Stock Code: 2726

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Consolidated Financial Statements and Independent Auditors' Report

For the Years Ended December 31, 2024 and 2023

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Independent Auditors' Report

To Yummy Town (Cayman) Holdings Corporation:

Audit Opinion

We have audited the consolidated balance sheets of Yummy Town (Cayman) Holdings Corporation and its subsidiaries (hereinafter referred to as the "Yummy Town Group and its subsidiaries") as of December 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to consolidated financial statements (including the Summary of Significant Accounting Policies).

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial status of Yummy Town Group and its subsidiaries as of December 31, 2024 and 2023, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission (FSC).

Basis for Audit Opinion

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

Key Audit Matters

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of Yummy Town Group and its subsidiaries for the year ended December 31, 2024, based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the consolidated financial statements of Yummy Town Group and its subsidiaries for the year ended December 31, 2024 are stated as follows:

Recognition of sales of commodities

The operating revenue of Yummy Town Group and its subsidiaries in 2024 was $564,664 thousand. As the franchisees come from various regions and there are many business locations, considering that the sales of commodities of Yummy Town Group and subsidiaries has a significant impact on the consolidated financial report, the accountant assesses that the risk of income recognition lies in whether the revenue of specific customers with a significant amount of sales actually occurs. It is considered a key audit matter in the audit of consolidated financial statements for the year ended December 31, 2024. For details, please refer to Notes IV (XV).

The audit procedures conducted by the CPA for the recognition of the above revenue are as follows:

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

Responsibilities of Management and Governing Bodies for the Consolidated Financial Statements

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

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

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

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

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

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

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

evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause Yummy Town Group and subsidiaries to cease to continue as a going concern.

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

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

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

From the matters communicated with governance bodies, we determine the key audit matters of Yummy Town Group and its subsidiaries’ consolidated financial statements for the year ended December 31, 2024. We have clearly indicated such matters in the auditors’ report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors’ report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte Taiwan

CPA	Zhang, Zhi-Yi	CPA	Huang-I-Min
Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen-Zi No. 1100378647		Financial Supervisory Commission Approval Document No. Jin-Guan-Zheng-Shen-Zi No. 1030024438	

March 14, 2025

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Consolidated Balance Sheets

On December 31, 2024, as well as on December 31,

Unit: Thousands of NT Dollars

Code	Assets	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	$ 151,261	21	$ 254,623	33
1110	Financial assets at fair value through profit or loss - current (Notes IV and VII)	-	-	2,711	-
1136	Financial assets at amortized cost - current (Notes IV and VIII)	-	-	46,058	6
1170	Accounts receivable (Notes IV and IX)	49,347	7	24,593	3
1180	Accounts receivable - related parties (Notes IV, IX and XXX)	20,025	3	11,674	2
1200	Other receivables	4,390	-	22,927	3
1210	Other receivables- related parties (Notes XXX)	7,868	1	44	-
1220	Current income tax assets (Notes IV and XXIII)	1,612	-	1,501	-
130X	Inventories (Notes IV and X)	48,519	7	44,132	6
1479	Other current assets - others (Notes VI, XXX and XXXI)	23,938	3	51,202	7
11XX	Total Current Assets	306,960	42	459,465	60
	Non-current assets				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes IV and XI)	-	-	3,861	-
1551	Investments accounted for using the equity method (Notes IV and XIII)	-	-	6,414	1
1600	Property, plant and equipment (Notes IV, XIV and XXXI)	126,316	17	99,258	13
1755	Right-of-use assets (Notes IV, XVI and XXX)	113,743	16	108,993	14
1780	Intangible assets (Notes IV and XVI)	116,834	16	37,047	5
1840	Deferred tax assets (Notes IV and XXIII)	23,453	3	30,110	4
1920	Refundable deposits	10,955	2	24,528	3
1940	Long-term accounts receivables- related parties (Notes XXX)	31,474	4	-	-
15XX	Total Non-current Assets	422,775	58	310,211	40
1XXX	Total Assets	$ 729,735	100	$ 769,676	100

Code	Liabilities and Equity	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities				
2100	Short-term loans (Note XVII and XXXI)	$ 62,064	8	$ 59,776	8
2170	Accounts payable	8,707	1	41,413	5
2219	Other payables (Note XVIII, XIX and XXX)	42,381	6	91,619	12
2230	Current income tax liabilities (Notes IV and XXIII)	9,985	1	15,706	2
2280	Lease liabilities - current (Notes IV and XV)	34,289	5	60,039	8
2399	Other current liabilities (Note XXX)	4,854	1	20,489	3
21XX	Total Current Liabilities	162,280	22	289,042	38
	Non-current liabilities				
2527	Contract liabilities - non-current (Notes IV and XXI)	70,749	10	98,397	13
2570	Deferred income tax liabilities (Notes IV and XXIII)	23,201	3	24,328	3
2580	Lease liabilities - non-current (Notes IV and XV)	84,670	12	64,372	8
2645	Guarantee deposits received	8,665	1	68,410	9
25XX	Total Non-current Liabilities	187,285	26	255,507	33
2XXX	Total Liabilities	349,565	48	544,549	71
	Equity Attributable to owners of the Company (Note XX)				
	Share capital				
3110	Common stocks	280,000	38	260,000	34
3200	Capital surplus	39,191	5	113,368	15
	Retained earnings				
3350	Unappropriated retained earnings (Accumulated deficit)	98,391	14	(110,177)	(14)
	Other equity				
3410	Exchange differences in translation of foreign operations	(35,073)	(5)	(65,754)	(9)
3420	Unrealized revaluation gains and losses on financial assets at fair value through other comprehensive income	(2,756)	-	(7,660)	(1)
3400	Total Other Equity	(37,829)	(5)	(73,414)	(10)
3500	Treasury stock	(20,682)	(3)	(20,682)	(3)
31XX	Total Equity Attributable to Shareholders of the Parent	359,071	49	169,095	22
36XX	Non-controlling interests (Note XII and XX)	21,099	3	56,032	7
3XXX	Total Equity	380,170	52	225,127	29
	Total Liabilities and Equity	$ 729,735	100	$ 769,676	100

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

Chairman: Wu Po-Chao President: Chiang Hsi-I Accounting Supervisor: Chih Chia-Ling

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2024 and 2023

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

		2024		2023	
Code		Amount	%	Amount	%
4000	Operating revenue (Notes IV, XXI and XXX)	$ 564,664	100	$ 744,754	100
5000	Operating costs (Notes X, XXII, and XXX)	237,606	42	355,295	48
5900	Gross Profit	327,058	58	389,459	52
	Operating expenses (Note XXII and XXX)				
6100	Sales and marketing expenses	179,194	32	218,252	29
6200	General and administrative expenses	135,312	24	211,202	28
6300	Research and development expenses	4,557	1	11,642	2
6450	Expected credit impaired loss (Note IX)	2,130	-	10,478	1
6000	Total operating expenses	321,193	57	451,574	60
6900	Net operating loss	5,865	1	(62,115)	(8)
	Non-operating income and expenses (Note XXII and XXX)				
7100	Interest income	3,510	1	2,207	-
7010	Other income	8,362	1	12,615	2
7020	Other gains and losses	96,803	17	(24,084)	(3)
7050	Finance costs	(7,247)	(1)	(7,573)	(1)
7770	Share of loss of associates accounted for using the equity method (Notes IV and XIII)	(1,751)	-	(3,751)	(1)
7000	Total non-operating income and expenses	99,677	18	(20,586)	(3)

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Code		2024 Amount	2024 %	2023 Amount	2023 %
7900	Net income before tax (Loss)	$ 105,542	19	($ 82,701)	(11)
7950	Income tax expenses (Notes IV and XXIII)	(4,803)	(1)	(12,372)	(2)
8200	Net income for the period (Loss)	100,739	18	(95,073)	(13)
	Other comprehensive income (loss)				
8310	Items that may be reclassified to profit or loss				
8316	Unrealized revaluation gains and losses on financial assets at fair value through other comprehensive income	(633)	-	(1,719)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences in translation of foreign operations	21,563	4	1,920	-
8370	Share of other comprehensive income of associates accounted for using the equity method	(159)	-	(477)	-
8300	Total other comprehensive income	20,771	4	(276)	-
8500	Total comprehensive income for the period	$ 121,510	22	($ 95,349)	(13)
	Net income (loss) attributable to				
8610	owners of the parent	$ 98,391	18	($ 100,759)	(14)
8620	Non-controlling interests	2,348	-	5,686	1
8600		$ 100,739	18	($ 95,073)	(13)
	Total comprehensive income (loss) attributable to				
8710	owners of the parent	$ 116,641	21	($ 100,410)	(14)
8720	Non-controlling interests	4,869	1	5,061	1
8700		$ 121,510	22	($ 95,349)	(13)
	Deficit per share (Note XXIV)				
9710	Basic	$ 3.58		($ 4.06)	

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

Chairman: Wu Po-Chao President: Chiang Hsi-I Accounting Supervisor: Chih Chia-Ling

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2024 and 2023

Unit: Thousands of NT Dollars

Code		Equity Attributable to owners of the Company: Share Capital Common Stock	Capital surplus	Retained earnings: Special reserve	Retained earnings: (Accumulated deficit) Unappropriated earnings	Other equity: Exchange differences in translation of foreign operations	Other equity: Unrealized revaluation gains and losses on financial assets at fair value through other comprehensive income	Treasury stock	Total	Non-controlling interests	Total Equity
A1	Balance as of January 1, 2023	$ 357,852	$ 187,517	$ 82,230	($ 279,866)	($ 67,822)	($ 5,941)	($ 29,605)	$ 244,365	$ 16,845	$ 261,210
D1	Net income (loss) for the year ended December 31, 2023	-	-	-	(100,759)	-	-	-	(100,759)	5,686	(95,073)
D3	Other comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	2,068	(1,719)	-	349	(625)	(276)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	(100,759)	2,068	(1,719)	-	(100,410)	5,061	(95,349)
E1	Cash Capital Increase (Note XX)	10,000	16,000	-	-	-	-	-	26,000	-	26,000
C11	Capital surplus used to cover accumulated deficits (Note XX)	-	(89,784)	(82,230)	172,014	-	-	-	-	-	-
F1	Capital reduction for cover accumulated deficits (Note XX)	(107,852)	(365)	-	99,294	-	-	8,923	-	-	-
M5	Partial equity of subsidiaries acquired (Note XX)	-	-	-	-	-	-	-	-	30,532	30,532
M7	Changes in percentage of ownership interests in subsidiaries (Note XXV)	-	-	-	(860)	-	-	-	(860)	860	-
O1	Net changes in non-controlling interests (Note XX)	-	-	-	-	-	-	-	-	4,404	4,404
T1	Gain on exercise of vesting rights (Note XX)	-	-	-	-	-	-	-	-	(1,670)	(1,670)
Z1	Balance as of December 31, 2023	260,000	113,368	-	(110,177)	(65,754)	(7,660)	(20,682)	169,095	56,032	225,127
D1	Net income (loss) for the year ended December 31, 2024	-	-	-	98,391	-	-	-	98,391	2,348	100,739
D3	Other comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	18,883	(633)	-	18,250	2,521	20,771
D5	Total comprehensive income in 2024	-	-	-	98,391	18,883	(633)	-	116,641	4,869	121,510
C11	Capital surplus used to cover accumulated deficits (Note XX)	-	(110,177)	-	110,177	-	-	-	-	-	-
E1	Cash Capital Increase (Note XX)	20,000	36,000	-	-	-	-	-	56,000	-	56,000
M7	Changes in percentage of ownership interests in subsidiaries (Note XXV)	-	-	-	-	11,798	5,537	-	17,335	(12,335)	5,000
O1	Net changes in non-controlling interests (Note XX)	-	-	-	-	-	-	-	-	(26,506)	(26,506)
T1	Cash dividends distributed by subsidiaries (Note XX)	-	-	-	-	-	-	-	-	(961)	(961)
Z1	Balance as of December 31, 2024	$ 280,000	$ 39,191	$ -	$ 98,391	($ 35,073)	($ 2,756)	($ 20,682)	$ 359,071	$ 21,099	$ 380,170

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

Chairman: Wu Po-Chao | President: Chiang Hsi-I | Accounting Supervisor: Chih Chia-Ling

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

Unit: Thousands of NT Dollars

Code		2024	2023
	Cash flows from operating activities		
A10000	Net income (loss) before income tax for the period	$ 105,542	($ 82,701)
A20010	Income and expense items		
A20100	Depreciation expense	48,916	76,911
A20200	Amortization	1,872	2,287
A20300	Expected credit impaired loss	2,130	10,478
A20400	Net loss on financial assets at fair value through profit or loss	-	719
A20900	Interest expense	7,247	7,573
A21200	Interest income	(3,510)	(2,207)
A22300	Share of loss of associates accounted for using equity method	1,751	3,751
A22500	Loss on disposal of property, plant and equipment	1,016	4,342
A23200	Gain on disposal of investments	(95,901)	(8)
A23700	Loss for market price decline and obsolete and slow-moving inventories (gains from recovery)	193	(3,651)
A23800	Impairment loss of assets	-	9,048
A29900	Gains on lease modification	(487)	(3,844)
A30000	Net changes in operating assets and liabilities		
A31150	Accounts receivables	(34,362)	(5,543)
A31160	Accounts receivables - related parties	(8,621)	(5,149)
A31180	Other receivables	(1,052)	3,045
A31190	Other receivables- related parties	44	-
A31200	Inventories	(22,323)	17,346
A31240	Other current assets	13,183	(2,689)
A32125	Contract liabilities	(24,092)	21,408
A32150	Accounts payable	(2,718)	(15,785)
A32180	Other payables	88,965	9,131
A32230	Other current liabilities	3,351	(12,332)
A33000	Cash flow in (out) generated from operations	81,144	32,130
A33100	Interest received	4,270	1,886
A33300	Interest paid	(2,810)	(2,767)
A33500	Income tax paid	(9,422)	(10,176)
AAAA	Net cash in (out) generated by operating activities	73,182	21,073

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Code		2024	2023
	Cash flows from investing activities		
B00040	Net decrease (increase) in financial assets at amortized cost	$ 46,058	($ 48,405)
B02200	Net cash inflow from the disposal of subsidiaries (Note XXVI)	5,860	-
B02300	Net cash outflow from the disposal of subsidiaries (Note XXVII)	(37,426)	-
B02700	Acquisition of property, plant and equipment	(44,805)	(10,241)
B02800	Proceeds from disposal of property, plant and equipment	190	1,486
B03800	Decrease in refundable deposits	(784)	9,395
B04500	Acquisition of intangible assets	(77,186)	(7,830)
B05900	Increase in accounts receivable - related parties	(39,342)	-
B06600	Decrease (increase) in other current assets - others	(450)	4,607
BBBB	Net cash flows generated by (used in) investing activities	(147,885)	(50,988)
	Cash flows from financing activities		
C04600	Cash capital increase	56,000	26,000
C00100	Decrease in short-term loans	2,288	(15,360)
C03100	Decrease in guarantee deposits received	(27,390)	(17,865)
C04020	Principal repayment of lease liabilities	(40,283)	(59,819)
C05800	Net changes in non-controlling interests	(27,467)	34,126
CCCC	Net cash used in financing activities	(36,852)	(32,918)
DDDD	Effect of exchange rate changes on cash and cash equivalents	8,193	3,781
EEEE	Net decrease in cash and cash equivalents	(103,362)	(59,052)
E00100	Cash and cash equivalents at beginning of year	254,623	313,675
E00200	Cash and cash equivalents at end of the year	$ 151,261	$ 254,623

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

Chairman: Wu Po-Chao President: Chiang Hsi-I Accounting Supervisor: Chih Chia-Ling

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2024 and 2023
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

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

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

The Consolidated Entity's number of employees were 195 and 252 as of December 31, 2024 and 2023, respectively.

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

II. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 14, 2025.

III. Applicability of Newly Issued and Revised Standards and Interpretations

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

The application of the amended IFRSs endorsed and issued into effect by the FSC should not result in major changes in the accounting policies of the Consolidated Entity.

(II) FSC-endorsed IFRS Accounting Standards that are applicable from 2025 onward

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7: Guidance on the classification of financial assets under "Amendments to Classification and Measurement of Financial Instruments"	January 1, 2026 (Note 2)

Note 1: Applicable to annual reporting periods beginning after January 1, 2025. Upon initial application of the amendments, entities must not restate comparative periods but instead recognize the impact in retained earnings or equity as of the initial application date, including foreign operation translation differences (as appropriate), along with the affected assets and liabilities.

Note 2: Applicable to annual reporting periods beginning after January 1, 2026. Entities may also choose early application as of January 1, 2025. Upon initial application, retrospective application is required without restating comparative periods, recognizing the effects as of the initial application date. However, if an entity can restate comparative periods without hindsight, it may elect to do so.

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

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRS Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7: Guidance on the classification of financial assets under "Amendments to Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7: "Contracts involving natural dependency in electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Non-publicly Accountable Subsidiaries: Disclosure"	January 1, 2027

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

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

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

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

2. IFRS 18 "Presentation and Disclosure in Financial Statements"

   IFRS 18 will replace IAS 1 "Presentation of Financial Statements." The main changes include:

   - The income statement should categorize revenue and expense items into operating, investment, financing, income tax, and discontinued operations.

   - The income statement must report operating profit, pre-financing pre-tax profit, as well as subtotal and total profit.

   - Guidance is provided to enhance aggregation and disaggregation rules: Consolidated entities must identify assets, liabilities, equity, revenues, expenses, and cash flows generated by individual transactions or other events and classify and aggregate them based on common characteristics so that each line item reported in the primary financial statements has at least one similar characteristic. Items with dissimilar characteristics should be disaggregated in the primary financial statements and notes. Consolidated entities should only label such items as "other" when more informative labels cannot be identified.

   - Enhanced disclosure of performance measures defined by management: When consolidated entities engage in public communication outside the financial statements or communicate management perspectives regarding certain aspects of the overall financial performance of the consolidated entity to users of financial statements, they must disclose information related to performance measures defined by management in a single note to the financial statements, including a description of the measure, how it is calculated, reconciliations to subtotals or totals explicitly defined under IFRS accounting standards, and the impact of related adjustments on income tax and non-controlling interests.

In addition to the aforementioned impacts, as of the date of approval of this consolidated financial report, the consolidated entity continues to assess the other effects of amendments to standards and interpretations on its financial position and financial performance. The relevant impacts will be disclosed upon the completion of the assessment.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

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

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

1. Level 1 inputs: Quoted (unadjusted) prices of identical assets or liabilities obtainable in active markets on the measurement date.
2. Level 2 inputs: Inputs, other than quoted market prices within level 1, that are observable directly (i.e. the price) or indirectly (deduced from the price) for the assets or liabilities.
3. Level 3 inputs: Unobservable inputs for the assets or liabilities.

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

Current assets include:

1. Assets held primarily for the purpose of trading;

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

Current liabilities include:

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

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

(IV) Basis of consolidation

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

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

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

(V) Business Combinations

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

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

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

When the consideration transferred by the consolidated company in the business combination includes the assets or liabilities arising from the contingent consideration agreement, the contingent consideration is measured at fair value on the acquisition date and is part of the transfer consideration paid in exchange for the acquiree. If the change in the fair value of the contingent consideration is an adjustment of the measurement period, it is a retrospective adjustment of the acquisition cost and a relative adjustment of the goodwill. The adjustment of the measurement period refers to the adjustment generated during the “measurement period” (no more than one year from the acquisition date) due to the acquisition of additional information of existing facts and circumstances on the acquisition date.

(VI) Foreign Currency

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

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

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

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

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

On the disposal of the entire interest in the foreign operation, or part of the interest in subsidiaries of the foreign operation with a loss of control, or when the retained interests upon the disposal of foreign operation's associates are financial assets and accounted for using the accounting policies for financial instruments, all of the accumulated exchange differences attributable to shareholders of the Company and associated with the foreign operation are reclassified to profit or loss.

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

(VII) Inventories

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

(VIII) Investments in associates

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

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

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

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

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

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

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

The Consolidated Entity shall cease the use of the equity method when the investment is no longer an associate. Its retained interest in the associate is measured at fair value, and the difference between the fair value and proceeds from disposal, and the carrying amount of the investment on the date the entity stops using the equity method is recognized in profit or loss for the period. In addition, the Consolidated Entity shall account for all the amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. When investments in associates become investments in joint ventures, or vice versa, the Consolidated Entity would continue to adopt the equity method and not to remeasure the retained interests.

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

(IX) Property, plant and equipment

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

With the exception of land, which is not depreciated, all other property, plant, and equipment are depreciated on a straight-line basis over their estimated useful lives, with significant components depreciated separately. The consolidated company reviews at least annually, as of the end of each fiscal year, the estimated useful lives, residual values, and depreciation methods, and defers the impact of any changes in accounting estimates accordingly.

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

(X) Goodwill

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

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

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

(XI) Intangible assets

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

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

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

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

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

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

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

(XIII) Financial Instruments

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

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

1. Financial assets

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

(1) Measurement types

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

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets mandatorily at fair value through profit or loss and financial assets designated as at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include investments in equity instruments that are not designated by the Consolidated Entity to be at fair value through other comprehensive income and investments in debt instruments that are not qualified as to be measured at amortized cost or at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising from remeasurement recognized in profit or loss. Please refer to Note XXIX for the determination of fair value.

B. Financial assets at amortized cost

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

a. Held under a certain business model of which the objective of holding the financial assets is to collect contractual cash flows; and

b. The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

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

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

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

(2) Impairment of financial assets

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

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

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

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

A. Internal or external information indicates that it is not possible for the debtor to settle the debt.

B. Overdue for more than 90 days, unless there is reasonable and can be corroborated information showing that a postponed default benchmark is more appropriate.

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

(3) Derecognition of financial assets

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

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

2. Equity instruments

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

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

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

3. Financial liabilities

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

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

(XIV) Provisions

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

(XV) Revenue recognition

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

1. Commodity and catering revenues

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

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

2. Brand revenue

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

The commercial practice of the Consolidated Entity’s franchising business is to continuously analyze consumers’ product preferences and launch new products, conduct pricing analysis and marketing activities accordingly; and the franchisees must cooperate with the launch of new products. As the aforementioned commercial practice does not involve the transfer of goods or services to the franchisees, the continuing franchise fees calculated based on sales are recognized as brand revenue only when the franchisees make actual sales.

(XVI) Leases

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

1. The Consolidated Entity is a lessor

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

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

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

2. The Consolidated Entity is a lessee

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

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

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

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

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

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

(XVII) Borrowing costs

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

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

(XVIII) Government subsidies

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

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

(XIX) Employee benefits

1. Short-term employee benefits

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

2. Post-employment benefits

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

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

3. Other Long-term Employee Benefits

   The accounting treatment for other long-term employee benefits is the same as for defined benefit retirement plans, except that related remeasurements are recognized in profit or loss.

4. Termination Benefits

   The consolidated company recognizes a liability for termination benefits when it is no longer able to withdraw the offer of termination benefits or when the related restructuring costs are recognized (whichever is earlier).

(XX) Income tax

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

1. Current income tax

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

   The additional income tax on the unappropriated earnings pursuant to the Income Tax Law of the Republic of China act by the Company's subsidiaries in Taiwan is recognized in the year when the shareholders' meeting resolves to appropriate the earnings.

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

2. Deferred income tax

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

   Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized when there are likely to be taxable income against which the deductible temporary differences and loss credits can be utilized.

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

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

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred income tax liabilities and assets reflects the tax consequences generated by the expected manner of recovery or repayment of the carrying amount of the assets and liabilities on the balance sheet date.

3. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred income taxes are recognized in other comprehensive income or directly in equity, respectively. If income tax or deferred tax arises from a business combination, the income tax effect is included in the accounting treatment of the business combination.

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

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

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

VI. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and working capital	$ 1,254	$ 1,191
Check and demand deposits	150,007	234,589
Cash equivalents		
Time deposits with original maturity dates within 3 months	-	18,843
	$ 151,261	$ 254,623

As of December 31, 2024, time deposits with original maturity dates within 3 months of $450 thousand were provided to banks as collateral for short-term loans, and recognized as other current assets – others. Please refer to Notes XXXI for details.

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

	December 31, 2024	December 31, 2023
Beneficiary certificates	-	$ 2,711

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

VIII. Financial assets at amortized cost

	December 31, 2024	December 31, 2023
Current		
Time deposit with original maturity date over 3 months	-	$ 46,058
Less: Loss allowance	-	-
Amortized cost	-	$ 46,058

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

IX. Accounts receivables

	December 31, 2024	December 31, 2023
Accounts receivables		
Measured at amortized cost Gross carrying amount	$ 50,841	$ 31,379
Less: Loss allowance	(1,494)	(6,786)
	$ 49,347	$ 24,593
Accounts receivables - related parties (Note XXX)		
Measured at amortized cost Gross carrying amount	$ 20,025	$ 15,476
Less: Loss allowance	-	(3,802)
	$ 20,025	$ 11,674

The Consolidated Entity’s average collection term for sales of goods is 30 to 60 days. Accounts receivable do not bear interest. The policy adopted by the Consolidated Entity is to obtain sufficient guarantee deposits to mitigate the risk of financial losses due to arrears. In addition, the Consolidated Entity uses the publicly available financial information and historical transaction records to rate major customers, continuously monitors exposures to credit risk and the credit ratings of counterparties, and disperses the total transaction amount to different customers with qualified credit ratings. Also, it manages credit risk with annual reviews and evaluations of counterparties' credit limits.

To lower credit risk, management of the Consolidated Entity appoints a dedicated team to handle decisions on credit limits, credit approvals, and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Consolidated Entity would review the recoverable amount of each receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As a result, the Company's management concluded that the credit risk of the Consolidated Entity is significantly reduced.

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

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

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

December 31, 2024

	Not past due	1 to 90 Days Past Due	91 to 180 Days Past Due	Overdue over 180 Days	Overdue over 365 Days	Total
Expected credit loss rate	-	-	75%	100%	100%	
Gross carrying amount	$ 28,300	$ 40,766	$ 1,216	$ 584	$ -	$ 70,866
Loss allowance (lifetime expected credit loss)	-	-	(910)	(584)	-	(1,494)
Amortized cost	$ 28,300	$ 40,766	$ 306	$ -	$ -	$ 69,372

December 31, 2023

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

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

The loss allowance for doubtful receivables for the years ended December 31, 2024 and 2023 changed as followed:

	2024	2023
Beginning balance	$ 10,588	$ 1,947
Recognition of impairment loss for the period	2,130	10,478
Write-off for the current period	(5,213)	(1,719)
Exchange differences in translation of foreign currencies	75	(118)
Dispose of subsidiaries	(6,086)	-
Ending Balance	$ 1,494	$ 10,588

X. Inventories

	December 31, 2024	December 31, 2023
Raw materials	$ 23,558	$ 33,914
Merchandise inventories	24,961	10,218
	$ 48,519	$ 44,132

The cost of goods sold associated with inventories were $189,685 thousand and $278,179 thousand for the years ended December 31, 2024 and 2023, respectively.

The cost of goods sold, including loss for market price decline and obsolete and slow-moving inventories (gains from recovery) were $193thousand and ($3,651) thousand for the years ended December 31, 2024 and 2023, respectively. The recovery of net realizable value for inventories is due to inventory destocking.

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

	December 31, 2024	December 31, 2023
Non-TWSE/TPEx listed companies' Stocks		
Meng Qiqi Technology (Shanghai) Co., Ltd.	$ -	$ 3,215
Yanqiaomai Food Technology (Shanghai) Co., Ltd.	-	646
	$ -	$ 3,861

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

XII. Subsidiary

(I) Subsidiaries included in the consolidated financial statements

Entities included in the consolidated financial statements are as follows:

			Percentage of Ownership		
Name of Investor	Name of subsidiaries	Nature of Business	December 31, 2024	December 31, 2023	Remark
Yummy Town (Cayman) Holdings Corporation	Yen Mei Enterprise Limited	Trading of beverages, collection of franchise fees and royalties and trading of raw materials for catering	100.00	100.00	Note 1
〃	RBT Enterprise Limited	Trademark rights management	100.00	100.00	
〃	RBT Holdings Limited	Investment holding and trading of raw materials for catering	100.00	100.00	Note 2
Yen Mei Enterprise Limited	Yen Chun International Co., Ltd.	Operation of food and beverage outlets	-	100.00	Note 5
RBT Holdings Limited	RBT Resources Limited	Trading of raw materials for catering	100.00	100.00	
〃	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Catering shop, trading of beverages, collection of franchise fees and royalties	-	100.00	Note 3, 6
〃	Happy Lemon HK Limited	Trading of beverages, collection of franchise fees and royalties	100.00	100.00	
〃	Yummy-town UK Ltd	Investment holding	100.00	100.00	Note7, 8, 9
〃	Freshtea Japan CO., LTD.	Trading of beverages, collection of franchise fees and royalties	100.00	-	Note 4
Yummy-town UK Ltd	Yummy-town Holding Corporation	Investment holding	95.00	95.00	Note 7, 10, 12
〃	Happy Lemon USA LLC	Operation of food and beverage outlets	100.00	-	Note 8
Yummy-town Holding Corporation	Yummy-town USA LLC	Trading of beverages, trading of raw materials for catering, collection of franchise fees and royalties	100.00	100.00	Note 2
〃	RBT International LLC	Trading of raw materials for catering	100.00	100.00	Note 11
〃	GW Bros International Corporation	Catering shop, collection of franchise fees and royalties and trading of raw materials for catering	51.00	51.00	Note 12
Yummy-town USA LLC	Happy Lemon West Inc.	Trading of beverages, trading of raw materials for catering and collection of franchise fees and royalties	70.00	70.00	

(Continued)

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Name of Investor	Name of subsidiaries	Nature of Business	Percentage of Ownership		Remark
			December 31, 2024	December 31, 2023	
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Shanghai Tai Quan Trading Co., Ltd.	Trading of raw materials for catering	-	100.00	Note 3, 13
〃	Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	-	100.00	Note 3, 14
〃	Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Catering shop, collection of franchise fees and royalties	-	100.00	Note 3
〃	Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	-	100.00	Note 3, 15
〃	You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	-	55.50	Note 3
〃	Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	-	100.00	Note 3
〃	Fengfu Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	-	100.00	Note 3
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	-	100.00	Note 3
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Cacha Prince Intelligent Technology (Shanghai) Co., Ltd.	Catering equipment sales and others	-	51.00	Note 3

Note 1: In December 2024, the Company carried out a cash capital reduction of NTD 40,000 thousand.

Note 2: To expand its business in the United States, the Consolidated Entity increased its capital by $2,000,000 by cash through RBT Holdings Limited to Yummy-town USA LLC on March 2023. Yummy-town USA LLC carried out a cash capital reduction of $1,020,000 in 2023.

Note 3: The consolidated company disposed of 70% of its shares on January 31 2024, reducing its holding from 100% to 30%, and is no longer the single largest shareholder. As a result, it has lost control and the entity is now considered an associated enterprise; see Notes XIII and XXVII for details.

Note 4: The consolidating company acquired 60% of the company’s equity on March 31 2024, increasing its ownership from 40% to 100%, becoming the sole largest shareholder. The company was then reclassified from an associate enterprise to a subsidiary; see Notes XIII and XXVI for details.

Note 5: The company completed its liquidation process in November 2024.

Note 6: The company increased its capital by USD 1,000,000 by cash in 2023.

Note 7: In April 2023, Yummy-town UK Ltd sold 5% of its shares in Yummy-town Holding Corporation to its related party T Rock Inc. Please refer to Note XXV.

Note 8: To expand business operations in the U.S. market, the consolidated entity established a new subsidiary, Happy Lemon USA LLC, through Yummy-town UK Ltd. on August 2024 with an investment of USD 1,200,000 and a 100% equity stake. Happy Lemon USA LLC subsequently conducted a cash capital increase of USD 800,000 on December 2024.

Note 9: The company increased its capital by USD 1,000,000 by cash in 2024.

Note 10: The company reduced its capital by USD 1,000,000 by cash in 2024.

Note 11: The company was incorporated on May 13 2020, but no capital contributions had been made on December 31 2024,.

Note 12: To expand its business presence in the U.S. market, the consolidated To expand its development in the United States, the Consolidated Entity established a new company called GW Bros International Corporation through a joint venture with Yummy-town Holding Corporation and Yongqin International Co., Ltd. in December 2023. The Consolidated Entity invested USD 2,000,000, with a shareholding percentage of 51%. GW Bros International Corporation reduced its capital by USD 1,600,000 by cash in 2024.

Note 13: The company increased its capital by RMB 3,600,000 by cash in 2023.

Note 14: The company increased its capital by RMB 10,400,000 by cash in 2023.

Note 15: The company increased its capital by RMB 10,000,000 by cash in 2023.

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

Name of subsidiaries	Percentage of Shares and Voting Rights Held by Non-controlling Interests	
	December 31, 2024	December 31, 2023
GW Bros International Corporation	49%	49%

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

Name of subsidiaries	Profit or Loss Allocated to Non-controlling Interests		Non-controlling interests	
	2024	2023	December 31, 2024	December 31, 2023
GW Bros International Corporation	($ 75)	$ -	$ 6,349	$ 30,091
Others	2,423	5,686	14,750	25,941
Total	$ 2,348	$ 5,686	$ 21,099	$ 56,032

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

GW Bros International Corporation

	December 31, 2024	December 31, 2023
Current assets	$ 12,958	$ 61,410
Equity	$ 12,958	$ 61,410
Equity attributable to:		
owners of the parent	$ 6,609	$ 31,319
Non-controlling interests of GW Bros International Corporation	6,349	30,091
	$ 12,958	$ 61,410

XIII. Investments accounted for using the equity method

Investments in associates

	December 31, 2024	December 31, 2023
Associates not individually material		
Freshtea Japan CO., LTD.	$ -	$ 6,414
Happy Lemon (M) Sdn Bhd.	-	-
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	-	-
	$ -	$ 6,414

(I) Due to continuous operating losses incurred by Happy Lemon (M) Sdn Bhd and Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. the consolidated company's recognition of its share of losses in these associated enterprises, based on its ownership percentage, has exceeded its equity interest in these entities. Consequently, the consolidated company ceased recognizing further losses.

(II) On March 31, Year 113, the consolidated company acquired a 60% equity stake in the entity, increasing its ownership from 40% to 100%, becoming the single largest shareholder. The associated enterprise was reclassified as a subsidiary. The acquisition consideration amounted to 85,280 thousand, with an investment disposal loss of 3,180 thousand recognized. Please refer to Notes XII and XXVII.

(III) On January 31 2024, the consolidated company disposed of a 70% equity stake in the entity, reducing its ownership from 100% to 30%, ceasing to be the single largest shareholder. Control was lost, and the entity was reclassified as an associated enterprise. Please refer to Notes XII and XXVII.

(IV) On December 31 2024, the consolidated company disposed of its equity interest in the entity for one US dollar.

(V) Summary of information of associates not individually material

Name of Company	December 31, 2024	December 31, 2023
Freshtea Japan CO., LTD.	-	40%
Happy Lemon (M) Sdn Bhd.	-	45%

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

	2024	2023
Share owned by the Consolidated Entity		
Net loss for the period	(\$ 1,751)	(\$ 3,751)
Other comprehensive income (loss)	(159)	(477)
Total comprehensive income	(\$ 1,910)	(\$ 4,228)

(VI) The investments in associates accounted for using equity method and the Consolidated Entity’s share of profit or loss and other comprehensive income of those investments as of December 31, 2024 and 2023 were recognized based on unaudited financial statements. As those amounts were not material, they shall not have a significant influence on the consolidated financial statements.

XIV. Property, plant and equipment

	Freehold Land	Buildings	Machinery & equipment	Leasehold improvements	Other equipment	Total
Cost						
Balance as of January 1, 2023	$ 41,722	$ 40,466	$ 49,666	$ 83,613	$ 25,487	$ 240,954
Additions	-	-	4,115	2,519	2,453	9,087
Disposals	-	-	(2,936)	(19,450)	(3,217)	(25,603)
Net exchange differences	(95)	(92)	(831)	(194)	(336)	(1,548)
Balance as of December 31, 2023	$ 41,627	$ 40,374	$ 50,014	$ 66,488	$ 24,387	$ 222,890
Accumulated depreciation and impairment						
Balance as of January 1, 2023	$ -	$ 7,824	$ 40,437	$ 63,298	$ 17,764	$ 129,323
Depreciation expense	-	818	3,013	7,493	3,585	14,909
Disposals	-	-	(2,822)	(13,863)	(3,090)	(19,775)
Impairment loss	-	-	455	-	-	455
Net exchange differences	-	(29)	(761)	(259)	(231)	(1,280)
Balance as of December 31, 2023	$ -	$ 8,613	$ 40,322	$ 56,669	$ 18,028	$ 123,632
Net balance as of December 31, 2023	$ 41,627	$ 31,761	$ 9,692	$ 9,819	$ 6,359	$ 99,258
Cost						
Balance as of January 1, 2024	$ 41,627	$ 40,374	$ 50,014	$ 66,488	$ 24,387	$ 222,890
Additions	-	-	11,746	28,080	1,534	41,360
Disposals	-	-	(4,644)	(14,182)	(2,700)	(21,526)
Disposal of subsidiaries	-	-	(32,963)	(24,963)	(16,344)	(74,270)
Net exchange differences	3,104	3,011	1,854	4,953	1,030	13,952
Balance as of December 31, 2024	$ 44,731	$ 43,385	$ 26,007	$ 60,376	$ 7,907	$ 182,406
Accumulated depreciation and impairment						
Balance as of January 1, 2024	$ -	$ 8,613	$ 40,322	$ 56,669	$ 18,028	$ 123,632
Depreciation expense	-	846	3,564	7,015	1,114	12,539
Disposals	-	-	(4,014)	(13,737)	(2,569)	(20,320)
Disposal of subsidiaries	-	-	(29,208)	(24,860)	(12,137)	(66,205)
Net exchange differences	-	664	1,024	3,877	879	6,444
Balance as of December 31, 2024	$ -	$ 10,123	$ 11,688	$ 28,964	$ 5,315	$ 56,090
Net balance as of December 31, 2024	$ 44,731	$ 33,262	$ 14,319	$ 31,412	$ 2,592	$ 126,316

Due to the intense competition in China's food and beverage industry has led to poor operating conditions for the company's business entities in this region, cash provided by the Consolidated Entity to operating machinery, equipment and leasehold improvements was expected to decrease, causing the recoverable amount less than the carrying amount. Therefore, the recognized impairment loss of 2023 was $455 thousand. The Consolidated Entity adopted value in use as the recoverable amount, with a discount rate of 13% being applied.

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

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

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

XV. Lease Agreements

(I) Right-of-use assets

	December 31, 2024	December 31, 2023
Carrying amount of right-of-use assets		
Buildings	$ 113,743	$ 108,993

	2024	2023
Addition of right-of-use assets	$ 65,756	$ 101,162
Disposal of right-of-use assets	($ 7,506)	($ 32,722)
Disposal subsidiaries of right-of-use assets	($ 23,065)	$ -
Net exchange difference on right-of-use assets	$ 5,942	($ 929)
Depreciation expenses of right-of-use assets		
Buildings	$ 36,377	$ 62,002
Impairment loss of right-of-use assets		
Buildings	$ -	$ 7,682

Due to the intense competition in China's food and beverage industry has led to poor operating conditions for the company's business entities in this region. Cash provided by the Consolidated Entity to right-of-use assets and buildings was expected to decrease, causing the recoverable amount to be less than the carrying amount. Therefore, the recognized impairment loss for 2023 was $7,682 thousand. The Consolidated Entity adopted the value in use as the recoverable amount, with a discount rate of 13% being applied.

(II) Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amount of lease liabilities		
Current	$ 34,289	$ 60,039
Non-current	$ 84,670	$ 64,372

Discount rate ranges for lease liabilities are as follows:

	December 31, 2024	December 31, 2023
Buildings	2.255%~6.32%	4%

(III) Other lease information

	2024	2023
Expenses of short-term leases	$ 2,774	$ 3,093
the expense of leases of low-value assets	$ 31	$ 31
Variable lease payments not included in lease liability measurement	$ 9,910	$ 27,475
Total cash (outflow) from lease	($ 52,998)	($ 90,418)

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

XVI. Intangible assets

(I) Goodwill

	2024	2023
Beginning balance	$ 28,064	$ 28,068
Additions	75,960	-
Net exchange differences	4,625	(4)
Ending Balance	$ 108,649	$ 28,064

In July 2024, the company's board of directors resolved to acquire three franchise stores in the Seattle market through its subsidiary, Happy Lemon USA LLC, converting them into company-operated locations. The fair value of the identifiable net assets is still pending completion of the purchase price allocation report. Therefore, the goodwill as of December 31 2024 is a provisional amount.

(II) Other intangible assets

	Trademarks	Computer software	Total
Cost			
Balance as of January 1, 2023	$ 7,990	$ 32,554	$ 40,544
Additions	2,459	5,371	7,830
Net exchange differences	(50)	(677)	(727)
Balance as of December 31, 2023	$ 10,399	$ 37,248	$ 47,647
Accumulated amortization and impairment			
Balance as of January 1, 2023			
Amortization	$ 5,773	$ 31,225	$ 36,998
Net exchange differences	610	1,677	2,287
Balance as of December 31, 2023	(21)	(600)	(621)
	$ 6,362	$ 32,302	$ 38,664
Net balance as of December 31, 2023			
	$ 4,037	$ 4,946	$ 8,983
Cost			
Balance as of January 1, 2024	$ 10,399	$ 37,248	$ 47,647
Additions	1,226	-	1,226
Disposal of subsidiaries	-	(32,937)	(32,937)
Net exchange differences	807	606	1,413
Balance as of December 31, 2024	$ 12,432	$ 4,917	$ 17,349
Accumulated amortization and impairment			
Balance as of January 1, 2024	$ 6,362	$ 32,302	$ 38,664
Amortization	831	1,041	1,872
Disposal of subsidiaries	-	(32,220)	(32,220)
Net exchange differences	496	352	848
Balance as of December 31, 2024	$ 7,689	$ 1,475	$ 9,164
Net balance as of December 31, 2024	$ 4,743	$ 3,442	$ 8,185

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

Trademarks	8 to 15 years
Computer software	1 to 5 years

XVII. Short-term loans

	December 31, 2024	December 31, 2023
Secured loans		
Bank loans	$ 62,064	$ 59,776
Interest rate	2.255%~5.45%	1.86%~6.47%

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

XVIII. Other payables

	December 31, 2024	December 31, 2023
Payroll and bonus payable	$ 9,574	$ 29,870
Untaken leave payable	1,921	6,618
Business tax payable	1,639	534
Social security and provident fund payable	1,151	3,951
Professional service fee payable	6,612	5,875
Payables on equipment	327	3,772
Subsidiaries payable	1,124	341
Others	20,033	40,658
	$ 42,381	$ 91,619

XIX. Provisions - current

	December 31, 2024	December 31, 2023
Employee benefits (under other payables)	$ 1,921	$ 6,618

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

XX. Equity

(I) Share Capital - Common Stock

	December 31, 2024	December 31, 2023
Authorized shares (in thousands)	100,000	100,000
Authorized share capital	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	28,000	26,000
Issued share capital	$ 280,000	$ 260,000

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

To strengthen its financial structure, increase the net asset value per share, and meet future operational development needs, the plan to reduce capital to make up losses was passed at the Company’s board of directors meeting on March 20, 2024. The reduction amount was approved at the shareholders’ meeting on June 12, 2024, with a total of NT$107,852 thousand, writing off 10,785 thousand shares, and a reduction ratio of 30%. The paid-in capital after the reduction is NT$250,000 thousand. The above capital reduction plan has been declared effective by the Taipei Exchange on September 13, 2024, and the chairman has been authorized by the shareholders’ meeting to set the base date of capital reduction on September 22, 2024, and base date of capital reduction through stock issuance on November 3, 2024.

On June 12, 2024 and December 15, 2024, the Company’s shareholders’ meeting passed the resolution in order to further increase the net worth of shareholders’ equity in response to long-term operational development, expansion of operating scale and market territory, and planned to issue common stocks through private placement for cash capital increase within the limit of 5,000 thousand and 2,000 common stocks, respectively. Considering the approaching deadline for the private placement of common shares, on May 7, 2024 and December 31, 2024, the Company’s board of directors decided not to proceed with the private placement of common stocks approved by the annual shareholders’ meeting on June 12, 2023 and December 15, 2023, respectively. The remaining private placement of common shares will both be 2,000,000 shares.

The Company approved the issuance of 1,000 shares of common stock through a private placement for the first time on November 14, 2024. The shares will be offered to the offeree Crystal Charm International Limited Taiwan Branch, at NTD 26 per share, and a total of NT$26,000 thousand was raised. The base date for the capital increase is set on November 15, 2024, and the shares have been fully received.

The Company approved the issuance of 2,000 shares of common stock through a private placement for the first time on February 2, 2024. The shares will be offered to the offeree Li Ying-xuan, at NTD 28 per share, and a total of NT$56,000 thousand was raised. The base date for the capital increase is set on February 17, 2024, and the shares have been fully received.

(II) Capital surplus

	December 31, 2024	December 31, 2023
It may be used to offset the deficits, distributed as cash dividends, or transferred to share capital (1)		
Stock issuance premium	$ 37,208	$ 44,136
Premium on conversion of corporate bonds	1,894	69,143
It may be used to offset the deficits		
Gain on exercise of vesting rights	89	89
	$ 39,191	$ 113,368

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

(III) Retained earnings and dividend policy

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

The deficit recovery plan for the year ended December 31, 2023, resolved by the board of directors of the Company on March 20, 2024, which uses special reserve of $82,230 thousand, capital surplus of $39,784 thousand, and share capital of $157,852 thousand to offset the deficit of $279,866 thousand. Furthermore, on April 12, 2024, the Company's board of directors approved the revision of the amounts for the special reserve, capital surplus, and share capital used to offset the deficit to $82,230 thousand, $89,784 thousand, and $107,852 thousand, respectively. These revisions were approved at the shareholders' general meeting on June 12, 2024.

The deficit recovery plan for the year ended December 31, 2023, resolved by the board of directors of the Company on March 15, 2024, which uses legal reserve of $68,193 thousand and capital reserve of $26,872 thousand to offset the deficit of $110,177 thousand, was subject to the resolution of the shareholders in the shareholders' general meeting held on June 17, 2024.

(IV) Special reserve

	December 31, 2024	December 31, 2023
Beginning balance	$ -	$ 82,230
Reverse special reserve		
Surplus reserves for making up the amount of losses	-	(82,230)
Ending Balance	$ -	$ -

(V) Other equity

Exchange differences in translation of foreign operations

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

(VI) Treasury stock

Unit: In Thousand Share

	2024	2023
Beginning balance	310	444
Decrease	-	(134)
Ending balance	310	310

The capital reduction to make up losses was resolved at the Company's shareholders' meeting on June 12, 2024. The number of treasury stocks are decreased by 134 thousand, with a cost of $8,923 thousand. During the capital reduction, the Company offsets $365 thousand from the capital surplus and $8,558 thousand from retained earnings.

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

(VII) Non-controlling interests

	2024	2023
Beginning balance	$ 56,032	$ 16,845
Increase	-	5,264
Other comprehensive income (loss) for the year		
Exchange differences in translation of foreign operations	2,521	(625)
Net profit (loss) for the period	2,348	5,686
Repatriation of Capital from Subsidiary Reduction	(26,506)	-
Increase in non-controlling Interests from acquisition of subsidiaries	-	30,532
Changes in Ownership Interests of Subsidiaries (Note XXVI)	(12,335)	-
Cash dividends distributed by the subsidiaries	(961)	(1,670)
Ending Balance	$ 21,099	$ 56,032

XXI. Operating Revenue

	2024	2023
Revenue from contracts with customers		
Sales revenue	$ 242,637	$ 331,990
Catering revenue	182,210	246,131
Brand revenue	105,705	132,421
Other operating revenues	34,112	34,212
	$ 564,664	$ 744,754

(I) Contract balance

	December 31, 2024	December 31, 2023
Contract liabilities - non-current		
Brand revenue	$ 70,749	$ 97,727
Customer loyalty program under catering revenue	-	670
	$ 70,749	$ 98,397

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

	2024	2023
Beginning balance of contract liability		
Brand revenue	$ 29,430	$ 35,837

(II) Disaggregation of revenue from contracts with customers

2024

	Reportable Segment		
	Catering	Trade	Total
Product type			
Sales Revenue of Commodities	$ -	$ 242,637	$ 242,637
Catering revenue	182,210	-	182,210
Brand revenue	105,705	-	105,705
Other operating revenues	34,112	-	34,112
	$ 322,027	$ 242,637	$ 564,664

2023

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

XXII. Net (Loss) Income of Continuing Operations

(I) Interest income

	2024	2023
Bank deposit	$ 3,510	$ 2,207

(II) Other income

	2024	2023
Government subsidy income (NoteVI, XXXI)	$ 1,204	$ 4,308
Others	7,158	8,307
	$ 8,362	$ 12,615

(III) Other gains and losses

	2024	2023
Loss on disposal of property, plant and equipment	($ 1,016)	($ 4,342)
Gain on disposal of investments (Notes XII, XIII and XXVII)	95,901	8
Impairment loss (Note XIV and XV)	-	(9,048)
Gains on lease modification	487	3,844
Net foreign exchange losses (Note XXXV)	1,342	(1,403)
Loss on financial assets at fair value through profit or loss (Note VII)	-	(719)
Others	89	(12,424)
	$ 96,803	($ 24,084)

The intense competition in the food and beverage industry in China has led to poor operating conditions for the business entities in this region. The consolidated company has closed down some of its directly operated stores, thereby affecting its overall performance. The Consolidated Entity can not recover part of refundable deposits due to closure of direct-sale stores. Therefore, the recognized impairment loss for 2023 was $911 thousand.

(IV) Finance costs

	2024	2023
Interest on bank loans	$ 2,393	$ 2,719
Interest on lease liabilities	4,854	4,854
	$ 7,247	$ 7,573

(V) Depreciation and amortization

	2024	2023
Property, plant and equipment	$ 12,539	$ 14,909
Right-of-use assets	36,377	62,002
Intangible assets	1,872	2,287
	$ 50,788	$ 79,198
Depreciation expense summarized by function		
Operating costs	$ 2,986	$ 3,807
Operating expenses	45,930	73,104
	$ 48,916	$ 76,911
Amortized cost summarized by function		
Operating expenses	$ 1,872	$ 2,287

(VI) Employee benefits expenses

	2024	2023
Short-term employee benefits	$ 161,930	$ 219,306
Post-employment benefits	2,924	3,240
	$ 164,854	$ 222,546
Summarized by functions		
Operating costs	$ 3,770	$ 16,229
Operating expenses	161,084	206,317
	$ 164,854	$ 222,546

(VII) Compensation to employee and remuneration to Directors

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

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

The company resolved at the board meetings held on March 14, 2025, and March 15, 2024, not to distribute remuneration to employees and directors. There is no discrepancy between these resolutions and the amounts of employee and director remuneration recognized in the consolidated financial statements for Years 2024 and 2023.

Please access the "Market Observation Post System" of the Taiwan Stock Exchange for information on the Company's employee compensation and remuneration to Directors in the 2024 and 2023 Board of Directors' meetings.

XXIII. Income Tax Expense

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

	2024	2023
Current income tax expense	$ 16,139	$ 15,239
Retained Earnings Tax	826	-
Adjustment on income taxes of prior years	(13,088)	(729)
Adjustment on deferred income tax	926	(2,138)
	$ 4,803	$ 12,372

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

	2024	2023
Income before income tax (Note)	$ 67,881	$ 75,007
Income tax expense at the statutory rate (Note)	$ 14,981	$ 15,275
Undistributed profits surcharge	826	-
Tax effects of reconciled items		
Other permanent differences	332	(36)
Current income tax expense	$ 16,139	$ 15,239

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

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

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

	December 31, 2024	December 31, 2023
Current income tax assets	$ 1,612	$ 1,501
Current income tax liabilities	($ 9,985)	($ 15,706)

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

2024

	Beginning balance	Disposal subsidiaries	Recognized in profit or loss	Directly recognized in profit or loss	Ending balance
Deferred income tax assets					
Temporary differences					
Deferred income	$ 1,796	($ 856)	($ 940)	$ -	$ -
Right-of-use assets	25,794	(10,237)	7,896	-	23,453
Others	2,520	(1,547)	(973)	-	-
	$ 30,110	($ 12,640)	$ 5,983	$ -	$ 23,453
Deferred income tax liabilities					
Temporary differences					
Deferred income	$ 2,052	$ -	($ 1,238)	$ -	$ 814
Lease liabilities	22,276	(8,036)	8,147	-	22,387
	$ 24,328	($ 8,036)	$ 6,909	$ -	$ 23,201

2023

Deferred income tax assets	Beginning balance	Recognized in profit or loss	Directly recognized in profit or loss	Ending balance
Temporary differences				
Deferred income	$ 1,332	$ 464	$ -	$ 1,796
Right-of-use assets	24,043	1,751	-	25,794
Others	3,932	(1,412)	-	2,520
Loss carryforward	1,248	(1,248)	-	-
	$ 30,555	($ 445)	$ -	$ 30,110

Deferred income tax liabilities	Beginning balance	Recognized in profit or loss	Directly recognized in profit or loss	Ending balance
Temporary differences				
Deferred income	$ 2,868	($ 816)	$ -	$ 2,052
Lease liabilities	24,043	(1,767)	-	22,276
	$ 26,911	($ 2,583)	$ -	$ 24,328

(V) Income tax assessments

The amount of unutilized loss carryforwards not recognized as deferred tax assets in the consolidated balance sheet on December 31, 2024, is as follows:

Undeducted balance			
Applicable tax rate: 20%	Applicable tax rate: 21%	Total	Deadline of the year
$ 8,986	$ -	$ 8,986	2025
8,779	-	8,779	2026
7,293	-	7,293	2027
863	-	863	2028
5,944	-	5,944	2029
7,826	-	7,826	2030
363	-	363	2031
1,520	-	1,520	2032
-	7,112	7,112	No expiration
$ 41,574	$ 7,112	$ 48,686	

(VI) Income tax assessments

The income tax declaration cases for profitable businesses of Zhan Xin Resources Enterprise Co., Ltd. Taiwan Branch, Yen Chun International Co., Ltd, and Yen Mei Enterprise Limited and Yen Chun International Co., Ltd. before 2022 and 203 have been approved by the tax authorities, respectively.

XXIV. Deficit per share

Unit: NT$ per share

	2024	2023
Basic earnings (deficit) per share	$ 3.58	($ 4.06)

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

Net income (loss) for the period

	2024	2023
To calculate the net income (loss) in the earnings (deficit) per share	$ 98,391	($ 100,759)

Number of shares

Unit: In thousands

	2024	2023
Basic earnings (deficit) per share for the weighted average number of common stocks	27,482	24,821

XXV. Non-controlling interests equity transactions

In April 2023, the Consolidated Entity disposed of 5% of its shares in the subsidiary Yummy-town Holding Corporation to the related party T Rock Inc., based on the company’s net worth of USD 150,000 (equivalent to NTD 4,775 thousand). As a result, the shareholding percentage decreased from 100% to 95%. Please refer to Notes XII and XX.

	2023
Consideration received	$ 4,775
The subsidiaries’ carrying amount of net assets should be calculated based on changes in relative equity to determine the amount to be transferred out of non-controlling interests.	(5,264)
Adjust equity items attributable to owners of the Company — Exchange differences in translation of foreign operations	(371)
Equity transaction differences	($ 860)

Equity transaction adjustment account

Retained earnings	$ 860

As the aforementioned transaction did not change the Consolidated Entity’s control over these subsidiaries, the Consolidated Entity treats it as an equity transaction.

XXVI. Disposal of subsidiaries- not subscribe according to the shareholding percentage

(I) Acquisition of a Subsidiary

The holding of 60% equity in Freshtea Japan Co., Ltd. was acquired by Zhan Xin Resources Enterprise Co., Ltd. a subsidiary of our company, from Keio Electric Railway Co., Ltd., Japan for JPY 40,320,000 (approximately TWD 85,280,000) in March 2024. As a result, the consolidated company's ownership in Freshtea Japan Co., Ltd. increased from 40% to 100%, transitioning it from an associate enterprise to a subsidiary. Please refer to Notes XII and XIII for further details.

(II) Transfer Pricing

	Amount
Cash	$ 8,528
Fair value of previously held equity interest	5,686
	$ 14,214

(III) Assets acquired and liabilities assumed on the acquisition date

	Amount
Current Assets	
Cash and Cash Equivalents	$ 14,388
Accounts Receivable	356
Inventory	157
Other Current Assets	22
Current Liabilities	
Accounts Payable	(155)
Other Payables	(459)
Current Income Tax Liability	(95)
	$ 14,214

(IV) Net cash outflows from the acquisition of subsidiaries

	金額
Cash consideration paid in this period	($ 8,528)
Add: Cash and cash equivalents acquired	14,388
	$ 5,860

The initial accounting treatment for the acquisition of Freshtea Japan Co., Ltd. as of the balance sheet date is only provisional. For tax purposes, the tax basis of Freshtea Japan Co., Ltd.'s assets must be re-determined according to their market values. As of the date of approval of these consolidated financial statements, the required market valuations and other calculations had not been completed. Consequently, the potential tax values were provisionally estimated based on the best estimates of the management of the consolidating entity.

XXVII. Disposal of subsidiaries

The merger company, as resolved by the Board of Directors on October 12, 2023, has decided to divest 70% of its equity in Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd., due to the prolonged over-competition in China catering market and the failure of its Mainland operations to improve performance in recent years. To enhance long-term operational viability and sustain corporate development, a strategic partner has been introduced to assist in restructuring the operational framework and reestablish brand competitiveness. In accordance with the "OTC Commitment Matters" reported to the Taiwan OTC Trading Center on December 24, 2014, approval was obtained from the Taiwan Securities OTC Exchange (hereafter referred to as the OTC Exchange) on December 22, 2023. The matter was submitted for discussion at an extraordinary shareholders' meeting on December 15, 2023. The disposal benchmark date is January 31, 2024, reducing the consolidated company's shareholding ratio from 100% to 30%, no longer being the single largest shareholder and consequently losing control, transitioning to an associated enterprise. Please refer to Notes XII and XIII.

(I) Cash outflows from disposal of subsidiaries

	Malaysia subsidiary
Cash and Cash Equivalents	($ 40,926)
Proceeds from disposal of investments	3,500
Cash outflows from disposal of subsidiaries	($ 37,426)

(II) Analysis of assets and liabilities over which the Company lost control

	Malaysia subsidiary
Current assets	
Cash and cash equivalents	$ 40,926
Financial assets at fair value through profit or loss - current	2,727
Accounts receivables	7,834
Accounts receivables- related parties	270
Other receivables	18,829
Inventories	17,900
Other current assets	14,553
Non-current assets	
Financial assets at fair value through profit or loss – non-current	$ 3,233
Property, plant and equipment	8,065
Right-of-use assets	23,065
Intangible assets	717
Deferred tax assets	12,640
Refundable deposits	14,357
Current liabilities	
Accounts payable	(30,143)
Other payables	(134,800)
Lease liabilities - current	(33,077)
Income Tax liabilities	(382)
Other current liabilities	(18,986)
Non-current liabilities	
Contract liabilities - non-current	(3,556)
Deferred income tax liability	(8,036)
Deposits received	(32,355)
Disposal of net assets (liabilities)	($ 96,219)

(III) Gain on disposal of subsidiaries

	Malaysia subsidiary
Disposal of amount	$ 3,500
Remaining carrying amount of the equity investment	1,500
Value (net liability) of disposal	96,219
Non-controlling interests	12,335
Reclassified to profit or loss due to lose the control of subsidiaries	
— Accumulated exchange differences	(11,798)
— Financial assets at fair value through profit or loss	(5,537)
Gain on disposals	$ 96,219

XXVIII. Capital Risk Management

The Consolidated Entity manages its capital to ensure the continued operations of the entities within. By optimizing its debts and liabilities, it can maximize return for stakeholders.

The capital structure of the Consolidated Entity is composed of net liabilities (i.e. loans less cash and cash equivalents) and equity attributable to the shareholders of the Company (i.e. capital, capital reserve, retained earnings, and other equity items).

The Consolidated Entity is not subject to any other external capital requirements.

The Consolidated Entity's key management reassesses its capital structure quarterly. Items assessed include the cost and related risks of various capitals. In accordance with advice from the Consolidated Entity's key management, the Entity balances its overall capital structure through dividend payments, issuance of new stocks, and repayment of old debts.

XXIX. Financial Instruments

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

The carrying amounts of the Consolidated Entity's financial assets and financial liabilities not measured at fair value approach their fair values. As of December 31, 2024 and 2023, there were no material differences between the carrying amounts and fair values.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 2,711	$ -	$ -	$ 2,711
Financial assets at fair value through other comprehensive income				
Investments in equity instruments				
Non-TWSE/TPEx listed companies' Stocks	$ -	$ 3,861	$ -	$ 3,861

There was no transfer between Levels 1 and 2 fair value measurements for the years ended December 31, 2023.

2. Valuation techniques and inputs used in level 2 fair value measurements

Category of financial Instruments	Valuation techniques and inputs
Non-TWSE/TPEx listed companies' Stocks	Determine the value of equity investment through Asset-Based Approach

(III) Valuation techniques and assumptions used in fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

1. The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
2. The fair value of derivative financial instruments with quoted prices in active liquid markets is estimated by market prices. The fair value of the option-based derivative is estimated by the option pricing model if quoted market prices are not available. The fair value of a non-option derivative is estimated by discounted cash flow analysis and the applicable yield curve for the duration if quoted market prices are not available. Forward exchange contracts are measured by yield curve using forward exchange rates and the yield curve derived from quoted interest rates that match the maturity period of the contracts.
3. The fair value of other financial assets and financial liabilities (except the above) is determined by a generally accepted pricing model based on discounted cash flow analysis.

(IV) Financial risk management objectives and policy

The Consolidated Entity's main financial instruments consist of investments in debt instruments, accounts receivable, accounts payable, loans and lease liabilities. The financial management department of the Consolidated Entity provides services to the business units, coordinates the operation in the domestic and international financial market, and supervises and manages the financial risks related to the operation of the Consolidated Entity based on the internal risk reports which analyses risk exposures according to the degree and breadth of risks. Such risks include market risk, credit risk, and liquidity risk.

1. Market risks

The main market risks assumed by the Consolidated Entity are foreign exchange risk and interest rate risk.

The financial instruments' exposure to market risk and the management and measurement of such exposure remains unchanged for the Consolidated Entity.

(1) Foreign exchange risk

Foreign exchange risk arises from the Consolidated Entity's engagement in deposits and borrowings denominated in foreign currencies.

Please refer to Note XXXIV for details on the carrying amount of monetary assets and monetary liabilities not expressed in functional currency on the balance sheet date.

<u>Sensitivity analysis</u>

The Consolidated Entity's sensitivity analysis includes only the outstanding net monetary items denominated in foreign currencies and an adjustment on the end-of-period translation with a 10% change in the exchange rate against New Taiwan dollars. The following table shows the increase in the Consolidated Entity's net income before tax with a 10% appreciation in foreign currencies.

	Impact of USD		Impact of RMB	
	2024	2023	2024	2023
Effect on profit or loss	($ 1,339)	$ 4,144	$ 38	$ 90

(2) Interest rate risk

The interest rate risk of the Consolidated Entity mainly comes from time deposits and bank loans with floating interest rates.

The carrying amount of financial assets and financial liabilities exposed to interest rate risks on the balance sheet date is as follows:

	December 31, 2024	December 31, 2023
Fair value interest rate risk		
Financial liabilities	$ 118,959	$ 124,411
Cash flow interest rate risks		
Financial assets	450	64,901
Financial liabilities	62,064	59,776

The sensitivity analysis of interest rate risk is based on the changes in the fair value of financial assets and financial liabilities with floating interest rates at the end of the financial reporting period. If the interest rate drops by 1%, the Consolidated Entity's cash inflows will increase (decrease) by ($616) thousand and $51 thousand for the years ended December 31, 2024 and 2023, respectively.

2. Credit risk

Credit risks refer to risks that cause financial loss to the Consolidated Entity due to the counterparty's delay in honoring contractual obligations.

The Consolidated Entity has the right to request collateral or other guarantees from major transaction counterparties and thus effectively reduce its credit risk. Management of the Consolidated Entity appoints a dedicated team to handle decisions on credit limits, credit approvals, and other monitoring procedures to ensure that appropriate actions are taken to recover overdue receivables. In addition, the Consolidated Entity would review the recoverable amount of each receivable on the balance sheet dates to ensure that impairment loss is recognized for unrecoverable receivables. As a result, the Consolidated Entity's management concluded that the credit risk of the Consolidated Entity is significantly reduced.

3. Liquidity risk

(1) Liquidity risk and interest rate risk table

The Consolidated Entity has sufficient working capital. Thus, there is no liquidity risk arising from insufficient capital to fulfill contractual obligations.

The anticipated maturity dates of the Consolidated Entity's non-derivative financial liabilities with the agreed repayment period are as follows:

	December 31, 2024			
	Within 1 year	1 to 3 years	Over 3 years	Total
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 56,883	$ 2,689	$ 181	$ 59,753
Lease liabilities	34,289	45,081	39,589	118,959
Liabilities with floating interest rates	62,064	-	-	62,064
	$ 153,236	$ 47,770	$ 39,770	$ 240,776

	December 31, 2023			
	Within 1 year	1 to 3 years	Over 3 years	Total
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 172,400	$ 27,888	$ 1,154	$ 201,442
Lease liabilities	60,039	50,237	14,135	124,411
Liabilities with floating interest rates	59,776	-	-	59,776
	$ 292,215	$ 78,125	$ 15,289	$ 385,629

(2) Line of credit

	December 31, 2024	December 31, 2023
Bank loan limit		
— Amount utilized	$ 62,064	$ 59,776
— Amount not utilized	436	3,070
	$ 62,500	$ 62,846

XXX. Related Party Transactions

All transactions, account balances, income and expenses between the Company and its subsidiaries (related parties of the Company) are eliminated upon consolidation. Thus, they are not shown in this Note. In addition to the information disclosed in Supplementary Disclosures, transactions between the Consolidated Entity and other related parties are as follows.

(I) The names and relationships of related parties

Name of Related Party	Relationship with the Consolidated Entity
Freshtea Japan CO., LTD.	Used to be associates, have become the subsidiaries since March 31, 2024
Happy Lemon (M) Sdn Bhd	Disposal in December 31, 2024
Shanghai Tai Quan Trading Co., Ltd.	Used to be subsidiaries, have become the associates since January 31, 2024
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Used to be subsidiaries, have become the associates since January 31, 2024
T Rock Inc.	Investors of significant influence (Note 1) / other related parties (Note 2)
Keio Electric Railway Co., Ltd.	
Wu Po-Chao	Chairman of the Company
Chen You-zhen	Director of the Company

Note 1: T Rock Inc. holds a 30% of the equity of Happy Lemon West Inc.

Note 2: T Rock Inc. is an investor of significant influence for Happy Lemon West Inc.; T Rock Inc. is other related party for other parties in the group.

(II) Operating transaction

Financial Statement Account	Category of Related Parties/Name	2024	2023
Sales revenue	Associates	$ 735	$ 3,277
	Other related parties		
	T Rock Inc. (Note)	61,029	62,139
	Investors of significant influence		
	T Rock Inc. (Note)	1,111	585
Brand revenue	Associates	67	568
	Other related parties		
	T Rock Inc. (Note)	10,125	8,705
Other operating revenues	Investors of significant influence	-	53
		$ 73,067	$ 75,327
Purchases	Investors of significant influence		
	T Rock Inc. (Note)	$ 9,132	$ 11,379
	Other related parties		
	T Rock Inc. (Note)	51	-
	Associates		
	Shanghai Tai Quan Trading Co., Ltd.	39,713	-
		$ 48,896	$ 11,379
Franchise cost	Other related parties		
	T Rock Inc.	$ 9,571	$ -

The prices of sales between the Consolidated Entity and its related parties are not significantly different from that of general customers. The collection terms of general customers are delivery upon cash receipt or one month from end of month. The collection terms of related parties are delivery upon cash receipt or three months from end of month.

The prices of purchases between the Consolidated Entity and its related parties are not significantly different from that of general suppliers. The payment terms of general suppliers are 1 to 2 months from end of month whereas the payment terms of related parties are 2 months from end of month.

Note: The Consolidated Company’s purchases and sales with T Rock Inc. are shown in total.

(III) Operating expenses

Category of Related Parties/Name	2024	2023
Investors of significant influence		
T Rock Inc.	$ 158	$ 2,492
Other related parties		
.T Rock Inc.	2,320	6,686
Chairman of the Company	36	36
	$ 2,514	$ 9,214

The prices of service expenditures between the Consolidated Entity and its related parties are not significantly different from that of general suppliers.

(IV) Other Related Party Transactions

Financial Statement Account	Category of Related Parties/Name	2024	2023
Other income	Investors of significant influence		
	T Rock Inc.	$ 331	$ 394

Other income includes processing fees for ingredients charged by the Consolidated Entity to related parties.

(V) Receivables from related parties

Financial Statement Account	Category of Related Parties/Name	December 31, 2024	December 31, 2023
Accounts receivables	Other related parties		
	T Rock Inc.	$ 20,025	$ 11,644
	Associates		
	Happy Lemon (M) Sdn Bhd	-	3,802
	Freshtea Japan CO., LTD.	-	30
		$ 20,025	$ 15,476
Other receivables	Other related parties		
	T Rock Inc.	$ -	$ 44

Guarantee deposits from outstanding receivables from related parties are not collected and expected credit losses are recognized for amounts that are more than 90 days past due.

Other receivables represent amounts collected or paid on behalf of others, etc.

(VI) Disbursement to related parties

Financial Statement Account	Category of Related Parties/Name	December 31, 2024	December 31, 2023
Other receivables	Associates		
	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	$ 39,342	$ -

(VII) Accounts payable - related parties

Financial Statement Account	Category of Related Parties/Name	December 31, 2024	December 31, 2023
Other payables	Other related parties		
	T Rock Inc.	$ 1,124	$ 341

Other payable represent amounts collected or paid on behalf of others.

(VIII) Accounts received in advance (prepayments) - related parties

Financial Statement Account	Category of Related Parties/Name	December 31, 2024	December 31, 2023
Prepayments	Other related parties		
	T Rock Inc.	$ -	$ 3,685
Advances for goods	Other related parties		
	T Rock Inc.	$ -	$ 7

The amount collected in advance represents the deposit made by related parties for the purchase of goods, while prepaid expenses represent service fees prepaid by the Consolidated Entity to related parties.

(IX) Acquisition of intangible assets

Financial Statement Account	Category of Related Parties/Name	Price	
		December 31, 2024	December 31, 2023
Intangible assets	Other related parties		
	T Rock Inc.	$ -	$ 4,583

(X) Equity transaction

Please refer to Note XII, XIII, XXV and XXVI.

(XI) Loans

For loans between the Company and its subsidiaries, please refer to Table I.

(XII) Endorsement and guarantee

For endorsement and guarantee between the Company and its subsidiaries, please refer to Table II.

(XIII) Loan guarantee

The Consolidated Entity's short-term loans were guaranteed by the Chairman, Wu-Po-Chao and the director Chen You-zhen.

(XIV) Compensation to key management

	2024	2023
Short-term employee benefits	$ 24,663	$ 24,289

The remuneration to Directors and other key management is determined by the Remuneration Committee based on personal performance and market trends.

XXXI. Pledged Assets

The following assets of the Consolidated Entity have been provided to financial institutions as collateral for long/short-term loans:

	December 31, 2024	December 31, 2023
Restricted bank deposits (recognized under other current assets - others) (Note VI)	$ 450	$ -
Freehold land (Note XIV)	44,731	41,627
Buildings (Note XIV)	33,262	31,761
	$ 78,443	$ 73,388

XXXII. Unrecognized Contract Commitments

Unrecognized contract commitments of the Consolidated Entity as follows:

	December 31, 2024	December 31, 2023
Right-of-use assets (lease contract)	$ 21,323	$ -

XXXIII. Significant Subsequent Events

(I) The board of directors of our company approved the merger plan to expand the business scale and strengthen brand competitiveness. We intend to acquire a franchise store in Washington State, USA, through our subsidiary Happy Lemon USA LLC, converting it into a directly operated store of the consolidated company, with an investment amount totaling USD 600,000 on March 14, 2025.

(II) The board of directors of our company approved a plan to respond to long-term operational development, expand operational scale and market territory, further enhancing shareholders' equity net worth. We intend to issue a private placement cash capital increase for ordinary shares within the quota of 5,000,000 shares on March 14, 2025.

XXXIV. Others

The company, upon approval by the Board of Directors on December 31, 2024, intends to acquire two franchise stores in the San Diego market through its subsidiary Happy Lemon USA LLC, converting them into company-operated outlets. This strategic move aims to reinforce and deepen the company's market penetration in California, USA, while expanding its operational scale. The total investment for this acquisition amounts to USD 1,280,000.

XXXV. Significant Assets and Liabilities Denominated in Foreign Currencies

The following summary is presented in foreign currencies other than the functional currencies of entities within the Consolidated Entity. The exchange rates disclosed are the ones used to translate amount in foreign currencies to the functional currency.

Unit: Foreign currency/in thousands of NT$

	December 31, 2024			December 31, 2023		
	Foreign Currency	Exchange Rate	NT$	Foreign Currency	Exchange Rate	NT$
Financial assets						
Monetary items						
USD	$ 691,508	32.785	$ 22,671	$ 2,449,631	30.705	$ 75,216
RMB	83,942	4.478	376	207,094	4.327	896
Non-monetary items						
JPY	-	0.2099	-	29,528,400	0.2172	6,414
Financial liabilities						
Monetary items						
USD	1,100,000	32.785	36,064	1,100,000	30.705	33,776

The Company's foreign exchange gain (losses), including unrealized and realized portions, were $1,342 thousand and ($1,403) thousand for the years ended December 31, 2024 and 2023, respectively. Due to a large number of foreign currency transactions and functional currencies within the entities, gains or losses cannot be disclosed by foreign currencies with significant impact.

XXXVI. Supplementary Disclosures

(I) Information on significant transactions and (II) Information on reinvestment

No.	Item	Remark
1	Financing provided to others	Table I
2	Endorsement and guarantee provided to others	Table II
3	Marketable securities held at the end of year (excluding investments in subsidiaries, associates and joint ventures)	Table III
4	The cumulative purchase or sale of the same securities amounted to NTD 300 million or 20% and above of the paid-in capital.	Table IV
5	The amount of property acquired reached NTD 300 million or 20% and above of the paid-in capital.	None
6	The amount of property disposal reached NTD 300 million or 20% and above of the paid-in capital.	None
7	The amount of purchases or sales with related parties reached NTD 100 million or 20% and above of the paid-in capital.	Table V
8	Receivables from related parties amounted to NTD 100 million or 20% and above of paid-in capital.	None
9	Engaging in derivatives trading	None
10	Business Relationships and Important Transactions between the Parent Company and Subsidiaries and between Subsidiaries	Table VI
11	Information on investees	Table VII

(III) Information on investments in mainland China:

No.	Item	Remark
1	Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income/loss of investees, investment gain or loss, carrying amount of the investment at the end of the period, repatriations of investment income/loss, and limit on the amount of investment in mainland China.	Table VIII
2	Significant transactions with investees in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses.	Table VIII

(IV) Information of major shareholders:

No.	Item	Remark
1	The names, shareholding amount, and proportion of shareholders with a shareholding percentage of 5% or more	Table IX

XXXVII. Segment information

The information is provided to the chief business decision-maker to allocate resources and assess the performance of each segment, focusing on the type of product or service delivered or provided. Reportable segments of the consolidated entity are as follows:

Catering segment - direct sales to consumers

Trade segment - wholesale sales to franchisees

Other segment - other

The chief business decision-makers consider the constituent entities within the group as individual operating segments. However, when compiling the consolidated financial report, the Consolidated Entity considers the following factors and treats operating segments with the following features as a single operating entity:

(I) These operating segments have similar long-term gross profits;

(II) The methods for generating cash flows are similar; and

(III) Daily operations are similar.

Segment revenues and the results of operations

The segment revenue and operation results of the Consolidated Entity are analyzed by reportable segments as follows:

	2024					
	Catering	Trade	Others	Total	Adjustments and Elimination	Total
Operating Revenue	$ 308,289	$ 385,139	$ 32,144	$ 725,572	($ 160,908)	$ 564,664
Net operating income (loss)	($ 11,986)	$ 20,456	($ 5,063)	$ 3,407	$ 2,458	$ 5,865
Interest income						3,510
Other income						8,362
Other gains and losses						96,803
Finance costs						(7,247)
Shares of loss of associates accounted for using the equity method						(1,751)
Net loss before tax						$ 105,542

	2023					
	Catering	Trade	Others	Total	Adjustments and Elimination	Total
Operating Revenue	$ 448,383	$ 403,735	$ 4,559	$ 856,677	($ 111,923)	$ 744,754
Net operating loss	($ 52,680)	$ 7,023	($ 18,225)	($ 63,882)	$ 1,649	($ 62,115)
Interest income						2,207
Other income						12,615
Other gains and losses						(24,084)
Finance costs						(7,573)
Shares of loss of associates accounted for using the equity method						(3,751)
Net loss before tax						($ 82,701)

Interdepartmental transactions in 2024 and 2023 were eliminated.

Segment income refers to the profits made by each segment and excludes other income, other gains, and losses, finance costs, the share of losses of associates accounted for using the equity method, and income tax expenses The assessed amount is provided to the chief business decision-maker to allocate resources and assess the performance of each segment.

Areas revenues and the results of operations

The Consolidated Company's revenue from external customers in continuing operations units by location as follows:

	Revenue from external customers	
	2024	2023
Mainland China	$ 12,706	$ 248,593
Taiwan	168,720	196,184
United States	310,919	213,900
Hong Kong	66,245	86,077
Malaysia	6,074	-
	$ 564,664	$ 744,754

Information of major customers:

The Consolidated Company a single customer who contributes more than 10% of the Consolidated Company's total revenue in 2024 as follows:

	2024
Customer A	$ 72,265

The Consolidated Company does not have a single customer who contributes more than 10% of the Consolidated Company's total revenue in 2023.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Financing Provided to Others

2024

Table I

Unit: Thousands of NT Dollars/Foreign Currency

No.	Lending company	Borrower	General Ledger Account	Related Party or Not	Maximum Balance for the Period	Ending Balance	Actual Drawdown	Interest Rate Range %	Nature of Financing (Note 3)	Business Transaction Amount	Reason for Short-term Financing	Allowance for Loss Receivables	Collateral		Limit on the Loan Amount to Individual Counterparty (Note 1)	Total Limit on Financing (Note 1)
													Title	Value		
0	Yummy Town (Cayman) Holdings Corporation	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Receivables from related parties	Yes	$ 39,402 USD 1,200,000	$ 39, 342 USD 1, 200, 000	$ 39, 342 USD 1, 200, 000	－	2	$ －	Operating capital	$ -	-	$ -	$ 71,814	$ 143,628
		Happy Lemon USA LLC	Receivables from related parties	Yes	9, 836 USD 300, 000	9, 836 USD 300, 000	9, 836 USD 300, 000	－	2	－	Operating capital	-	-	-	71,814	143,628
1	RBT Resources Limited	Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	63, 330 HKD 15, 000, 000	63, 330 HKD 15, 000, 000	37, 154 HKD 8, 800, 000	－	2	－	Operating capital	-	-	-	178,181	237,574
		RBT Enterprise Limited	Receivables from related parties	Yes	10, 133 HKD 2, 400, 000	10, 133 HKD 2, 400, 000	－ HKD －	－	2	－	Operating capital	-	-	-	178,181	237,574
2	Happy Lemon HK Limited	Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	50, 664 HKD 12, 000, 000	50, 664 HKD 12, 000, 000	43, 049 HKD 10, 196, 452	－	2	－	Operating capital	-	-	-	99,848	133,130
		RBT Enterprise Limited	Receivables from related parties	Yes	12, 666 HKD 3, 000, 000	12, 666 HKD 3, 000, 000	12, 666 HKD 3, 000, 000	－	2	－	Operating capital	-	-	-	99,848	133,130
3	Yen Chun International Co., Ltd.	Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	12, 632 USD 400, 000	－ USD －	－ USD －	－	2	－	Operating capital	-	-	-	- （Note 4）	- （Note 4）
4	Yen Mei Enterprise Limited	Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	12, 000	6, 000	－	－	2	－	Operating capital	-	-	-	12,521	25,043
		RBT Resources Limited	Receivables from related parties	Yes	12, 000	－	－	－	2	－	Operating capital	-	-	-	12,521	25,043
5	Yummy Town USA LLC	Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	9, 764 USD 300, 000	－ USD －	－ USD －	－	2	－	Operating capital	-	-	-	131,916	175,888
		RBT Enterprise Limited	Receivables from related parties	Yes	13, 134 USD 400, 000	13, 114 USD 400, 000	－ USD －	－	2	－	Operating capital	-	-	-	131,916	175,888
		Happy Lemon USA LLC	Receivables from related parties	Yes	26, 228 USD 800, 000	26, 228 USD 800, 000	－ USD －	－	2	－	Operating capital	-	-	-	131,916	175,888
		Yen Mei Enterprise Limited	Receivables from related parties	Yes	6, 567 USD 200, 000	6, 557 USD 200, 000	－ USD －	－	2	－	Operating capital	-	-	-	17,589	35,178

Note 1:

1. The total amount of funds lent by this company and its subsidiaries to other parties shall be limited to forty percent of the net asset value reported in the most recent financial statements (as of December 31, 2024) of the lending company.
2. For short-term financial accommodation needs, the individual limit for any single borrower shall not exceed twenty percent of the net asset value reported in the most recent financial statements (as of December 31, 2024) of the lending company.
3. However, for non-Taiwan subsidiaries where this company directly or indirectly holds one hundred percent of the voting shares, intercompany loans between such subsidiaries or loans provided by these subsidiaries to the parent company are not subject to the aforementioned restrictions. The individual limit for such loans shall not exceed one hundred fifty percent of the net asset value reported in the most recent financial statements (as of December 31, 2024) of the lending company, while the aggregate limit shall not exceed two hundred percent of the same net asset value.

Note 2: On December 31, 2024, the exchange rate was USD：NTD＝1：32.785；HKD：NTD＝1：4.222.

Note 3: Nature of financing:

1. Trading partner
2. Short-term financing is needed.

Note 4: The company completed its liquidation in November 2024.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Endorsement and Guarantee Provided to Others
2024

Table II

Unit: Thousands of NT Dollars/Foreign Currency

No.	Name of Endorsement/ Guarantee Provider	Subject of Endorsements/Guarantees		Limit on Endorsements/ Guarantees Provided to a Single Party (Note 1)	Maximum Balance for Endorsements and Guarantees this Period	Endorsement/ Guarantee Ending Balance	Actual Drawdown	Amount of Endorsement/ Guarantee Collateralized by Properties	Accumulated Endorsements/ Guarantees to Net Worth per Latest Financial Statement %	Endorsements/ Guarantees Provided by Parent Company to A Subsidiary	Endorsements/ Guarantees Provided by A Subsidiary to Parent Company	Endorsements/ Guarantees Provided to Subsidiaries in mainland China	Maximum Endorsement/ Guarantee Amount Allowance (Note 1)
		Name of Company	Relationship (Note 3)										
1	RBT Resources Limited	Yummy Town (Cayman) Holdings Corporation	3	$ 237,574	$ 73,000	$ 36,500	$ 36,064 USD 1,100,000	$ 36,064	30	-	V	-	$ 356,361
		RBT Resources Limited Taiwan Branch	4	237,574	26,000	-	-	-	-	-	-	-	356,361
		Yen Mei Enterprise Limited	4	237,574	26,000	26,000	26,000	26,000	22	-	-	-	356,361

Note 1: Within the companies where our company holds, directly or indirectly, one hundred percent of the shares, the individual limit for endorsing guarantees shall not exceed two hundred percent of the net worth of the endorsing guarantee company, while the total amount shall not exceed three hundred percent of the net worth of the endorsing guarantee company.

Note 2: The exchange rate on December 31, 2024 was USD: NTD = 1: 32.785.

Note 3: The relationships between the endorsement and guarantee provider and subject are as follows:

1. Trading partner
2. Companies in which the Company directly and indirectly holds more than 50% of the voting shares.
3. Companies that directly and indirectly hold more than 50% of the voting shares in the Company.
4. Between companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
5. Mutually guaranteed companies among peers or co-constructors based on the need for undertaking projects.
6. The company is guaranteed by all shareholders in proportion to their shareholdings due to the joint investment relationship.
7. Joint and several securities between peers for performance guarantees of pre-construction homes under the Consumer Protection Act.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Marketable Securities Held at the End of Year

December 31, 2024

Table III

Unit: Thousands of NT Dollars/Foreign Currency

Holding Company Name	Type and Name of Securities	Relationship with the Issuer of the Securities	Financial Statement Account	Ending Balance				Remark
				Number of Shares / Unit (Note I)	Carrying Amount	Shareholding Percentage%	Market Value or Net Worth	
	Beneficiary certificates							
RBT Holdings Limited	Yanqiaomai Food Technology (Shanghai) Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	USD 99,900	-	16.65	-	

Note 1: It is listed by the share of the original investment unit.

Note 2: For information on investments in subsidiaries, associates, and joint ventures, please refer to Table VII and Table VIII.

Note 3: Due to the company Yanqiaomai Food Technology (Shanghai) Co., Ltd. continuous losses, the net worth of the company has turned negative. The non-current financial assets measured at fair value through other comprehensive income for the consolidated company as of December 31, 2024, have a net value of 0 thousand.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
The Aggregate Amount of Purchases or Sales of the Same Security by the Investee Company Reaches NT$3 billion or 20% or More of the Paid-in Capital
For the Year Ended December 31, 2024

Table IV

Unit: Thousands of NT Dollars

Buying and Selling Companies	Securities Type and Name (Note 1)	Account Item	Counterparty (Note 2)	Relationship (Note 2)	Beginning of Period		Purchased (Note 3)		Sold (Note 3)				End of Period	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Cost	Gain/Loss on Disposal	Shares	Amount
Yummy-town UK Ltd	Stocks Happy Lemon USA LLC	Equity Method Investment	Cash Capital Increase	Subsidiary	-	$ -	USD 2,000,000 (Note 4)	$ 74,419 (Note 5)	$ -	$ -	$ -	$ -	USD 2,000,000 (Note 4)	$ 74,419

Note 1: The term "securities" in this table refers to stocks, bonds, unit trusts, and any securities derived from the aforementioned items.

Note 2: Investments in securities accounted for using the equity method must fill in these two columns; the rest may be exempted.

Note 3: The cumulative purchase and sale amounts should be calculated separately based on market prices to determine if they reach NT$300 million or 20% of paid-in capital.

Note 4: Presented based on the original investment amount.

Note 5: Includes current-period cash capital increase and recognition of investment gains or losses, etc.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
The amount of purchases and sales between the investee company and related parties reaches NT$1 billion or more, or 20% or more of the paid-in capital
For the Year Ended December 31, 2024

Table V

Unit: Thousands of NT Dollars

Purchasing (Sales) Company	Counterparty	Relationship	Transaction Status				Transactions Differing from General Terms Situations and Reasons for Differences		Receivable (Payable) Bills, Accounts		Note
			Purchasing (Sales)	Amount	Percentage of Total Purchasing (Sales)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Receivable (Payable) Bills, Accounts	
Yen Mei Enterprise Limited	Yummy Town USA LLC	Affiliate Company	Sales	($64,536	24	Net 90 days	-	-	$49,161	70	

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Business Relationships and Important Transactions between the Parent Company and Subsidiaries and between Subsidiaries
For the Year Ended December 31, 2024

Table VI

Unit: Thousands of NT Dollars

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Transaction Terms (Note 4)	% to Consolidated Total Revenue or Total Assets (Note 3)
0	Yummy Town (Cayman) Holdings Corporation	Happy Lemon USA LLC	1	Receivables from advances to related parties	$ 9,836	No major differences from non-related parties	1
1	Shanghai Tai Quan Trading Co., Ltd.	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	3	Sales	1,076	〃	-
		Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	3	Sales	174	〃	-
		Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	3	Sales	518	〃	-
		RBT Holdings Limited	3	Sales	229	〃	-
		RBT Resources Limited	3	Sales	10	〃	-
2	RBT Resources Limited	Yummy Town (Cayman) Holdings Corporation	2	Receivables from advances to related parties	37,154	〃	5
		Happy Lemon HK Limited	3	Sales	8,729	〃	2
		〃	〃	Accounts receivables	1,061	〃	-
		Yen Mei Enterprise Limited	3	Rent income	247	〃	-
3	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Shanghai Tai Quan Trading Co., Ltd.	3	Sales	53	〃	-
		Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	3	Sales	38	〃	-
4	RBT Holdings Limited	RBT Resources Limited	3	Sales	300	〃	-
5	RBT Enterprise Limited	Happy Lemon HK Limited	3	Royalty income	9,876	〃	2
		〃	〃	Accounts receivables	2,533	〃	-
		Yen Mei Enterprise Limited	3	Royalty income	7,708	〃	1
		Yummy town USA LLC	3	Royalty income	11,562	〃	2
6	Happy Lemon HK Limited	Yummy Town (Cayman) Holdings Corporation	2	Receivables from advances to related parties	43,049	〃	6
		RBT Enterprise Limited	3	Receivables from advances to related parties	12,666	〃	2
		Freshtea Japan CO LTD.	3	Service income	5	〃	-
7	Yen Mei Enterprise Limited	RBT Resources Limited	3	Sales	1,625	〃	-
	Yen Mei Enterprise Limited	〃	〃	Accounts receivables	543	〃	-
		Happy Lemon West Inc.	3	Sales	20,592	〃	4
		〃	〃	Accounts receivables	2,436	〃	-
		Yummy town USA LLC	3	Sales	64,536	〃	11
		〃	〃	Accounts receivables	49,161	〃	7
		Freshtea Japan CO LTD.	3	Sales	746	〃	-
		Happy Lemon USA LLC	3	Sales	5,349	〃	1
		〃	〃	Service income	5,441	〃	1
8	Yen Chun International Co., Ltd.	Yen Mei Enterprise Limited	3	Accounts receivables	539	〃	-

(Continued)

(Continued from previous page)

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Transaction Terms (Note 4)	% to Consolidated Total Revenue or Total Assets (Note 3)
9	Yummy-town USA LLC	Happy Lemon West Inc.	3	Service income	$ 667	No major differences from non-related parties	−
		〃	〃	Royalty income	92	〃	−
		〃	〃	Sales	1,930	〃	−
		〃	〃	Freight income	151	〃	−
		〃	〃	Accounts receivables	944	〃	−
		Happy Lemon USA LLC	3	Sales	4,915	〃	1
		〃	〃	Freight income	21	〃	−
		〃	〃	Accounts receivables	5,039	〃	1
10	Happy Lemon West Inc.	Yummy-town USA LLC	3	Service income	14,372	〃	3
		〃	〃	Freight income	374	〃	−
		〃	〃	Sales	4,427	〃	1
		〃	〃	Accounts receivables	1,257	〃	−
		Happy Lemon USA LLC	3	Sales	7	〃	−
11	Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	3	Service income	287	〃	−

Note 1: The information on business dealings between the parent company and subsidiaries shall be numbered in the “Code” column with the following coding method:

1. Parent company will be coded “0”.
2. The subsidiaries are coded from “1” in the order presented in the table above.

Note 2: Relations with counterparty can be any one of the following three types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Between subsidiaries.

Note 3: Regarding the percentage of the transaction amount to consolidated revenue or total assets, it is computed based on the ending balance to the consolidated total assets for balance sheet items; and based on the interim accumulated amount to the consolidated revenue for profit or loss items.

Note 4: The collection terms for sales to related parties are delivery upon cash receipt or three months from end of month, and to non-related parties are delivery upon cash receipt or one month to two months from end of month.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Names, Locations, etc. of Investees
For the Year Ended December 31, 2024

Table VII

Unit: Thousands of NT Dollars/Foreign Currency

Name of Investor	Name of investee	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Profit or Loss of Investee	Share of Profit or Loss	Remark
				End of This Period	End of Last Period	Number of Shares (Note I)	Percentage%	Carrying Amount			
Yummy Town (Cayman) Holdings Corporation	Non-TWSE/TPEx listed companies										
	RBT Holdings Limited	Hong Kong	Investment holding and trading of raw materials for catering	$ 328,550	$ 295,770	HKD 81,564	100	$ 370,492	$ 88,278	$ 88,278	Subsidiary
	RBT Enterprise Limited	Hong Kong	Trademark rights management	37	37	HKD 8,800	100	(3,039)	3,325	3,325	Subsidiary
	Yen Mei Enterprise Limited	Taiwan	Trading of beverages, collection of franchise fees and royalties and trading of raw materials for catering	9,127	49,127	10,000	100	51,263	29,124	17,904	Subsidiary
Yen Mei Enterprise Limited	Non-TWSE/TPEx listed companies										
	Yen Chun International Co., Ltd.	Taiwan	Operation of food and beverage outlets	-	10,000	-	-	-	(1,835)	(1,835)	Second-tier subsidiary (Note 5)
RBT Holdings Limited	Non-TWSE/TPEx listed companies										
	Happy Lemon HK Limited	Hong Kong	Trading of beverages, collection of franchise fees and royalties	27,857	27,857	HKD 7,000,000	100	66,565	(2,150)	(2,150)	Second-tier subsidiary
	RBT Resources Limited	Hong Kong	Trading of raw materials for catering	105,354	105,354	HKD 26,000,000	100	118,787	1,835	1,835	Second-tier subsidiary
	Yummy-town UK Ltd	United Kingdom	Investment holding	140,009	108,166	GBP 3,533,910	100	165,682	5,417	5,417	Second-tier subsidiary
	Happy Lemon (M) Sdn Bhd	Malaysia	Trading of beverages	-	10,207	-	-	-	(2,896)	-	Associate accounted for using the equity method (Note4)
	Freshtea Japan CO., LTD.	Japan	Trading of beverages	28,421	19,893	12,000	100	12,822	(2,701)	(2,323)	Second-tier subsidiary (from March 31,2024)
Yummy-town UK Ltd	Non-TWSE/TPEx listed companies										
	Yummy-town Holding Corporation	United States	Investment holding	80,972	107,663	USD 2,641,371	95	89,764	(3,502)	(3,326)	Second-tier subsidiary
	Happy Lemon USA LLC	United States	Operation of food and beverage outlets	66,142	-	USD 2,000,000	100	74,419	8,667	8,667	Second-tier subsidiary
Yummy-town Holding Corporation	Non-TWSE/TPEx listed companies										
	Yummy-town USA LLC	United States	Trading of beverages, collection of franchise fees and royalties	74,704	74,704	USD 2,290,628	100	87,944	(3,369)	(3,369)	Second-tier subsidiary
	RBT International LLC	United States	Trading of raw materials for catering	-	-	USD -	-	-	-	-	Second-tier subsidiary
	GW Bros International LLC	United States	Catering shop, collection of franchise fees and royalties and trading of raw materials for catering	4,566	31,319	USD 204,000	51	6,609	(153)	(78)	Second-tier subsidiary
Yummy-town USA LLC	Non-TWSE/TPEx listed companies										
	.Happy Lemon West Inc.	United States	Trading of beverages	33,442	33,442	USD 208,821	70	53,357	9,271	6,489	Second-tier subsidiary

Note 1: Except for Freshtea Japan Co., Ltd., Yen Chun International Co., Ltd., and Yen Mei Enterprise Limited where the balance is shown by the number of shares, the balances of other investees are shown by the paid-in capitals as of December 31, 2024.

Note 2: Entities' investment gain/loss accounted for using equity method, investors' investments accounted for using equity method and investees' net equity value are fully eliminated in the preparation of consolidated financial statements.

Note 3: Please refer to Table VIII for information on investments in mainland China.

Note 4: Happy Lemon (M) Sdn Bhd. is continuing to operate at a loss. The Consolidated Entity has recognized its share of losses from the associates according to its shareholding percentage, which has exceeded its equity in the associates. As a result, the Consolidated Entity has ceased recognizing any further losses. As of December 31, 2024, the associates have a net worth of 0 thousand using the equity method.

Note 5: The company completed its liquidation in November 2024.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Information on investments in mainland China
For the Year Ended December 31, 2024

Table VIII

Unit: Thousands of NT Dollars/Foreign Currency

1. Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment gain/loss, carrying amount of the investment and repatriations of investment income/loss:

Name of Investee in mainland China	Principal Business Activities	Paid-in Capital	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Outward or Inward Remittance Investment Amount in the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Investee	The Company's Percentage of Ownership, Directly or Indirectly (%)	Share of Profit or Loss (Note I)	Carrying Amount of the Investment as of the End of the Period	Repatriations of Investment Income/Loss as of the End of the Period
					Outflow	Recovery						
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Catering shop, collection of franchise fees and royalties	USD 4,500,000	Reinvested in mainland China by setting up a holding company in a third-place	$ -	$ -	$ -	$ -	($ 97,608)	30	($ 7,771)	$ -	$ -
You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	RMB 20,000,000	〃	-	-	-	-	15	-	8	-	-
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	RMB 6,810,000	〃	-	-	-	-	(201)	-	(201)	-	-
Shanghai Tai Quan Trading Co., Ltd.	Trading of raw materials for catering	RMB 15,000,000	〃	-	-	-	-	(3,168)	-	(3,168)	-	-
Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Catering shop, collection of franchise fees and royalties	RMB 1,000,000	〃	-	-	-	-	(412)	-	(412)	-	-
Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 11,000,000	〃	-	-	-	-	(1,631)	-	(1,631)	-	-
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 13,400,000	〃	-	-	-	-	(95)	-	(95)	-	-
Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 1,000,000	〃	-	-	-	-	424	-	424	-	-
Fengfu Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 1,300,000	〃	-	-	-	-	(40)	-	(40)	-	-
Cacha Prince Intelligent Technology (Shanghai) Co., Ltd.	Catering equipment sales and others	RMB 1,500,000	〃	-	-	-	-	(385)	-	(196)	-	-

Note 1: The investment gains and losses recognized in this period are based on the audited financial statements.

Note 2: The company Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. has been experiencing continuous operating losses, and the consolidated company's recognition of the loss share in the associated enterprise, according to its equity ratio, has already exceeded its interest in the associated enterprise. Consequently, the consolidated company ceases to recognize further losses. As of December 31, 2024, the net value of the associated enterprise accounted for using the equity method is 0 thousand.

Note 3: With the exception of Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd., the financial results (loss/gain) for the other companies in this period correspond to the amounts recorded in January 2024.

2. Limits for investments in mainland China

Accumulated investment remitted from Taiwan to mainland China at the end of the period	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	The upper limit on investment authorized by the Investment Commission of MOEA
(Note 4)	(Note 4)	(Note 4)

Note 4: As the Company is an offshore company to the Republic of China, the limits on investments in mainland China do not apply.

3. Significant transactions with investees in mainland China, either directly or indirectly through the third region: Please refer to Table VI.

4. Provision of endorsement, guarantee, or collaterals to investees in mainland China, either directly or indirectly through the third region: Please refer to Table II.

5. Financing provided to investees in mainland China, either directly or indirectly through the third region: Please refer to Table I.

6. Other transactions that have a significant impact on the profit or loss or financial status of the current period: None.

Yummy Town (Cayman) Holdings Corporation

Information of Major Shareholders

December 31, 2024

Table IX

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Percentage
Special investment account of Yummy Town International Ltd. under the custody of Yuanta Commercial Bank	4,805,534	17.16%
Wu Po-Chao	3,714,473	13.26%
Li Ying-xuan	2,000,000	7.14%

Note 1: The major shareholders in this table are shareholders holding 5% or greater of the ordinary and preference shares that have completed delivery without physical registration (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's consolidated financial statements may differ from the actual number of shares that have been issued and delivered without physical registration as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.