

Wowprime Co., Ltd.

**Financial Statements for the
Years Ended December 31, 2022 and 2021 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Wowprime Co., Ltd.

Opinion

We have audited the accompanying financial statements of Wowprime Co., Ltd. (the “Company”), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Company's financial statements for the year ended December 31, 2022 is stated as follows:

Accuracy of Catering Revenue Recognition for Specific Brands

The Company is engaged in the food retail industry and generates revenue from direct sales to individual customers at various business locations. The dollar amount of each transaction may be insignificant but due to the large number of transactions that occur on a daily basis, the transactions rely on point-of-sale (POS) systems. The accuracy of processing system in recognizing, recording and summarizing sales revenue is important with regard to the consolidated financial statements. The catering revenue of specific brands grew significantly compared to previous year; thus, we identified the accuracy of specific brands' catering revenue recognition as a key audit matter.

For the significant accounting policies, refer to Note 4(m).

Our main audit procedures performed for the abovementioned key audit matter were as follows:

1. We understood and tested whether the general computer control environment of POS systems was effective.
2. We understood and tested the effectiveness of design and implementation of internal controls over the catering revenue recognition process.
3. We understood and evaluated POS systems and accounting system data transfer mechanism, and tested whether the transaction data had been correctly transferred.
4. We selected samples of the sales data for POS systems and source data of operating revenue, and verified that they were consistent with information from revenue data.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Nai-Hua Kuo and Yu Cheng-Chuan.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2023

Notice to Readers

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

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

WOWPRIME CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	\$ 1,468,665	15	\$ 1,226,332	14
Financial assets at amortized cost - current (Notes 7 and 31)	1,657,059	17	1,193,364	14
Trade receivables (Notes 8 and 22)	197,167	2	201,333	2
Current tax assets (Notes 4 and 24)	629	-	629	-
Inventories (Note 9)	114,550	1	147,038	2
Prepayments (Notes 14 and 30)	182,451	2	74,672	1
Other financial assets - current (Note 15)	3,932	-	362	-
Other current assets (Notes 16 and 30)	<u>37,486</u>	<u>1</u>	<u>43,392</u>	<u>-</u>
Total current assets	<u>3,661,939</u>	<u>38</u>	<u>2,887,122</u>	<u>33</u>
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Note 10)	2,587,281	27	2,737,585	32
Property, plant and equipment (Note 11 and 30)	1,337,649	14	1,149,481	13
Right-of-use assets (Note 12)	1,764,926	18	1,648,413	19
Other intangible assets (Note 13 and 30)	14,375	-	6,148	-
Deferred tax assets (Notes 4 and 24)	55,727	1	115,800	1
Prepaid equipment	1,510	-	2,573	-
Other non-current assets (Note 16)	<u>171,775</u>	<u>2</u>	<u>134,275</u>	<u>2</u>
Total non-current assets	<u>5,933,243</u>	<u>62</u>	<u>5,794,275</u>	<u>67</u>
TOTAL	<u>\$ 9,595,182</u>	<u>100</u>	<u>\$ 8,681,397</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current (Note 22)	\$ 3,175,906	33	\$ 2,933,462	34
Notes payable (Note 17)	55,445	1	50,432	-
Trade payables (Notes 17 and 30)	120,816	1	102,760	1
Other payables (Notes 18 and 30)	914,506	9	778,574	9
Current tax liabilities (Notes 4 and 24)	148,401	2	52,150	1
Lease liabilities - current (Note 12)	350,733	4	363,341	4
Other current liabilities	<u>4,546</u>	<u>-</u>	<u>3,549</u>	<u>-</u>
Total current liabilities	<u>4,770,353</u>	<u>50</u>	<u>4,284,268</u>	<u>49</u>
NON-CURRENT LIABILITIES				
Provisions - non-current (Note 19)	56,181	-	43,645	1
Deferred tax liabilities (Notes 4 and 24)	2,459	-	78,116	1
Lease liabilities - non-current (Note 12)	1,402,334	15	1,252,497	14
Net defined benefit liabilities - non-current (Note 20)	61,251	1	99,472	1
Guarantee deposits received	<u>124,840</u>	<u>1</u>	<u>92,013</u>	<u>1</u>
Total non-current liabilities	<u>1,647,065</u>	<u>17</u>	<u>1,565,743</u>	<u>18</u>
Total liabilities	<u>6,417,418</u>	<u>67</u>	<u>5,850,011</u>	<u>67</u>
EQUITY (Note 21)				
Ordinary shares	<u>769,879</u>	<u>8</u>	<u>769,879</u>	<u>9</u>
Capital surplus	<u>1,789,924</u>	<u>19</u>	<u>1,791,541</u>	<u>21</u>
Retained earnings				
Legal reserve	568,290	6	669,833	8
Special reserve	114,717	1	114,717	1
(Accumulated deficit) unappropriated earnings	<u>392,985</u>	<u>4</u>	<u>(101,543)</u>	<u>(1)</u>
Total retained earnings	<u>1,075,992</u>	<u>11</u>	<u>683,007</u>	<u>8</u>
Other equity	<u>(105,230)</u>	<u>(1)</u>	<u>(127,228)</u>	<u>(2)</u>
Treasury shares	<u>(352,801)</u>	<u>(4)</u>	<u>(285,813)</u>	<u>(3)</u>
Total equity	<u>3,177,764</u>	<u>33</u>	<u>2,831,386</u>	<u>33</u>
TOTAL	<u>\$ 9,595,182</u>	<u>100</u>	<u>\$ 8,681,397</u>	<u>100</u>

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

WOWPRIME CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Note 22)	\$ 10,316,869	100	\$ 8,095,703	100
OPERATING COSTS (Notes 9, 23 and 30)	<u>(5,421,846)</u>	<u>(53)</u>	<u>(4,405,666)</u>	<u>(54)</u>
GROSS PROFIT	<u>4,895,023</u>	<u>47</u>	<u>3,690,037</u>	<u>46</u>
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	(3,740,809)	(36)	(3,342,873)	(42)
General and administrative expenses	(492,504)	(5)	(423,414)	(5)
Research and development expenses	<u>(19,712)</u>	<u>-</u>	<u>(16,976)</u>	<u>-</u>
Total operating expenses	<u>(4,253,025)</u>	<u>(41)</u>	<u>(3,783,263)</u>	<u>(47)</u>
PROFIT (LOSS) FROM OPERATIONS	<u>641,998</u>	<u>6</u>	<u>(93,226)</u>	<u>(1)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 30)				
Interest income	13,792	-	10,942	-
Other income	121,482	1	234,982	3
Other gains and losses	20,038	1	(114,600)	(1)
Finance costs	(18,173)	-	(15,137)	-
Share of loss of profit or associates and joint ventures	<u>(300,070)</u>	<u>(3)</u>	<u>(224,557)</u>	<u>(3)</u>
Total non-operating income and expenses	<u>(162,931)</u>	<u>(1)</u>	<u>(108,370)</u>	<u>(1)</u>
PROFIT (LOSS) BEFORE INCOME TAX	479,067	5	(201,596)	(2)
INCOME TAX (EXPENSE) BENEFIT (Note 24)	<u>(92,500)</u>	<u>(1)</u>	<u>96,893</u>	<u>1</u>
NET PROFIT (LOSS) FOR THE YEAR	<u>386,567</u>	<u>4</u>	<u>(104,703)</u>	<u>(1)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	21,819	-	5,186	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 24)	<u>(4,364)</u>	<u>-</u>	<u>(1,037)</u>	<u>-</u>

(Continued)

WOWPRIME CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except (Loss) Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 21)	\$ 27,497	-	\$ (15,638)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 21 and 24)	<u>(5,499)</u>	<u>-</u>	<u>3,127</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>39,453</u>	<u>-</u>	<u>(8,362)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>\$ 426,020</u>	<u>4</u>	<u>\$ (113,065)</u>	<u>(1)</u>
EARNINGS (LOSS) PER SHARE (Note 25)				
Basic	<u>\$ 5.15</u>		<u>\$ (1.40)</u>	
Diluted	<u>\$ 5.15</u>		<u>\$ (1.40)</u>	

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

(Concluded)

WOWPRIME CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	Share Capital		Capital Surplus	Retained Earnings		Unappropriated Earnings (Accumulated Deficits)	Other Equity	Treasury Shares (Note 21)	Total
	Shares (In Thousands)	Share Capital		Legal Reserve	Special Reserve		Exchange Differences on Translating the Financial Statements of Foreign Operations		
BALANCE AT JANUARY 1, 2021	76,988	\$ 769,879	\$ 1,797,170	\$ 636,647	\$ 143,141	\$ 331,855	\$ (114,717)	\$ (79,858)	\$ 3,484,117
Appropriation of 2020 earnings									
Legal reserve	-	-	-	33,186	-	(33,186)	-	-	-
Special reserve	-	-	-	-	(28,424)	28,424	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(327,093)	-	-	(327,093)
Net loss for the year ended December 31, 2021	-	-	-	-	-	(104,703)	-	-	(104,703)
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	4,149	(12,511)	-	(8,362)
Total comprehensive loss for the year ended December 31, 2021	-	-	-	-	-	(100,554)	(12,511)	-	(113,065)
Treasury share transactions	-	-	(10,442)	-	-	(989)	-	(205,955)	(217,386)
Share-based payment	-	-	4,813	-	-	-	-	-	4,813
BALANCE AT DECEMBER 31, 2021	76,988	769,879	1,791,541	669,833	114,717	(101,543)	(127,228)	(285,813)	2,831,386
Appropriation of 2021 earnings									
Legal reserve	-	-	-	(101,543)	-	101,543	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	-	386,567	-	-	386,567
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	17,455	21,998	-	39,453
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	-	404,022	21,998	-	426,020
Treasury share transactions	-	-	(785)	-	-	(6,883)	-	(66,988)	(74,656)
Differences between the equity purchase price and the carrying amount arising from the actual acquisition or disposal of subsidiaries	-	-	(1,478)	-	-	-	-	-	(1,478)
Changes in percentage of ownership interests in subsidiaries (Note 21)	-	-	(139)	-	-	(4,154)	-	-	(4,293)
Share-based payment	-	-	785	-	-	-	-	-	785
BALANCE AT DECEMBER 31, 2022	76,988	\$ 769,879	\$ 1,789,924	\$ 568,290	\$ 114,717	\$ 392,985	\$ (105,230)	\$ (352,801)	\$ 3,177,764

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

WOWPRIME CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ 479,067	\$ (201,596)
Adjustments for:		
Depreciation expenses	881,562	807,653
Amortization expenses	4,261	6,338
Finance costs	18,173	15,137
Interest income	(13,792)	(10,942)
Share-based payment awards	506	1,444
Share of loss (profit) of subsidiaries, associates and joint ventures	300,070	224,557
Loss on disposal of property, plant and equipment	13,244	46,169
Impairment loss recognized on non-financial assets	-	19,865
Loss on disposal of subsidiary	2,864	-
(Gain) loss on lease modification	(550)	3,864
Changes in operating assets and liabilities		
Notes receivable	-	1,608
Trade receivables	4,166	(73,660)
Inventories	32,488	(50,012)
Prepayments	(107,779)	(50,751)
Other current assets	13,102	42,903
Contract liabilities	242,444	484,011
Notes payable	5,013	2,395
Trade payables	18,056	(224,046)
Other payables	125,373	99,296
Other current liabilities	997	(1,085)
Net defined benefit liabilities	(16,402)	(6,728)
Cash generated from operations	2,002,863	1,136,420
Interest paid	(18,173)	(15,137)
Income tax paid	(21,696)	(11,060)
Net cash generated from operating activities	1,962,994	1,110,223
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets in amortized cost	(463,695)	449,183
Acquisition of long-term equity investments adopting the equity method	(177,018)	(51,000)
Disposal of subsidiary	22,567	-
Payments for property, plant and equipment	(599,161)	(547,502)
Proceeds from disposal of property, plant and equipment	-	82
Increase in refundable deposits	(15,723)	(2,837)
Payments for intangible assets	(12,488)	(2,892)
Proceed from disposal of intangible assets	-	444
Payments for right-of-use assets	(17,070)	(20,757)
Other financial assets	(3,570)	8,520
Increase in prepayments for equipment	(1,510)	(2,573)

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WOWPRIME CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Interest received	\$ 12,998	\$ 11,017
Dividends received from subsidiaries	<u>23,826</u>	<u>129,839</u>
Net cash used in investing activities	<u>(1,230,844)</u>	<u>(28,476)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	32,827	33,740
Repayment of the principal portion of lease liabilities	(447,988)	(399,060)
Dividends paid	-	(327,093)
Costs for treasury stock buyback (Note 21)	(102,736)	(339,104)
Treasury shares transferred to employees	<u>28,080</u>	<u>121,718</u>
Net cash used in financing activities	<u>(489,817)</u>	<u>(909,799)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	242,333	171,948
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,226,332</u>	<u>1,054,384</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,468,665</u>	<u>\$ 1,226,332</u>

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

(Concluded)

WOWPRIME CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Wowprime Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in December 1993. The Company primarily engages in operating restaurants, retail sale of agricultural and husbandry products, food products and groceries. The Company also engages in running coffee/tea shops and bakery product manufacturing.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange (TWSE) since March 2012.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements of the Company were approved by the Company’s board of directors on March 23, 2023.

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

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

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

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

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

2) Amendments to IAS 8 “Definition of Accounting Estimates”

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

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

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

When preparing the financial statements, the Company used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, share of profits of subsidiaries, associates and joint ventures for using the equity method and other related equity items in the financial statements.

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purpose of presenting the financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries and associates in other countries or those that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

e. Inventories

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

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profits or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profits and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in the Company's share of the equity of associates. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required had the investee directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an

investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

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

h. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

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

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use asset, intangible assets and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

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

k. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Company becomes a party to the contractual provisions of the instruments.

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified as financial assets at amortized cost.

Financial assets at amortized cost

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

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

- i. Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and
- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. Breach of contract, such as a default;
- iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

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

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information show that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

1. Provisions

Provisions, including those arising from the contractual obligations specified in lease arrangements to maintain or restore infrastructure before it is handed over to the grantor, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation.

m. Revenue recognition

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

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of food, beverage, and other goods. Sales of food and other goods are recognized as revenue when individual customers purchase the goods at various business locations. Deferred revenue is recognized as a contract liability before the customer uses gift vouchers to exchange for food and other goods.

Under the customer loyalty program, the Company offers vouchers which can be used for future purchases. The voucher provides a material right to the customer. The transaction price allocated to the voucher is recognized as a contract liability when collected and will be recognized as revenue when the voucher is redeemed or has expired.

n. Leasing

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

The Company as lessor

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

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

Under finance leases, the lease payments comprise fixed payments. The net investment in a lease is measured at the present value of the lease payments receivable by a lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, that results in the revised consideration for the lease less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions.

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

o. Government grants

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and net interest on the net defined benefit liabilities (assets)) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Share-based payment arrangements

Employee share options granted to employees

The fair value of the employee share options on the grant date is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

r. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred tax for the year

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

Where current tax or deferred tax arises from the initial accounting for the acquisition of a subsidiary, the tax effect is included in the accounting for the investments in a subsidiary.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Company considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods

Key Sources of Estimation Uncertainty

Impairment of Inventories

Impairment of Inventories is evaluated based on the recoverable amount of the assets, which is the higher of its fair value less costs of disposal and its value in use. Any changes in the market prices, future cash flows or discount rates will affect the recoverable amount of the assets and may lead to the recognition of additional impairment losses or the reversal of impairment losses.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 47,061	\$ 78,290
Checking accounts and demand deposits	<u>1,421,604</u>	<u>1,148,042</u>
	<u>\$ 1,468,665</u>	<u>\$ 1,226,332</u>

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	2021
<u>Current</u>		
Time deposits with original maturities of more than 3 months	<u>\$ 1,657,059</u>	<u>\$ 1,193,364</u>

- The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.415% to 4.73% and 0.07% to 0.81% per annum as of December 31, 2022 and 2021, respectively.
- Financial assets measured at amortized cost pledged as collateral for bank borrowings are set out in Note 31.

8. TRADE RECEIVABLES

	December 31	
	2022	2021
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 197,167	\$ 201,333
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 197,167</u>	<u>\$ 201,333</u>

Aside from branches operating in retail stores, the average credit period of receivables from shopping malls and collaboration with other businesses was 30-90 days, the Company earns its revenue on a cash basis or via credit card sales to individual customers. In determining the collectability of trade receivables, the Company assesses any changes in credit quality from the start of the credit period to the balance sheet date.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on overdue days, not further distinguished according to the Company's different customer base.

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

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	\$ 196,843	\$ 324	\$ -	\$ -	\$ -	\$ 197,167
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 196,843</u>	<u>\$ 324</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,167</u>

December 31, 2021

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	-	-	-	-	-	-
Gross carrying amount	\$ 199,980	\$ 1,180	\$ -	\$ -	\$ 173	\$ 201,333
Loss allowance (Lifetime ECLs)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 199,980</u>	<u>\$ 1,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173</u>	<u>\$ 201,333</u>

9. INVENTORIES

	December 31	
	2022	2021
Raw materials	\$ 111,230	\$ 146,905
Finished goods	<u>3,320</u>	<u>133</u>
	<u>\$ 114,550</u>	<u>\$ 147,038</u>

The cost of inventories recognized as the cost of goods sold for the years ended December 31, 2022 and 2021 was \$5,421,846 thousand and \$4,405,666 thousand, respectively.

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 2,509,034	\$ 2,662,752
Investments in associate	<u>78,247</u>	<u>74,833</u>
	<u>\$ 2,587,281</u>	<u>\$ 2,737,585</u>

a. Investments in subsidiaries

	December 31	
	2022	2021
Tai Pin Holding Ltd.	\$ 1,474,605	\$ 1,719,444
WPT Restaurant Corporation	58,773	60,726
Cheerpin Restaurant Corporation	465,748	336,315
Wowfresh Corporation	505,429	513,068
Jeichuang Investment Co., Ltd.	4,479	10,585
Wowprime USA Holding Ltd. (Samoa)	<u>-</u>	<u>22,614</u>
	<u>\$ 2,509,034</u>	<u>\$ 2,662,752</u>

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	2022	2021
Tai Pin Holding Ltd.	100%	100%
WPT Restaurant Corporation	100%	100%
Cheerpin Restaurant Corporation	100%	100%
Wowfresh Corporation	100%	100%
Jeichuang Investment Co., Ltd.	100%	100%
Wowprime USA Holding Ltd. (Samoa)	-	100%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments, aside from Wowprime USA Holding Ltd., were calculated based on their financial statements not audited by CPAs; the other subsidiaries were based on the subsidiaries' financial statements which have been audited for the same years.

Considerate of operating the Company resolved to dispose of Wowprime USA Holding Ltd. (Samoa), the liquidation was completed and the certificate of cancellation was obtained on March 9, 2022.

Refer to Table 5 for the details of the subsidiaries indirectly held by the Company.

b. Investments in associate

	December 31	
	2022	2021
Associate that is not individually material		
DUDOO LTD. (Cayman)	<u>\$ 78,247</u>	<u>\$ 74,833</u>
	For the Year Ended December 31	
	2022	2021
The Company's share of:		
Profit from continuing operations	<u>\$ 2,763</u>	<u>\$ 5</u>
Total comprehensive income for the year	<u>\$ 2,763</u>	<u>\$ 5</u>

In 2021, the Company acquired the share of 14.98% of DUDOO LTD. (Cayman)'s equity. Included in the cost of investments in the associate is the premium of \$55,289 thousand.

The Company is able to exercise significant influence over some associates that are not individually material even if it holds less than 20% of their voting rights. This is because the Company has the power to appoint the directors of those companies under the associates' articles of incorporation.

Investments in DUDOO LTD. (Cayman) were calculated based on their financial statements not audited by CPAs. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of DUDOO LTD. (Cayman) which have not been audited.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Utilities and Fire-fighting Equipment	Office Equipment	Dining Equipment	Leasehold Improvements	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 122,505	\$ 132,408	\$ 652,728	\$ 89,601	\$ 674,572	\$ 1,164,450	\$ 99,189	\$ 2,935,453
Additions	-	-	148,783	16,096	154,365	272,480	30,532	622,256
Reclassifications	-	-	331	-	183	821	1,238	2,573
Disposals	-	-	(69,379)	(8,185)	(87,367)	(135,109)	(13,815)	(313,855)
Balance at December 31, 2022	<u>\$ 122,505</u>	<u>\$ 132,408</u>	<u>\$ 732,463</u>	<u>\$ 97,512</u>	<u>\$ 741,753</u>	<u>\$ 1,302,642</u>	<u>\$ 117,144</u>	<u>\$ 3,246,427</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ -	\$ 50,479	\$ 423,806	\$ 58,200	\$ 468,357	\$ 712,796	\$ 72,334	\$ 1,785,972
Depreciation expenses	-	4,109	95,611	12,323	110,513	188,042	12,819	423,417
Disposals	-	-	(66,860)	(7,783)	(84,027)	(128,348)	(13,593)	(300,611)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 54,588</u>	<u>\$ 452,557</u>	<u>\$ 62,740</u>	<u>\$ 494,843</u>	<u>\$ 772,490</u>	<u>\$ 71,560</u>	<u>\$ 1,908,778</u>
Carrying amounts at December 31, 2022	<u>\$ 122,505</u>	<u>\$ 77,820</u>	<u>\$ 279,906</u>	<u>\$ 34,772</u>	<u>\$ 246,910</u>	<u>\$ 530,152</u>	<u>\$ 45,584</u>	<u>\$ 1,337,649</u>

(Continued)

	Freehold Land	Buildings	Utilities and Fire-fighting Equipment	Office Equipment	Dining Equipment	Leasehold Improvements	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 95,925	\$ 88,188	\$ 660,054	\$ 85,885	\$ 686,008	\$ 1,145,317	\$ 89,818	\$ 2,851,195
Additions	26,580	4,720	108,358	14,770	109,180	202,886	21,406	487,900
Reclassifications	-	39,500	851	-	-	4,985	-	45,336
Disposals	-	-	(116,535)	(11,054)	(120,616)	(188,738)	(12,035)	(448,978)
Balance at December 31, 2021	<u>\$ 122,505</u>	<u>\$ 132,408</u>	<u>\$ 652,728</u>	<u>\$ 89,601</u>	<u>\$ 674,572</u>	<u>\$ 1,164,450</u>	<u>\$ 99,189</u>	<u>\$ 2,935,453</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ -	\$ 46,371	\$ 434,969	\$ 56,273	\$ 479,946	\$ 697,158	\$ 73,011	\$ 1,787,728
Depreciation expenses	-	4,108	90,695	10,992	94,532	171,945	9,172	381,444
Disposals	-	-	(105,630)	(9,736)	(110,699)	(166,013)	(10,649)	(402,727)
Impairment losses recognized	-	-	3,772	671	4,578	9,706	800	19,527
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 50,479</u>	<u>\$ 423,806</u>	<u>\$ 58,200</u>	<u>\$ 468,357</u>	<u>\$ 712,796</u>	<u>\$ 72,334</u>	<u>\$ 1,785,972</u>
Carrying amounts at December 31, 2021	<u>\$ 122,505</u>	<u>\$ 81,929</u>	<u>\$ 228,922</u>	<u>\$ 31,401</u>	<u>\$ 206,215</u>	<u>\$ 451,654</u>	<u>\$ 26,855</u>	<u>\$ 1,149,481</u>

The management of the Company estimated the future profit of various business locations on December 31, 2022 and 2021. There is no impairment loss in 2022. In 2021, the Company estimated that future cash flows of property, plant and equipment at some business locations had decreased. As a result, the book value was higher than the recoverable amount; therefore, it recognized an impairment loss of \$19,527 thousand in 2021. The impairment loss was stated under other profits and losses in the statements of comprehensive income.

The Company adopted value-in-use as recoverable amount of these utilities and fire-fighting equipment, office equipment and dining equipment, leasehold improvement and other equipment, the discount rate was 0.765-1.065% in the year ended December 31, 2021.

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

Buildings	
Main buildings	20-33 years
Renovation	6 years
Utilities and fire-fighting equipment	1-6 years
Office equipment	1-6 years
Dining equipment	1-6 years
Leasehold improvement	1-6 years
Other equipment	1-6 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amounts</u>		
Buildings	<u>\$ 1,764,926</u>	<u>\$ 1,648,413</u>

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 632,299</u>	<u>\$ 684,866</u>
Disposals of right-of-use assets	<u>\$ 29,462</u>	<u>\$ 85,248</u>
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 458,145</u>	<u>\$ 426,209</u>

Except for the aforementioned addition and recognized depreciation, the Company did not have significant sublease of right-of-use assets during the year ended December 31, 2022 and 2021. The Company expects that some right-of-use assets have no value in use, and recognized impairment loss of \$338 thousand for the year ended December 31, 2021. This impairment loss is included in other gains and losses in the statement of comprehensive income for the year ended December 31, 2021.

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 350,733</u>	<u>\$ 363,341</u>
Non-current	<u>\$ 1,402,334</u>	<u>\$ 1,252,497</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	0.765%-1.64%	0.765%-1.065%

c. Material lease-in activities and terms

The Company leases buildings for the use of plants, offices and retail stores with lease terms of 2 to 8 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms.

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

- The majority of variable payment terms are calculated based on the specified percentage of each store's total sales.
- Some variable lease payment terms include minimum or cap clauses.

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

Variable rental expenses are expected to continue to represent a similar proportion of store sales in future years.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to variable lease payments and short-term leases not included in the measurement of lease liabilities	<u>\$ 180,058</u>	<u>\$ 147,762</u>
Total cash outflow for leases	<u>\$ (661,275)</u>	<u>\$ (581,823)</u>

The Company's leases of certain retail stores, offices, and office equipment qualify as short-term leases and certain computer equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2022	2021
Lease commitments	<u>\$ 29,733</u>	<u>\$ 63,633</u>

13. OTHER INTANGIBLE ASSETS

	Software
<u>Cost</u>	
Balance at January 1, 2022	\$ 26,322
Additions	12,488
Disposals	<u>(645)</u>
Balance at December 31, 2022	<u>\$ 38,165</u>
<u>Accumulated amortization</u>	
Balance at January 1, 2022	\$ 20,174
Amortization expenses	4,261
Disposals	<u>(645)</u>
Balance at December 31, 2022	<u>\$ 23,790</u>
Carrying amount at December 31, 2022	<u>\$ 14,375</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 27,448
Additions	2,892
Disposals	<u>(4,018)</u>
Balance at December 31, 2021	<u>\$ 26,322</u>

(Continued)

	Software
<u>Accumulated amortization</u>	
Balance at January 1, 2021	\$ 17,410
Amortization expenses	6,338
Disposals	<u>(3,574)</u>
Balance at December 31, 2021	<u>\$ 20,174</u>
Carrying amount at December 31, 2021	<u>\$ 6,148</u> (Concluded)

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Software	1-6 years
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	For the Year Ended December 31	
	2022	2021
An analysis of amortization by function		
General and administrative	<u>\$ 4,261</u>	<u>\$ 6,338</u>

14. PREPAYMENTS

	December 31	
	2022	2021
<u>Current</u>		
Prepaid rent	\$ 4,196	\$ 7,226
Supplies	2,222	193
Prepayment for purchases	171,534	62,587
Others	<u>4,499</u>	<u>4,666</u>
	<u>\$ 182,451</u>	<u>\$ 74,672</u>

15. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2022	2021
Trust account	<u>\$ 3,932</u>	<u>\$ 362</u>

The market rate intervals of other financial assets at the end of the reporting period were as follows:

	December 31	
	2022	2021
Trust account	0.385%-0.405%	0.01%

16. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Other receivables	\$ 2,045	\$ 2,035
Other receivables form related parties (Note 30)	28,052	11,096
Others	<u>7,389</u>	<u>30,261</u>
	<u>\$ 37,486</u>	<u>\$ 43,392</u>
<u>Non-current</u>		
Refundable deposits	\$ 149,998	\$ 134,275
Other receivables form related parties (Note 30)	<u>21,777</u>	<u>-</u>
	<u>\$ 171,775</u>	<u>\$ 134,275</u>

17. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2022	2021
<u>Notes payable</u>		
Operating	<u>\$ 55,445</u>	<u>\$ 50,432</u>
<u>Trade payables</u>		
Operating		
Unrelated parties	\$ 117,952	\$ 102,760
Related parties (Note 30)	<u>2,864</u>	<u>-</u>
	<u>\$ 120,816</u>	<u>\$ 102,760</u>

The Company purchases inventory on 30-60 day credit terms.

18. OTHER LIABILITIES

	December 31	
	2022	2021
<u>Current</u>		
Other payables		
Payables for purchase of equipment	\$ 96,577	\$ 86,018
Payables for salaries and bonus	464,269	349,605
Payables for rent	34,181	33,635
Payables for retirement benefit	25,745	22,956
Payables for insurance	63,374	57,513

(Continued)

	December 31	
	2022	2021
Payables for annual leave	\$ 37,026	\$ 26,486
Payables for tax expense	53,149	29,095
Others	<u>128,718</u>	<u>164,193</u>
	903,039	769,501
Other payables to related parties (Note 30)	<u>11,467</u>	<u>9,073</u>
	<u>\$ 914,506</u>	<u>\$ 778,574</u>
		(Concluded)

19. PROVISIONS

	December 31	
	2022	2021
<u>Non-current</u>		
Decommissioning liabilities	<u>\$ 56,181</u>	<u>\$ 43,645</u>
		Decommissioning Liabilities
Balance at January 1, 2022		\$ 43,645
Additional provisions recognized		14,419
Disposals		<u>(1,883)</u>
Balance at December 31, 2022		<u>\$ 56,181</u>
Balance at January 1, 2021		\$ 39,567
Additional provisions recognized		8,459
Disposals		<u>(4,381)</u>
Balance at December 31, 2021		<u>\$ 43,645</u>

Decommissioning liabilities are the estimated costs required to restore the asset back to its original condition upon return, as stated in the operating lease agreement.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Pension costs under defined contribution plans were as follows:

	For the Year Ended December 31	
	2022	2021
Operating costs	\$ 50,822	\$ 47,895
Selling and marketing expenses	77,589	72,505
General and administrative expenses	<u>11,206</u>	<u>10,644</u>
	<u>\$ 139,617</u>	<u>\$ 131,044</u>

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 112,156	\$ 143,595
Fair value of plan assets	<u>(50,905)</u>	<u>(44,123)</u>
Net defined benefit liabilities	<u>\$ 61,251</u>	<u>\$ 99,472</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2022	<u>\$ 143,595</u>	<u>\$ (44,123)</u>	<u>\$ 99,472</u>
Service cost			
Current service cost	46	-	46
Net interest expense (income)	<u>1,077</u>	<u>(335)</u>	<u>742</u>
Recognized in profit or loss	<u>1,123</u>	<u>(335)</u>	<u>788</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,421)	(3,421)
Actuarial loss (gain)			
Changes in financial assumptions	(11,220)	-	(11,220)
Experience adjustments	<u>(7,178)</u>	<u>-</u>	<u>(7,178)</u>
Recognized in other comprehensive income	<u>(18,398)</u>	<u>(3,421)</u>	<u>(21,819)</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Contributions from the employer	\$ -	\$ (14,827)	\$ (14,827)
Benefits paid	(11,801)	11,801	-
Others	<u>(2,363)</u>	<u>-</u>	<u>(2,363)</u>
Balance at December 31, 2022	<u>\$ 112,156</u>	<u>\$ (50,905)</u>	<u>\$ 61,251</u>
Balance at January 1, 2021	<u>\$ 151,022</u>	<u>\$ (39,636)</u>	<u>\$ 111,386</u>
Service cost			
Current service cost	45	-	45
Net interest expense (income)	<u>755</u>	<u>(201)</u>	<u>554</u>
Recognized in profit or loss	<u>800</u>	<u>(201)</u>	<u>599</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(523)	(523)
Actuarial loss (gain)			
Changes in demographic assumptions	3,725	-	3,725
Changes in financial assumptions	(4,968)	-	(4,968)
Experience adjustments	<u>(3,420)</u>	<u>-</u>	<u>(3,420)</u>
Recognized in other comprehensive income	<u>(4,663)</u>	<u>(523)</u>	<u>(5,186)</u>
Contributions from the employer	-	(7,327)	(7,327)
Benefits paid	<u>(3,564)</u>	<u>3,564</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ 143,595</u>	<u>\$ (44,123)</u>	<u>\$ 99,472</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans was as follows:

	For the Year Ended December 31	
	2022	2021
General and administrative expenses	<u>\$ 788</u>	<u>\$ 599</u>

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2022	2021
Discount rates	1.50%	0.75%
Expected rates of salary increase	2.00%	2.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.25% increase	\$ (3,418)	\$ (4,808)
0.25% decrease	\$ 3,573	\$ 5,039
Expected rates of salary increase		
0.25% increase	\$ 3,490	\$ 4,891
0.25% decrease	\$ (3,355)	\$ (4,693)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plan for the next year	\$ 1,028	\$ 1,028
Average duration of the defined benefit obligation	12.4 years	13.6 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	100,000	100,000
Shares authorized	\$ 1,000,000	\$ 1,000,000
Number of shares issued and fully paid (in thousands)	76,988	76,988
Shares issued	\$ 769,879	\$ 769,879

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

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	\$ 1,785,075	\$ 1,785,075
Difference between consideration paid and the carrying amount of the subsidiaries' net assets during actual acquisition	4,849	6,327
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interests in subsidiaries (2)	-	139
	<u>\$ 1,789,924</u>	<u>\$ 1,791,541</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

The shareholders of the Company held their regular meeting on June 28, 2022 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

Under the dividend policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations. Remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders when issued new shares. The Company setting aside a reserve bonuses or the legal reserve and the whole or part of capital surplus, In the case of cash disbursement, the board of directors is authorized to report to the shareholders' meeting with the presence of at least two-thirds of the directors and the approval of a majority of the directors present. For the policies on the distribution of compensation of employees and remuneration to directors and supervisors before and after the amendment, refer to employee benefits expense in Note 23-h.

The Company resolved to amend the Articles of incorporation by shareholder's meeting on June 28, 2022, when a special reserve is expressly provided for the net decrease in other equity accumulated in prior years, If the undistributed retained earnings shall of the previous period are not sufficient to provide, the amount of unappropriated earnings for the period is calculated by adding the amount of unappropriated earnings for the period. The amount of undistributed earnings for the period is presented. Before the amendment of the Articles of Incorporation, the Company will recognize undistributed earnings from prior periods.

The Company operates within the food and beverage service industry. It is currently at the maturity stage of the business life cycle, as reflected by its profitability and sound financial structure. In principle, the Company applies the constant growth dividend policy as outlined in the Articles. In addition, the Company must consider its capital plans and actual operating results when declaring its annual dividends. Prior to the shareholders' meeting every year, there will be a board of directors' meeting to draft the earnings distribution (i.e., cash dividends or stock dividends) and the amount to be declared. The Company's Articles also stipulate a dividends policy whereby cash dividends must comprise a minimum of 20% of total dividends distributed. The exact proportion shall be determined per fiscal year end during the shareholders' meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 that had been approved in the shareholders' meeting on June 28, 2022, were as follows:

	For the Year Ended December 31, 2021
Legal reserve offset deficits	<u>\$ 101,543</u>

The appropriations of earnings for 2020 that had been approved in the shareholders' meetings on July 23, 2021, were as follows:

	For the Year Ended December 31, 2020
Legal reserve	\$ 33,186
Special reserve	(28,424)
Cash dividends	327,093
Cash dividends per share (NT\$)	4.36

The appropriations of earnings for 2022 that had been proposed in the board of directors' meeting on March 23, 2023, were as follows:

	For the Year Ended December 31, 2022
Legal reserve	\$ 39,298
Special reserve	(9,487)
Cash dividends	363,174
Cash dividends per share (NT\$)	3.87
Stock dividends per share (NT\$)	1

The above cash dividends have been resolved by the board of directors, the rest is subject to the resolution in the shareholders' meeting on June 15, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 114,717	\$ 143,141
Reversals		
Reversal of the debits to other items	<u>-</u>	<u>(28,424)</u>
Balance at December 31	<u>\$ 114,717</u>	<u>\$ 114,717</u>

e. Other equity items

Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (127,228)	\$ (114,717)
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	24,036	(15,638)
Related income tax	(4,807)	3,127
Share of associated by using the equity method	651	-
Related income tax	(130)	-
Reclassification		
Disposal of foreign operators	2,810	-
Related income tax	<u>(562)</u>	<u>-</u>
Balance at December 31	<u>\$ (105,230)</u>	<u>\$ (127,228)</u>

f. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2022	1,727
Increase during the year	848
Exercise of employee share options	<u>(216)</u>
Number of shares at December 31, 2022	<u>2,359</u>
Number of shares at January 1, 2021	992
Increase during the year	2,049
Exercise of employee share options	<u>(1,314)</u>
Number of shares at December 31, 2021	<u>1,727</u>

Under the Securities and Exchange Act, the number of shares bought back shall not exceed 10% of the total number of issued shares. The total purchase amount shall not exceed the sum of retained earnings, additional paid-in capital-premiums and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within five years from the date of share repurchase. Those not transferred within the said limit shall be deemed as not issued by the Company and amendment registration shall be processed.

The Company board of directors decided to transfer 3,723 thousand treasury shares to its employee, at the transfer price of \$80.51 per treasury share on March 7, 2019, The Company had recognized compensation costs of \$1,444 thousand on the grant date in 2021.

The Company's board of directors decided to repurchase 3,850 thousand treasury shares and transfer them to its employees on January 27, 2021. The actual repurchased shares up to the expiration of the repurchase period were 2,049 thousand shares, the average repurchase price per share was \$165.50, and the total amount was \$339,104 thousand.

The Company's board of directors decided to transfer 322 thousand treasury shares to its employees at the transfer price of \$130 per treasury share on October 29, 2021, the total transfer price is \$41,860, the repurchase cost of treasury shares is \$53,291 thousand, and the employee stock subscription base date is September 10, 2021. The Company had recognized compensation costs of \$3,369 thousand on the grant date in 2021.

The Company's board of directors decided to transfer 216 thousand treasury shares to its employees at the transfer price of \$130 per treasury share on March 8, 2022. The Company had recognized compensation costs of \$785 thousand on the grant date in 2022.

The Company transferred 216 thousand and 992 thousand treasury shares to employees for proceeds of \$28,080 thousand and \$79,866 thousand on May 30, 2022 and May 21 2021, respectively.

The Company's board of directors decided to repurchase 1,540 thousand treasury shares to its employees, as of repurchase period was 848 thousand shares, the average price of \$121.15 per treasury share, the total amount was \$102,736 thousand, on June 7, 2022.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote. The subsidiaries holding treasury shares, however, retain shareholders' rights, except the rights to participate in any share issuance for cash and to vote.

22. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of food and beverages	\$ 10,313,378	\$ 8,090,881
Revenue from the sale of goods	<u>3,491</u>	<u>4,822</u>
	<u>\$ 10,316,869</u>	<u>\$ 8,095,703</u>

a. Contract information

Revenue from the sale of food and beverages

Sales of food and beverages are recognized when individual customers purchase the goods at various business locations.

Revenue from the sale of goods

Revenue from the Company's sale of agricultural products is recognized as revenue when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable and trade receivables (Note 8)	<u>\$ 197,167</u>	<u>\$ 201,333</u>	<u>\$ 129,281</u>
Contract liabilities			
Deferred revenue from gift vouchers	\$ 3,052,289	\$ 2,785,439	\$ 2,395,688
Customer loyalty programs	98,093	137,176	51,294
Sale of goods	<u>25,524</u>	<u>10,847</u>	<u>2,469</u>
	<u>\$ 3,175,906</u>	<u>\$ 2,933,462</u>	<u>\$ 2,449,451</u>

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year and from the performance obligations satisfied in the previous periods is as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
From contract liabilities at the beginning of the year		
Deferred revenue from gift vouchers	<u>\$ 817,245</u>	<u>\$ 645,013</u>

c. Disaggregation of revenue

	<u>For the Year Ended December 31</u>	
<u>Type of goods or services</u>	2022	2021
Fine dining business group	\$ 3,996,667	\$ 3,572,521
Casual dining business group	2,225,451	1,980,123
Hot pot business group	2,279,547	1,397,292
Chinese food business group	638,256	444,976
Roast meat business group	<u>1,176,948</u>	<u>700,791</u>
	<u>\$ 10,316,869</u>	<u>\$ 8,095,703</u>

d. Partially completed contracts

	For the Year Ended December 31	
	2022	2021
Catering sales services		
- completed in 2022	\$ -	\$ 1,782,667
- completed in 2023	1,953,027	712,358
- completed in 2024	916,427	290,414
- completed in 2025	<u>182,835</u>	<u>-</u>
	<u>\$ 3,052,289</u>	<u>\$ 2,785,439</u>

The above information does not include contracts with expected durations which are equal to or less than one year.

23. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	\$ 13,182	\$ 10,282
Imputed interest on deposits	350	432
Loan receivables and interest income (Note 30)	<u>260</u>	<u>228</u>
	<u>\$ 13,792</u>	<u>\$ 10,942</u>

b. Other income

	For the Year Ended December 31	
	2022	2021
Government grants (Note 26)	\$ 19,488	\$ 143,200
Managing service income (Note 30)	75,590	60,633
Others	<u>26,404</u>	<u>31,149</u>
	<u>\$ 121,482</u>	<u>\$ 234,982</u>

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Loss on disposal of property, plant and equipment	\$ (13,244)	\$ (46,169)
Net foreign exchange gains (losses)	48,502	(12,872)
Impairment losses	-	(19,865)
Gain (loss) on contract modification	550	(3,864)
Loss on disposal of investments	(2,864)	-
Others	<u>(12,906)</u>	<u>(31,830)</u>
	<u>\$ 20,038</u>	<u>\$ (114,600)</u>

d. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on lease liabilities	\$ (16,162)	\$ (14,244)
Interest on bank loans	(2,007)	(889)
Others	<u>(4)</u>	<u>(4)</u>
	<u>\$ (18,173)</u>	<u>\$ (15,137)</u>

e. Impairment losses of non-financial assets

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment (included in other gains and losses)	\$ -	\$ (19,527)
Right-of-use assets (included in other gains and losses)	<u>-</u>	<u>(338)</u>
	<u>\$ -</u>	<u>\$ (19,865)</u>

f. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 360,124	\$ 324,143
Operating expenses	<u>521,438</u>	<u>483,510</u>
	<u>\$ 881,562</u>	<u>\$ 807,653</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 4,261</u>	<u>\$ 6,338</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 3,242,822	\$ 2,772,996
Post-employment benefits (Note 20)		
Defined contribution plans	139,617	131,044
Defined benefit plans	<u>788</u>	<u>599</u>
	3,383,227	2,904,639
Other employee benefits	<u>454,019</u>	<u>426,473</u>
Total employee benefits expense	<u>\$ 3,837,246</u>	<u>\$ 3,331,112</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,446,329	\$ 1,248,521
Operating expenses	<u>2,390,917</u>	<u>2,082,591</u>
	<u>\$ 3,837,246</u>	<u>\$ 3,331,112</u>

h. Compensation of employees and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees at rates of 0.1% to 10% and remuneration of directors and supervisors at rates no higher than 1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. Since there are losses before tax in 2021, no estimates were made for the remuneration to the employees or directors and supervisors. The compensation of employees and remuneration to directors and supervisors for the year ended December 31, 2022 which have been approved by the Company's board of directors on March 23, 2023, were as follows:

Accrual rate

	For the Year Ended December 31, 2022
Compensation of employees	0.1%
Remuneration of directors and supervisors	-

Amount

	For the Year Ended December 31, 2022
	<hr/>
	Cash
Compensation of employees	\$ 480
Remuneration of directors and supervisors	-

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors and supervisors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ 117,947	\$ -
Adjustments for prior years	<u>-</u>	<u>(1)</u>
	<u>117,947</u>	<u>(1)</u>
Deferred tax		
In respect of the current year	<u>(25,447)</u>	<u>(96,892)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 92,500</u>	<u>\$ (96,893)</u>

A reconciliation of accounting profit and income tax expense (benefit) was as follows:

	For the Year Ended December 31	
	2022	2021
Profit (loss) before income tax from continuing operations	<u>\$ 479,067</u>	<u>\$ (201,596)</u>
Income tax expense (benefit) calculated at the statutory rate	\$ 95,813	\$ (40,319)
Tax-exempt income	(31,754)	(58,345)
Nondeductible expenses in determining taxable income	1,742	1,772
Unused benefit of tax loss	26,699	-
Adjustments for prior years' tax	<u>-</u>	<u>(1)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 92,500</u>	<u>\$ (96,893)</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year		
Translation of foreign operations	\$ (5,499)	\$ 3,127
Remeasurement of defined benefit plan	<u>(4,364)</u>	<u>(1,037)</u>
Total income tax recognized in other comprehensive income	<u>\$ (9,863)</u>	<u>\$ 2,090</u>

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	<u>\$ 629</u>	<u>\$ 629</u>
Current tax liabilities		
Income tax payable	<u>\$ 148,401</u>	<u>\$ 52,150</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Impairment loss on property, plant and equipment	\$ 81	\$ -	\$ -	\$ 81
Exchange differences	7,068	(7,068)	-	-
Exchange differences on translating the financial statements of foreign operations	31,806	-	(5,499)	26,307
Defined benefit obligation	19,895	(3,280)	(4,364)	12,251
Payables for annual leave	5,298	2,107	-	7,405
Loss carryforwards	51,652	(51,652)	-	-
Associates	-	9,683	-	9,683
	<u>\$ 115,800</u>	<u>\$ (50,210)</u>	<u>\$ (9,863)</u>	<u>\$ 55,727</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Subsidiaries	\$ 78,116	\$ (78,116)	\$ -	\$ -
Exchange differences	-	2,459	-	2,459
	<u>\$ 78,116</u>	<u>\$ (75,657)</u>	<u>\$ -</u>	<u>\$ 2,459</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Impairment loss on property, plant and equipment	\$ 81	\$ -	\$ -	\$ 81
Exchange differences	4,506	2,562	-	7,068
Exchange differences on translating the financial statements of foreign operations	28,679	-	3,127	31,806
Defined benefit obligation	22,278	(1,346)	(1,037)	19,895
Payables for annual leave	5,014	284	-	5,298
Loss carryforwards	-	51,652	-	51,652
	<u>\$ 60,558</u>	<u>\$ 53,152</u>	<u>\$ 2,090</u>	<u>\$ 115,800</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Subsidiaries	\$ 121,856	\$ (43,740)	\$ -	\$ 78,116

e. Income tax assessments

The income tax returns of the Company through 2020 have been assessed by the tax authorities.

25. EARNINGS (LOSSES) PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings (losses) per share	<u>\$ 5.15</u>	<u>\$ (1.40)</u>
Diluted earnings (losses) per share	<u>\$ 5.15</u>	<u>\$ (1.40)</u>

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

Net Profit (Losses) for the Year

	For the Year Ended December 31	
	2022	2021
Earnings (losses) used in the computation of basic earnings (losses) per share	<u>\$ 386,567</u>	<u>\$ (104,703)</u>
Earnings (losses) used in the computation of diluted earnings (losses) per share	<u>\$ 386,567</u>	<u>\$ (104,703)</u>

Weighted average number of ordinary shares outstanding (in thousands of shares) were as follows:

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings (losses) per share	74,998	74,985
Effect of potentially dilutive ordinary shares:		
Compensation of employees or bonuses issued to employees	<u>3</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings (losses) per share	<u>75,001</u>	<u>74,985</u>

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. GOVERNMENT GRANTS

The Company applied for the catering marketing grant of Ministry of Economic Affairs and Restaurant Revitalization Subsidy Program of Taichung City. In 2022, a total of \$19,488 thousand was recognized as other income.

The Company applied for the Salary and Working Capital subsidy project for Business and Service Industry Adversely Affected by Covid-19, as well as government subsidies for VAT reduction and exemption. In 2021, a total of \$143,200 thousand was recognized as other income.

27. CASH FLOW INFORMATION

a. Non-cash transactions

- 1) In addition to those disclosed in other notes, the Company entered into the following non-cash investing activities which were not reflected in the statements of cash flows for the years ended December 31, 2022 and 2021:

	For the Year Ended December 31	
	2022	2021
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	\$ 622,256	\$ 487,900
Add: Payable for purchase of equipment, balance at January 1	86,018	149,698
Decommissioning liability, balance at January 1	43,645	39,567
Less: Payable for purchase of equipment, balance at December 31	(96,577)	(86,018)
Decommissioning liability, balance at December 31	<u>(56,181)</u>	<u>(43,645)</u>
Cash payment	<u>\$ 599,161</u>	<u>\$ 547,502</u>

- 2) The Company reclassified the amounts of \$2,573 thousand and \$45,336 thousand from prepayments for equipment to property, plant and equipment for the year ended December 31, 2022 and 2021, respectively.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Opening Balance	Cash Flows	New Leases	Non-cash Changes		Closing Balance
				Remeasureme nt of Lease Contract	Remeasureme nt of Branch Closure	
Lease liabilities	<u>\$ 1,615,838</u>	<u>\$ (447,988)</u>	<u>\$ 355,181</u>	<u>\$ 260,048</u>	<u>\$ (30,012)</u>	<u>\$ 1,753,067</u>

For the year ended December 31, 2021

	Opening Balance	Cash Flows	New Leases	Non-cash Changes		Closing Balance
				Remeasureme nt of Lease Contract	Remeasureme nt of Branch Closure	
Lease liabilities	<u>\$ 1,432,173</u>	<u>\$ (399,060)</u>	<u>\$ 352,423</u>	<u>\$ 311,686</u>	<u>\$ (81,384)</u>	<u>\$ 1,615,838</u>

28. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from previous years.

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

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

29. FINANCIAL INSTRUMENTS

- a. Fair value of financial instruments not measured at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

- b. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at amortized cost (1)	\$ 3,528,695	\$ 2,768,797
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	1,215,607	1,023,779

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, financial lease receivables, other receivables, other financial assets, and refundable deposits.

2) The balances include financial liabilities at amortized cost, which comprise, notes payable, trade payables, other payables, and guarantee deposits.

- c. Financial risk management objectives and policies

The Company's major financial instruments include cash and cash equivalents, trade receivables, trade payables and lease liabilities. The Company's finance department provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

- 1) Market risk

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

- a) Foreign currency risk

The Company had foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 34.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. A number below indicates an increase (a decrease) in pre-tax profit and other equity associated with the New Taiwan dollar weakening (strengthening) 1% against the relevant currency.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 4,105	\$ 4,640

b) Interest rate risk

The Company is exposed to interest rate risk because entities in the Company borrow funds at both fixed and floating interest rates.

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 1,682,188	\$ 1,193,364
Financial liabilities	1,753,067	1,615,838
Cash flow interest rate risk		
Financial assets	1,425,536	1,148,404

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. A 0.1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.1% higher or lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased or decreased by \$1,426 thousand and \$1,148 thousand, respectively, which was mainly a result of the Company's exposure to floating interest rate bank deposits.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As of the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short-, medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
WPT Restaurant Corporation	Subsidiaries
Cheerpin Restaurant Corporation	Subsidiaries
Wowfresh Corporation	Subsidiaries
uniEat Co., Ltd.	Subsidiaries of associate

b. Purchases of goods

<u>Related Party Category/Name</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Subsidiaries		
Wowfresh Corporation	<u>\$ 3,129,440</u>	<u>\$ 2,334,545</u>

The Company mainly purchases goods from subsidiaries; the terms of the purchase transactions are not significantly different from that of usual suppliers.

c. Trade receivables from related parties (excluding loans to related parties)

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>December 31</u>	
		<u>2022</u>	<u>2021</u>
Other receivables	Subsidiaries		
	WPT Restaurant Corporation	\$ 7,469	\$ 964
	Cheerpin Restaurant Corporation	13,647	7,492
	Wowfresh Corporation	<u>28,713</u>	<u>2,640</u>
		<u>\$ 49,829</u>	<u>\$ 11,096</u>

The outstanding receivables from related parties mainly for purchasing materials and lease agreements (refer to 30-j) are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivables from related parties.

d. Trade payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Trade payables	Subsidiaries		
	Cheerpin Restaurant Corporation	\$ 2,864	\$ -
Other payables	Subsidiaries		
	Cheerpin Restaurant Corporation	\$ 7,881	\$ 7,947
	WPT Restaurant Corporation	387	451
	Wowfresh Corporation	3,000	-
	Associates		
	uniEat Co., Ltd.	199	675
		\$ 11,467	\$ 9,073

The outstanding trade payables to related parties are unsecured.

e. Prepayments

Related Party Category/Name	December 31	
	2022	2021
Subsidiaries		
Wowfresh Corporation	\$ 131,887	\$ 62,587

f. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31	
	2022	2021
uniEat Co., Ltd.	\$ -	\$ 6,777

g. Disposal of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31		Gain (Loss) on Disposal For the Year Ended December 31	
	2022	2021	2022	2021
Subsidiaries				
Wowfresh Corporation	\$ -	\$ 82	\$ -	\$ -

h. Disposal of intangible asset

Related Party Category/Name	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Subsidiaries				
Wowfresh Corporation	\$ -	\$ 444	\$ -	\$ -

i. Other transactions with related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other income	Subsidiaries		
(management service	WPT Restaurant Corporation	\$ 7,237	\$ 5,927
revenue)	Cheerpin Restaurant Corporation	62,353	52,306
	Wowfresh Corporation	<u>6,000</u>	<u>2,400</u>
		<u>\$ 75,590</u>	<u>\$ 60,633</u>
Other income	Subsidiaries		
	Wowfresh Corporation	<u>\$ -</u>	<u>\$ 214</u>
Interest income	Subsidiaries		
	WPT Restaurant Corporation	<u>\$ -</u>	<u>\$ 228</u>
Other expense	Subsidiaries		
	Wowfresh Corporation	<u>\$ 3,000</u>	<u>\$ -</u>

The management service income is calculated as a certain percentage of the subsidiary's monthly net sales, and the amount is collected regularly.

J. Lease agreement

The Company leases right-of-use assets to Wowfresh Corporation through financial lease for a term of 9 years, rentals are based on the rental rates of similar assets, and payments are made in accordance with the lease agreements by fixed monthly lease. As of December 31, 2022, the balance of other receivables was \$25,129 thousand and the interest income was recognized due to financial lease of \$260 thousand.

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 83,320	\$ 51,467
Post-employment benefits	<u>747</u>	<u>744</u>
	<u>\$ 84,067</u>	<u>\$ 52,211</u>

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for letters of credit application and security deposits for issuing gift vouchers:

	December 31	
	2022	2021
Restricted deposit balance	<u>\$ 583,665</u>	<u>\$ 532,959</u>
Pledged deposits	<u>\$ 185,669</u>	<u>\$ 153,244</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2022 and 2021 were as follows:

Significant Commitments

a. Unrecognized commitments were as follows:

	December 31	
	2022	2021
Acquisition of property, plant and equipment	<u>\$ 7,751</u>	<u>\$ 71,403</u>

b. As of December 31, 2022 and 2021, the Company had a line of credit to sell gift vouchers, of which \$1,606,913 thousand and \$1,756,406 thousand had been drawn, respectively.

33. SUBSEQUENT EVENT

The Company's board of director resolved to issue the first domestic unsecured convertible bonds in October 11, 2022, refer to No. 1110365283 issued by the FSC declaration effective in December 9, 2022.

The Company considered the changes in the domestic capital market and sought a better timing for the issuance, and considered the overall corporate interests and shareholders' rights. In order to facilitate the successful completion of the fund raising for the unsecured convertible bonds, we have applied to the Financial Supervisory Commission for a three-month extension of the fund raising period for the first domestic unsecured convertible bonds. On February 22, 2023, the Company was approved for record by letter No. 1120333537 issued by the FSC. The offering period extends to June 9, 2023.

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 13,365,516	30.71 (USD:NTD)	\$ <u>410,455</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	334,529,315	4.408 (RMB:NTD)	\$ <u>1,474,605</u>

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 16,761,719	27.68 (USD:NTD)	\$ <u>463,964</u>
Non-monetary items			
Investments accounted for using the equity method			
RMB	395,820,366	4.344 (RMB:NTD)	\$ 1,719,444
USD	816,972	27.68 (USD:NTD)	<u>22,614</u>
			\$ <u>1,742,058</u>

The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Year Ended December 31				
Functional Currency	2022		2021	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	30.71 (USD:NTD)	\$ 48,489	27.68 (USD:NTD)	\$ (12,872)
SGD	22.88 (SGD:NTD)	14	20.46 (SGD:NTD)	-
JPY	0.2324 (JPY:NTD)	<u>(1)</u>	0.2405 (JPY:NTD)	<u>-</u>
		\$ <u>48,502</u>		\$ <u>(12,872)</u>

35. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures).
None
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. None
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital.
None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital.
None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 3)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital.
(Table 4)
- 9) Trading in derivative instruments. None

b. Information on investees (Table 5)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 7)

TABLE 1

WOWPRIME CO., LTD. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Party	Highest Balance for the Period (Note 3)	Ending Balance	Actual Amount Borrowed	Interest Rate	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	Wowprime Co., Ltd.	Wowfresh Corporation	Other receivables	Yes	\$ 100,000	\$ 100,000	\$ -	-	Short-term financing	\$ -	Supporting the subsidiary's short-term operating requirements	\$ -	-	\$ -	\$ 1,271,105	\$ 1,271,105	7
		WPT Restaurant Corporation	Other receivables	Yes	50,000	50,000	-	-	Short-term financing	-	Supporting the subsidiary's short-term operating requirements	-	-	-	1,271,105	1,271,105	7
1	Wowprime (Beijing) Co., Ltd.	Wowprime (China) Co., Ltd.	Other receivables	Yes	45,194	43,924	43,924	3.7	Short-term financing	-	Supporting short-term operating requirements	-	-	-	66,802	66,802	8
2	Wowprime (China) Co., Ltd.	Shanghai Wanxin International Trade Co., Ltd.	Other receivables	Yes	225,970	219,620	21,962	3.7	Short-term financing	-	Supporting short-term operating requirements	-	-	-	687,600	687,600	9
		Shanghai Hoppime Catering Management Co., Ltd.	Other receivables	Yes	135,582	131,772	65,886	3.65-3.7	Short-term financing	-	Supporting short-term operating requirements	-	-	-	687,600	687,600	9
		Shanghai Xizhu Catering Management Co., Ltd.	Other receivables	Yes	45,194	43,924	-	-	Short-term financing	-	Supporting short-term operating requirements	-	-	-	687,600	687,600	9

Note 1: Numbering sequence is as follows:

- a. The issuer is numbered 0.
- b. Investees are numbered sequentially starting from the number 1.

Note 2: The financial statement account must be disclosed if the related party transactions (i.e. receivables, payables, shareholder's accounts, prepayments, temporary payments, etc.) are of financing nature.

Note 3: The highest amount of financing provided to others throughout the fiscal year.

Note 4: The nature of financing - i.e. short-term financing or for business transaction purposes.

Note 5: If the nature of financing is for business transaction purposes, the aggregate amount transacted throughout the fiscal year should be disclosed.

Note 6: If the nature of financing is for short-term operations, the purpose should be disclosed i.e. repaying a loan, financing an asset purchase or working capital, etc.

Note 7: The total amount for lending to a company shall not exceed forty percent (40%) of the net worth of Wowprime Co., Ltd. (\$3,177,764 thousand × 40% = \$1,271,105 thousand). In addition, the total amount loanable to any one borrower shall be no more than forty percent (40%) of the net worth of Wowprime Co., Ltd. (\$3,177,764 thousand × 40% = \$1,271,105 thousand).

Note 8: The total amount for lending to a company shall not exceed forty percent (40%) of the net worth of Wowprime (Beijing) Co., Ltd. (\$167,005 thousand × 40% = \$66,802 thousand). In addition, the total amount loanable to any one borrower shall be no more than forty percent (40%) of the net worth of Wowprime Co., Ltd. (\$167,005 thousand × 40% = \$66,802 thousand).

Note 9: The total amount for lending to a company shall not exceed forty percent (40%) of the net worth of Wowprime (China) Co., Ltd. (\$1,719,000 thousand × 40% = \$687,600 thousand). In addition, the total amount loanable to any one borrower shall be no more than forty percent (40%) of the net worth of Wowprime Co., Ltd. (\$1,719,000 thousand × 40% = \$687,600 thousand).

TABLE 2

WOWPRIME CO., LTD. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Wowprime Co., Ltd.	Wowfresh Corporation	b	\$ 1,271,105	\$ 600,000	\$ 600,000	\$ 550,000	\$ -	18.88	\$ 1,271,105	Y	N	N	
		Wowprime (China) Co., Ltd.	b	1,271,105	319,720	306,677	-	-	9.65	1,271,105	Y	N	Y	

Note 1: Numbering sequence is as follows:

- a. The issuer is numbered 0

Note 2:: Relationships between the endorsement/guarantee provider and the guaranteed party:

- a. A company with which it does business.
- b. A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- c. A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.
- d. Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares.
- e. The Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- f. All capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- g. Companies in the same industry provide among themselves jointly and severally guarantee for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: Aggregate endorsement/guarantee limit: Shall not exceed forty percent (40%) of net worth of Wowprime Co., Ltd. (\$\$3,177,764 thousand × 40% = \$1,271,105 thousand). In addition, the total lending amount loanable to any one borrower shall be no more than forty percent (40%) of the net worth of Wowprime Co., Ltd. (\$\$3,177,764 thousand × 40% = \$1,271,105 thousand).

TABLE 3**WOWPRIME CO., LTD. AND SUBSIDIARIES****TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Note (Note 2)
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Wowprime Co., Ltd.	Wowfresh Corporation	Subsidiary	Purchase	\$ 3,129,440	83.47	According to the Company's credit period to related parties	According to Company's policy	-	Trade payables \$ -	-	According to the Company's credit period to related parties
Cheerpin Restaurant Corporation	Wowfresh Corporation	Brother	Purchase	962,878	96.94	According to the Company's credit period to related parties	According to Company's policy	-	Trade payables \$ -	-	According to the Company's credit period to related parties
Shanghai Wanxin International Trade Co., Ltd.	Wowprime (China) Co., Ltd.	Subsidiary	Purchase	293,546	43.38	According to the Company's credit period to related parties	According to Company's policy	-	Trade payables (150,809)	99.70	According to the Company's credit period to related parties
Wowprime (China) Co., Ltd.	Shanghai Wanxin International Trade Co., Ltd.	Subsidiary	Purchase	132,603	8.58	According to the Company's credit period to related parties	According to Company's policy	-	Trade payables (14,970)	13.62	According to the Company's credit period to related parties

Note 1: If the related party transaction conditions are different from the general transaction conditions, the circumstances and reasons for the difference shall be stated in the column of unit price and credit period.

Note 2: If there is an advance receipt (payment) situation, the reason, contract terms, amount and the difference from the general transaction type should be stated in the remarks column.

Note 3: Shares issued and fully paid refers to the shares issued and fully paid of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the shares issued and fully paid is calculated based on the 10% equity attributable to the owner of the parent company on the balance sheet.

Note 4: The above transactions with related parties have been eliminated in the consolidated financial statements.

TABLE 4

WOWPRIME CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OF 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Companies with Receivables	Investee Company	Relationship	Balance of Amounts Due from Related Parties (Note 1)	Rotation Rate	Overdue Receivables from Related Parties		Recoveries After the Period	Allowance for Losses
					Amount	Processing		
Wowprime (China) Co., Ltd.	Shanghai Wanxin International Trade Co., Ltd.	Subsidiary	Accounts receivable \$150,809	3.25	\$ -	-	\$ 67,144	\$ -

Note 1: Please enter the accounts receivables from related parties amounting, notes, other receivables...etc.

Note 2: Shares issued and fully paid refers to the shares issued and fully paid of the parent company. If the issuer’s shares have no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the shares issued and fully paid is calculated based on the 10% equity attributable to the owner of the parent company on the balance sheet.

TABLE 5

WOWPRIME CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
Wowprime Co., Ltd.	Tai Pin Holding Ltd. (Seychelles)	Seychelles	Investment	\$ 1,617,647	\$ 1,440,629	20,117,134	100.00	\$ 1,474,605	\$ (440,401)	\$ (440,401)	Note 1
	WPT Restaurant Corporation	Taiwan	Catering and catering management	100,000	100,000	10,000,000	100.00	58,773	(1,953)	(1,953)	Note 1
	Wowprime USA Holding Ltd. (Samoa)	Samoa	Investment	-	24,069	-	-	-	7	7	Note 2
				(US\$ -)	(US\$ 762,500)			(US\$ -)	(US\$ 237)	(US\$ 237)	
	Cheerpin Restaurant Corporation	Taiwan	Catering and catering management	300,000	300,000	30,000,000	100.00	465,748	144,224	144,224	Note 1
	Wowfresh Corporation	Taiwan	Fresh food trading	500,000	500,000	50,000,000	100.00	505,429	1,396	1,396	Note 1
	Jiechuang Investment Co., Ltd.	Taiwan	Investment	11,000	11,000	1,100,000	100.00	4,479	(6,106)	(6,106)	Note 1
	DuDoo Ltd. (Cayman)	Cayman	Investment	74,828	74,828	209,497	14.98	78,247	19,030	2,763	Note 2
				(US\$ 2,422,872)	(US\$ 2,422,872)			(US\$ 2,513,755)	(US\$ 626,446)	(US\$ 90,693)	
Jiechuang Investments Co., Ltd.	We Dao Ltd.	Taiwan	Catering	10,000	10,000	200,000	20.00	3,657	(5,325)	(1,065)	Note 2
Tai Pin Holding Ltd. (Seychelles)	Hoppime Ltd. (Cayman)	Cayman	Investment	1,527,029	1,364,892	20,889,649	78.12	1,479,115	(563,978)	(436,372)	Note 1
				(RMB 337,386,272)	(RMB 301,143,890)			(RMB 335,552,423)	(RMB(127,595,361))	(RMB (98,724,948))	
Hoppime Ltd. (Cayman)	Wowprime Limited (Samoa)	Samoa	Investment	1,290,412	1,142,672	-	100.00	1,886,007	(552,113)	(552,113)	Note 1
				(RMB 282,707,111)	(RMB 249,618,611)			(RMB 427,860,001)	(RMB(124,914,054))	(RMB(124,914,054))	

Note 1: The investment gain (loss) was recognized based on the financial statement audited by the same auditors for the same period.

Note 2: The investment gain (loss) was recognized based on the financial statement provided by the Company that have not been audited.

WOWPRIME CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. Investee companies, main businesses, paid-in capital, method of investment, accumulated outward remittance for investment, percentage of ownership of investment, net income (loss) of investee, investment gain (loss), and the carrying amount:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 b (2).)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outflow	Inflow						
Wowprime (China) Co., Ltd.	Catering and catering management	\$ 894,893 (RMB 195,090,404)	Note 1 (b)	\$ 364,079 (US\$ 12,272,235)	\$ 147,149 (US\$ 4,980,000)	\$ -	\$ 511,228 (US\$ 17,252,235)	\$ (553,004) (RMB (125,114,305))	78.12	\$ (427,887) (RMB (96,806,611))	\$ 1,342,882 (RMB 304,646,734)	\$ 207,023 (US\$ 6,813,742)
Wowprime (Beijing) Management Co., Ltd.	Catering and catering management	118,608 (RMB 24,673,989)	Note 1 (b)	92,639 (US\$ 3,057,046)	-	-	92,639 (US\$ 3,057,046)	(739) (RMB (166,214))	78.12	(574) (RMB (129,171))	130,464 (RMB 29,597,117)	15,439 (US\$ 512,838)
Shanghai Qun ze yi Enterprise Management Co., Ltd.	Catering management	20,990 (RMB 4,800,000)	Note 1 (b)	- (US\$ -)	-	-	- (US\$ -)	(12,519) (RMB (2,830,209))	78.12	(9,736) (RMB (2,200,965))	2,945 (RMB 668,163)	-
Shanghai WanXin International Trade Co., Ltd.	Fresh food trade	23,986 (RMB 5,500,000)	Note 1 (b)	- (US\$ -)	-	-	- (US\$ -)	(11,828) (RMB (2,687,835))	78.12	(9,214) (RMB (2,093,840))	5,967 (RMB 1,353,733)	-
Shanghai Hoppime Catering Management Co., Ltd.	Catering and catering management	86,413 (RMB 20,000,000)	Note 1 (b)	- (US\$ -)	-	-	- (US\$ -)	(86,144) (RMB (19,475,834))	78.12	(66,717) (RMB (15,083,408))	(75,327) (RMB (17,088,625))	-
Shanghai Xizhu Catering Management Co., Ltd.	Catering and catering management	21,895 (RMB 5,000,000)	Note 1 (b)	- (US\$ -)	-	-	- (US\$ -)	(13,176) (RMB (2,978,623))	74.214	(9,734) (RMB (2,200,563))	2,788 (RMB 632,446)	-

Note 1: The 3 methods of investment are as follows:

- a. Wowprime Co., Ltd. invested directly in China.
- b. Wowprime Co., Ltd. indirectly invested in China through company in the third region.
- c. Other.

Note 2: The amount recognized in investment income in the current year:

- a. Should be noted if currently under arrangement and not generating investment income.
- b. The basis of investment is classified as follows:
 - 1) Amount was recognized based on the financial statements audited by international audit firms with affiliations in the ROC.
 - 2) Amount was recognized based on the parent company’s audited financial statements.
 - 3) Other.

2. Investment limit on investments in China

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
\$ 603,867 (US\$ 20,309,281)	\$ 1,028,522 (US\$ 34,407,913)	\$ 2,155,335

Note 3: According to Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China administered by the Foreign Investment Commission, the amount is limited to the higher of the net worth of the investment company or 60% of the consolidated net worth.

- 3. Significant events arising from direct or indirect transactions with investee companies in China through a third party: None.
- 4. Situations where the Company directly or indirectly provides endorsement, guarantee, or collateral to investee companies in China through a third party: None.
- 5. Situations where the Company directly or indirectly provides financing of capital to investee companies in China through a third party: None.
- 6. Transactions with material effects on the net income (loss) of the Company: None.

TABLE 7**WOWPRIME CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS****FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Le Hang Investment Co.	4,231,836	5.49

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

WOWPRIME CO., LTD.

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STATEMENT 1**WOWPRIME CO., LTD.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Items	Description	Amount
Cash on hand		\$ 47,061
Bank deposits		
Checking deposits		22,748
Demand deposits		1,388,440
Foreign-currency demand deposits	(Including US\$339 thousand @30.71)	<u>10,416</u>
		<u>\$ 1,468,665</u>

WOWPRIME CO., LTD.**STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST - CURRENT****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Items	Description	Rate	Amount	Note
Domestic investment				
Time deposits with original maturities of more than 3 months	Time deposits trust	0.8%-1.35%	\$ 1,000,000	
	Time deposits	0.43%-3.10%	471,390	
	Time deposits pledge	0.42%-4.73%	<u>185,669</u>	
			<u>\$ 1,657,059</u>	

WOWPRIME CO., LTD.**STATEMENT OF TRADE RECEIVABLES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Customer	Description	Amount
Taishin (Bank TS)	Receivable from credit card	\$ 46,205
EZ Company	Receivable from food and beverages sold	25,519
YS Company	"	18,667
E.SUN (Bank YS)	Receivable from credit card	11,178
TZ Company	Receivable from food and beverages sold	10,839
LinePay (Bank LP)	Receivable from credit card	9,920
Others (Note)	"	<u>74,839</u>
		197,167
Less: Allowance for impairment loss		<u>-</u>
		<u><u>\$ 197,167</u></u>

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

WOWPRIME CO., LTD.**STATEMENT OF INVENTORIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Items	Description	Amount	
		Cost	Net Realizable Value
Raw materials	Meat	\$ 48,929	\$ 89,067
	Seafood	13,864	13,979
	Vegetable/bread	11,839	14,834
	Others	36,598	36,920
Merchandise	Fresh food products	<u>3,320</u>	<u>3,547</u>
		<u>\$ 114,550</u>	<u>\$ 158,347</u>

The market price is based on the net realizable value.

WOWPRIME CO., LTD.**STATEMENT OF OTHER CURRENT ASSETS****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Items	Description	Amount
Other receivables	Related parties	\$ 28,052
	Others (Note)	2,045
Others	Company trip fee	2,281
	Others (Note)	<u>5,108</u>
		<u>\$ 37,486</u>

Note: The balance of each item was less than 5% of the account balance.

WOWPRIME CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name of Investees	Balance at January 1, 2022		Increase in the Current Year		Decrease in the Current Year		Investment Gain (Loss)	Accumulated Translation Adjustment	Balance at December 31, 2022			Market Value/ Net Assets Value		Evaluation Basis	Pledged as Collateral or for Security
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			Number of Shares	Percentage of Shares	Amount	Unit Price (NT\$)	Total Amount		
Tai Pin Holding Ltd. (Note 1)	18,617,134	\$ 1,719,444	1,500,000	\$ 177,297	-	\$ (5,771)	\$ (440,401)	\$ 24,036	20,117,134	100.00	\$ 1,474,605	73.30	\$ 1,474,605	The equity method	None
WPT Restaurant Corporation (Note 1)	10,000,000	60,726	-	-	-	-	(1,953)	-	10,000,000	100.00	58,773	5.88	58,773	The equity method	None
Wowprime USA Holding Ltd. (Samoa) (Note 2)	762,500,000	22,614	-	-	(762,500)	(25,431)	7	2,810	761,737,500		-		-		
Cheerpin Restaurant Corporation (Note 1)	30,000,000	336,315	-	-	-	(14,791)	144,224	-	30,000,000	100.00	465,748	15.52	465,748	The equity method	None
Wowfresh Corporation (Note 1)	50,000,000	513,068	-	-	-	(9,035)	1,396	-	50,000,000	100.00	505,429	10.11	505,429	The equity method	None
Jeichuang Investment Co., Ltd. (Note 1)	1,100,000	10,585	-	-	-	-	(6,106)	-	1,100,000	100.00	4,479	4.07	4,479	The equity method	None
Dudoo Ltd. (Note 2)	209,497	<u>74,833</u>	-	<u>-</u>	-	<u>-</u>	<u>2,763</u>	<u>651</u>	209,497	14.98	<u>78,247</u>	373.50	<u>78,247</u>	The equity method	None
		<u>\$ 2,737,585</u>		<u>\$ 177,297</u>		<u>\$ (55,028)</u>	<u>\$ (300,070)</u>	<u>\$ 27,497</u>			<u>\$ 2,587,281</u>		<u>\$ 2,587,281</u>		

Note 1: These companies have been audited by CPAs.

Note 2: These companies were calculated based on their financial statements not audited by CPAs.

Note 3: Net values of equity interest were calculated based on the financial statements of investee companies and ratio of shareholding of the Company.

Note 4: The increase for the period is as follows:

Items	Amount
Acquisition of equity in subsidiaries	\$ 177,018
Share-based payment	<u>279</u>
	<u>\$ 177,297</u>

Note 5: The decrease for the period is as follows:

Items	Amount
Differences between the equity purchase price and the carrying amount arising from the actual acquisition or disposal of subsidiaries	\$ (1,478)
Changes in all interests in subsidiaries	(4,293)
Disposal of subsidiary	(25,431)
Acquisition of dividends from subsidiaries	<u>(23,826)</u>
	<u>\$ (55,028)</u>

WOWPRIME CO., LTD.**STATEMENT OF OTHER NON-CURRENT ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Items	Description	Amount
Other receivables form related parties	Sublease subsidiary	\$ 21,777
Refundable deposits	Deposits of rental stores	<u>149,998</u>
		<u>\$ 171,775</u>

WOWPRIME CO., LTD.**STATEMENT OF NOTES PAYABLE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Description	Amount
CH Company	Store rent	\$ 6,731
RX Company	"	4,070
JG Company	"	3,150
CXF	"	2,808
BX Company	"	2,783
Others (Note)	Store rent, etc.	<u>35,903</u>
		<u>\$ 55,445</u>

Note: The balance of each item was less than 5% of the account balance.

WOWPRIME CO., LTD.**STATEMENT OF TRADES PAYABLES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Customer	Description	Amount
MF Firm	Payment for purchase	\$ 41,217
MSJ Firm	"	15,595
KY Firm	"	8,107
Related parties	"	2,864
Others (Note)	"	<u>53,033</u>
		<u>\$ 120,816</u>

Note: The balance of each item was less than 5% of the account balance.

WOWPRIME CO., LTD.**STATEMENT OF LEASE LIABILITIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Type	Description	Lease Period	Discount Rate	Ending Balance	Note
Buildings	Leasing of stores and outlets, etc.	2-8 years	0.765%-1.64%	<u>\$ 1,753,067</u>	

Note: Lease liabilities matured within one year of \$350,733 thousand has been recognized as current liabilities.

WOWPRIME CO., LTD.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Items	Amount
High-class delicacy	\$ 2,014,842
Fancy food	6,725,168
Budget food	1,573,368
Revenue from the sale of goods	<u>3,491</u>
	<u>\$ 10,316,869</u>

WOWPRIME CO., LTD.**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Items	Amount
Direct raw materials	
Raw materials, beginning of the year	\$ 147,038
Add: Purchase during the period	3,475,121
Less: Transferred to operating	(177,621)
Inventory shortage	(479)
Raw materials, end of year	<u>(114,550)</u>
Consumption of indirect materials	3,329,509
Direct labors	1,279,151
Manufacturing expense	<u>812,707</u>
Manufacturing cost	5,421,367
Add: Inventory shortage	<u>479</u>
	<u><u>\$ 5,421,846</u></u>

WOWPRIME CO., LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Type	Selling and Marketing	General and Administrative	Research and Development
Salaries	\$ 1,636,910	\$ 377,584	\$ -
Rent	153,653	1,703	-
Utilities	155,474	5,868	-
Advertising	367,922	15,489	-
Insurance	186,775	20,440	-
Depreciation	511,027	10,411	-
Pension	77,589	11,993	-
Others (Note)	<u>651,459</u>	<u>49,016</u>	<u>19,712</u>
	<u>\$ 3,740,809</u>	<u>\$ 492,504</u>	<u>\$ 19,712</u>

Note: The balance of each item was less than 5% of the account balance.

WOWPRIME CO., LTD.

SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTIONS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

Item	2022			2021		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salaries	\$ 1,228,328	\$ 2,011,094	\$ 3,239,422	\$ 1,043,103	\$ 1,726,493	\$ 2,769,596
Labor and health insurances	119,488	207,215	326,703	109,924	188,838	298,762
Pensions	50,823	89,582	140,405	47,895	83,748	131,643
Remuneration to directors	-	3,400	3,400	-	3,400	3,400
Other employee benefits	<u>47,690</u>	<u>79,626</u>	<u>127,316</u>	<u>47,599</u>	<u>80,112</u>	<u>127,711</u>
	<u>\$ 1,446,329</u>	<u>\$ 2,390,917</u>	<u>\$ 3,837,246</u>	<u>\$ 1,248,521</u>	<u>\$ 2,082,591</u>	<u>\$ 3,331,112</u>
Depreciation	<u>\$ 360,124</u>	<u>\$ 521,438</u>	<u>\$ 881,562</u>	<u>\$ 324,143</u>	<u>\$ 483,510</u>	<u>\$ 807,653</u>
Amortization	<u>\$ -</u>	<u>\$ 4,261</u>	<u>\$ 4,261</u>	<u>\$ -</u>	<u>\$ 6,338</u>	<u>\$ 6,338</u>

Note 1: The number of employees in the year and in the previous year was 7,366 and 6,788, respectively, and the number of directors who were not employees was 5 in both years.

Note 2: For companies whose shares have been listed on the TWSE/TPEX, the following information shall also be disclosed:

- a. The average employee benefit expense of this year was NT\$520 thousand ("Total employee benefit expense - Total remuneration to Directors of the year"/"Number of employees - Number of Directors who were not employees of the year").

The average employee benefit expense of the preceding year was NT\$491 thousand ("Total employee benefit expense - Total remuneration to directors of the preceding year"/"Number of employees - Number of Directors who were not employees of the preceding year").

- b. The average employee salary expense of this year is NT\$440 thousand (Total salary expense of the year/"Number of employees - Number of Directors who were not employees of the year").

The average employee salary expense of the preceding year was NT\$409 thousand (Total salary expense of the preceding year/"Number of employees - Number of Directors who were not employees of the preceding year").

- c. Change in average employee salary expense was 7.58% (Average employee salary expense of the year - Average employee salary expense of the preceding year)/Average employee salary expense of the preceding year).

- d. The remuneration of NT\$0 to supervisors in the year and the remuneration of NT\$0 to supervisors in the previous year (the Company has established the audit committee).

- e. The Company's remuneration policy (including directors, managers and employees) is as follows:

- 1) The remuneration of the directors of the Company shall be paid in accordance with the provisions of the Articles of Association of the Company, taking into account the usual level of the interbank, and shall be authorized to be determined by the board of directors. If the Company has surplus, it shall be allocated in accordance with the provisions of the Articles of Association and submitted to the ordinary meeting of shareholders after being reviewed by the remuneration committee and approved by the board of directors. If the directors are also employees, they shall also be paid remuneration in accordance with the provisions of the following BC.
- 2) The remuneration standard of the general manager and deputy general manager of the Company shall be determined by the human resources unit of the Company in accordance with the relevant provisions of the Company's performance appraisal and performance bonus, and according to the individual performance and the degree of contribution to the overall operation of the Company, and the principles shall be formulated according to the level of market peers, and submitted to the salary and remuneration committee for review.

(Continued)

- 3) The Company's remuneration policy is based on the employee's personal ability and its contribution to the Company, performance, and the correlation between business performance and positive correlation; The overall salary and remuneration portfolio mainly includes basic salary, bonus, related reward incentive system and other parts. The standard of remuneration payment, the basic salary is based on the market competition situation of the position held by the employee and the Company's policy; the bonus and related reward incentive system is issued after linking the employee, the achievement of departmental objectives and the Company's business performance results, and the Company adheres to the planning that is in line with laws and regulations and has competitiveness.

(Concluded)