551,617</u>	<u>\$ 567,475</u>
Other liabilities		
Financial liabilities	\$ 36,448	\$ 38,592
Advanced receipts	3,151	1,208
Temporary receipts	2,115	496
Receipts under custody	<u>14,043</u>	<u>19,655</u>
	<u>\$ 55,757</u>	<u>\$ 59,951</u>
<u>Non-current</u>		
Other liabilities		
Deposits received	<u>\$ 53,461</u>	<u>\$ 40,111</u>

23. Provision for liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Non-current</u>		
Decommissioning liabilities	<u>\$ 7,036</u>	<u>\$ 7,627</u>
		<u>Decommissioning liabilities</u>
Balance as of January 1, 2023		\$ 7,627
Provision for the year		1,319
Disposal in the year		(1,900)
Net exchange differences		(10)
Balance as of December 31, 2023		<u>\$ 7,036</u>
Balance as of January 1, 2022		\$ 8,875
Provision for the year		2,383
Disposal in the year		(3,937)
Net exchange differences		<u>306</u>
Balance as of December 31, 2022		<u>\$ 7,627</u>

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

24. Retirement benefit plans

(1) Defined contribution plan

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

Within the Group, including the Company and subsidiaries, Bafang Yunji Restaurant Co., Ltd., Dante Coffee & Foods Co., Ltd., and Dante Creative Co., Ltd. recognized \$32,842 thousand and \$37,943 thousand of expenses in the consolidated statements of comprehensive income for 2023 and 2022, respectively, in accordance with the specified contribution percentage of the defined contribution plan.

The employees of the Group's subsidiaries in Mainland China and Hong Kong are subject to the retirement benefit plans operated by the local governments. The subsidiary is required to contribute a certain percentage of salary costs to the retirement benefit plan to fund the plan. The Group's obligation to this government-operated retirement benefit plan is only to contribute a specific amount. The amount contributed in 2023 and 2022 was recognized as expenses in the consolidated statements of comprehensive income with a total of \$14,327 thousand and \$12,933 thousand, respectively.

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

(2) Defined benefit plan

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 12,618	\$ 11,498
Fair value of plan assets	(<u>9,983</u>)	(<u>9,252</u>)
Net defined benefit liabilities	<u>\$ 2,635</u>	<u>\$ 2,246</u>

Changes in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liabilities</u>
January 1, 2022	<u>\$ 13,034</u>	(<u>\$ 8,060</u>)	<u>\$ 4,974</u>
Service costs			
Interest expenses (income)	114	(73)	41
Current service cost	<u>117</u>	<u>-</u>	<u>117</u>
Recognized in profit or loss	<u>231</u>	(<u>73</u>)	<u>158</u>
Remeasurement			
Actuarial gains (losses) from changes in demographic assumptions	-	-	-
Return on planned assets (other than the amount included in net interest)	-	(591)	(591)
Actuarial gains - changes in financial assumptions	(1,302)	-	(1,302)
Actuarial gains - adjustments through experience	(<u>465</u>)	<u>-</u>	(<u>465</u>)
Recognized in other comprehensive income	(<u>1,767</u>)	(<u>591</u>)	(<u>2,358</u>)
Contribution from the employer	<u>-</u>	(<u>528</u>)	(<u>528</u>)
December 31, 2022	<u>\$ 11,498</u>	(<u>\$ 9,252</u>)	<u>\$ 2,246</u>
January 1, 2023	<u>\$ 11,498</u>	(<u>\$ 9,252</u>)	<u>\$ 2,246</u>
Service costs			
Interest expenses (income)	187	(155)	32
Current service cost	<u>98</u>	<u>-</u>	<u>98</u>
Recognized in profit or loss	<u>285</u>	(<u>155</u>)	<u>130</u>
Remeasurement			
Actuarial gains (losses) from changes in demographic assumptions	-	-	-
Return on planned assets (other than the amount included in net interest)	-	(43)	(43)
Actuarial gains - changes in financial assumptions	417	-	417

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Actuarial gains - adjustments through experience	<u>418</u>	<u>-</u>	<u>418</u>
Recognized in other comprehensive income	<u>835</u>	<u>(43)</u>	<u>792</u>
Contribution from the employer	<u>-</u>	<u>(533)</u>	<u>(533)</u>
December 31, 2023	<u>\$ 12,618</u>	<u>(\$ 9,983)</u>	<u>\$ 2,635</u>

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

	Year ended December 31,	
	2023	2022
Operating expenses	<u>\$ 130</u>	<u>\$ 158</u>

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

	December 31, 2023	December 31, 2022
Discount rate	1.375%	1.625%
Expected rate of salary increase	3%	3%

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Discount rate		
Increase by 0.25%	<u>(\$ 417)</u>	<u>(\$ 393)</u>
Decrease by 0.25%	<u>\$ 438</u>	<u>\$ 412</u>
Expected rate of salary increase		
Increase by 0.25%	<u>\$ 424</u>	<u>\$ 400</u>
Decrease by 0.25%	<u>(\$ 406)</u>	<u>(\$ 383)</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
The expected contributions to the plan for the next year	<u>\$ 556</u>	<u>\$ 539</u>
Average duration to maturity of defined benefit obligations	13.5 years	16.2 years

25. Equity

(1) Share capital

Common stock

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Authorized number of shares (in thousands)	<u>100,000</u>	<u>100,000</u>
Authorized share capital	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of issued and fully paid shares (in thousands)	<u>66,495</u>	<u>66,326</u>
Issued share capital	<u>\$ 664,948</u>	<u>\$ 663,258</u>

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

The main reason for the Company's capital changes in 2023 and 2022 were due to the issuance of 169 thousand shares for \$1,690 thousand and 281 thousand shares for \$2,810 thousand, converted from employee share options. The changes were registered on October 24, 2022 ,February 3, 2023, May 25, 2023, December 5,2023, respectively. Please refer to Note 30 for information about employee share options converted in the current period.

(2) Capital surplus

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>For loss make-up, payment in cash or capitalization as equity (A)</u>		

	December 31, 2023	December 31, 2022
Share issue premium	\$ 964,945	\$ 950,069
Difference between the actual acquisition price and the book value of the subsidiary	-	191
Employee share-based payment remuneration costs	22,735	22,735
Lapsed employee stock options	<u>132</u>	<u>132</u>
	<u>987,812</u>	<u>973,127</u>
<u>May only be used to offset a deficit (B)</u>		
Right of disgorgement	99	-
<u>Not for any purpose</u>		
Employee stock options	<u>8,622</u>	<u>15,778</u>
	<u>\$ 996,533</u>	<u>\$ 988,905</u>

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

B. Such capital surplus arises from exercising the right of disgorgement and only to be used to offset a deficit.

(3) Retained Earnings and Dividend Policy

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

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

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

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

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

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

The Board of Directors resolved the earnings distribution for 2023 and 2022 as follows:

	January 1 to June 30, 2023	July 1 to December 31, 2022	January 1 to June 30, 2022
Board of Directors' resolution date	August 10, 2023	March 23, 2023	August 9, 2022
Legal reserve	<u>\$ 27,678</u>	<u>\$ 34,313</u>	<u>\$ 31,971</u>
Appropriation (reversal) of special earnings.	<u>(\$ 2,441)</u>	<u>(\$ 27,689)</u>	<u>(\$ 22,319)</u>
Cash dividends	<u>\$ 132,690</u>	<u>\$ 332,427</u>	<u>\$ 165,112</u>
Cash dividends per share (NT\$)	<u>\$ 2.00</u>	<u>\$ 5.01</u>	<u>\$ 2.50</u>

The Board of Directors' meeting on March 11, 2024 proposed the following earnings distribution for the second half of 2023 :

	July 1 to December 31, 2023
Legal reserve	<u>\$ 27,599</u>
Special reserve	<u>(\$ 187)</u>
Cash dividends	<u>\$ 332,774</u>
Cash dividends per share (NT\$)	<u>\$ 5.00</u>

The above cash dividends have been approved by the Board of Directors, and the rest are subject to the resolution of the shareholders' meeting scheduled to be held on June 13, 2024.

(4) Special reserve

	Year ended December 31,	
	2023	2022
Balance at the beginning of the year	\$ 31,936	\$ 48,589
Provision for special reserve		
Provision for deductions to other equity items	-	-
Reversal of special reserve		
Reversal of deductions to other equity items	(27,689)	(16,653)
Balance at the end of the year	<u>\$ 4,247</u>	<u>\$ 31,936</u>

(5) Other equity items

Exchange differences on translation of financial statements of foreign operations

	Year ended December 31,	
	2023	2022
Balance at the beginning of the year	(\$ 4,247)	(\$ 54,255)
Exchange differences on translation of financial statements of foreign operations	3,293	62,466
Income tax related to translation of financial statements of foreign operations	(665)	(12,458)
Balance at the end of the year	<u>(\$ 1,619)</u>	<u>(\$ 4,247)</u>

(6) Non-controlling interests

	Year ended December 31,	
	2023	2022
Balance at the beginning of the year	\$ 82,156	\$ 40,170
Net loss for the year	(16,417)	(15,877)
Other comprehensive income for the year		
Exchange differences on translation of financial statements of foreign operations	196	2,907

	Year ended December 31,	
	2023	2022
Purchase of non-controlling interests in the subsidiary, Dante (Note 32)	962	-
From difference between the consideration received and the carrying amount of the subsidiaries' net assets disposal	-	780
Increase in non-controlling interests due to cash capital increase by subsidiary.	-	54,176
Balance at the end of the year	<u>\$ 66,897</u>	<u>\$ 82,156</u>

26. Revenue

	Year ended December 31,	
	2023	2022
<u>Revenue from customer contracts</u>		
Revenue from merchandise sales	\$ 7,321,851	\$ 6,781,392
Licensing revenue	18,039	17,871
	<u>\$ 7,339,890</u>	<u>\$ 6,799,263</u>

(1) Description of customer contracts

A. Revenue from merchandise sales

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

B. Licensing revenue

Licensing revenue is the licensing revenue received by the Group 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, 2023	December 31, 2022	January 1, 2022
Accounts receivable (Note 11)	<u>\$ 161,253</u>	<u>\$ 138,581</u>	<u>\$ 126,579</u>

(3) Disaggregation of revenue from contracts with customers

		Year ended December 31,				
		2023				
		Taiwan	Hong Kong	China	United States	Total
Revenue from merchandise sales		\$ 5,662,490	\$ 1,382,629	\$ -	\$ 276,732	\$ 7,321,851
Licensing revenue		<u>18,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,039</u>
		<u>\$ 5,680,529</u>	<u>\$ 1,382,629</u>	<u>\$ -</u>	<u>\$ 276,732</u>	<u>\$ 7,339,890</u>

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

27. Net profit from continuing operations

(1) Interest income

		Year ended December 31,	
		2023	2022
Bank deposits		\$ 27,921	\$ 11,758
Interest receivable on leases		<u>2,263</u>	<u>2,663</u>
		<u>\$ 30,184</u>	<u>\$ 14,421</u>

(2) Other income

		Year ended December 31,	
		2023	2022
Rental income (Note 36)		\$ 6,760	\$ 3,290
Government subsidies (Note 31)		2,250	62,615
Dividend income (Note 10)		210	-
Others		<u>27,827</u>	<u>32,454</u>
		<u>\$ 37,047</u>	<u>\$ 98,359</u>

(3) Other gains and losses

		Year ended December 31,	
		2023	2022
Gain (Loss) on disposal of property, plant and equipment		(\$ 17,467)	(\$ 15,699)
Gain (Loss) on financial assets at fair value through profit or loss		1,492	702
Losses on disposal of subsidiaries		(8,737)	(401)

	Year ended December 31,	
	2023	2022
Net foreign currency exchange loss	(211)	(582)
Lease modification gain	2,206	1,935
Other losses	(<u>3,516</u>)	(<u>25,047</u>)
	(<u>\$ 26,233</u>)	(<u>\$ 39,092</u>)

(4) Financial costs

	Year ended December 31,	
	2023	2022
Interest on bank loans	\$ 3,522	\$ 2,017
Interest on lease liabilities	<u>28,367</u>	<u>26,794</u>
	<u>\$ 31,889</u>	<u>\$ 28,811</u>

No interest was capitalized in 2024 and 2023 of the Group.

(5) Depreciation and amortization

	Year ended December 31,	
	2023	2022
Depreciation expenses summarized by function		
Operating costs	\$ 363,104	\$ 342,029
Operating expenses	<u>320,924</u>	<u>312,513</u>
	<u>\$ 684,028</u>	<u>\$ 654,542</u>
Amortization expenses summarized by function		
Operating costs	\$ 29	\$ 127
Selling expenses	447	455
Administrative expenses	<u>4,008</u>	<u>2,726</u>
	<u>\$ 4,484</u>	<u>\$ 3,308</u>

(6) Employee benefit expenses

	Year ended December 31,	
	2023	2022
Short-term employee benefits	\$ 1,420,637	\$ 1,371,629
Retirement benefits		
Defined contribution plan	47,169	50,876
Defined benefit plan (Note 24)	130	158
Share-based payment		
Equity settlement (Note30)	<u>4,969</u>	<u>13,562</u>

	Year ended December 31,	
	2023	2022
Total employee benefit expenses	<u>\$ 1,472,905</u>	<u>\$ 1,436,225</u>
Summarized by function		
Operating costs	\$ 649,361	\$ 611,221
Operating expenses	<u>823,544</u>	<u>825,004</u>
	<u>\$ 1,472,905</u>	<u>\$ 1,436,225</u>

(7) Remuneration to employees, directors

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 for 2023 and 2022 were resolved by the Board of Directors on March 11, 2024 and March 23, 2023, respectively, as follows:

Estimated percentage

	Year ended December 31,	
	2023	2022
Remuneration to employees	1.44%	1.43%
Remuneration to directors	0.72%	0.71%

Amount

	Year ended December 31,	
	2023	2022
	Cash	Cash
Remuneration to employees	\$ 10,000	\$ 12,000
Remuneration to directors	5,000	5,980

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

The actual amounts of remuneration to employees, directors and supervisors in 2022 and 2021 did not differ from the amounts recognized in the financial statements in 2022 and 2021.

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

28. Income tax for continuing operations

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

The major components of income tax expense are as follows

	Year ended December 31,	
	2023	2022
Income tax for the current year		
Generated in the current year	\$ 127,546	\$ 175,023
Surtax on undistributed earnings	7,357	1,896
Adjustments to prior years	(2,010)	(3,407)
	<u>132,893</u>	<u>173,512</u>
Deferred income tax		
Generated in the current year	<u>7,094</u>	<u>14,632</u>
Income tax expense recognized in profit or loss	<u>\$ 139,987</u>	<u>\$ 188,144</u>

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

	Year ended December 31,	
	2023	2022
Net income before tax from continuing operations	<u>\$ 677,742</u>	<u>\$ 833,220</u>
Income tax expense on net profit before tax at the rate applicable to income of the relevant country	\$ 140,665	\$ 182,138
Tax-exempt income	(17,410)	(7,415)
Surtax on undistributed earnings	7,357	1,896
Unrecognized deduction by loss carryforward for the current period	11,385	14,932
Adjustment to current income tax expense of prior years	(2,010)	(3,407)
Income tax expense recognized in profit or loss	<u>\$ 139,987</u>	<u>\$ 188,144</u>

(2) Income tax recognized in other comprehensive income

	Year ended December 31,	
	2023	2022
<u>Deferred income tax</u>		
Generated in the current year		

	Year ended December 31,	
	2023	2023
— Remeasurement of defined benefit plan	\$ 158	(\$ 472)
— Exchange differences from foreign operations	(665)	(12,458)
Income tax recognized in other comprehensive income	(\$ 507)	(\$ 12,930)

(3) Current income tax assets and liabilities

	December 31, 2023	December 31, 2022
Current income tax assets		
Tax refund receivable	\$ 3,444	\$ 327
Current income tax liabilities		
Income tax payable	\$ 41,357	\$ 96,306

(4) Deferred income tax assets and liabilities

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

For the year ended December 31, 2023

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized loss on decline in value of inventories	\$ 2,171	(\$ 457)	\$ -	\$ 1,714
Unrealized doubtful accounts expense	71	(49)	-	22
Exchange differences from foreign operations	1,108	-	(665)	443
Unrealized exchange losses	1,754	(1,662)	-	92
Defined benefit plan	842	-	158	1,000
Others	1,671	1,281	-	2,952
	<u>\$ 7,617</u>	<u>(\$ 887)</u>	<u>(\$ 507)</u>	<u>\$ 6,223</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Undistributed earnings of subsidiaries	(\$ 2,597)	(\$ 6,361)	\$ -	(\$ 8,958)
Payment differences of defined contribution plan	(640)	(80)	-	(720)
Unrealized exchange gains	-	(295)	-	(295)
Others	(940)	529	-	(411)
	<u>(\$ 4,177)</u>	<u>(\$ 6,207)</u>	<u>\$ -</u>	<u>(\$ 10,384)</u>

For the year ended December 31, 2022

	Balance at the beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Balance at the end of the year
<u>Deferred income tax assets</u>				
Temporary differences				
Unrealized loss on decline in value of inventories	\$ 1,714	\$ 457	\$ -	\$ 2,171
Unrealized doubtful accounts expense	22	49	-	71
Undistributed earnings of subsidiaries	14,215	(14,215)	-	-
Exchange differences from foreign operations	13,566	-	(12,458)	1,108
Unrealized exchange losses	3	1,751	-	1,754
Defined benefit plan	1,314	-	(472)	842
Others	<u>1,702</u>	<u>(31)</u>	<u>-</u>	<u>1,671</u>
	<u>\$ 32,536</u>	<u>(\$ 11,989)</u>	<u>(\$ 12,930)</u>	<u>\$ 7,617</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Undistributed earnings of subsidiaries	\$ -	(\$ 2,597)	\$ -	(\$ 2,597)
Payment differences of defined contribution plan	(566)	(74)	-	(640)
Unrealized exchange gains	(28)	28	-	-
Others	<u>(940)</u>	<u>-</u>	<u>-</u>	<u>(940)</u>
	<u>(\$ 1,534)</u>	<u>(\$ 2,643)</u>	<u>\$ -</u>	<u>(\$ 4,177)</u>

(5) Income tax assessment status

The income tax returns of the Company and its Taiwan subsidiaries, Bafang Yunji Restaurant Co., Ltd., Fang Sin International Trading Co., Ltd., Dante Coffee & Foods Co., Ltd., and Dante Creative Co., Ltd. had been assessed by the tax authorities through 2020, 2020, 2020, 2021 and 2021, respectively.

29. Earnings per share (EPS)

Unit: NT\$ per share

	Year ended December 31,	
	2023	2022
Basic earnings per share	<u>\$ 8.35</u>	<u>\$ 10.00</u>
Diluted earnings per share	<u>\$ 8.31</u>	<u>\$ 9.92</u>

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

Net profit for the year

	Year ended December 31,	
	2023	2022
Net profit attributable to shareholders of the Company	<u>\$ 554,172</u>	<u>\$ 660,953</u>
Net profit used to calculate diluted earnings per share	<u>\$ 554,172</u>	<u>\$ 660,953</u>

Number of shares

Unit: In thousands of shares

	Year ended December 31,	
	2023	2022
Weighted-average number of shares of common stock used to calculate basic earnings per share	66,374	66,127
Impact of potential common stock with dilutive effect:		
Remuneration to employees	72	71
Employee stock options	<u>218</u>	<u>409</u>
Weighted-average number of shares of common stock used to calculate diluted earnings per share	<u>66,664</u>	<u>66,607</u>

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

30. Share-based payment agreement

(1) The Company's employee stock option plan

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

exercise price of the stock options shall be adjusted in accordance with the prescribed formula.

Information on employee stock options is as follows:

	Year ended December 31,			
	2023		2022	
Employee stock options	Unit: (In thousands)	Weighted average exercise price (NT\$)	Unit: (In thousands)	Weighted average exercise price (NT\$)
Outstanding at the beginning of the year	319	\$ 26.9	600	\$ 28
Exercised in the year	(169)	26.3	(281)	27.2
Outstanding at the end of the year	<u>150</u>	25.9	<u>319</u>	26.9
Exercisable at the end of the year	<u>-</u>	25.9	<u>19</u>	26.9
Weighted average fair value of options granted in the year (NT\$)	<u>\$ -</u>	-	<u>\$ -</u>	-

Information on employee stock options outstanding is as follows:

	December 31, 2023	December 31, 2022
Range of exercise price (NT\$)	\$ 25.9	\$ 26.9
Weighted average remaining contract period (years)	1.67 years	2.67 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 \$4,969 thousand and \$13,562 thousand in 2023 and 2022, respectively, for share-based payment agreements.

31. Government subsidies

The Company received subsidies from the Ministry of Agriculture for the slaughterhouse support program, which was included in non-operating income and expenses - other income in the consolidated statement of comprehensive income of \$2,250 thousand and \$1,300 thousand in 2023 and 2022, respectively.

Bafang Yunji International Company Limited, received subsidies from the "Anti-Epidemic Fund" - Food License Holders Subsidy scheme, which was included in non-operating income and expenses - other income in the consolidated statement of comprehensive income of \$54,515 thousand in 2022.

In 2022, the Company received subsidies from the Ministry of Economic Affairs for the "Data Sharing and Innovative Service Program for Retailers and Service Providers", which was included in non-operating income and expenses - other income in the consolidated statement of comprehensive income of \$6,800 thousand.

32. Equity transactions with non-controlling interests

On August 15, 2023, the Group acquired the shares of Dante Coffee & Foods Co., Ltd., resulting in an increase in ownership from 85.29% to 100%.

Since the above transaction did not change the Group's control over the subsidiary, the Group treated it as an equity transaction.

	Dante Coffee & Foods Co., Ltd.
Consideration paid for the acquisition	\$ -
Carrying amount of net assets of subsidiaries (transferred in) transferred out of non-controlling interests based on relative changes in equity	(962)
Equity transaction difference	(\$ 962)
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	(\$ 191)
Undistributed earnings	(771)
	(\$ 962)

33. Non-cash transaction

(1) Non-cash transaction

Except as disclosed elsewhere in the notes, the Group entered into the following non-cash transactions of investing activities in 2023 and 2022.

A. Acquisition of property, plant and equipment

	Year ended December 31,	
	2023	2022
Increase in property, plant and equipment	\$ 952,842	\$ 343,193
Add: Equipment payables at the beginning of the period	23,381	32,401
Decrease in decommissioning liabilities for the period	1,900	3,937
Less: Equipment payables at the end of the period	(10,549)	(23,381)
Increase in decommissioning liabilities for the period	(1,319)	(2,383)
Cash paid	<u>\$ 966,255</u>	<u>\$ 353,767</u>
Disposal of property, plant and equipment		
Disposal price	\$ 58,952	\$ 67,591
Add: Disposal price receivable at the beginning of the period	9,401	9,517
Less: Disposal price receivable at the end of the period	(400)	(9,401)
Cash received	<u>\$ 67,953</u>	<u>\$ 67,707</u>

B. The Group reclassified prepayments for equipment to property, plant and equipment of \$31,872 thousand and \$91,018 thousand in 2023 and 2022, respectively.

C. In 2023 and 2022, the Group reclassified right-of-use assets to lease receivables of \$24,433 thousand and \$41,607 thousand, respectively.

(2) Changes in liabilities from financing activities

For the year ended December 31, 2023

	January 1, 2023	Cash flow	New/amended contracts	Non-cash changes Cumulative translation adjustments	Interest expenses	Rental concession	December 31, 2023
Short-term loans	\$ 30,000	\$ 272,000	\$ -	\$ -	\$ -	\$ -	\$ 302,000
Long-term loans	38,031	(4,230)	-	(28)	-	-	33,773
Lease liabilities	1,447,206	(521,754)	481,719	(1,656)	28,367	-	1,433,882
Deposits received	40,111	13,350	-	-	-	-	53,461
	<u>\$ 1,555,348</u>	<u>(\$ 240,634)</u>	<u>\$ 481,719</u>	<u>(\$ 1,684)</u>	<u>\$ 28,367</u>	<u>\$ -</u>	<u>\$ 1,823,116</u>

For the year ended December 31, 2022

	January 1, 2022	Cash flow	New/amended contracts	Non-cash changes Cumulative translation adjustments	Interest expenses	Rental concession	December 31, 2022
Short-term loans	\$ 27,000	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000
Long-term loans	85,948	(51,486)	-	3,569	-	-	38,031
Lease liabilities	1,236,182	(498,545)	644,937	42,721	26,794	(4,883)	1,447,206
Deposits received	29,052	11,059	-	-	-	-	40,111
	<u>\$ 1,378,182</u>	<u>(\$ 535,972)</u>	<u>\$ 644,937</u>	<u>\$ 46,290</u>	<u>\$ 26,794</u>	<u>(\$ 4,883)</u>	<u>\$ 1,555,348</u>

34. Capital risk management

The Group conducts capital management to ensure that the Group's businesses are able to maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

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

The Group is not subject to other external capital requirements.

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

35. Financial instrument

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

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

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

A. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				

	Level 1	Level 2	Level 3	Total
Beneficiary certificate	\$ 110,005	\$ -	\$ -	\$ 110,005
Structured deposits	-	100,236	-	100,236
	<u>\$ 110,005</u>	<u>\$ 100,236</u>	<u>\$ -</u>	<u>\$ 210,241</u>
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Stocks of domestic non-listed companies	\$ -	\$ -	\$ 3,750	\$ 3,750

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at fair value through profit or loss</u>				
Structured deposits	\$ -	\$ 110,228	\$ -	\$ 110,228
<u>Financial assets at fair value through other comprehensive income</u>				
Investments in equity instruments				
Stocks of domestic non-listed companies	\$ -	\$ -	\$ 3,750	\$ 3,750

There were no transfers between Level 1 and Level 2 fair value measurements in 2023 and 2022.

B. The reconciliation of financial instruments measured at fair value in Level 3
For the year ended December 31, 2023

	<u>Financial assets at fair value through other comprehensive income</u>
	<u>Equity instruments</u>
Balance at the beginning of the year	\$ 3,750
Balance at the end of the year	<u>\$ 3,750</u>
Unrealized other gains and losses for the period	<u>\$ -</u>

For the year ended December 31, 2022

	<u>Financial assets at fair value through other comprehensive income</u>
	<u>Equity instruments</u>
Balance at the beginning of the year	\$ 3,750
Balance at the end of the year	<u>\$ 3,750</u>
Unrealized other gains and losses for the period	<u>\$ -</u>

C. Level 2 fair value measurement valuation techniques and input values

Type of financial instruments	Valuation techniques and input values
Structured deposits mandatorily measured at fair value through profit or loss	The fair value is based on the discounted value of future cash flows using the discount rate curve derived from quoted prices in the open market.

D. Level 3 fair value measurement valuation techniques and input values

The fair value of unlisted (over-the-counter) equity instruments is based on an analysis of the investee's financial condition and operating results, recent transaction prices, quoted prices in active markets for similar instruments and valuation multipliers for comparable companies, and is not based on assumptions supported by observable market prices or interest rates. Significant unobservable input values are as follows, and the fair value of these investments would increase when the liquidity discount is reduced.

(3) Type of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Measured at amortized cost (Note 1)	\$ 1,694,482	\$ 2,163,428
Measured at fair value through profit or loss		
Mandatorily measured at fair value through profit or loss	210,241	110,228
Financial assets at fair value through other comprehensive income	3,750	3,750
<u>Financial liabilities</u>		
Measured at amortized cost (Note 2)	1,217,129	915,477

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

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

(4) Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable and accounts payable. The Group'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 Group's operations through internal risk reports that analyze the risk of violence according to the level and breadth of risk. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Group's finance department reviews the extent of each risk through annual budgeting and proposes financial planning measures in advance to effectively control each risk. We also regularly evaluate and review the development of each financial risk and adjust the risk countermeasures. When a significant risk is identified, the risk is reported to the management through the management meeting and the countermeasures are taken.

A. Market risk

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

a. Exchange rate risk

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date are disclosed in Note 40.

Sensitivity analysis

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

The following table details the sensitivity analysis of the Group 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 Group for internal reporting of exchange rate risk to key management and represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The amounts disclosed below represent the effect of a 1% weakening (strengthening) of the NTD against the respective currencies that would increase (decrease) net profit before tax.

	Impact of USD	
	2023	2022
Profit or loss	\$ 3,037	\$ 4,482

b. Interest rate risk

Interest rate risk arises because entities in the Group 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 Group's revenue and operating cash flows is limited.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Fair value interest rate risk		
- Financial assets	\$ 942,292	\$ 1,223,476
- Financial liabilities	-	-
Cash flow interest rate risk		
- Financial assets	625,491	603,703
- Financial liabilities	335,773	68,031

Sensitivity analysis

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

If interest rates had increased or decreased by 1%, with all other variables held constant, the Group's net profit before tax would have increased by \$2,897 thousand and \$5,357 thousand for fiscal years 2023 and 2022, respectively, mainly due to the increase in the Group's variable-rate bank deposits.

c. Other price risks

The Group had securities price risk due to investment in equity instruments. The Group's management manages risk by holding a portfolio of different risky investments. In addition, the Group assigns a specific team to monitor price risk and assesses when to increase the hedge of the hedged risk.

Sensitivity analysis

The following sensitivity analysis is based on the equity price exposure at the balance sheet date.

If equity prices had increased/decreased by 3%, consolidated income for fiscal years 2023 and 2022 would have increased/decreased by \$113 thousand due to changes in fair value through other comprehensive income.

The sensitivity of the Group to financial asset price risk did not change in 2023 and 2022 mainly because the Group's holding of financial assets measured at fair value through other comprehensive income and loss did not change in the current year.

B. Credit risk

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

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

C. Liquidity risk

The Group manages and maintains sufficient cash and cash equivalents to support the Group's operations and mitigate the impact of cash flow fluctuations. The Group'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 Group's Board of Directors, which has established an appropriate liquidity risk management framework to address the Group's short-, medium- and long-term funding and liquidity management needs.

Bank loans are an important source of liquidity for the Group. As of December 31, 2023 and 2022, the Group 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 Group'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, 2023

	Less than 1 year	1 to 2 years	2 to 5 years	5 years or more
Floating interest rate instrument				
Short-term loans	\$ 302,271	\$ -	\$ -	\$ -
Long-term loans	5,315	10,629	10,010	12,205
Lease liabilities	452,774	323,454	413,148	370,732
No interest-bearing liabilities				
Notes payable	1,522	-	-	-
Accounts payable	238,308	-	-	-
Other payables	551,617	-	-	-
Deposits received	53,461	-	-	-
	<u>\$ 1,605,268</u>	<u>\$ 334,083</u>	<u>\$ 423,158</u>	<u>\$ 382,937</u>

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	<u>\$ 452,774</u>	<u>\$ 736,602</u>	<u>\$ 267,882</u>	<u>\$ 61,484</u>	<u>\$ 41,366</u>	<u>\$ -</u>

December 31, 2022

	Less than 1 year	1 to 2 years	2 to 5 years	5 years or more
Floating interest rate instrument				
Short-term loans	\$ 30,100	\$ -	\$ -	\$ -
Long-term loans	5,276	10,560	10,373	16,961
Lease liabilities	463,353	344,190	437,083	295,586
No interest-bearing liabilities				
Notes payable	2,551	-	-	-
Accounts payable	198,717	-	-	-
Other payables	567,475	-	-	-
Deposits received	40,111	-	-	-
	<u>\$ 1,307,583</u>	<u>\$ 354,750</u>	<u>\$ 447,456</u>	<u>\$ 312,547</u>

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

	Less than 1 year	1~5 years	5~10 years	10~15 years	15~20 years	20 years or more
Lease liabilities	<u>\$ 463,353</u>	<u>\$ 781,273</u>	<u>\$ 216,711</u>	<u>\$ 48,647</u>	<u>\$ 30,228</u>	<u>\$ -</u>

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

b. Financing Facilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank loan facilities (renewable by mutual consent)		
- Amount drawn	\$ 302,000	\$ 30,000
- Amount undrawn	<u>618,000</u>	<u>250,000</u>
	<u>\$ 920,000</u>	<u>\$ 280,000</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bank long-term loan facilities		
- Amount drawn	\$ 33,773	\$ 38,031
- Amount undrawn	<u>130,000</u>	<u>180,000</u>
	<u>\$ 163,773</u>	<u>\$ 218,031</u>

36. **Related party transactions**

All intercompany transactions, account balances, revenues and expenses between the Company and subsidiaries, which are related parties of the Company, are eliminated upon consolidation and are therefore not disclosed in the notes.

(1) Name of related party and the relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
Worldway International Group Limited	Substantive related party
Meide Eatery	Substantive related party
Chengde Eatery	Substantive related party
Wuhua Eatery	Substantive related party
Taiyuan Eatery	Substantive related party
Yutingyuan Enterprise	Substantive related party
Taimanhan Diner	Substantive related party
Taimanji Diner	Substantive related party
Yangyang Eatery	Substantive related party
Su, Hsiao-Chi	Substantive related party
Lung, Chia-Hui	Substantive related party
New Taipei City Private Bafang Yunji Social Welfare Charitable Foundation (hereinafter referred to as Bafang Yunji Foundation)	Substantive related party

(2) Operating revenue

<u>Account item</u>	<u>Type of related party/Name</u>	<u>Year ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
Sales revenue	Substantive related party		
	Others	\$ 50,871	\$ 44,997
Licensing revenue	Substantive related party		
	Others	<u>601</u>	<u>633</u>
		<u>\$ 51,472</u>	<u>\$ 45,630</u>

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

(3) Manufacturing expenses and operating expenses

Account	Type of related party/Name	Year ended December 31,	
		2023	2022
Operating expenses	Substantive related party		
Service expenses	Others	<u>\$ 3,360</u>	<u>\$ 3,360</u>
Donation	Bafang Yunji Foundation	<u>\$ 3,000</u>	<u>\$ 3,000</u>

(4) Receivables from related parties

Account	Type of related party/Name	December 31,	December 31,
		2023	2022
Accounts receivable	Substantive related party		
	Others	<u>\$ 1,262</u>	<u>\$ 1,254</u>
Other receivables	Substantive related party		
	Others	<u>\$ 242</u>	<u>\$ 10</u>

The outstanding receivables due from related parties were not guaranteed. No impairment loss on receivables due from related parties was recognized in 2023 and 2022.

(5) Payable to related parties

Account	Type of related party/Name	December 31,	December 31,
		2023	2022
Other payables	Substantive related party		
	Others	<u>\$ 280</u>	<u>\$ 260</u>

The outstanding payables due to related parties were not guaranteed.

(6) Lease agreement – the Group is lessee

Type of related party	Year ended December 31,	
	2023	2022
<u>Acquisition of right-of-use</u>		
Substantive related party		
Others	<u>\$ -</u>	<u>\$ 5,999</u>

Account	Type of related party	December 31,	December 31,
		2023	2022
Lease liabilities	Substantive related party		
	Others	<u>\$ -</u>	<u>\$ 3,037</u>

Type of related party	Year ended December 31,	
	2023	2022
<u>Interest expenses</u>		
Substantive related party		
Others	\$ <u>35</u>	\$ <u>106</u>

Year ended December 31,				
2023				
Type of related party	Lease subject matter	Lease period	Rental determination	Monthly rental
Substantive related party				
Others	2304, Tsuen Wan Industrial Centre, Hong Kong	2022.1.1~2023.12.31	Bargain	\$ 129
Others	2302, Tsuen Wan Industrial Centre, Hong Kong	2022.1.1~2023.12.31	Bargain	129

Year ended December 31,				
2022				
Type of related party	Lease subject matter	Lease period	Rental determination	Monthly rental
Substantive related party				
Others	2304, Tsuen Wan Industrial Centre, Hong Kong	2022.1.1~2023.12.31	Bargain	\$ 128
Others	2302, Tsuen Wan Industrial Centre, Hong Kong	2022.1.1~2023.12.31	Bargain	128

(7) Lease agreement - the Group is lessor

Operating lease

The Group leased its assets under an operating lease to the Bafang Yunji Foundation in 2023 and 2022. As of December 31, 2023 and 2022, the total amount of future lease payments to be received was \$224 thousand and \$281 thousand, respectively. The lease income recognized in 2023 and 2022 were as follows:

Account	Type of related party/Name	Year ended December 31,	
		2023	2022
Rental income	Substantive related party		
	Others	\$ <u>57</u>	\$ <u>57</u>

Capital sublease

The Group subleased the formerly recorded right-to-use assets under capital leases to Chengde Eatery and Yutingyuan Enterprise in 2021. As of December 31, 2023 and 2022, the balance of lease receivables was \$1,630 thousand and 6,042 thousand, respectively. No allowance for losses has been provided for capital lease receivables in 2023 and 2022.

(8) Deposits received

Type of related party	December 31, 2023	December 31, 2022
Substantive related party		
Others	\$ 850	\$ 450

(9) Other income

Type of related party	Year ended December 31, 2023	2022
Substantive related party		
Others	\$ 41	\$ 185

(10) Remuneration to key management

Salary and remuneration to directors and other key management for 2022 and 2021 was as follows:

	Year ended December 31, 2023	2022
Short-term employee benefits	\$ 91,300	\$ 93,070
Retirement benefits	798	959
Share-based payment		
Equity settlement	2,898	7,911
	<u>\$ 94,996</u>	<u>\$ 101,940</u>

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

37. Pledged assets

The following assets have been pledged as collaterals for loans from financial institutions, payments for Taipei Agricultural Products Marketing Corporation, and the issuance of stored-value cards, with the book value of each account as follows.

	December 31, 2023	December 31, 2022
Financial assets measured at amortized cost - current		
Bank time deposit	\$ 10,000	\$ 10,376
Other financial assets - current	1,868	20,286
Property, plant and equipment		
Land	-	93,474
Building and construction	111,733	124,493
	<u>\$ 123,601</u>	<u>\$ 248,629</u>

38. Significant contingent liabilities and unrecognized contract commitments

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

- (1) As a result of the plant expansion plan approved by the Board of Directors in March 2022 and September 2021, the Group entered into contracts for the construction and purchase of related plant and equipment for a total amount of \$7,709 thousand and \$70,431 thousand, respectively, as of December 31, 2023 and 2022, and paid \$4,622 thousand and \$30,546 thousand, respectively.
- (2) Except for the plant expansion plan, the Group had the following unrecognized contractual commitments:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Purchase of property, plant and equipment	<u>\$ 67,666</u>	<u>\$ 87,994</u>

39. Significant subsequent events

In addition to those disclosed in other notes, there are no other significant subsequent events as of March 11, 2024.

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

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

Unit: In thousands of each foreign currency

December 31, 2023

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>Total carrying amount</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 9,920	30.705 (USD: NTD)	\$ 304,697
CNY (RMB)	45	4.327 (CNY: NTD)	195
HKD	1,806	3.929 (HKD: NTD)	7,096
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD	33	30.705 (USD: NTD)	1,024

December 31, 2022

	Foreign currency	Exchange rate	Total carrying amount
<u>Financial assets</u>			
<u>Monetary items</u>			
USD	\$ 14,595	30.71 (USD: NTD)	\$ 448,214
CNY (RMB)	45	4.408 (CNY: NTD)	198
HKD	1,892	3.938 (HKD: NTD)	7,452

The Group's realized and unrealized foreign currency exchange gain or loss for 2023 and 2022 were exchange loss of \$211 thousand and \$582 thousand, respectively.

41. Additional disclosure

(1) Information on Significant Transactions

- A. Financing provided to others. (Exhibit 1)
- B. Endorsements/guarantees provided. (Exhibit 2)
- C. Marketable securities held at the end of the period. (Exhibit 3)
- D. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (Exhibit 4)
- E. Acquisition of real estate amounting to NT\$300 million or 20% of the paid-in capital. (Exhibit 5)
- 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 6)
- H. Receivables due from related parties amounting to NT\$100 million or 20% of the paid-in capital. (None)
- I. Trading in derivative instruments. (Notes 7 and 35)
- J. Intercompany relationships and significant intercompany transactions. (Exhibit 7)

(2) Information on investees (Exhibit 8)

- A. Information on investment in Mainland China:
- B. 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 9)

- C. 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 9)
- The amount and percentage of purchases and the related ending balance and percentage of payables.
 - The amount and percentage of sales and the related ending balance and percentage of receivables.
 - The amount of property transactions and the amount of resulting gains or losses.
 - The ending balance of endorsement guarantee of notes or the provision of collateral and its purpose.
 - The maximum balance, ending balance, interest rate range and total current interest amount of financial accommodation
 - Other transactions that have a significant effect on the current profit or loss or financial position, such as the provision or receipt of services.
- (3) Information on major shareholders: Name, number and percentage of shares held by shareholders with 5% or more of the shares. (Exhibit 10)

42. Segment information

Information provided to the key operating decision maker for the purpose of allocating resources and measuring departmental performance, with emphasis on the type of product or service delivered or provided.

<u>Reportable department</u>	<u>Operating brands</u>
Taiwan	- Bafang Yunji - Liang She-Han Pork Ribs - FJ Veggie - Dante Coffee
Hong Kong	- Bafang Yunji - Liang She-Han Pork Ribs - Bai Fung Bento - Bafang Noodles & More
Mainland China	- Bafang Yunji
United States	- Bafang Yunji

(1) Segment Revenue and Operating Results

The revenue and operating results of the Group's continuing operations, analyzed by reportable segment, are as follows:

	Year ended December 31, 2023				
	Taiwan	Hong Kong	China	United States	Total
Revenue from external customers	\$ 5,680,529	\$ 1,382,629	\$ -	\$ 276,732	\$ 7,339,890
Inter-segment revenue	<u>98,616</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,616</u>
Segment revenue	<u>\$ 5,779,145</u>	<u>\$ 1,382,629</u>	<u>\$ -</u>	<u>\$ 276,732</u>	<u>7,438,506</u>

	Year ended December 31, 2023				
	Taiwan	Hong Kong	China	United States	Total
Internal eliminations					(98,616)
Consolidated revenue					<u>\$ 7,339,890</u>
Segment profit or loss	<u>\$ 609,723</u>	<u>\$ 93,937</u>	<u>(\$ 1,652)</u>	<u>(\$ 33,375)</u>	<u>\$ 668,633</u>
Interest income					30,184
Rental income					6,760
Gain on disposal of property, plant and equipment					(17,467)
Exchange gain					(211)
Financial costs					(31,889)
Other gains and losses					<u>21,732</u>
Net income before tax from continuing operations					<u>\$ 677,742</u>

	Year ended December 31, 2022				
	Taiwan	Hong Kong	China	United States	Total
Revenue from external customers	\$ 5,420,241	\$ 1,210,300	\$ 37,366	\$ 131,356	\$ 6,799,263
Inter-segment revenue	<u>86,556</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,556</u>
Segment revenue	<u>\$ 5,506,797</u>	<u>\$ 1,210,300</u>	<u>\$ 37,366</u>	<u>\$ 131,356</u>	<u>6,885,819</u>
Internal eliminations					(86,556)
Consolidated revenue					<u>\$ 6,799,263</u>
Segment profit or loss	<u>\$ 722,219</u>	<u>\$ 143,912</u>	<u>\$ 2,312</u>	<u>(\$ 18,320)</u>	<u>\$ 850,123</u>
Interest income					14,421
Rental income					3,290
Gain on disposal of property, plant and equipment					(15,699)
Exchange gain					(582)
Financial costs					(28,811)
Other gains and losses					<u>10,478</u>
Net income before tax from continuing operations					<u>\$ 833,220</u>

The revenues reported above were generated from transactions with external customers. Inter-segment sales were fully eliminated in 2023 and 2022.

Segment profit represents the profit earned by each segment, excluding the share of headquarters management costs and directors' remuneration, share of profit or loss of affiliated companies using the equity method, profit or loss on disposal of affiliated companies, rental income, interest income, profit or loss on disposal of property, plant and equipment, profit or loss on financial assets at fair value through profit or loss (valuation gain or loss on financial instruments), net (gain) loss on foreign currency exchange, finance costs, and income tax expense. and income tax expense. This measure is provided to the key operating decision maker for the purpose of allocating resources to the segment and measuring its performance.

(2) Segment total assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan	\$ 4,511,027	\$ 4,387,151
Hong Kong	1,021,181	955,754
Mainland China	-	19,761
United States	<u>642,108</u>	<u>488,585</u>
Total segment assets	6,174,316	5,851,251
Unallocated assets	<u>6,223</u>	<u>7,617</u>
Total consolidated assets	<u>\$ 6,180,539</u>	<u>\$ 5,858,868</u>

For the purpose of monitoring segment performance and allocating resources to segments:

All assets, other than those of equity-method affiliates and current and deferred income tax assets are allocated to reportable segments. Assets used jointly by reportable segments are allocated on the basis of the revenue earned by each reportable segment.

(3) Revenue from major products and services

The Group is principally engaged in the manufacturing and sale of products related to restaurant chains and the sale of food ingredients used in the manufacturing and sale of related products by franchisees as a single product category; therefore, information by product category is not required.

(4) Regional information

The Group operates primarily in four regions - Taiwan, Hong Kong, Mainland China and the United States.

Information on the Group's revenue from external customers from continuing operations by region and non-current assets by region of assets is presented below.

	<u>Revenue from external customers</u>		<u>Non-current assets (Note)</u>	
	<u>2023</u>	<u>2022</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan	\$ 5,680,529	\$ 5,420,241	\$ 2,864,076	\$ 2,418,392
Hong Kong	1,382,629	1,210,300	635,355	589,425
Mainland China	-	37,366	-	319
United States	<u>276,732</u>	<u>131,356</u>	<u>527,238</u>	<u>360,521</u>
	<u>\$ 7,339,890</u>	<u>\$ 6,799,263</u>	<u>\$ 4,026,669</u>	<u>\$ 3,368,657</u>

Note: Non-current assets do not include deferred income tax assets.

(5) Information on major customers

For 2023 and 2022, there was no single customer whose revenue amounted to 10% or more of the Group's total revenue.

Bafang Yunji International Co., Ltd. and subsidiaries
Financing provided to others
For the year ended December 31, 2023

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.	Bafang Yunji Restaurant Co., Ltd.	Other receivables - related parties	Yes	\$ 200,000	\$ 100,000	\$ 25,000	2%	the need for short-term financing	\$ -	Operating turnover	\$ -	—	\$ -	\$ 676,382	\$ 676,382	
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Foods LLC	Other receivables - related parties	Yes	48,638	46,058	15,353	4.5%	the need for short-term financing	-	Operating turnover	-	—	-	676,382	676,382	
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Group LLC	Other receivables - related parties	Yes	97,275	92,115	92,115	4.5%	the need for short-term financing	-	Operating turnover	-	—	-	676,382	676,382	
1	Fujian Bafang Yunji Foods Co., Ltd.	Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Other receivables - related parties	Yes	4,039 RMB 915,918	-	-	-	the need for short-term financing	-	Operating turnover	-	—	-	-	-	

Note 1: The number column is filled out as follows:

(1) Fill in 0 for the issuer.

(2) Each invested company is numbered in sequential order starting from 1.

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

Note 3: The limit of funds lent to individual recipients is \$3,381,910 thousand * 20% of the net worth of the company that lends funds (Bafang Yunji International Co., Ltd.) = \$676,382 thousand; the total limit of funds lent is \$3,381,910 thousand * 20% of the net worth of the company that lends funds (Bafang Yunji International Co., Ltd.) = \$676,382 thousand.

Bafang Yunji International Co., Ltd. and subsidiaries
Provision of endorsements and guarantees to others
For the year ended December 31, 2023

Exhibit 2 Unit: In thousands of NT\$, unless otherwise specified

No. (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 3)	Maximum Balance for the Period	Ending Balance	Amount Actually	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Note 3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Company name	Nature of Relationship (Note 2)											
0	Bafang Yunji International Co., Ltd.	Dante Coffee & Foods Co., Ltd.	(2)	\$ 676,382	\$ 110,000	\$ 104,000	\$ 12,000	\$ -	3.08	\$ 1,352,764	Y	N	N	
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Foods LLC	(2)	676,382	16,213	15,353	-	-	0.45	1,352,764	Y	N	N	
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Group LLC	(2)	676,382	64,850	61,410	17,655	-	1.82	1,352,764	Y	N	N	

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

Note 2: Relationship with the Company:
(1) The companies with which it has business relations.
(2) Subsidiaries in which the company directly holds more than 50% of its total outstanding common stocks.
(3) Companies in which the total outstanding common stocks held by the parent company and its subsidiaries, calculated on a combined basis, exceed 50%.
(4) The parent company that directly or indirectly holds more than 50% of the total outstanding common stocks through its subsidiaries.
(5) Companies in same type of business and providing mutual endorsements/guarantees in favor of each other in accordance with the contractual obligations in order to fulfill the needs of the construction project.
(6) Shareholders making endorsements and/or guarantees for their mutually invested company in proportion to their shareholding percentage.

Note 3: Limit on endorsements/ guarantees provided for a single party: not exceeding 20% of the Company's net assets as of December 31, 2023: \$ 3,381,910 thousand * 20%= \$ 676,382 thousand.
Ceiling on total amount of endorsements/ guarantees provided: not exceeding 40% of the Company's net assets as of December 31,2023: \$ 3,381,910 thousand * 40%= \$ 1,352,764 thousand.

Bafang Yunji International Co., Ltd. and subsidiaries
Marketable securities held at the end of the period
December 31, 2023

Exhibit 3

Unit: In thousands of NT\$, unless otherwise specified

Holding company name	Type and name of marketable securities	Relationship with the issuers of the marketable securities	Financial statement Account	End of the period				Note
				Number of shares	Carrying amount	Shareholding percentage	Fair value	
Bafang Yunji International Co., Ltd.	<u>Structured deposits</u>							
	President DSU NTD 100% Capital Protected Structured Instrument	-	Financial assets at fair value through profit or loss - current	-	\$ 100,236	-	\$ 100,236	
	<u>Beneficiary certificate</u>							
Fang Sin International Trading Co., Ltd.	Fubon Chi-Hsiang Money Market fund	-	Financial assets at fair value through profit or loss - current	6,831,164	<u>\$ 110,005</u>	-	<u>\$ 110,005</u>	
					<u>\$ 210,241</u>		<u>\$ 210,241</u>	
	<u>Stocks of domestic non-listed companies</u>							
	La Fresh Information Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	150,000	<u>\$ 3,750</u>	1.6%	<u>\$ 3,750</u>	

Note 1: For information on investment in subsidiaries, affiliates and joint venture interests, please refer to Exhibits 8 and 9.

Bafang Yunji International Co., Ltd. and subsidiaries
Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital
For the year ended December 31, 2023

Exhibit 4

Unit: In thousands of NT\$, unless otherwise specified

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Bafang Yunji International Co., Ltd.	<u>Beneficiary certificate</u> Fubon Chi-Hsiang Money Market fund	Financial assets at fair value through profit or loss - current	Fubon Asset Management Co.,Ltd.	-	-	\$ -	19,889,143	\$ 320,000	13,057,979	\$ 210,090	\$ 210,000	\$ 90	6,831,164	\$ 110,005 Gain of 5 thousand on valuation of financial asset
	<u>Structured deposits</u> President DSU NTD 100% Capital Protected Structured Instrument	Financial assets at fair value through profit or loss - current	President Securities Corporation	-	-	110,228 Gain of 228 thousand on valuation of financial asset	-	392,000	-	403,161	402,000	1,161	-	100,236 Gain of 236 thousand on valuation of financial asset

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Marketable securities adopting the equity method must complete these two columns, others omit them.

Note 3: Marketable securities acquired or disposed of at costs or prices should be separately calculated based on market value to determine if they at least NT\$300 million or 20% of the paid-in capital.

Note 4: Paid-in capital refers to the paid-in capital of the parent company. For issuers with no par value or a per-share par value not in NT\$10, transactions relating to 20% of paid-in capital are calculated based on 10% of equity attributable to the owners of the parent company as per the balance sheet.

Bafang Yunji International Co., Ltd. and subsidiaries
Acquisition of real estate amounting to NT\$300 million or 20% of the paid-in capital.
For the nine months ended December 31, 2023

Exhibit 5

Unit: In thousands of NT\$, unless otherwise specified

Acquiring Company	Property Item	Date of Event	Transaction Amount	Status of Payment	Transaction Counterparty	Relationship	Previous Transfer Information for Related Party Transaction				Pricing Reference	Purpose and Usage Status of Acquisition	Other Contractual Terms
							Owner	Relationship with the Issuing Company	Transfer Date	Amount			
Bafang Yunji International Co., Ltd.	Land and buildings located in Tianyuan Section, Tamsui District, New Taipei City.	2023/8/10	\$ 478,100	Paid	Mae Tay Precision Co., Ltd.	Non-related party	-	-	-	\$ -	Note 1	For production and operation	-

Note 1:Refer to the market price, and real estate appraisal report issued from Honda Appraisers Joint Firm (appraisal price NT\$499,361 thousands) and CCIS Real Estate Joint Appraisers Firm (appraisal price NT\$458,188 thousands).

Bafang Yunji International Co., Ltd. and subsidiaries
Purchase or sale of goods from or to related parties amounting to NT100 million or 20% of the paid-in capital
For the year ended December 31, 2023

Exhibit 6

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	\$ 580,898	11.84%	Semi-monthly settlement	Same transaction price as with regular customers	Same credit term as with regular customers	\$ 23,912	20.33%	Note 1

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

Bafang Yunji International Co., Ltd. and subsidiaries
Intercompany relationships and significant intercompany transactions
For the year ended December 31, 2023

Exhibit 7

Unit: In thousands of NT\$, unless otherwise specified

Serial No. (Note 1)	Company name	counterparty	Relationship (Note 2)	History of transaction			
				Financial statement Accounts	Amount	Trading term	As a percentage of total consolidated revenue or total assets (Note 3)
0	Bafang Yunji International Co., Ltd.	Bafang Yunji Restaurant Co., Ltd.	1	Sales revenue	\$ 580,898	Same as regular transaction price	8%
	"	"	1	Accounts receivable	23,912	"	-
	"	"	1	Advertising expenses	39,979	Note5	1%
	"	"	1	Miscellaneous expenses	40,637	Note5	1%
	"	"	1	Training expenses	19,735	Note5	-
	"	"	1	Other receivables	25,000	Lending funds 2%	-
	"	Bafang Yunji Foods LLC	1	Other receivables	15,353	Lending funds 4.5%	-
	"	Bafang Yunji Restaurant Group LLC	1	Other receivables	92,115	Lending funds 4.5%	1%
	"	Fang Sin International Trading Co., Ltd.	1	Purchases	72,982	Same as regular transaction price	1%
1	Fang Sin International Trading Co., Ltd.	Bafang Yunji International Company Limited	3	Sales revenue	88,380	"	1%
	"	Bafang Yunji Foods LLC	3	Sales revenue	10,236	"	-
2	Dante Creative CO., LTD.	Dante Coffee & Foods Co., Ltd.	3	Sales revenue	12,018	"	-
3	Bafang Yunji Foods LLC	Bafang Yunji Restaurant Group LLC	3	Sales revenue	89,283	"	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following Three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount during the year to consolidated total operating revenues for income statement accounts.

Note 4: The Company may determine discretionally whether to have the material transactions in the Exhibit illustrated according to its materiality.

Note 5: The intercompany transactions, prices and terms are determined in accordance with mutual agreements and no other similar transactions could be used for comparison.

Bafang Yunji International Co., Ltd. and subsidiaries
Information on investees, locations, etc.
For the year ended December 31, 2023

Exhibit 8

Unit: In thousands of NT\$, unless otherwise specified

Name of investor	Name of investee	Location	Principal business	Original investment amount		Holding at the end of the period			Profit or loss of investee for the period	Investment income or loss recognized in the period	Note
				End of the period	End of last year	Number of shares	Ratio	Carrying amount			
Bafang Yunji International Co., Ltd.	Bafang Yunji (Samoa) International Co., Ltd.	Samoa	Investment management	\$ 50,055	\$ 50,055	1,833,048	100	\$ 25,198	(\$ 11,340)	(\$ 11,340)	Note 1
				USD 1,833,048	USD 1,833,048			USD 820,647	(USD 363,968)	(USD 363,968)	
	Bafang Yunji Restaurant Co., Ltd.	Taiwan	Food and beverage services	150,727	150,727	15,000,000	100	175,287	2,834	2,834	Note 1
	Fang Sin International Trading Co., Ltd.	Taiwan	Food trading	40,000	40,000	4,000,000	100	45,710	3,753	3,753	Note 1
	Bafang Co., Ltd.	Japan	Food processing and food and beverage services	81,621	81,621	30,000	100	51,539	(923)	(923)	Note 1
				JPY 300,000,000	JPY 300,000,000			JPY 237,289,750	(JPY 4,154,490)	(JPY 4,154,490)	
	Bafang Yunji International (USA) Limited	United States	Investment management	150,947	150,947	996	100	101,248	(28,777)	(28,777)	Note 1
				USD 4,980,000	USD 4,980,000			USD 3,297,435	(USD 923,680)	(USD 923,680)	
	Bafang Yunji International Company Limited	Hong Kong	Food processing and food and beverage services	476,538	476,538	17,500,000	100	608,374	72,848	72,848	Note 1
				HKD 119,617,830	HKD 119,617,830			HKD 154,841,860	HKD 18,303,456	HKD 18,303,456	
Bafang Yunji (Samoa) International Co., Ltd.	Dante Coffee & Foods Co., Ltd.	Taiwan	Food and beverage services	20,000	86,920	2,000,000	100	12,480	(8,524)	(7,410)	Note 1
	Bafang Yunji Restaurant Group Limited	Hong Kong	Investment management	397,549	397,549	5,250,000	100	15,529	(10,500)	(10,500)	Note 1
Bafang Yunji Restaurant Group Limited	Fujian Bafang Yunji Foods Co., Ltd.	Mainland China	Food processing	USD 12,940,438	USD 12,940,438			USD 505,755	(USD 337,012)	(USD 337,012)	
				-	105,941	-	-	-	(768)	(768)	Notes 1, 2
				USD -	USD 3,500,000	-	-	-	(RMB 174,408)	(RMB 174,408)	
	Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Mainland China	Food and beverage services	-	113,129	-	-	-	(711)	(711)	Notes 1, 2
				USD -	USD 3,700,000	-	-	-	(RMB 160,734)	(RMB 160,734)	
Bafang Yunji International Company Limited	Hsin Chiao International Co. Limited	Hong Kong	Transportation	-	-	1	100	38,825	12,093	12,093	Note 1
				HKD 1	HKD 1			HKD 9,881,658	HKD 3,038,501	HKD 3,038,501	
	Long Success (HK) Industrial Limited	Hong Kong	Food and beverage services	-	-	1	100	95,982	17,117	17,117	Note 1
				HKD 1	HKD 1			HKD 24,429,330	HKD 4,300,848	HKD 4,300,848	
	Rich Grade Limited	Hong Kong	Food and beverage services	-	-	1	100	11,278	176	176	Note 1
				HKD 1	HKD 1			HKD 2,870,465	HKD 44,100	HKD 44,100	
	Wise Success Enterprise Limited	Hong Kong	Transportation	-	-	1	100	422	(36)	(36)	Note 1
				HKD 1	HKD 1			HKD 107,417	(HKD 9,133)	(HKD 9,133)	
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	76,454	76,454	-	59.25	40,551	(29,430)	(17,437)	Note 1
				USD 2,547,750	USD 2,547,750			USD 1,320,678	(USD 944,642)	(USD 559,700)	
	Bafang Yunji Restaurant Group LLC	United States	Food and beverage services	64,008	64,008	-	59.25	56,716	(8,506)	(5,040)	Note 1
USD 2,073,750				USD 2,073,750			USD 1,847,125	(USD 273,013)	(USD 161,760)		
Dante Coffee & Foods Co., Ltd.	Sound Sino Group Limited	Samoa	Investment management	-	23,034	-	-	-	-	-	Note 1
					USD 710,000	-	-	-			
	Dante Creative CO., LTD.	Taiwan	Food processing	-	30,000	-	-	-	1,558	1,558	Note 1

Note 1: The above investment income or loss of the investee for 2023 was recognized based on the investee's financial statements for the same period audited by CPAs.

Note 2: Please refer to Exhibit 8 for the information on investees in Mainland China.

Bafang Yunji International Co., Ltd. and subsidiaries
Information on investment in Mainland China
For the year ended December 31, 2023

Exhibit 9

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	\$ -	\$ -	\$ -	(\$ 768)	-	(\$ 768)	\$ -	\$ -	
Fujian Bafang Yunji Restaurant & Management Co., Ltd.	Food and beverage services	113,129	(2)	USD 3,500,000 113,129	-	-	-	(RMB 174,408) (711)	-	(RMB 174,408) (711)	-	-	
Heng Yue Feng Trading (Shenzhen) Co., Ltd.	Food trading	6,891	(2)	USD 3,700,000 6,891	-	-	6,891	(RMB 160,734) -	100	(RMB 160,734) -	-	-	
				RMB 1,500,000			RMB 1,500,000	RMB -		RMB -	RMB -		

2. Investment quota for Mainland China.

Accumulated amount of investment from Taiwan to mainland China at the end of the period	Amount of investment approved by the Investment Commission, MOEA	Investment quota for mainland China as stipulated by the Investment Commission, MOEA
\$ 502,428 (USD 16,341,534)	\$ 502,428 (USD 16,341,534)	\$ 2,069,284

Note 1: The investment methods can be divided into the following three types, and just indicate as such.

- (1) Invest in mainland China directly.
- (2) Invest in Mainland China through companies in third regions. (Please specify the investment company of the third region).
- (3) Other methods

Note 2: In the column of investment income or loss recognized in the current period.

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

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

Note 4: Including the deregistration of Zhejiang Fuyu Foods Co., Ltd. in July 2020, Xiamen Fuyu Bafang Equity Investment Co., Ltd. in February 2021, and Zhejiang Fuyu Foods Co., Ltd. and Zhejiang Fuyu Restaurant & Management Co., Ltd. in March 2021, and Shanghai Dante Coffee Co., Ltd was deregistered in September 2022, Fujian Bafang Yunji Foods Co., Ltd. was deregistered in September 2022, and Fujian Bafang Yunji Restaurant & Management Co., Ltd. was deregistered in October 2023, the accumulated investment amount of \$472,503 thousand remitted from Taiwan was not repatriated back.

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

Bafang Yunji International Co., Ltd.
Information on major shareholders
December 31, 2023

Exhibit 10

Name of major shareholders	Shares	
	Shareholding	Shareholding percentage
Fu Yu Investment Co., Ltd.	10,695,966	16.08%
Lin, Chia-Yu	5,105,963	7.67%
Su, Suh-Hsing	4,572,784	6.87%

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.