

Stock Code: 2726



Yummy Town (Cayman) Holdings Corporation

2021 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Market Observation Post System website: <http://mops.twse.com.tw>

Company Website: <http://www.yummy-town.tw/>

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Acting Spokesperson

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United States of America

Name: Yummy-town USA LLC

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V. Name of Stock Exchange for Overseas Listed Securities and Method for Enquiry of Overseas Securities Information: None

VI. Company Website: www.yummy-town.tw

VII. List of Members of Board of Directors

Name	Title	Nationality or Place of Registration	Academic Qualifications and Experience
Wu, Po-Chao	Chairman	R.O.C.	Retired Air Force Captain Chairman, Committee of Catering, China Chain Store & Franchise Association (CCFA) Vice Chairman, Chain Store Committee, Shanghai Association of Taiwan Vice Chairman, Huangpu District, Shanghai Association of Taiwan
Chen, Yu-Chen	Director	R.O.C.	Bachelor of Business Administration, Chihlee University of Technology Coordinator, New Card Review Department, American Express Senior Coordinator, Risk Management Department, Citibank
Wu, Hua-Chao	Director	R.O.C.	Yu Da High School of Commerce and Home Economics Purchasing and Sales Director, Purchasing and Marketing Department, Yummy Town (Cayman) Holdings Corporation
YUMMY TOWN INTERNATIONAL LTD. (Samoa)	Director	Samoa/ R.O.C.	Bachelor of Electronics Engineering, Chien Hsin University of Science and Technology Director, The Fifth Credit Cooperation Of Hsinchu Chairman, Eowg Kuang Soap Co., Ltd.
Representative: Yen, Hsien-Ming			
Lin, Tzu-Kuan	Independent Directors	R.O.C.	Department of Tourism Business, Chinese Culture University President, Spring City Resort President of Business Group, Grand Hi-Lai Hotel; Chairman, Kuo Yang Construction Co., Ltd.; Chairman, Kaohsiung Tourist Hotel Association; President, Kaohsiung Grand Hi-Lai Hotel
Tu, Chi-Yao	Independent Directors	R.O.C.	Ph.D. in Economic Law, China University of Political Science and CPA, Deloitte Taiwan CPA, Chi Yao CPAs Firm Financial and Legal Advisor for Taiwanese Companies of the Strait
Seetoo, Chia-Heng	Independent Directors	R.O.C.	J.D., University of Illinois Internet Marketing Specialist and Internet Editor, Fulai Information Co., Ltd.; Advisor, Jones Day International Law Firm; Executive Director, Innovatus International Law Firm Chairman, Innovatus Consulting Inc.

VIII. Name, Title, Telephone Number and E-mail Address of Designated Domestic Agent

Agent

Name: Chen, Yu-Chen Tel: (02)2790-0689

Title: Director E-mail: carrie_chen@yummy-town.com

Table of Contents

	<u>Page</u>
Chapter 1. Letter to Shareholders	1
Chapter 2. Company Profile	4
I. Introduction to the Company and the Group	4
II. Company History	5
Chapter 3. Corporate Governance Report	9
I. Organizational System	9
II. Information on Directors, Supervisors, President, Vice Presidents, Senior Manager and Managers of Each Department and Branch	11
III. Remuneration Paid to Directors, Supervisors, President and Vice President in the Most Recent Year	19
IV. Implementation of Corporate Governance	24
V. CPA Fees	60
VI. Change of CPAs	60
VII. The Company's Chairman, President and Managers in Charge of Finance and Accounting Matters Who Previously Served at the Accounting Firm of the CPAs or Its Affiliated Companies in the Most Recent Year	60
VIII. Equity Transfer and Changes in Equity Pledge Involving Directors, Supervisors, Managers and the Top 10 Shareholders Whose Shareholding Percentage Exceeds 10 percent in the Most Recent Year up to the Publication Date of this Annual Report	61
IX. Information on the Top 10 Shareholders by Number of shares Held Who Are Related Parties or Each Other's Spouses and Relatives within the Second Degree of Kinship	64
X. Number of Shares Held by the Company, its Directors, Supervisors, Managers and Reinvested Businesses Either Directly or Indirectly Controlled by the Company and Combined Shareholding Percentage	65
Chapter 4. Funding Status	67
I. Capital and Shares	67
II. Corporate Bonds (including Overseas Corporate Bonds)	76
III. Preferred Shares	76
IV. Participation in Global Depository Receipts	76
V. Employee Stock Option Certificates	76
VI. Restricted Employee Shares	76
VII. Mergers and Acquisitions	79
VIII. Issuance of New Shares in Connection with Mergers or Acquisitions or Acquisitions of Shares of Other Companies	79
IX. Implementation of Capital Utilization Plan	79
Chapter 5. Business Overview	80
I. Business Activities	80
II. Market, Production and Sales Overview	111
III. Number of Employees in the Two Most Recent Years up to the Publication Date of this Annual Report	122
IV. Environmental Protection Expenditure	122

V. Labor Relations	123
VI. Cyber Security Management	124
VII. Important Contracts	125
Chapter 6. Financial Overview	126
I. Condensed Financial Information for the Five Most Recent Years	126
II. Financial Analysis for the Five Most Recent Years	128
III. Audit Committee Report on the Financial Statements for the Most Recent Year	130
IV. Financial Statements for the Most Recent Year	131
V. Parent Company-Only Financial Statements Attested by CPAs in the Most Recent Year	131
VI. Financial Turnover-Related Difficulties Facing the Company and Its Affiliated Companies for the Most Recent Year up to the Publication Date of this Annual Report	131
Chapter 7. Review and Analysis of Financial Status and Financial Performance and Related Risk Items	132
I. Comparative Analysis of Financial Status	132
II. Comparative Analysis of Financial Results	133
III. Cash Flow	133
IV. Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year	134
V. Reinvestment Policy and Main Reasons for Related Profit or Loss, Improvement Plan and Investment Plan for the Coming Year	135
VI. Risk Items	135
VII. Other Important Matters	140
Chapter 8. Special Notes	141
I. Information on Affiliated Companies	141
II. Private Placement of Securities for the Most Recent Year up to the Publication Date of this Annual Report	144
III. Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Year up to the Publication Date of this Annual Report	144
IV. Other Supplementary Matters	145
V. Situations Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report	145
VI. Major Differences from Regulations Protecting Shareholders' Rights and Interests in Taiwan ..	145

Chapter 1. Letter to Shareholders

Dear shareholders,

The global economy continued to be impacted by the COVID-19 pandemic in 2021. Although some countries were gradually lifting their lockdown measures, the spread of the Omicron variant in the fourth quarter still cast a shadow over the global economic development. In addition, the intensified involution in the industry and homogeneous products have imposed more daunting challenges to tea and beverage brands in the external environment. As per the forecast by the World Bank and other institutions at home and abroad, China's GDP growth will slow down to between 5% and 6% in 2022, indicating that consumers will be more conservative and prudent in consumption in the coming year. Looking ahead to 2022, the Company will adopt a stable business strategy, maintain a high degree of adaptability, keep abreast of market trends, control budgets, reduce various expenses, accelerate the promotion of digital transformation, empower business, and upgrade management, and implement a business model, featuring efficient communication and rapid decision-making through a flat organization, thereby increasing profit while cutting costs.

2021 Business Report

Unit: Thousands of NT Dollars

Item	2021	2020	Growth
Consolidated Revenue	1,458,788	1,580,237	-7.69%
Consolidated Net Profit (Note)	-94,106	38,871	-342.10%
Earnings Per Share (After Tax) (NT\$)	-2.65	1.09	-343.12%

Note: Refers to the consolidated net profit attributable to the owners of the Company.

Consolidated revenue in 2021 declined by 7.69%, mainly due to the spread of the Omicron variant. Many of the Company's stores around the world have been unable to operate normally since the fourth quarter of 2021. In addition, the sales of tea and beverage brands in mainland China continued to decline, the survival rate of new stores decreased, and the percentage of store closures increased over the past year, resulting in a decrease in the Company's overall revenue and profit. The Company's consolidated net profit for 2021 decreased by 342.10% on a year-on-year basis, and the earnings per share declined by 343.12%.

Operational Directions and Outlook in 2022

In 2022, the uncertainties over the pandemic and global economic development will

continue to exist. With well-defined strategic targets in digital management, global development, and capitalized operations, the Yummy Town Group will join hands with all franchise partners to reinforce the basic management capabilities to achieve the vision of becoming the world's best entrepreneurial platform for tea and beverages. Meanwhile, we will continue to pay attention to issues, including food safety and environmental protection, safeguard consumers' rights and interests, and fulfill the responsibility for training and developing talents as a business owner, with the aim of realizing corporate sustainable development.

I. Upgrade of the Happy Lemon brand to create a new paradigm in the tea and beverage industry

Happy Lemon, China, upgraded the brand by the end of 2021 by launching a makeover project from product positioning, image to product design, which has been well-received by the market and consumers. By the end of 2021, 75% of the stores have been upgraded. As per relevant data, the upgraded stores have demonstrated better performance one after another, and the revenue in some regions has increased by 30% on a month-on-month basis. It is expected that all stores will be upgraded by the first quarter of 2022. In the future, our efforts in product research and development will be focused more on the product categories that young consumers prefer to create hot topics, while expanding the application of brand intellectual property (IP), enabling Happy Lemons to become consumers' social currency. Online beverage delivery is another focus of business development in 2022. Due to the fierce competition in the tea and beverage industry, delivery performance has also become one of the business performance indicators for prospective franchisees to evaluate a brand. At present, Happy Lemon's delivery performance accounts for roughly 30% of the overall revenue. As there is still room for growth, the Company will continue to seek an online business development model suitable for the brand, increase sales by combining systems and marketing approaches to connect online and physical stores, improve customer retention and repurchase rates, and enhance performance through complementarity and mutual assistance between online and physical stores.

II. Localized operations and further development in overseas markets

In the overseas markets, Happy Lemon will focus on market expansion in North America, Europe, and Asia and will continue to build a global layout for the brand through alliances, joint ventures, and high-quality regional agents. In 2020, the Group officially established the Happy Lemon West branch in the United States. With the management team's strategy of localized deployment, it has a better understanding of the consumer demand and business

environment in the North American market and continues to develop a local operating model. In addition, a branch warehouse for the North American supply chain has been established, which will accelerate the improvement to the efficiency of the branch warehouse, reduce the stores' operating costs through localized procurement, and improve the online procurement system to fully support the business expansion of regional stores and talent development. The headquarters will pass on skills and knowledge to strengthen the training of the International Department and the local personnel, thereby achieving the effect of combining both knowledge and practical experience.

III. Digital empowerment to construct a management system in the Internet era

As the digital management capability has become the key to winning the future competition in the catering industry, we have formulated a well-defined short-, medium- and long-term deployment plan for the establishment of the Yummy Town Group's digital systems. In 2022, we will focus on the construction of a data center and connect multiple operating systems to speed up data connection and sharing, so as to streamline internal operating processes and realize data-driven decision-making. We will link the marketing and sales middle office, points of sale (POS), membership, ordering applets, and WeChat stores, to expand application scenarios, such as social media and e-commerce platforms. We will also adopt fission marketing and customers' self-media for the brand's membership system to revitalize members' assets and increase the brand's private traffic. Furthermore, we will connect the business middle office with business intelligence (BI), enterprise resource planning (ERP), and business-to-business (B2B) ordering systems. As such, we can adopt the data mining analysis results as an important basis for the brand to set out product research and development directions; provide a suggestion about stores' estimated order quantity before new products are launched based on sales forecasts; and provide data on the procurement volume and the stocking cycle of the supply chain as a reference. In the future, this can facilitate the preparation of business management reports to the management more efficiently, so that the management can keep abreast of the key to improving operational performance through accurate data analyses and suggestions.

Chairman: Wu, Po-chao

President: Chang, Miao-ling

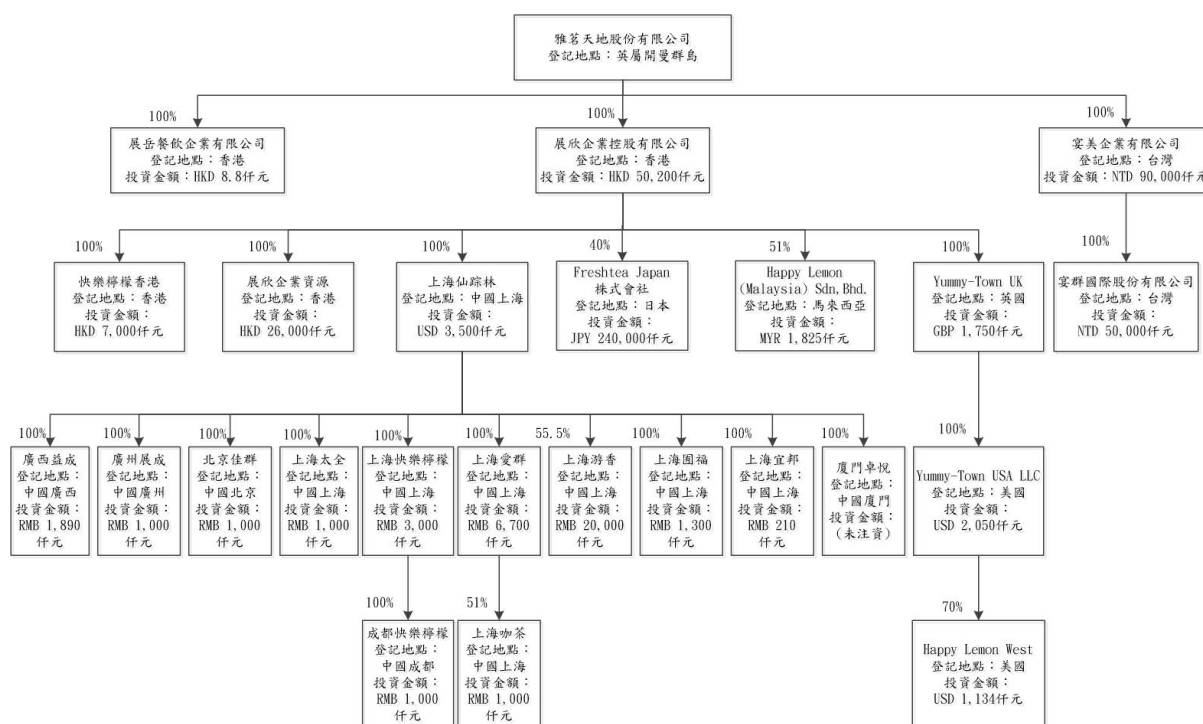
Chapter 2. Company Profile

I. Introduction to the Company and the Group

(I) Date of Establishment and Company Profile

Yummy Town (Cayman) Holdings Corporation (hereinafter referred to the Company, the Group or Yummy Town) is a holding company established in British Cayman Islands on December 22, 2009. The Company's reinvested companies mainly engage in sales and services in food and beverage chains, selling a variety of leisure tea and beverages, snacks, and light meals. The Company's two brands, namely Real Brew Tea (RBT) and Happy Lemon are operated in parallel via methods including regular chain, franchise or regional franchise, where the Happy Lemon brand has expanded to all over Mainland China, Taiwan, Hong Kong, Japan, the Philippines, South Korea, USA, UK, Australia, and the Middle East and has become one of the well-known brands in the food and beverage chain system in Mainland China. In 2015, we cooperated with Keio Group from Japan to launch the brand "The Spiceland", which specializes in Japanese style curry cuisine. In 2016, we created our own high-end tea brand named "Tea Opal" and Spanish snack down named "Alma," which are currently operated via regular chain. In 2017, the Company launched the brand "Hippo Bobatea," which specializes in brown sugar bubble tea with tapioca pearls. After two to three years of development, we have grown brand awareness gradually. Having been widely popular by consumers, the Company has planned to constantly expand our business and develop our franchise business.

(II) Structure of the Group



(III) Risk Items: Kindly refer to Section VI in Chapter 7.

II. Company History

- 1996 ● The brand "Real Brew Tea" (RBT) was established in Hong Kong.
- 1998 ● The Hong Kong Special Administrative Region Government awarded the inaugural Newly Established Small and Medium-Sized Enterprise Award jointly organized by the Hong Kong Productivity Council and the Hong Kong General Chamber of Commerce to RBT.
- 1999 ● Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. was established.
- 2000 ● RBT was given the "Outstanding Enterprise Award" by Standard Chartered Bank during the Standard Chartered Startup Award.
- 2002 ● Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. successfully passed the ISO 9001 quality control verification.
- 2003 ● The Guangzhou Management Team was set up and actively developed markets in South China.
- 2005 ● RBT won the "Shanghai Most Influential Franchise Brand" award.
- 2006 ● The brand "Happy Lemon" was created and Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd. was established, with the first regular chain store (Tianyaoqiao Store) set up in Shanghai.
 - Happy Lemon International Ltd. was established and entered the Hong Kong market.
 - RBT won the "Shanghai Most Influential Franchise Brand" award.
- 2008 ● Shanghai Tai Quan Trading Co., Ltd. was established.
 - Happy Lemon established Jia Qun Food & Beverage Management (Beijing) Co., Ltd. to expand its business to East China and North China. Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd. was established to expand its business in South China.
- 2009 ● Yummy Town (Cayman) Holdings Corporation was established.
 - RBT won the "Shanghai Most Influential Franchise Brand" award.
- 2010 ● RBT and Happy Lemon were the food and beverage service providers at the Expo 2010 Shanghai China.
 - Happy Lemon entered overseas markets by setting up franchise stores in Singapore, Sydney in Australia, and Manila in the Philippines.
- 2012 ● Happy Lemon expanded its business to Southwest China and established Chengdu Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.
 - Happy Lemon actively expanded its business to Southeast Asia by setting up franchise stores in Bangkok, Thailand.
- 2013 ● Happy Lemon set up its first regular chain (Yanji Store) in Taipei, Taiwan.
 - Happy Lemon launched its first franchise store in Seoul, South Korea.
 - Happy Lemon was awarded the "Shanghai Fresh Beverage Model Brand" in 2013 by Shanghai Beverage Association.
- 2014 ● Happy Lemon launched its franchise store in New York City, USA.
 - Happy Lemon was awarded the "Shanghai Fresh Beverage Model Brand" in 2014 by Shanghai Beverage Association.
 - Yummy Town's shares were publicly listed on Taipei Exchange on December 24, 2014.
- 2015 ● You Xiang Food & Beverage Management (Shanghai) Co, Ltd., a joint venture in collaboration with Keio Group from Japan, was established to expand the curry brand business.
 - Freshtea Japan Co., Ltd., a joint venture in collaboration with Keio Group from Japan, was established to formally enter the Japanese market.
 - Happy Lemon in Europe opened its first franchise store in London.

2016

- Happy Lemon California, Inc., a joint venture in collaboration with Sunmerry Foods Ltd., was established to expand into the US market.
- Happy Lemon Trading UK Ltd., a joint venture in collaboration with Happy Lemon Holdings UK Ltd., was established to expand into the European market.
- The brand "Tea Opal" was established, with its first regular chain (Meiluocheng Store) set up in Shanghai.
- The Spanish snack brand named "Alma" was established, with its first regular chain (Shanghai Joy City Store) set up in Shanghai. The brand was awarded the Most Affordable Cuisine recommended by Bib Gourmand.

2017

- The brand "Hippo Bobatea" was established, with its first regular chain (Zhengtong Road Store) set up in Shanghai.
- Tea Opal won the "Champion Award in the Beverage Category Selected by Shanghai's Most Unique Restaurants" and the Top 10 Internet Celebrity Store for Trendy Beverages, as well as the "Most Popular Trendy Beverage Award," the "Annual Top Selling Single Product Award," and the "Trendy Beverage Gold Quality Award."
- Happy Lemon was awarded the "Most Influential Franchise Brand" and "China's Outstanding Franchise Brand."
- RBT was awarded "China's Outstanding Franchise Brand."
- The Spanish snack brand named "Alma" was once again awarded the Most Affordable Cuisine recommended by Bib Gourmand since 2016.

2018

- Yummy Town Group was awarded the inaugural "4A Franchise Enterprise."
- Tea Opal was once again awarded the Top 10 Internet Celebrity Store for Trendy Beverages and won the Best Quality Award.
- RBT was awarded "China's Outstanding Franchise Brand."
- Happy Lemon was awarded the "Best Brand Partner" by Koubei New Catering.
- Happy Lemon won the "2018 China Chain Store & Franchise Association (CCFA) Chain Food & Beverage Best Practice and Innovation Awards."
- Happy Lemon was awarded "China's Outstanding Franchise Brand" and won the "Digital Innovation Award" in the chain food and beverage industry.
- The Spanish snack brand named "Alma" was once again awarded the Most Affordable Cuisine recommended by Bib Gourmand, gaining recognition from Shanghai Michelin Guide for three consecutive years.
- Hippo Bobatea won the 2018 Popular Beverage Award selected by Shanghai BANG Media.
- Hippo Bobatea and its brown sugar bubble tea with stir-fried tapioca pearls celebrated its first anniversary. As the brand's series of beverages with stir-fried tapioca pearls gain wide recognition from consumers and the media in Shanghai, the brand was given by the 2018 Popular Beverage Award as selected by Shanghai BANG Media in December 2018.

2019

- Happy Lemon won the "2019 CCFA Chain Food & Beverage Innovation Award."
- Happy Lemon was awarded "China's Outstanding Franchise Brand."
- Tea Opal's Changning Laifu Store won the first prize in the food and beverage category in the Asia Pacific Space Design Award (APSDA).
- Tea Opal ranked No. 1 in Funai Soken's Regional Product of the Year.
- CNBC, CBS, and Food NetWork in USA conducted exclusive interviews with Happy Lemon on its expansion in the US market.
- Happy Lemon was awarded the "2019 Shanghai Fresh Beverage Gold Product

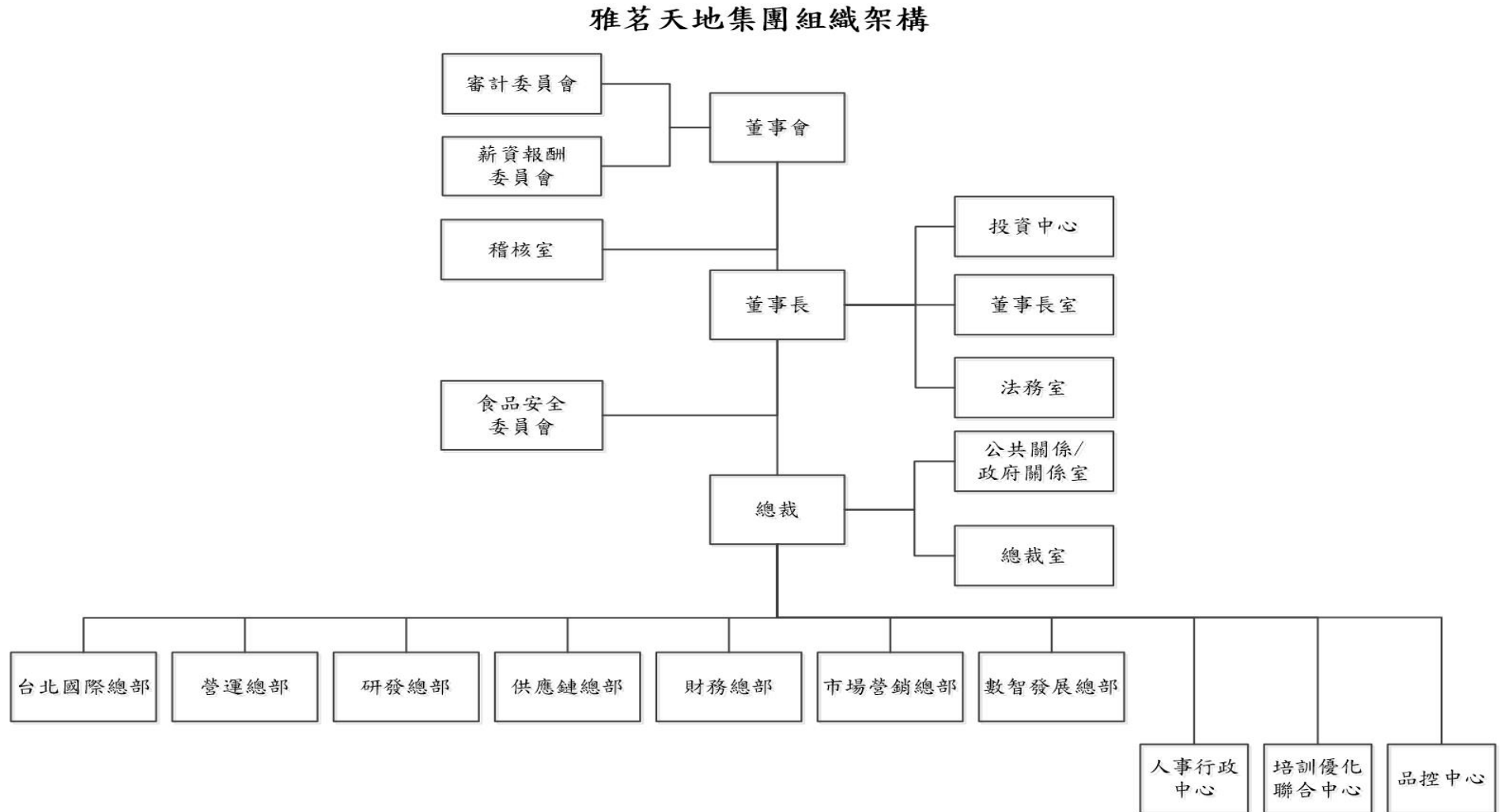
- Brand."
- Happy Lemon was awarded the "2019 Best Popular Brand" by the 2019 China Beverage Innovation Top 50.
 - Tea Opal's Changning Laifu Store won the first prize in the food and beverage category in the Asia Pacific Space Design Award (APSDA).
 - Tea Opal ranked No. 1 in Funai Soken's Regional Product of the Year.
 - Tea Opal was awarded the Shanghai champion in the 7th Shanghai International Fashion Drinks Competition.
 - Tea Opal was awarded the Best 100 selected by Shanghai's popular restaurants.
 - Entering its second year, Hippo Bobatea expanded its stores to third- and fourth-tier cities in Mainland China, and opened new franchise stores in Daqing and Mudanjiang, Heilongjiang; Zibo, Shandong; and Changchun, Jilin.
 - The Spiceland was given the honor to become the food and beverage partner of the Kidswear supermodel event during the Shanghai Fashion Week.
 - Happy Lemon was awarded the Certificate of Appreciation by the Shanghai Association of Taiwan for its charitable effort during the COVID-19 outbreak.
 - Happy Lemon was named in "China's Top 100 Food and Beverage Franchises in 2020."
 - Happy Lemon was named in "China's Top 50 Trendy Food and Beverage Brands in 2020."
 - Happy Lemon won the "Content Marketing Award" for the excellent "Happy Lemon x Tibet 5100 Natural Glacial Mineral Water" effort.
- 2020
- Xian Zong Lin was named in the "China's Top 100 Food and Beverage Franchises in 2020."
 - Happy Lemon's Information Center won the "Outstanding Information Team Award in the Consumer Goods Industry" in the 2020 Zhihong Cup.
 - Happy Lemon won the "2019-2020 Smart Food and Beverage Digital Operation Innovation Practice Award."
 - Happy Lemon won the "Best Retail Digital Transformation and Innovation Award" at the 6th World Retail Elite (WRE) Digital Transformation Summit.
 - Happy Lemon, along with Keio Corporation, participated in the capital increase plan for Freshtea Japan Co., Ltd. to continuously expand Happy Lemon stores along the Keio Railway routes.
 - The Company invested in Kebuke Tea Company, a famous beverage brand in Taiwan, to compete in the "International Cup" together.
 - Yummy-town USA LLC established a joint venture named Happy Lemon West Inc. with local agents in North America to strengthen business development in North America.
 - In response to continuous growth in the Asia Pacific region, the Company established a joint venture in Malaysia to not only expand into the ASEAN market, but also take a major step into Muslim countries.
 - The Company established Meng Qi Qi Food & Beverage Management (Shanghai) Co., Ltd. to penetrate into the campus market in China.
 - Happy Lemon was awarded the GoGo Shanghai 2021 Popular Creative Summer Drink.
 - Happy Lemon was named in "China's Food and Beverage Franchise List in 2020" by the China Chain Store & Franchise Association and Meituan Dianping.
 - Xian Zong Lin was named in "China's Food and Beverage Franchise List in 2020" by the China Chain Store & Franchise Association and Meituan Dianping.
 - Li, Yang became an official member of the SME CIO Alliance as the China Association of Small and Medium Enterprises awarded the Certificate of Alliance Membership to him.
 - Tea Opal was named the "High-Quality Tea and Beverage Outlet Recommended by Millions of Fans."
- 2021

- Tea Opal was named the "High-Quality Tea and Beverage Outlet Recommended by Millions of Fans."
- Happy Lemon was named in "China's Food and Beverage Franchise List in 2021" by the China Chain Store & Franchise Association.
- Happy Lemon was named in "China's Food and Beverage Franchises in 2021" by Meituan.
- Happy Lemon was awarded the "CCFA Restaurant Chain Innovation Case - Recommended Application Award" and "CCFA Restaurant Chain Innovation Case - Recommended Popularization Award" by the China Chain Store & Franchise Association.
- Tea Opal was awarded "CCFA Gold Store Manager" by the China Chain Store & Franchise Association.
- Happy Lemon won the "10th China Smart Food & Beverage Innovation Summit Smart Innovation Award" at the Smart Food & Beverage Summit.
- Happy Lemon won the "Summer Marketing - Appearance Display Award at the 2021 Beverage and Cold Drink Carnival".
- Happy Lemon won the "Top 10 Brand of Zhenghe Island Popular Product Collection" by Zhenghe Island.
- Happy Lemon's new image in Taiwan was upgraded and its global flagship store was opened in Taipei.
- Happy Lemon became the leading brand in the U.S. market, made its debut on the billboard of Times Square in New York, and entered the Texas market.
- Happy Lemon was awarded the "2021 Digital Transformation Innovation Award" by the China Digital Innovation Association.

Chapter 3. Corporate Governance Report

I. Organizational System

1. Organizational Structure of the Company



2. Duties and Responsibilities of Major Departments

Department	Duties and Responsibilities
Chairman's Office	Set the Company's strategic policies for overall corporation operations, evaluate legal risks, implement CSR, and make important operating decisions.
Chief Executive Officer's Office	Fully implement the Company's overall business plans and achieve the overall business objectives of the Company
Auditing Office	Assess deficiencies in the Company's internal control system and measure operating efficiency, submit audit reports, put forward suggestions for improvement in a timely manner to reasonably ensure the continuous and effective implementation of the internal control system persistently, and assist the management in fulfilling its responsibilities.
Legal Office	Conduct legal risk assessments with respect to various decisions made by the Company.
Food Safety Committee	Establish the Group's food product policies, enhance product and brand value, provide consumers with healthier, better-quality, and safe products, and create a food culture with honesty and integrity in the society.
Investment Center	Assist the Group in collaboration, alliance, investment, and mergers and acquisitions with external parties to expand the operations of the Group, create shareholder wealth, and protect shareholders' rights and interests.
Public Relations/Government Relations Office	Responsible for building good relations with the government and related parties to enhance the popularity and reputation of the Company.
Taipei International Headquarters	Serve as the Group's overseas operation center, which is responsible for global expansion, operations, store expansion, training, and supply chain management mainly in three markets, namely North America, Asia Pacific, and Europe and Australia.
Operating Headquarters	Formulate business models for each brand framework and brand as the basis for meeting the needs of customers and consumers according to the brand development goals and business strategies set by the Company, in order to achieve the business goals of each brand.
R&D Headquarters	Design, research, and develop various types of food and beverage under the Company's various brands.
Supply Chain Headquarters	Responsible for the overall planning of customers' needs for raw materials and delivery.
Finance Headquarters	Responsible for capital movement and accounting work to ensure the financial stability and security of the Company, improve the quality of decision-making with correct and objective financial data and management information, and strictly control all data.
Marketing Headquarters	Responsible for the promotion of various brand products and formulate various marketing programs to create, discover and meet consumer needs
Smart Digital Development Headquarters	Responsible for building, managing, and maintaining the image of brands under the Company as well as public relations, system technical support, and digital tools for these brands.
Personnel Administration Center	Organize and formulate the Group's human resources plan, as well as guide and coordinate human resources management in each subsidiary of the Group, in order to meet each subsidiary's needs for talents and ensure that the Company's overall strategic goals are achieved. Formulate sound company regulations and systems, as well as handle and respond to emergencies.
Joint Training Optimization Center	Responsible for planning training for the Group and various brands and assisting each department in optimizing work processes.
Quality Control Center	Responsible for the products of each brand to meet the quality standards.

II. Information on Directors, Supervisors, President, Vice Presidents, Senior Manager and Managers of Each Department and Branch

(I) Information on Directors and Supervisors

1. Name, Nationality or Place of Registration, Academic Qualifications and Experience, Shareholding and Its Nature

As of April 17, 2022; Unit: shares; %

Title	Nationality or Place of Registration	Name	Gender	Date Date	Term	Date First Elected	Shareholding at the Time of Election		Current Shareholding		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Academic Qualifications and Experience	Positions Currently Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relations	
Chairman	R.O.C	Wu, Po-Chao	Male 60	2021.07.08	3 years	2009.12.22	5,316,930	14.56%	5,316,930	14.86%	18,902	0.05%	—	—	Retired Air Force Captain Chairman, Committee of Catering, China Chain Store & Franchise Association(CCFA)/Vice Chairman, Chain Store Committee, Shanghai Association of Taiwan/Vice Chairman, Huangpu District, Shanghai Association of Taiwan	Note 1	Director	Chen, Yu-Chen	Spouse	—
Director	R.O.C	Chen, Yu-Chen	Female 55	2021.07.08	3 years	2009.12.22	18,902	0.05%	18,902	0.05%	5,316,930	14.86%	—	—	Bachelor of Business Administration, Chihlee University of Technology Coordinator, New Card Review Department, American Express / Senior Coordinator, Risk Control Department, Citibank	Note 2	Chairman	Wu, Po-Chao	Spouse	—
Corporate Director	Samoa	YUMMY TOWN INTERNATIONAL LTD.		2021.07.08	3 years	2020.01.16	6,878,683	18.84%	6,878,683	19.22%	—	—	—	—	—	—	—	—	—	—
	R.O.C	Representative : Yen, Hsien-Ming	Male 56				630	0.002%	630	0.002%	799,046	2.23%	—	—	—	—	Director of the Fifth Credit Cooperation of Hsinchu/Director and Supervisor of CERMAX CO., LTD.	Note 3	—	—
Director	R.O.C	Wu, Hua-Chao	Female 62	2021.07.08	3 years	2020.06.23	460,659	1.26%	437,659	1.22%	—	—	—	—	Purchasing and Sales Director, Purchasing and Marketing Department, Yummy Town (Cayman) Holdings Corporation	Note 4	Chairman	Wu, Po-Chao	Sister	—

Title	Nationality or Place of Registration	Name	Gender	Date Date	Term	Date First Elected	Shareholding at the Time of Election		Current Shareholding		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Academic Qualifications and Experience	Positions Currently Held in the Company and Other Companies	Executives, Directors or Supervisors who are Spouses or within the Second Degree of Kinship			Remark
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relations	
Independent Director	R.O.C	Lin, Tzu-Kuan	Male 66	2021.07.08	3 years	2021.07.08	—	—	—	—	—	—	—	—	Department of Tourism Business, Chinese Culture University President, Spring City Resort/President of Business Group, Grand Hi-Lai Hotel/Chairman, Kuo Yang Construction Co., Ltd./Chairman, Kaohsiung Tourist Hotel Association/President, Kaohsiung Grand Hi-Lai Hotel	Note 5	—	—	—	—
Independent Director	R.O.C	Tu, Chi-Yao	Male 64	2021.07.08	3 years	2021.07.08	—	—	—	—	—	—	—	—	Ph.D. in Economic Law, China University of Political Science and Law CPA, Deloitte Taiwan/CPA, Chi Yao CPAs Firm/Financial and Legal Advisor for Taiwanese Companies of the Straits Exchange Foundation	Note 6	—	—	—	—
Independent Director	R.O.C	Seetoo, Chia-Heng	Male 45	2021.07.08	3 years	2021.07.08	—	—	—	—	—	—	—	—	J.D., University of Illinois Internet Marketing Specialist and Internet Editor, Fulai Information Co., Ltd./Advisor, Jones Day International Law Firm/Executive Director, Innovatus International Law Firm/Chairman, Innovatus Consulting Inc.	Note 7	—	—	—	—

Note 1: Positions held concurrently in the Company and other companies at present: Director, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd., Shanghai Tai Quan Trading Co., Ltd., Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd., Jia Qun Food & Beverage Management (Beijing) Co., Ltd., RBT Enterprise Limited, RBT Resources Limited, RBT Holdings Limited, Yi Cheng Food & Beverage Management (Guangxi) Co., Ltd., and Happy Lemon California, Inc.; Chairman, You Xiang Food & Beverage Management (Shanghai) Co., Ltd. and Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.

Note 2: Positions held concurrently in the Company and other companies at present: Director, RBT Enterprise Limited, RBT Holdings Limited, RBT Resources Limited, Happy Lemon HK Limited, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd., Yi Cheng Food & Beverage Management (Guangxi) Co., Ltd., Yen Chun International Co., Ltd., Yummy-town UK Ltd., Happy Lemon California, Inc., Yummy-town USA LLC, Happy Lemon West Inc., Happy Lemon (M) Sdn. Bhd., and Freshtea Japan Co., Ltd.; Supervisor, Shanghai Tai Quan Trading Co., Ltd., Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd., Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd., Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd., You Xiang Food & Beverage Management (Shanghai) Co., Ltd., and Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.; Litigation and Non-Litigation Agent, Yummy Town International Ltd.

Note 3: Positions held concurrently in the Company and other companies at present: Chairman, Eowg Kuang Soap Co., Ltd.

Note 4: Positions held concurrently in the Company and other companies at present: Director, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. and Zhan Cheng Food and Beverage Management (Guangzhou) Co., Ltd.; Consultant, Purchasing and Marketing Department, Yummy Town International Ltd.

Note 5: Positions held concurrently in the Company and other companies at present: Chairman, Kuo Yang Construction (Security Code 2505); President, Kaohsiung Grand Hi-Lai Hotel

Note 6: Positions held concurrently in the Company and other companies at present: CPA, Chi Yao CPAs Firm, Financial and Legal Advisor for Taiwanese Companies of the Straits Exchange Foundation.

Note 7: Positions held concurrently in the Company and other companies at present: Chairman, Innovatus Consulting Inc.

2. Major Shareholders of Institutional Shareholders

As of April 30, 2022

Name of corporate shareholder	Major shareholders of corporate shareholders
YUMMY TOWN INTERNATIONAL LTD.	Wu, Po-Chao (50%) (R.O.C.) and Chen, Yu-Chen (50%) (R.O.C.)

3. Major Shareholders of Institutional Shareholders Which Are Institutions: Not applicable

4. Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors:

Name	Criteria	Professional Qualifications and Experience	Independence	Number of other public companies where the individual is concurrently serving as an independent director
Wu, Po-Chao		Retired Air Force Captain, Founder of Yummy Town. Chairman, Committee of Catering, China Chain Store & Franchise Association(CCFA); Vice Chairman, Chain Store Committee, Shanghai Association of Taiwan; Vice Chairman, Huangpu District, Shanghai Association of Taiwan. There is no incident involving Article 30 of the Company Act.	Co-founder, spouse of director Chen, Yu-Chen and sister and sibling of director Wu, Hua-Chao.	0
Chen, Yu-Chen		Bachelor of Business Administration, Chihlee University of Technology, Founder of Yummy Town. Served as Coordinator, New Card Review Department, American Express and Senior Coordinator, Risk Control Department, Citibank. Serves as special assistant to the Chairman of the Company, with more than 20 years of experience in food and beverage management. There is no incident involving Article 30 of the Company Act.	Co-founder, spouse of director Wu, Po-Chao.	0
Representative of YUMMY TOWN INTERNATIONAL LTD: Yen, Hsien-Ming		Electronics Engineering, Chien Hsin University of Science and Technology Served as Director, The Fifth Credit Cooperation Of Hsinchu; Director and Supervisor of CERMAX CO., LTD. Serves as Chairman, Eowg Kuang Soap Co., Ltd. There is no incident involving Article 30 of the Company Act.	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, and do not provide business, legal, financial, or accounting services.	0
Wu, Hua-Chao		Yu Da High School of Commerce and Home Economics, Founder of Yummy Town Serves as the director and consultant of the Company's procurement and marketing department, with over 30 years of experience in food and beverage management.	Co-founder, sibling of director Wu, Po-Chao	0

	There is no incident involving Article 30 of the Company Act.		
Lin, Tzu-Kuan	<p>Department of Tourism Business, Chinese Culture University, marketing and planning course for American hotels and resorts, advanced course of food and beverage management in Cornell University.</p> <p>Over 35 years of experience in food and beverage management, served as President, Spring City Resort, President, Kaohsiung Grand Hi-Lai Hotel, and President of Business Group, Grand Hi-Lai Hotel.</p> <p>Serves as Chairman, Kuo Yang Construction Co., Ltd., and Chairman, Kaohsiung Tourist Hotel Association</p> <p>There is no incident involving Article 30 of the Company Act.</p>	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	0
Tu, Chi-Yao	<p>Ph.D. in Economic Law, China University of Political Science and Law. CPA in Taiwan, passed the U.S. and China CPA exams.</p> <p>Founded Chi Yao CPAs Firm and serves as a Financial and Legal Advisor for Taiwanese Companies of the Straits Exchange Foundation, after retiring from Deloitte Taiwan.</p> <p>There is no incident involving Article 30 of the Company Act.</p>	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	1
Sectoo, Chia-Heng	<p>B.S. in Economics, National Taiwan University, M.A in Industrial Economics, National Central University, and J.D., University of Illinois</p> <p>Practicing lawyer in Taiwan.</p> <p>Founded Innovatus International Law Firm, after years of experience as an attorney at Jones Day International Law Firm.</p> <p>There is no incident involving Article 30 of the Company Act.</p>	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	0

5. Board Diversity and Independence:

(1). Board Diversity

The Company advocates and respects the policy of diversity of directors in order to strengthen corporate governance and to promote the sound development of the composition and structure of the Board of Directors, believing that the diversity approach will help enhance the overall performance of the Company. Board members are selected on the basis of merit and have diverse and complementary abilities across industry sectors, including basic composition (e.g., age, gender, education, cultural background, etc.), as well as industry experience and relevant skills (e.g., catering and hotel operations, public welfare business, accountants, lawyers, etc.). In order to strengthen the functions of the Board of Directors to achieve the desired goals of corporate governance, Article 20 of the Company's "Corporate Governance Code" specifies that the Board of Directors as a whole should possess the following competencies:

1. Business judgment 2.Accounting and financial analysis 3.Operation and management capability 4.Crisis management 5.Industry knowledge 6.International market perspectives 7.Leadership 8.Decision-making ability

(2). Board Independence:

In accordance with the requirements of the TPEX-listed Regulations, the Company has obtained the "Qualification Checklist", "Declaration" and "Consent to Appointment" from the three independent directors at the time of their election to confirm their independence and that of their immediate family members of the Company.

The Company has always believed that the independence of directors should be judged on the actual circumstances and is subject to ongoing evaluation, taking into account all relevant factors, including the ability of directors to consistently ask constructive questions for management and other directors, the independence of views expressed from management or other directors, and the appropriateness of their actions and behaviors both inside and outside the Board meetings.

The conduct of the Company's independent directors, where appropriate, meets these expectations and demonstrates these attributes.

Having considered all of the above, the Company considers that all of the independent directors are professionals independent of the Company.

(II) Information on President, Vice President, Senior Manager and Managers of Each Department and Branch

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Academic Qualifications and Experience	Positions Currently Held in Other Companies	Managers who are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
Chief Executive Officer	R.O.C	Chang, Miao-Ling	Female	2016.10.11	24,783	0.07%	—	—	—	—	Executive Master of Business Administration, Royal Roads University, Canada Senior Manager, McDonald's Taiwan	Director and President, Ai Qun Food & Beverage Management (Shanghai) Co., Ltd. Director and President, You Xiang Food & Beverage Management (Shanghai) Co., Ltd. Director, Freshtea Japan Co., Ltd. Director, Happy Lemon (Malaysia) Sdn. Bhd.	—	—	—	—
Vice President	R.O.C	Huang, Hsin-Lin	Male	2012.11.02	14,205	0.04%	—	—	—	—	Diploma in Mechanical Engineering, Kun Shan Industrial Junior College F&B Manager at Headquarters, Cashbox Partyworld Co., Ltd., Taiwan	—	—	—	—	—
Vice President	Hong Kong	Huang, Jo-Han (Note 1)	Male	2013.09.30	—	—	—	—	—	—	Diploma in Languages, New Method College, Hong Kong Operations Manager for China Region, Pacific Coffee, Hong Kong	—	—	—	—	—
Vice President	R.O.C	Wang, Pei-Chun (Note 2)	Female	2016.09.06	16,382	0.05%	—	—	—	—	Bachelor of Business Administration, National Taiwan University Senior Supervisors, McDonald's Taiwan Professor, McDonald's Hamburger University, China Director, Fa Shun Frost Cream, Taiwan	—	—	—	—	—
Chief Investment Officer	R.O.C	Chen, Sheng-Chung	Male	2019.12.2	50,555	0.14%	—	—	—	—	President, Sino Tactful Co., Ltd. President, Ray Shi Capital Co., Ltd. Vice President, Pao Lai Funds Co., Ltd.	—	—	—	—	—
Chief Operating Officer	China	Shen, Meixue (Note 3)	Female	2018.01.02	—	—	—	—	—	—	Bachelor of Business Administration, Jiangnan University, China Manager, Real Estate Division, Shanghai McDonald's Co., Ltd., China	—	—	—	—	—
Vice President Company Spokesperson	R.O.C	Lin, Wan-Ting	Female	2017.06.19	6,458	0.02%	—	—	—	—	Master of Arts in Modern British Culture, University of Warwick, UK Senior Financial Reporter/Anchor in Shanghai, TVBS News	—	—	—	—	—
Vice President	R.O.C	Li, Yi-Hsing (Note 4)	Male	2017.11.22	12,601	0.03%	—	—	—	—	Bachelor of Textile, Feng Chia University Special Assistant to the President for the Mainland China Region, CoCo Fresh Tea & Juice	—	—	—	—	—

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Academic Qualifications and Experience	Positions Currently Held in Other Companies	Managers who are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
											Manager, Franchise Development Division, McDonald's Operations and Training Consultant, McDonald's					
Vice President and Accounting Supervisor	R.O.C	Lin, Che-Chi	Male	2020.06.23	—	—	—	—	—	—	Master of Financial Management, Seattle University, USA Bachelor of Accounting, Eastern Washington University, USA Chief Financial Officer, Golden Biotechnology Corp. Chief Financial Officer and Vice President of Operations, Antec Inc. Deputy Head of Finance Division, GIGA-BYTE Technology Co., Ltd.	—	—	—	—	—
Audit Supervisor	R.O.C	Liu, Yu-Chieh (Note 5)	Male	2020.09.30	1,000	0.00%	—	—	—	—	Bachelor of Accounting and Information Systems, Chang Jung Christian University Internal Auditor, UltraChip Inc. Audit Manager, Humax East Co., Ltd. Audit Manager, Kuangli Photoelectric Technology Co., Ltd.	—	—	—	—	—
Audit Supervisor	R.O.C	Tsai, Cheng-Ju (Note 5)	Male	2022.04.01	—	—	—	—	—	—	Bachelor of Accounting and Information Systems, Feng Chia University Auditor, KPMG Audit Specialist, Kuangli Photoelectric Technology Co., Ltd.	—	—	—	—	—
Vice President	R.O.C	Chen, Po-Sheng (Note 6)	Male	2022.03.24	—	—	—	—	—	—	MBA in Finance, Golden Gate University (1988-1990) B.S in Finance, San Francisco State University (1984-1987) T Rock Inc., Founder and CEO (2016/6~Present) CoAdna Photonics, Inc., COO (2011/6~2016/6) Zoom Tech Inc., CEO (1991~2011/5) Security Pacific Bank, AVP (1987/4~1991/5)	—	—	—	—	—
Vice President	Malaysia	Loke, Yeu-Loong (Note 7)	Male	2022.03.24	—	—	—	—	—	—	1985: Polytechnic Sultan Haji Ahmad Shah - Certificate in Civil Building 1989: The Institute of Commercial Management - Diploma In Business Studies 1990 : West Glamorgan Institute of Higher Education, University of Wales, Wales, UK - Advanced Diploma In Business And Management	—	—	—	—	—

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Academic Qualifications and Experience	Positions Currently Held in Other Companies	Managers who are Spouses or within the Second Degree of Kinship			Remark
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
											<p>Managing Director - Bio Perak (Malaysia) Sdn Bhd - a joint venture with Perak State Development Corporation and it acts as a promoter for the Biotechnology Industry for the Perak State Government and the company is also engaged in a 300 acres shrimp farming project in Manjung, Perak.</p> <p>Managing Director - Bio Secure Farming (Johor) Sdn Bhd - a company involved in poultry farming and prawn farming in the State of Johor.</p> <p>Director - Millennium Impulse Sdn Bhd & Berlian Jayaniaga Sdn Bhd - a company engaged in real estate development.</p> <p>Director - Fleet Quality Shrimp Farming Sdn Bhd, FQ Biotech Sdn Bhd, Global Crystal Aquaculture Sdn Bhd – Companies involved in shrimp farming activities.</p> <p>Director - Fortune Splendid Sdn Bhd, Inbit Walet Sdn Bhd Bhd, Stella Wonderful Sdn Bhd, Q Taro Sdn Bhd, Happy Lemon (M) Sdn Bhd – Companies engaged in Food & Beverage Industry.</p> <p>Group Deputy Chairman – One Doc Group of Companies – one of the biggest beauty industry player in Malaysia involve in skin, hair & sliming treatment under the brand of “One Doc”, “Hair Doc” & “Slim Doc”</p> <p>National President – Malaysia Bird’s Nest Upstream & Down Stream Association</p> <p>National Vice President – Malaysia Modern Beauty Industry Association.</p>					
Acting Spokesperson	R.O.C	Hsu, Mei-Hua	Female	2019.08.12	—	—	—	—	—	—	Master of International Business, Tamkang University Supervisor, Financial Planning Section, SinoPac Securities	—	—	—	—	—

Note 1: Vice President Huang, Jo-Han resigned on October 18, 2021.

Note 2: Vice President Wang, Pei-Chun resigned on July 1, 2021.

Note 3: Vice President Shen, Xue-Mei resigned on October 25, 2021.

Note 4: Vice President Li, Yi-Hsing resigned on December 15 2021.

Note 5: CEO Liu, Yu-Chieh was reassigned on April 1, 2022; Tsai, Cheng-Ju has been temporarily serving as the acting internal audit supervisor since April 1, 2022.

Note 6: Vice President Chen, Po-Sheng was appointed as the new President of the overseas U.S. subsidiary on March 24, 2022.

Note 7: Vice President Loke, Yeu-Loong was appointed as the new President of the Malaysian subsidiary on March 24, 2022.

III. The remuneration paid to the directors, independent directors, president and vice president for the most recent year

1. Remuneration Paid to Directors in 2021

Unit: NT\$ thousands; shares; %

Title	Name	Remuneration for Directors								Percentage of the Sum of Four Items Including A, B, C, and D in Terms of Net Profit After Tax		Relevant Remuneration Received by Directors Who Concurrently Serve As Employees						Percentage of the Sum of Seven Items Including A, B, C, D, E, F, and G in Terms of Net Profit After Tax		Whether or Not The Director Receives Remuneration from Reinvested Companies Other Than Subsidiaries of the Company		
		Compensation (A)		Severance Pay and Pension (B)		Directors' Bonus (C)		Expenses for Performance of Duty (D)				Salary, Rewards and Special Allowances (E)		Retirement Pension (F)		Employee Bonus (G)						
		(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements		(I) Parent Company	All the Companies Listed in the Financial Statements
Directors	Wu, Po-Chao	-	-	-	-	-	-	-	-	-	-	-	4,505	-	33	-	-	-	-	-	4,578 ; -4.73%	None
	Chen, Yu-Chen	-	-	-	-	-	-	-	-	-	-	-	3,105	-	-	-	-	-	-	-	3,105 ; -3.21%	None
	YUMMY TOWN INTERNATIONAL LTD. Representative: Yen, Hsien-Ming	-	360	-	-	-	-	-	21	-	381 ; -0.39%	-	-	-	-	-	-	-	-	-	381 ; -0.39%	None
	Wu, Hua-Chao	-	-	-	-	-	-	-	-	-	-	-	880	-	55	-	-	-	-	-	935 ; -0.97%	None
Independent Directors (Note 1)	Lin, Tzu-Kuan	-	202	-	-	-	-	-	9	-	211 ; -0.22%	-	-	-	-	-	-	-	-	-	211 ; -0.22%	None
	Tu, Chi-Yao	-	202	-	-	-	-	-	12	-	211 ; -0.22%	-	-	-	-	-	-	-	-	-	211 ; -0.22%	None
	Seetoo, Chia-Heng	-	202	-	-	-	-	-	12	-	211 ; -0.22%	-	-	-	-	-	-	-	-	-	211 ; -0.22%	None
	Hsu, Shih-Chun	-	300	-	-	-	-	-	9	-	309 ; -0.32%	-	-	-	-	-	-	-	-	-	309 ; -0.32%	None
	Hsu, Yi-Fang	-	300	-	-	-	-	-	9	-	309 ; -0.32%	-	-	-	-	-	-	-	-	-	309 ; -0.32%	None
Chen, Cheng-Chong	-	300	-	-	-	-	-	9	-	309 ; -0.32%	-	-	-	-	-	-	-	-	-	309 ; -0.32%	None	

1. Please indicate the remuneration payment policy, system, criteria, and structure for independent directors, and indicate the correlation between various factors, such as duties and responsibilities, risk, and time invested, and amount of remuneration paid:

Remuneration paid to the Company's independent directors are set in accordance with the Regulations Governing Payment of Compensation and Remuneration to Directors.

2. Remuneration received in the most recent year by the directors of the Company for rendering services (such as serving as a non-employed consultant) to all companies listed in the financial statements: None

Note 1: The fourth session of independent directors: Lin, Tzu-Kuan, Tu, Chi-Yao and Seetoo, Chia-Heng were elected on July 8, 2021.

The third session of independent directors, namely Hsu, Shih-Chun, Hsu, Yi-Fang and Chen, Cheng-Chong, retired on July 8, 2021.

2. Remuneration Paid to Supervisors in 2021: The Company has not appointed any supervisor. Hence, this section is not applicable.

3. Remuneration Paid to President and Vice President in 2021

Unit: Thousands of NT Dollars

Title	Name	Salary (A)		Severance Pay and Pension (B)		Rewards and Allowances (C)		Employee Bonus (D)				Percentage of the Sum of Four Items Including A, B, C, and D in Terms of Net Profit After Tax (%)		Whether or Not The Director Receives Remuneration from Reinvested Companies Other Than Subsidiaries of the Company
		(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company		All the Companies Listed in the Financial Statements		The Company	All the Companies Listed in the Financial Statements	
								Amount of Cash	Amount of Shares	Amount of Cash	Amount of Shares			
Chief Executive Officer	Chang, Miao-Ling													
Chief Operating Officer	Shen, Meixue (Note 1)													
R&D Headquarters Vice President	Huang, Hsin-Lin													
Vice President, Hong Kong Subsidiary and International Business Development (IBD) Center	Huang, Jo-Han (Note 2)													
Finance Headquarters Vice President	Lin, Che-Chi	-	24,182	-	551	-	1,717	-	-	-	-	-	26,450 ; -27.34%	-
Special Assistant to the CEO	Wang, Pei-Chun (Note 3)													
Chief Investment Officer	Chen, Sheng-Chung													
Vice President of Public Relations/Government Relations Office	Lin, Wan-Ting													
Supply Chain Headquarters Vice President	Li, Yi-Hsing (Note 4)													

Range of Remuneration

Range of Remuneration Paid to President and Vice Presidents of the Company	Name of President and Vice President	
	(I) Parent Company	All the Companies Listed in the Financial Statements
Less than NT\$1,000,000	—	—
Hsu, Shih-Chun	—	Wang, Pei-Chun; Lin, Che-Chi; and Lin, Wan-Ting
NT\$2,000,000 (inclusive) to NT\$3,500,000	—	Huang, Hsin-Lin; Chen, Sheng-Chung; Huang, Jo-Han; Li, Yi-Hsing; and Shen, Xue-Mei
NT\$3,500,000 (inclusive) to NT\$5,000,000	—	—
NT\$5,000,000 (inclusive) to NT\$10,000,000	—	Chang, Miao-Ling
NT\$10,000,000 (inclusive) to NT\$15,000,000	—	—
NT\$15,000,000 (inclusive) to NT\$30,000,000	—	—
NT\$30,000,000 (inclusive) to NT\$50,000,000	—	—
NT\$50,000,000 (inclusive) to NT\$100,000,000	—	—
NT\$100,000,000 and above	—	—
Total	—	9

Note 1: Vice President Shen, Xue-Mei resigned on October 25, 2021.

Note 2: Vice President Huang, Jo-Han resigned on October 18, 2021.

Note 3: Vice President Wang, Pei-Chun resigned on July 1, 2021.

Note 4: Vice President Li, Yi-Hsing resigned on December 15 2021.

4. Managerial Officers with the Top Five Highest Remuneration Amount

Title	Name	Salary (A)		Severance Pay and Pension (B)		Rewards and Allowances (C)		Employee Bonus (D)				Percentage of the Sum of Four Items Including A, B, C, and D in Terms of Net Profit After Tax (%)		Whether or Not The Director Receives Remuneration from Reinvested Companies Other Than Subsidiaries of the Company
		(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company	All the Companies Listed in the Financial Statements	(I) Parent Company		All the Companies Listed in the Financial Statements		The Company	All the Companies Listed in the Financial Statements	
								Amount of Cash	Amount of Shares	Amount of Cash	Amount of Shares			
Chief Executive Officer	Chang, Miao-Ling	-	5,335	-	-	-	314	-	-	-	-	-	5,649 ; -5.84%	-
Vice President, Hong Kong Subsidiary and International Business Development (IBD) Center	Huang, Jo-Han	-	2,952	-	23	-	506	-	-	-	-	-	3,481 ; -3.60%	-
Supply Chain Headquarters Vice President	Li, Yi-Hsing	-	3,269	-	-	-	121	-	-	-	-	-	3,390 ; -3.50%	-
Chief Operating Officer	Shen, Meixue	-	2,622	-	166	-	365	-	-	-	-	-	3,153 ; -3.26%	-
R&D Headquarters Vice President	Huang, Hsin-Lin	-	2,762	-	46	-	107	-	-	-	-	-	2,915 ; -3.01%	-

5. Name of Managers to Whom Employee Bonus is Paid and Distribution of Dividends in 2021: None

6. Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income Stated in the Parent Company-only Financial Reports or Individual Financial Reports, as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Link.

(1) Total Remuneration Paid to Directors, Supervisors, President, and Vice Presidents of the Company in the Two Most Recent Years in Terms of Net Profit After Tax

Unit: Thousands of NT Dollars

Title \ Item	2021		2020	
	(I) Parent Company	Consolidated Financial Statements	(I) Parent Company	Consolidated Financial Statements
Amount of Remuneration for Directors	—	1,947	—	2,229
Percentage of Total Remuneration for Directors in Terms of Net Profit After Tax	—	-2.01%	—	6.75%
Total Remuneration for President and Vice Presidents	—	26,450	—	25,371
Total Remuneration for President and Vice Presidents in Terms of Net Profit After Tax	—	-27.36%	—	76.79%

(2) Correlations of Remuneration Payment Policy, Criteria and Packages, and the Procedures for Determining Remuneration with Business Performance and Future Risks:

The Company has set up the Remuneration Committee which is fully composed of independent directors. The Remuneration Committee is responsible for formulating and regularly reviewing performance appraisal for directors and managers, as well as salary and compensation policies, systems, criteria, and structures, while regularly assessing and determining the salary and remuneration of directors and managers. Remuneration for directors are approved and paid based on their positions in the Company, their participation in the Company's operations, and their contributions to the Company's operations. Remuneration for President and Vice Presidents are mainly handled based on their positions and their contributions to the Company and by referring to the pay levels of the industry, in accordance with the Company's personnel regulations.

IV. Implementation of Corporate Governance

(I) Operation of Board of Directors

1. The Board of Directors convened nine meetings (A) in the most recent year (2021), and directors' attendance is listed as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Remark
Chairman	Wu, Po-Chao	8	1	88.9%	
Director	Chen, Yu-Chen	9	0	100%	
Juristic-Person Director	YUMMY TOWN INTERNATIONAL LTD.	7	2	77.8%	
Director	Wu, Hua-Chao	7	2	77.8%	
Independent Directors	Hsu, Yi-Fang	5	0	100%	The third session of independent directors retired on July 8, 2021.
Independent Directors	Hsu, Shih-Chun	5	0	100%	
Independent Directors	Chen, Cheng-Chong	4	0	80%	
Independent Directors	Lin, Tzu-Kuan	3	1	75%	The fourth session of independent directors were elected on July 8, 2021.
Independent Directors	Tu, Chi-Yao	4	0	100%	
Independent Directors	Sectoo, Chia-Heng	4	0	100%	

Other Matters to be Noted:

I. If any of the following applies to the operation of the Board of Directors, the date and session of the Board of Directors' meeting, the content of proposals, independent directors' opinions and the Company's actions in response to independent directors' opinions shall be stated:

(I) Items listed in Article 14-3 of the Securities and Exchange Act: The Company has set up the Audit Committee. Kindly refer to "Operation of Audit Committee" for more details.

(II) In addition to the aforementioned matters, any other resolutions from the Board of Directors where an independent director expressed a dissenting or qualified opinion that have been recorded or stated in writing: In 2021, the independent directors made no dissenting or qualified opinion.

II. For the implementation and state of director's recusal for conflict of interest, the director's name, contents of the topic, reasons for the required recusal, and participation in the voting process:

(I) During the Board of Directors' meeting on January 15, 2021, Chairman Wu, Po-Chao, Director Chen, Yu-Chen, Director Wu, Hua-Chao and related managers recused themselves from discussions on the 2021 salary adjustment plan for individual managers of the Company and its subsidiaries due to conflict of interest. This plan has been agreed and approved by other directors.

(II) During the Board of Directors' meeting on January 15, 2021, Chairman Wu, Po-Chao, Director Chen, Yu-Chen, Director Wu, Hua-Chao and related managers recused themselves from discussions on the 2021 year-end bonus distribution plan for individual managers of the Company and its subsidiaries due to conflict of interest. This plan has been agreed and approved by other directors.

(III) During the Board of Directors' meeting on July 20, 2021, Chairman Wu, Po-Chao and Director Chen, Yu-Chen recused themselves from discussions on the proposed acquisition of Shanghai Ipang Health Technology Co., Ltd. through its subsidiary Xian Zong Lin Food & Beverage Management (Shanghai) CO.,LTD due to conflict of interest. This plan has been agreed and approved by other directors.

(IV) During the Board of Directors' meeting on July 20, 2021, Chairman Wu, Po-Chao and Director Chen, Yu-Chen recused themselves from discussions on the proposed capital increase in Shanghai Ipang Health Technology Co., Ltd. by its subsidiary Xian Zong Lin Food & Beverage Management (Shanghai) CO.,LTD due to conflict of interest. This plan has been agreed and approved by other directors.

(V) During the Board of Directors' meeting on July 20, 2021, the representative of the corporate director: Mr. Yen, Hsien-Ming and the three independent directors: Mr. Tu, Chi-Yao, Mr. Lin, Tzu-Kuan and Mr. Seetoo, Chia-Heng recused themselves from discussions on the remuneration and travel expenses of the fourth session of new corporate directors and independent directors of the Company proposed by the Company due to conflict of interest. This plan has been agreed and approved by other directors.

III. Companies listed on TWSE or TPEX shall disclose information on the self-evaluation (or peer evaluation) of the Board of Directors, such as the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation content. The implementation of Board evaluation is as follows:

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Evaluation Method	Evaluation Content
Once a year	Evaluate directors' performance from January 1, 2021 to December 31, 2021.	Performance evaluation of the Board of Directors	Internal self-evaluation of the Board of Directors	Performance evaluation for the Board of Directors: Including level of participation in the Company's operations, quality of the Board of Directors' decision-making, composition and structure of the Board of Directors, appointment of directors and their continuing education, internal control, etc.
Once a year	Evaluate directors' performance from January 1, 2021 to December 31, 2021.	Performance evaluation of individual directors	self-evaluation of directors	Performance evaluation for individual directors: Including command of the Company's goals and tasks, understanding of directors' responsibilities, level of participation in the Company's operations, internal relationship management and communication, directors' professional and continuing education, internal control, etc.
Once a year	Evaluate directors' performance from January 1, 2021 to December 31, 2021.	Performance evaluation of functional committees	self-evaluation of directors	Performance evaluation for functional committees: Including level of participation in the Company's operations, understanding of the responsibilities of functional committees, quality of decision-making by functional committees, composition of functional committees and appointment of committee members, internal control, etc.

IV. Evaluation of the goals (e.g., establishing the Audit Committee and enhancing information transparency) for strengthening the functions of the Board of Directors in the current year and the most recent years, and the implementation of such goals:

1. On February 14, 2012, the Company's Board of Directors has approved the establishment of the Audit Committee and the Remuneration Committee.
2. In order to strengthen operational knowledge and enhance legal knowledge, the Company has arranged relevant training courses for directors and supervisors.
3. Results for the performance evaluation of the Board of Directors in 2021 have been reported to the Board of Directors on January 24, 2022 and used as a reference in the remuneration of individual directors as well as the nomination and election of directors.

2. Training Courses for Directors in 2021

Director	Course Title	Hours	Training Unit
Wu, Po-Chao	Audit and Control Practices of "Cost Saving" and "Competitive Strategy" of Enterprises	6	Accounting Research and Development Foundation
Chen, Yu-Chen	Legal Compliance and Audit Practices of "Investment" and "Mergers and Acquisitions" of Enterprises	6	Accounting Research and Development Foundation
Yen, Hsien-Ming	Audit and Control Practices of Corporate "information Security" and "Information Structure"	6	Accounting Research and Development Foundation
Wu, Hua-Chao	Internal Auditors' Analysis of Legal Compliance and Fraud Prevention Practices on "Information Security" and "Personal Privacy"	6	Accounting Research and Development Foundation
Lin, Tzu-Kuan	Business Strategies and M&A Strategies of Taiwanese Companies from the Global Political and Economic Situation	3	Corporate Operating and Sustainable Development Association
	Corporate Governance and Securities Laws and Regulations - Legal Regulation of Insider Trading and Practical Case Analysis	3	Corporate Operating and Sustainable Development Association
Tu, Chi-Yao	Analysis of Money Laundering Cases and Predicate Crimes (Including Insider Trading)	3	Taiwan Corporate Governance Association
	Practical Analysis of Close Company	3	The National Federation of CPA Associations of the R.O.C
	Case Study on Non-Cash Offset of Capital Increase	3	The National Federation of CPA Associations of the R.O.C
	Analysis of Statements on Auditing Standards No. 74	3	The National Federation of CPA Associations of the R.O.C
	Analysis of the Key Points and Doubts of Business Tax Filing	4	The National Federation of CPA Associations of the R.O.C
Seetoo, Chia-Heng	Taiwan Industrial M&A and Innovation Transformation	2	Taiwan TWSE and TPEX-listed Companies Association
	Board of Directors' Practical Case Study - Simulation Exercise	3	Independent Director Association Taiwan
	Cross-Strait Economic and Trade Outlook under the New Circumstances	2	Taiwan TWSE and TPEX-listed Companies Association
	Financial Consumer and Fair Treatment Principles and Case Studies	3	Independent Director Association Taiwan
	The 10th Annual Chinese Family Business Forum	3	Taiwan Institute of Directors

(II) Operation of the Audit Committee:

The Audit Committee convened nine meetings (A) in the most recent year (2021), and directors' attendance is listed as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Remark
Independent Directors	Hsu, Yi-Fang	5	0	100%	The third session retired on July 8, 2021
Independent Directors	Hsu, Shih-Chun	5	0	100%	
Independent Directors	Chen, Cheng-Chong	4	0	80%	
Independent Directors	Lin, Tzu-Kuan	3	1	75%	The fourth session was elected on July 8, 2021
Independent Directors	Tu, Chi-Yao	4	0	100%	
Independent Directors	Seetoo, Chia-Heng	4	0	100%	

Other Matters to be Noted:

I. If any of the following applies to the operation of the Audit Committee, the date and session of the Board of Directors' meeting, the content of proposals, resolutions of the Audit Committee and the Company's actions in response to opinions from the Audit Committee shall be stated.

(I) Items listed in Article 5 of the Securities and Exchange Act: The Company shall ensure, in accordance with the regulations, that the proposal is first approved by the Audit Committee before it is submitted to the Board of Directors for discussion.

Meeting Date and Session	Proposal	Opinions of All Independent Directors and the Company's actions
2021/1/15 (17th meeting of the 3rd Audit Committee)	<ol style="list-style-type: none"> 1. Deliberation on the 2021 Business Plan and Financial Budget 2. Evaluation of the independence of CPAs and the appointment and remuneration of CPAs attesting the Company's 2021 financial statements 3. Proposal to increase limit of funds loaned between the Company's reinvested companies based on future operating needs 4. Proposal to amend the Company's "Regulations Governing Food Safety Management" 5. Proposal to amend the Company's "Internal Audit Implementation Rules (Taiwan)" 	The proposals were unanimously approved by all the independent directors
2021/03/19 (18th meeting of the 3rd Audit Committee)	<ol style="list-style-type: none"> 1. The Company's 2021 Business Report and Consolidated Financial Statements 2. The Company's 2020 Earnings Distribution Plan 3. The Company's 2020 Statement on Internal Control System 4. Proposal to amend the Company's "Regulations Governing Food Safety Management" 5. Proposal to amend the Company's "Rules of Procedure for Shareholders' Meetings" 6. Proposal to increase the capital of the Company's subsidiary, Yen Mei Enterprise Limited 7. Proposal to increase the capital of Yen Chun International Co., Ltd. through the Company's subsidiary, Yen Mei Enterprise Limited 8. Proposal to amend the Company's Articles of Association and apply for bank guarantee limit for the issuance of secured convertible corporate bonds to Yuanta Bank 9. Proposal to apply for bank guarantee limit for the issuance of secured convertible corporate bonds to Yuanta Bank 10. Proposal to apply for bank guarantee limit for the issuance of secured convertible corporate bonds to CTBC Bank 11. Proposal to apply for short-term financing and bank guarantee limit for the issuance of secured convertible corporate bonds to Shin Kong Commercial Bank 12. Proposal to assess land purchase in Shanghai to build a corporate headquarters through the Company's sub-subsidiary, Ai Qun Food & Beverage Management (Shanghai) Co., Ltd. 13. Proposal to increase limit of funds loaned between the Company's reinvested companies based on future operating needs 14. Proposal to establish a fully functional two-way cross-border RMB cash pool in the Shanghai Free Trade Zone through Citibank (China) Co., Ltd. in consideration of the Group's working capital needs 	Proposal 12 withdrawn The proposals were unanimously approved by the remaining independent directors
2021/04/26 (19th meeting of the 3rd Audit Committee)	<ol style="list-style-type: none"> 1. Proposal to the Company's proposed issuance of ordinary shares in private placement for capital increase in cash 2. 1. Determination of dates for the cancellation of new restricted employee shares recovered by the Company and capital reduction as well as recovery of stock appreciation rights 	The proposals were unanimously approved by all the independent directors

Committee)		
2021/05/13 (20th meeting of the 3rd Audit Committee)	<ol style="list-style-type: none"> 1. The Company's 2021 Q1 Consolidated Financial Statements 2. Proposal to apply for renewal of loan commitment to Chang Hwa Bank in consideration of the Group's working capital needs 3. Proposal to apply for renewal of loan commitment to Taipei Fubon Bank in consideration of the Group's working capital needs 4. Proposal to increase and cancel limit of funds loaned between the Company's reinvested companies based on future operating needs 5. Proposal to increase and decrease limit of funds loaned between the Company's reinvested companies based on future operating needs 6. Proposal to set up a sub-subsidiary in Xiamen through the Company's subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd., to enter the e-sports entertainment catering market. 	The proposals were unanimously approved by all the independent directors
2021/6/10 (21st meeting of the 3rd Audit Committee)	<ol style="list-style-type: none"> 1. Determine the date and venue for the adjournment of the Company's 2021 Annual General Shareholders' Meeting 2. In view of the long-term operation development and planning of the operation headquarters in Mainland China, the Company intends to acquire Shanghai Ipang Health Technology Co., Ltd. 	The proposals were unanimously approved by all the independent directors
2021/7/8 (1st meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. Election of the convener and chairman of the fourth session of the Audit Committee to amend the Company's "Rules Governing the Scope of Powers of Independent Directors" 	All members present unanimously agreed to elect Tu, Chi-Yao as the convener and chairman of the fourth session of the Audit Committee
2021/7/20 (2nd meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. The Company intends to acquire Shanghai Ipang Health Technology Co., Ltd. ("Shanghai Ipang") through the Company's subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. 2. Proposal regarding the capital increase in Shanghai Ipang Health Technology Co., Ltd. by the Company's subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd. 3. The Company intends to cooperate with Master International Investment Co., Ltd. (the "Master Catering Group") to explore the overseas food and beverage market and make strategic alliances to expand the footprint of the food and beverage business. 4. Proposal regarding the dissolution and liquidation of the subsidiary Meng Qiqi Food & Beverage Management (Shanghai) CO., LTD 5. The Company intends to establish a joint venture in Songjiang District, Shanghai, China through the Company's subsidiary, Ai Qun Food & Beverage Management (Shanghai) CO.,LTD 6. Proposal to increase and decrease limit of funds loaned between the Company's reinvested companies based on future operating needs 	The proposals were unanimously approved by all the independent directors
2021/8/24 (3rd meeting of the 4th Audit Committee)	<ol style="list-style-type: none"> 1. The Company's 2021 Q2 Consolidated Financial Statements 2. Proposal to repurchase shares issued by the Company 3. Amendments to the Company's "Regulations Governing the Transfer of Shares Repurchased by the Company to Employees for the Fourth Time" 4. Proposal to apply for new loan commitment to Bank of Kaohsiung in consideration of the Group's increased working capital needs 	The proposals were unanimously approved by all the independent directors

<p>2021/11/12 (4th meeting of the 4th Audit Committee)</p>	<ol style="list-style-type: none"> 1. Proposal to formulate the Company's audit plan for 2022 2. Proposal to cancel the first treasury share buyback and the second treasury share buyback capital reduction by the Company 3. Proposal to amend the Company's "Ethical Corporate Management Best Practice Principles" and "Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" 4. Proposal to establish a joint venture in Shanghai by the Company through the Company's subsidiary, Ai Qun Food & Beverage Management (Shanghai) CO.,LTD 5. Proposal to cancel intercompany endorsement/guarantee limit 6. Proposal to apply for renewal of loan commitment to E.SUN Bank in consideration of the Company's working capital needs 7. Proposal to apply for a short-term loan facility from Taishin Bank in consideration of the Company's working capital needs 8. Proposal to increase limit of funds loaned between the Company's reinvested companies based on future operating needs 9. Proposal to increase limit of funds loaned between the Company's reinvested companies based on future operating needs 10. Proposal to decrease limit of funds loaned between the Company's reinvested companies based on future operating needs 	
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(II) Except the aforementioned matters, other resolutions approved by two-thirds or more of all the directors but yet to be approved by the Audit Committee: None

II. With regard to the recusal of independent directors from voting due to conflict of interests, the name of independent directors, the content of proposals, reasons for recusal due to conflict of interests and participation in voting shall be stated: None

III. Communication between independent directors and the internal audit supervisor and CPAs (including material issues, audit methods and results relating to the Company's finances and business): The Company has established an internal control system and related regulations that comply with the "Regulation Governing Establishment of Internal Control Systems by Public Companies", and has set up an internal audit unit which is placed directly under the Board of Directors. The Company's internal audit unit prepares the annual internal audit plan in accordance with the regulations set forth by the competent authority, submits the monthly audit reports to the Chairman for approval and delivers them to each independent director, as well as carries out internal audit report on the Board of Directors. Hence, the Chairman, independent directors, and the Board of Directors can understand the implementation of the Company's internal control system. In addition, when regularly reviewing the Company's financial statements, the independent directors will also communicate with CPAs when necessary, and guide the Company's relevant units to conduct reviews and make improvements.

(II) Implementation of Corporate Governance, Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies, and Related Reasons

Item	Status of Implementation		Summary	Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No		
I. Does the Company establish and disclose its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies"?	V		The Company has established the "Corporate Governance Best Practice Principles" and disclosed the principles on its corporate website. At the same time, the Company has established the Audit Committee in accordance with the spirit of the Company Act and the implementation of laws and regulations related to corporate governance, in order to continue to actively promote the operation of corporate governance through various measures, such as amending related management regulations, enhancing information transparency, and strengthening the functions and powers of the Board of Directors.	No significant difference
II. Shareholding Structure and Shareholders' Equity (1) Has the Company established an internal operating procedure for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	V		The Company has appointed a dedicated shareholder service agent in Taiwan to handle stock-related matters. The Company has also appointed a spokesperson and an acting spokesperson, as well as dedicated personnel in charge of investor relations to handle recommendations proposed by shareholders.	No significant difference

Item	Status of Implementation		Summary	Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No		
(II) Does the Company maintain a list of major shareholders who have actual control over the Company and persons who have ultimate control over the major shareholders?	V		The Company has appointed dedicated personnel to manage related information and is able to keep abreast of the list of major shareholders which have actual control over the Company and the ultimate controllers of these major shareholders.	No significant difference
(III) Has the Company established and implemented risk control and firewall mechanisms among its affiliated companies?	V		The Company has established the "Operating Procedures for Group Company, Specific Company, and Related Party Transactions" to clearly specify operational, business, and financial dealings with related companies. In addition, auditors regularly supervise the implementation of these procedures according to the Company's internal control system. Thus, the Company has complied with the risk control mechanism.	No significant difference
(IV) Has the Company formulated internal regulations that prohibit insiders of the company from trading securities using undisclosed information in the market?	V		<p>The Company has established the "Operating Procedures for Preventing Insider Trading," which clearly specifies that insiders are prohibited from using information yet to be published in the market to conduct purchase and sale of securities or providing such information to anyone for stock or equity trading. Thus, the Company has complied with the risk control mechanism.</p> <p>Company website http://www.yummy-town.tw/→Investor Relations→Corporate Governance→</p> <p>(1). Ethical Corporate Management Best Practice Principles stipulates the "Implementation of Prevention of Insider Trading" as follows: In accordance with the "Regulations Governing the Prevention of Insider Trading", the Company conducts occasional educational presentations for directors, managers and employees of the Company and sends course presentation files to relevant personnel for their reference.</p> <p>■The Company has conducted an educational training on November 12, 2021, with 0.5 hours of course time. The course topic is "Short-term Trading Entitlement Related Regulations and Case Studies" for all directors and insiders of the Company.</p> <p>(2). The Company's Articles of Association clearly disclose the "Management of the Prevention of Insider Trading", "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct".</p>	No significant difference

Item	Status of Implementation		Summary	Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons																																																
	Yes	No																																																		
III. Composition and Responsibilities of the Board of Directors (I) Does the Board of Directors draw up policies on diversity of its members and implemented them?	V		<p>1. The Company's directors possess expertise in different areas, and take into account diversity in order to assist in the Company's development and operations.</p> <p>The Company has seven directors (including three independent directors), and their professional skills are listed as follows:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Gender</th> <th>Business Leadership</th> <th>Industrial Knowledge</th> <th>International Perspective</th> <th>Financial and Accounting Analysis</th> </tr> </thead> <tbody> <tr> <td>Wu, Po-Chao</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Chen, Yu-Chen</td> <td>Female</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>YUMMY TOWN INTERNATIONAL LTD. Representative: Yen, Hsien-Ming</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Lin, Hua-Chao</td> <td>Female</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> <tr> <td>Lin, Tzu-Kuan (Kuo Yang Construction/Security Code 2505 Chairman)</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Tu, Chi-Yao (CPA)</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> </tr> <tr> <td>Seetoo, Chia-heng (Lawyer)</td> <td>Male</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> </tr> </tbody> </table> <p>2. The Company has elected two female directors.</p> <p>3. The Company has established regulations for the election of directors. The Company elects talents with different professional backgrounds as directors and conducts elections in accordance with these regulations.</p> <p>4. Company website http://www.yummy-town.tw/→Investor Relations→Corporate Governance→Board of Directors</p> <p>Clearly disclose that the selection of independent directors must have business, legal, financial, accounting or industry experience required by law for the company's business. The Company's three independent directors are from the academic and industrial sectors so that the composition of the Board of Directors is in line with the Company's Board diversity policy.</p>	Name	Gender	Business Leadership	Industrial Knowledge	International Perspective	Financial and Accounting Analysis	Wu, Po-Chao	Male	✓	✓	✓		Chen, Yu-Chen	Female	✓	✓	✓	✓	YUMMY TOWN INTERNATIONAL LTD. Representative: Yen, Hsien-Ming	Male	✓	✓	✓		Lin, Hua-Chao	Female	✓	✓	✓		Lin, Tzu-Kuan (Kuo Yang Construction/Security Code 2505 Chairman)	Male	✓	✓	✓	✓	Tu, Chi-Yao (CPA)	Male	✓	✓	✓	✓	Seetoo, Chia-heng (Lawyer)	Male	✓	✓	✓		No significant difference
Name	Gender	Business Leadership	Industrial Knowledge	International Perspective	Financial and Accounting Analysis																																															
Wu, Po-Chao	Male	✓	✓	✓																																																
Chen, Yu-Chen	Female	✓	✓	✓	✓																																															
YUMMY TOWN INTERNATIONAL LTD. Representative: Yen, Hsien-Ming	Male	✓	✓	✓																																																
Lin, Hua-Chao	Female	✓	✓	✓																																																
Lin, Tzu-Kuan (Kuo Yang Construction/Security Code 2505 Chairman)	Male	✓	✓	✓	✓																																															
Tu, Chi-Yao (CPA)	Male	✓	✓	✓	✓																																															
Seetoo, Chia-heng (Lawyer)	Male	✓	✓	✓																																																

Item	Status of Implementation		Summary	Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No		
(II) In addition to the legally required Remuneration Committee and Audit Committee, has the Company voluntarily established other functional committees?		V	The Company currently has no plans to set up other functional committees.	No significant difference
(III) Has the Company established any rules and methods for evaluating the performance of the Board of Directors? Does the Company perform such evaluations every year, submit the results of performance evaluation to the Board of Directors, and use them as a reference for individual directors' remuneration and nomination for re-election?		V	<p>1. The Company has approved "Regulations Governing the Performance Appraisal of Board of Directors" during the Board of Directors' meeting. Results for the performance evaluation of the Board of Directors have been reported to the Board of Directors on January 24, 2022 and used as a reference in the remuneration of individual directors as well as the nomination and election of directors.</p> <p>2. Company website http://www.yummy-town.tw/→Investor Relations→Corporate Governance→Board of Directors</p> <p>Clearly disclose the five major average scores of the internal evaluation of the Board of Directors' performance for 2020 and 2021.</p>	No significant difference

Item	Status of Implementation		Summary	Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No		
(IV) Regular Assessment of CPAs' Independence	V		<p>1. The Company has approved the assessment of CPAs' independence and competence during the Board of Directors' meeting held on January 24, 2022. Besides, the Company has obtained the "Statement on Auditor and CPA Independence," which stipulates that both CPAs and auditors shall comply with the regulations governing their independence, in order to maintain their independence and impartiality during audit and attestation.</p> <p>In accordance with Article 29 of the Company's "Corporate Governance Code", the Company shall periodically (at least once a year) evaluate the independence and suitability of the appointed CPAs.</p> <p>3. With reference to Article 47 of the Certified Public Accountant Act and Code of Professional Ethics of CPAs No.10, the 15 items of the 2022 evaluation were formulated as follows:</p> <p>(1) As of the latest certification, there is no non-replacement incident for the period of seven years (2) No significant financial interests with the principal (3) No improper relationships with the principal (4) CPA's assistants are honest, impartial, and independent (5) No auditing of the financial statements of the service organization within two years of practice (6) No use of the accountant's name by others (7) No ownership of shares of the Company and its affiliates (8) No monetary borrowings with the Company and its affiliates (9) No joint investment or benefit-sharing with the Company or its affiliates (10) Not working as a regular employee of the Company or its affiliates and receiving a fixed salary; (11) Not involved in the management functions of the Company or its affiliates in making decisions; (12) Not engaged in any other business that may lose its independence; (13) Not related to the Company's management by spouse or relative within the second degree of kinship; (14) Not receiving any business-related commissions (15) Not being disciplined or compromising the principle of independence as of the date.</p>	No significant difference
IV. Has the TWSE or TPEX listed company appointed the appropriate number of qualified corporate governance personnel and designated the corporate governance supervisor to be in charge of corporate governance affairs (including but not limited to furnishing information required for performance of duties by directors and supervisors, handling matters related to Board	V		<p>The Company's Board of Directors approved the appointment of a new Chief Governance Officer on January 24, 2022, and has designated relevant competent personnel to take charge of matters related to corporate governance; provide directors and members of the Audit Committee with information they need to perform their duties; assist directors and independent directors in legal compliance; engage in matters related to shareholders' meetings, Board of Directors' meetings, Audit Committee meetings, and Remuneration Committee meetings; prepare the minutes of Board of Directors' meetings and shareholders' meetings; regularly arrange continuing education courses for directors; and carry out company registration and approval registration.</p>	No significant difference

Item	Status of Implementation		Summary	Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No		
of Directors' meetings and shareholders' meetings, handling company registration and change registration, and producing minutes of Board of Directors' meetings and shareholders' meetings)?				
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on material corporate social responsibility issues?	V		<p>The Company's website, http://www.yummy-town.tw/, sets up a investor service area, message page, contact email address and telephone number. We assign dedicated staff to handle the relevant matters appropriately and respond quickly. Regular monthly meetings are held to encourage employees to express their opinions and suggestions. Regular labor-management meetings are held for two-way communication.</p> <p>In accordance with the regulations of the competent authorities for TPEX-listed companies, we regularly disclose public information on the public information website so that stakeholders can refer to material information, revenue, financial statements, etc. to make judgments and protect their rights and interests.</p> <p>The Company holds corporate meetings regularly or at the invitation of the brokerage firms in accordance with the regulations. On November 22, 2021, the Company was invited to attend a legal conference hosted by Cathay Securities.</p> <p>The Company's customers are the general public. Our marketing staff refer to social media, FB, and IG messages to evaluate consumers' preferences for food, beverages, staff service, and store style as a reference for adjusting marketing strategies.</p> <p>The Company's suppliers are mainly raw material manufacturers, and we have been cooperating with them for many years with stable quality. The supplier's feedback to us is generally communicated on-site in a timely manner.</p>	No significant difference
VI. Has the Company appointed a professional shareholder service agent to deal with shareholder affairs?	V		The Company has appointed CTBC Bank Co., Ltd. as the Company's shareholder service agent.	No significant difference
VII. Information Disclosure (I) Has the Company set up a website to disclose information	V		The Company has appointed dedicated personnel, in accordance with the relevant regulations, to disclose the relevant information on MOPS in accordance with the regulations set forth by the competent authority.	No significant difference

Item	Status of Implementation		Summary	Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No		
on financial operations and corporate governance?				
(II) Has the Company adopted other means of information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?	V		The Company has set up its official website (http://yummy-town.tw/) to disclose information related to financial operations and corporate governance, as well as established a spokesperson system and implemented the system in accordance with the relevant laws and regulations.	No significant difference
(III) Does the Company publish and report its annual financial statements within two months after the end of a fiscal year, as well as publish and report its financial statements for the first, second, and third quarters and	V		The Company publishes and report its financial statements for the first, second, and third quarters and the whole year as well as its monthly operating situation before the specified deadline.	No significant difference

Item	Status of Implementation		Summary	Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No		
its operating status for each month before the specified deadline?				
VIII. Does the Company provide other important information that can help establish a better understanding of the state of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholders' rights, continuing education among directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors of the Company)?	V		<p>(1) The Company implements matters related to employee rights, employee care, investor relations, supplier relations, and stakeholder rights in accordance with its internal control system and management regulations and fulfills its corporate social responsibilities in accordance with the relevant laws and regulations.</p> <p>(2) Directors of the Company are equipped with relevant professional expertise and regularly participate in continuing education courses every year.</p> <p>(3) Upholding a high degree of self-discipline, directors of the Company may not participate in voting if a proposal included in a Board of Directors' meeting is in conflict with their interests.</p> <p>(4) The Company purchases liability insurance for all directors every year. The period of liability insurance for directors in the most recent year is from October 21, 2021 to October 20, 2022. The purchase of liability insurance was reported to the Board of Directors on November 12, 2021.</p> <p>(5) The management of the Company regularly reports the operating condition of the Company. The Board of Directors offers professional advice on the risks faced by the management for reference. As regards internal control, an audit plan is proposed each year according to risk measurement and assessment and submitted to the Board of Directors for approval before it is implemented. Members of the Audit Committee review the actual audit status and report for each quarter and report these matters to the Board of Directors. In addition, the Company's Statement on Internal Control System is approved after the relevant departments of the Company complete the annual self-assessment of internal control.</p>	No significant difference
IX. Improvements made in the most recent year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center under the Taiwan Stock Exchange Corporation, and prioritized matters and measures to be improved upon for matters that have not been improved (companies not listed for evaluation do not need to fill in this section):				
(I) Improvements made:				
	Question	Item		
	1.15	Has the Company established and disclosed on the Company's website internal rules and its implementation that prohibit insiders, such as directors or employees, from profiting from information not available in the market?		
	2.15	Does the Company disclose on the Company's website the individual communications between independent directors and internal auditors and CPAs (e.g., the manner, matters and results of		

Item	Status of Implementation		Summary	Deviations from the Corporate Governance Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No		
			communications regarding the Company's financial reports and financial operations)?	
2.17			Does the Company's Board of Directors regularly (at least once a year) evaluate the independence of the CPAs and disclose the evaluation procedures in detail in the annual report?	
2.2			Has the Company established a policy on diversity of Board members and disclosed the specific management objectives and implementation of the diversity policy on the Company's website and annual report?	
2.28			Has the Company established a method for the appointment and dismissal of internal auditors and their salary and compensation to be submitted to the Board of Directors or signed by the auditor to the Chairman of the Board of Directors for approval and disclosed on the Company's website?	
4.14			Are the identities of the stakeholders identified, their concerns, communication channels and responses disclosed on the Company's website or in the annual report?	
<p>(II) Prioritized matters and improvement measures: The Company is committed to improving the standard of corporate governance and continuously carrying out self-inspection based on the results of corporate governance evaluation, "scoring guidelines," and "reference sample," in order to enhance improvement indicators that can be completed.</p>				

(III) If a remuneration committee has been established by the Company, its composition, responsibilities, and operation shall be disclosed:

1. Composition of Remuneration Committee

On July 8, 2021, the Board of Directors passed a resolution that all the three independent directors, namely Lin, Tzu-Kuan, Tu, Chi-Yao and Seetoo, Chia-Heng were appointed as the members of the fourth session of the Remuneration Committee, and the convening committee resolved to elect Tu, Chi-Yao as the convener.

Information on the Remuneration Committee Members

Criteria Identity Name	Professional Qualifications and Experience	Independence	Number of other public companies where the individual is concurrently serving as an independent director
Independent Directors Lin, Tzu-Kuan	Department of Tourism Business, Chinese Culture University, marketing and planning course for American hotels and resorts, advanced course of food and beverage management in Cornell University. Over 35 years of experience in food and beverage management, served as President, Spring City Resort, President, Kaohsiung Grand Hi-Lai Hotel, and President of Business Group, Grand Hi-Lai Hotel. Serves as Chairman, Kuo Yang Construction Co., Ltd., and Chairman, Kaohsiung Tourist Hotel Association There is no incident involving Article 30 of the Company Act.	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	0
Independent Director/Convener Tu, Chi-Yao	Ph.D. in Economic Law, China University of Political Science and Law. CPA in Taiwan, passed the U.S. and China CPA exams. Founded Chi Yao CPAs Firm and serves as a Financial and Legal Advisor for Taiwanese Companies of the Straits Exchange Foundation, after retiring from Deloitte Taiwan. There is no incident involving Article 30 of the Company Act.	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	0
Independent Directors Chia-Heng Seetoo	B.S. in Economics, National Taiwan University, M.A in Industrial Economics, National Central University, and J.D., University of Illinois Practicing lawyer in Taiwan. Founded Innovatus International Law Firm, after years of experience as an attorney at Jones Day International Law Firm. There is no incident involving Article 30 of the Company Act.	I, my spouse, my relatives within second degree of kinship do not hold any position in the Company/affiliated companies/specifically related companies, do not hold shares in the above companies, and do not provide business, legal, financial, or accounting services.	0

2. Responsibilities of Remuneration Committee

The Remuneration Committee shall exercise the care of a good administrator to faithfully fulfill the following functions and power, and submit the relevant suggestions to the Board of Directors for discussion:

- (1) Establish and regularly review the policies, systems, standards and structure of performance evaluation and remuneration for directors and managers.
- (2) Regularly evaluate and determine the remuneration for directors and managers.

Remuneration Committee meetings shall be convened by the convener at least twice a year, and the Remuneration Committee may meet at any time whenever necessary.

3. Meetings of Remuneration Committee

(1) The Company's Remuneration Committee is composed of three people.

(2) Term of Office: July 8, 2021 to July 7, 2024. A total of four meetings (A) were convened by the Remuneration Committee in 2021. The qualifications and attendance of its members are listed as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Percentage of Attendance in Person (%) (B/A)	Remark
Convener	Hsu, Yi-Fang	2	0	100%	The third session retired on July 8, 2021
Member	Hsu, Shih-Chun	2	0	100%	
Member	Chen, Cheng-Chong	2	0	100%	
Convener	Tu, Chi-Yao	2	0	100%	The fourth session was elected on July 8, 2021
Member	Lin, Tzu-Kuan	2	0	100%	
Member	Chia-Heng Seetoo	2	0	100%	

Other Matters to be Noted:

- I. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions from the Remuneration Committee by the Company shall be disclosed (if the remuneration approved by the Board of Directors is better than that recommended by the Remuneration Committee, the differences and related reasons shall be stated): None
- II. If members of the Remuneration Committee has any dissenting opinion or qualified opinion on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated: None
- III. Resolutions of the Remuneration Committee:

Meeting Date and Session	Proposal	Resolution	The Company's actions in response to opinions from the Remuneration Committee
2021/1/15	1. Ratification of newly	Approved	Approved

(13th meeting of the 3rd Audit Committee)	<p>appointed Chief Operating Officer of the Company</p> <p>2. Proposal on the 2021 salary adjustments for individual managers (including directors who concurrently serve as managers) at the Company and its subsidiaries</p> <p>3. 2020 year-end bonus distribution plan for individual managers (including directors who concurrently serve as managers) at the Company and its subsidiaries</p>	without objection	by the Board of Directors
2021/03/19 (14th meeting of the 3rd Audit Committee)	2020 Employee Remuneration and Directors' Remuneration Distribution Plan	Approved without objection	Approved by the Board of Directors
2021/7/8 (1st meeting of the 4th Audit Committee)	Election of the convener and chairman of the fourth session of the Remuneration Committee	All members present unanimously agreed to elect Tu, Chi-Yao as the convener and chairman of the fourth session of the Remuneration Committee	Approved by the Board of Directors
2020/7/20 (2nd meeting of the 4th Audit Committee)	Proposal on the remuneration and travel expenses of the Company's fourth session of new corporate directors and independent directors	Approved without objection	Approved by the Board of Directors

(IV) Implementation of Corporate Social Responsibility

Assessment Item	Status of Implementation			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
I. Has the Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies?	V		The Company distributes the relevant questionnaires to stakeholders every year. By analyzing these questionnaires, the Company can learn about the material topics for the current year. Moreover, each department can carry out self-assessment and make revisions when preparing its corporate social responsibility report.	No significant difference
II. Has the Company established an exclusively (or concurrently) dedicated unit under supervision of senior management authorized by the Board of Directors to promote CSR and report its implementation to the Board of Directors?	V		The Company has set up a CSR project team. The person in charge of this project shall implement CSR-related activities according to the functions and responsibilities of the team, and regularly reports to the Board of Directors.	No significant difference
III Environmental Issues (I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	V		The Company has passed safety, health, and fire control inspections conducted by the relevant competent authorities in accordance with applicable laws and regulations while setting up stores. At the same time, the Company has obtained the relevant compliance certificates, established complete guidelines on quality management, safety and hygiene, environmental protection, etc. Moreover, the Company complies with the inspection standards set forth by the competent authority and meets the public's expectations as they expect the Company to give back to the society.	No significant difference
(II) Is the Company committed to improving resource utilization efficiency and to the use of renewable materials with low environmental impact?	V		In order to effectively reduce the environmental load caused by the Company's products, the Company considers the use of recycled materials so as to minimize the possible impact of the load caused on the environment.	No significant difference
(III) Has the Company assessed the potential risks and opportunities arising from climate change at present and in the future and taken related countermeasures?		V	This item is currently unavailable.	This item is currently unavailable.
(IV) Has the Company recorded statistics on greenhouse gas emissions, water consumption, and the total weight of waste over the past two years and established policies with regard to energy conservation and carbon reduction, greenhouse gas reductions, water consumption, and waste management?	V		The Company will propose the "Greenhouse Gas Inventory and Verification Schedule" at the Board Meeting on May 11, 2022, complete the inventory and verification in accordance with the regulations of the competent authorities by 2026, and complete the verification in	No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
			2028. The Company's stores use "biodegradable" packaging made of corn starch instead of plastic to reduce environmental pollution. The Company recommends that customers hold beverages with their hands to reduce the use of plastic bags and lower the amount of waste produced.	
IV. Social Issues (I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and the International Bill of Human Rights?	V		The Company has established management rules and regulations in accordance with the relevant laws and regulations, which clearly stipulate the protection of human rights and employee rights. Besides, the Company also provides employees with various types of benefits, thus adhering to the concept of "labor and management as one for coexistence and co-prosperity."	No significant difference
(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	V		The Company collectively considers the current situation of the labor market in various regions as well as its profit data and employee needs to establish an overall compensation model which includes basic salary, bonus, and benefits. - Basic salary: To meet employees' living needs. - Bonus: To motivate employees to progress continuously and improve efficiency. - Benefits: To show care and increase employees' sense of belonging and identity With regard to setting up benefits, the Company has to first meet the requirements of local regulations in its main operating locations. In addition to the requirements of local regulations, the Company has also clearly specified that internal benefits do not differ significantly by gender, race, and age. The Company purchases retirement/endowment insurance for employees in accordance to local laws and regulations.	No significant difference
(III) Does the Company provide a safe and healthy work environment and regularly offer safety and health training to its employees?	V		As the Company attaches great importance to employee safety and health, the Company implements pre-employment on-the-job training and regular and irregular in-plant and off-plant training, organize labor safety and fire disaster relief,	No significant difference

Assessment Item	Status of Implementation			Deviations from the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
			regularly subsidize employee health checks, and provide appropriate and sufficient protection equipment.	
(IV) Has the Company established an effective training program for its employees to cultivate capabilities essential for career development?	V		The Company sets up an annual training plan every year to provide employees with on-the-job training.	No significant difference
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer protection policies and grievance procedures?	V		The Company's products are marketed and labeled in accordance with local regulations and international standards. Besides, the Company has set up a dedicated unit to handle customer complaints and the customer complaint process management program.	No significant difference
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	V		1. Before cooperating with a supplier, the Company has assessed whether the qualifications of the supplier meet the Company's requirements. 2. The Company does not enter into a mandatory contract with suppliers. If a supplier violates the Company's policies, the Company can suspend the purchase transaction with the supplier at any time.	No significant difference
V. Does the Company refer to internationally adopted report preparation standards or guidelines to prepare reports that disclose non financial information such as CSR reports? Has the Company obtained assurance opinion on the aforesaid reports from third-party accreditation institutions?		V	Currently, the Company is not an enterprise that is required by law to prepare a CSR report.	No significant difference
VI. If the Company has established its own Corporate Social Responsibility Best Practice Principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies", please state the deviations between its operation and the Code: None VII. Other important information to help understand the operation of corporate social responsibility: None The identity of stakeholders, issues of concern, communication channels, and response methods are listed as follows:				

Stakeholder Related parties	Importance	Issue of Concern	Communication Method	Specific Window	Communication Frequency
Consumers	Consumers have a positive impact on brand trust and loyalty. Make every cup of tea attentively, make friends with tea.	<ul style="list-style-type: none"> • Food safety and quality control • Human rights and equality • Product and service innovation 	<ul style="list-style-type: none"> • Weibo Official • WeChat Official • Alipay Service Channel 	<ul style="list-style-type: none"> • Company Website • Message Page • Telephone Number of the Head Office 	<ul style="list-style-type: none"> • Daily • Weekly • Weekly • Once a month

Stakeholder Related parties	Importance	Issue of Concern	Communication Method	Specific Window	Communication Frequency
Employees	Employees are the Company's greatest asset. Satisfied employees will do their best to help the Company achieve great performance.	<ul style="list-style-type: none"> • Food safety and quality control • Human rights and equality • Brand image 	<ul style="list-style-type: none"> • Induction/Introduction to new job • Phone, e-mail, and meetings • Training, seminars and job fairs • Campus recruitment and recruitment website • Food safety training 	<ul style="list-style-type: none"> • Personnel Administration Center • Welfare Committee 	<ul style="list-style-type: none"> • As required
Internal Customers	Internal customers have a co-existing and co-prosperous partnership with the Company, and are another driving force for brand continuity. Customer experience and satisfaction and profit making are the foundation for sustainable development and create a win-win situation.	<ul style="list-style-type: none"> • Food safety and quality control • Product and service innovation • Brand image 	<ul style="list-style-type: none"> • Strategic planning meetings • Monthly business management meetings • Information disclosure on the Company's website • Franchise information sessions • Signing of non-disclosure agreement • Participation in social welfare activities 	<ul style="list-style-type: none"> • Operation Headquarters in Taipei 	<ul style="list-style-type: none"> • Once a year • Once a month • Irregular • Once every two weeks • Signing the franchise agreement • Irregular
Government Agencies	Government agencies dynamically publish and offer consultation on relevant regulations so as to establish an understanding of policy requirements.	<ul style="list-style-type: none"> • Legal compliance • Human rights and equality • Food safety and quality control 	<ul style="list-style-type: none"> • Phone consultation • Letter • Forum 	<ul style="list-style-type: none"> • Audit Office (Stock-related Matters) 	<ul style="list-style-type: none"> • Irregular
Suppliers	As the Company's partners, each supplier plays a vital role in ensuring quantity and quality and real-time supply of goods, cooperating in new product development, jointly handling after-sales issues and public relations in crisis.	<ul style="list-style-type: none"> • Food safety and quality control • Legal compliance • Service quality and customer satisfaction 	<ul style="list-style-type: none"> • On-site review • Supplier self-assessment • Communication on routine procurement • Communication on reconciliation of accounts • Communication on product development and issue handling • Business communication on regular factory audit 	<ul style="list-style-type: none"> • Supply Chain Headquarters 	<ul style="list-style-type: none"> • Initial stage of development • Yearly • Irregular • Monthly • Irregular • Yearly
Shareholders	As the Company is listed on TPEx, our overall operating performance is the issue of most concern to shareholders. Meanwhile, shareholders' support is an important key to the Company's future development and continued operation.	<ul style="list-style-type: none"> • Food safety and quality control • Sustainable development strategies • Operating performance 	<ul style="list-style-type: none"> • Financial statements • Public disclosure in annual reports • Shareholders' meeting reports • CSR reports • Company website • Investor conference 	<ul style="list-style-type: none"> • Investor Relations 	<ul style="list-style-type: none"> • Quarterly • Yearly • Yearly • Yearly • At least once a year

Stakeholder Related parties	Importance	Issue of Concern	Communication Method	Specific Window	Communication Frequency
Media	The media is a medium for disseminating and rendering information. Positive and negative information will have different effects on the Company. With a wide variety of media at present, the Company not only has to focus on traditional media, but should also not overlook the influence of online media.	<ul style="list-style-type: none"> • Product and service innovation • Food safety and quality control • Operating performance 	<ul style="list-style-type: none"> • Phone, e-mail, and meetings • Press release • Press conference 	<ul style="list-style-type: none"> • Public Relations/Government Relations Office 	<ul style="list-style-type: none"> • Irregular
Neighboring Communities	Community is the foundation of the Company's development. The vitality of a community can drive business opportunities. The Company actively cares for neighboring communities and participate in their operations with tea.	<ul style="list-style-type: none"> • Food safety and quality control • Customer health and nutrition • Supply chain and source tracing management 	<ul style="list-style-type: none"> • Phone and e-mail • Personal visits 	<ul style="list-style-type: none"> • Management Committee 	<ul style="list-style-type: none"> • Irregular

(V) Implementation of Ethical Corporate Management, Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies, and Related Reasons

Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
<p>I. Establishment of Ethical Corporate Management Policies and Programs</p> <p>(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?</p>	V		<p>The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," which specify our ethical corporate management policy. These regulations have been approved by the Board of Directors and the shareholders' meeting, and are actively implemented by the management.</p>	No significant difference.
<p>(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies"?</p>	V		<p>The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," which specify the operating procedure for preventing unethical conduct. Besides, the Company ensures that our employees truly understands and comply with these regulations through education and training.</p>	No significant difference.
<p>(III) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention</p>	V		<p>The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," which specify the business activities with higher risk of unethical conduct within our scope of business. The Company adopts</p>	No significant difference.

Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
programs on a regular basis?			various measures to prevent the acts of receiving and giving bribes and offering illegal political donations.	
<p>II. Implementation of Ethical Corporate Management</p> <p>(I) Does the Company evaluate the ethics records of counterparties to its business dealings, and specify ethical business policies in contracts with counterparties related to its business dealings?</p>	V		The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," which specify that employees shall avoid dealing with people with past records of unethical conduct. Besides, the Company also specifies provisions related to ethical conduct in business contracts where necessary.	No significant difference.
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	V		The Company has established the Auditing Office which is placed under the Board of Directors, and reports to the Board of Directors in a timely manner to ensure that ethical corporate management is implemented. In addition, the Company also clearly specifies that employees shall remain alert to violations of government decrees or code of business ethics, and shall report any violation of government decrees or code of business ethics to independent directors, managers, and internal audit supervisor.	No significant difference.
(III) Has the Company established policies to prevent conflicts of interests, provided an appropriate channel for reporting such conflicts and implemented them?	V		The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," which specify the policy to prevent conflicts of interest. Besides, the Company encourages employees to report any violation of laws and regulations or code of ethics they suspect or discover to independent directors, managers, and internal audit supervisor.	No significant difference.

Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
(4) Has the Company established effective accounting systems and internal control systems to implement ethical corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit compliance with prevention programs accordingly or entrusted CPAs to conduct the audit?	V		The Company has established an accounting system and an internal control system. Internal auditors also regularly and irregularly carry out various audits and assessments.	No significant difference.
(V) Does the Company regularly conduct internal and external training related to ethical corporate management?	V		The Company has regularly conducted training related to ethical corporate management.	No significant difference.
III. Implementation of the Company's Whistleblowing System (I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?	V		The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Code of Ethical Conduct," which encourage employees to report any violation of laws and regulations or code of ethics they suspect or discover to independent directors, managers, and internal audit supervisor, as well as specify related rewards and punishments, grievance system, and disciplinary actions.	No significant difference.
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	V		The Company has set up specific mailboxes for whistleblowers, and has appointed dedicated personnel to handle whistleblowing cases.	No significant difference.
(III) Does the Company take any measures to protect whistleblowers so that they are safe from improper treatment?	V		Whistleblowers can file a report to the whistleblowing mailboxes anonymously to avoid improper treatment.	No significant difference.

Item	Status of Implementation			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Companies and Related Reasons
	Yes	No	Summary	
<p>IV. Enhancing Information Disclosure</p> <p>Does the Company disclose its ethical corporate management practices and the effectiveness of its implementation on its official website or MOPS?</p>	V		The Company has disclosed our ethical corporate management best practice principles in our annual reports and on our website.	No significant difference
<p>V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies,</p> <p>state the differences between these principles and its implementation:</p> <p>The Company has established the "Ethical Corporate Management Best Practice Principles" in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies", and strictly complies with these principles.</p>				
<p>VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles):</p> <p>When dealing with suppliers, the Company always adheres to the principles of ethical corporate management. Moreover, the Company has strengthened the promotion of these principles during employee training.</p>				

(VI) If the Company has established the corporate governance best practice principles and other relevant regulations, the means to search for these regulations shall be disclosed:

The Company has established the "Code of Ethical Conduct" and disclosed it on MOPS.

(VII) Implementation of Internal Control System

1. Statement on Internal Control

雅茗天地股份有限公司

內部控制制度聲明書

日期：111年03月24日


本公司民國 110 年度之內部控制制度，依據自行評估的結果，謹聲明如下：

- 一、本公司確知建立、實施和維護內部控制制度係本公司董事會及經理人之責任，本公司業已建立此一制度。其目的係在對營運之效果及效率(含獲利、績效及保障資產安全等)、報導具可靠性、及時性、透明性及符合相關規範暨相關法令規章之遵循等目標的達成，提供合理的確保。
- 二、內部控制制度有其先天限制，不論設計如何完善，有效之內部控制制度亦僅能對上述三項目標之達成提供合理的確保；而且，由於環境、情況之改變，內部控制制度之有效性可能隨之改變。惟本公司之內部控制制度設有自我監督之機制，缺失一經辨認，本公司即採取更正之行動。
- 三、本公司係依據「公開發行公司建立內部控制制度處理準則」(以下簡稱「處理準則」)規定之內部控制制度有效性之判斷項目，判斷內部控制制度之設計及執行是否有效。該「處理準則」所採用之內部控制制度判斷項目，係為依管理控制之過程，將內部控制制度劃分為五個組成要素：1.控制環境，2.風險評估，3.控制作業，4.資訊與溝通，及 5.監督作業。每個組成要素又包括若干項目。前述項目請參見「處理準則」之規定。
- 四、本公司業已採用上述內部控制制度判斷項目，評估內部控制制度之設計及執行的有效性。
- 五、本公司基於前項評估結果，認為本公司於民國 110 年 12 月 31 日的內部控制制度(含對子公司之監督與管理)，包括瞭解營運之效果及效率目標達成之程度、報導係屬可靠、及時、透明及符合相關規範暨相關法令規章之遵循有關的內部控制制度等之設計及執行係屬有效，其能合理確保上述目標之達成。
- 六、本聲明書將成為本公司年報及公開說明書之主要內容，並對外公開。上述公開之內容如有虛偽、隱匿等不法情事，將涉及證券交易法第二十條、第三十二條、第一百七十一條及第一百七十四條等之法律責任。
- 七、本聲明書業經本公司民國 111 年 03 月 24 日董事會通過，出席董事 7 人中，有 0 人持反對意見，餘均同意本聲明書之內容，併此聲明。

雅茗天地股份有限公司



董事長：吳伯超  簽章

總經理：張妙苓  簽章

(VIII) Penalties imposed on the Company and its internal staff, penalties imposed on its internal staff by the Company for violation of internal control regulations, major deficiencies and status of improvements made in the most recent year up to the publication date of this annual report: None

(IX) Major resolutions adopted by the shareholders' meeting and the Board of Directors in the most recent year up to the publication date of this annual report

1. Major resolutions adopted by the Board of Directors from 2021 to April 30, 2022:

Date	Item	No.	Important Resolution
2021.01.15	Discussions Item	1	Deliberation on the 2021 Business Plan and Financial Budget
		2	Evaluation of the independence of CPAs and the appointment and remuneration of CPAs attesting the Company's 2021 financial statements
		3	Discussion on the Cayman Islands Annual Return and Economic Substance Report
		4	Proposal to Increase limit of funds loaned between the Company's reinvested companies based on future operating needs
		5	Discussion on the proposal to establish Yummy Town (Cayman) Holdings Corporation, Taiwan Branch
		6	Proposal to amend the Company's "Regulations Governing Food Safety Management"
		7	Discussion on the proposal to amend the Company's "Internal Audit Implementation Rules (Taiwan)"
		8	Discussion on the ratification of newly appointed Chief Operating Officer of the Company
		9	Discussion on the 2021 salary adjustments for individual managers (including directors who concurrently serve as managers) at the Company and its subsidiaries
		10	Discussion on the 2020 year-end distribution plan for individual managers (including directors who concurrently serve as managers) at the Company and its subsidiaries
2021.03.19	Discussions	1	The Company's 2020 Business Report and Consolidated Financial Statements
		2	2020 Employee Remuneration and Directors' Remuneration Distribution Plan
		3	The Company's 2020 Earnings Distribution Plan
		4	The Company's 2020 Statement on Internal Control System
		5	Proposal to amend the Company's "Regulations Governing Food Safety Management"
		6	The Company's 4th Election of Directors
		7	Proposal to amend the Company's "Rules of Procedure for Shareholders' Meetings"
		8	Proposal to increase the capital of the Company's subsidiary, Yen Mei Enterprise Limited
		9	Proposal to increase the capital of Yen Chun International Co., Ltd. through the Company's subsidiary, Yen Mei Enterprise Limited
		10	Proposal to change the resolution of the Board of Director on September 30, 2020 to issue the 2nd round of secured domestic convertible corporate bonds in Taiwan
		11	Proposal to apply for bank guarantee limit for the issuance of secured convertible corporate bonds to Yuanta Bank
		12	Proposal to apply for bank guarantee limit for the issuance of secured convertible corporate bonds to CTBC Bank
		13	Proposal to apply for short-term financing and bank guarantee limit for the issuance of secured convertible corporate bonds to Shin Kong Commercial Bank
		14	Proposal to assess land purchase in Shanghai to build a corporate headquarters through the Company's sub-subsidiary, Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.
		15	Proposal to apply for renewal of loan commitment for onshore guarantees for offshore loans to The Bank of East Asia in Hong Kong in consideration of the Group's working capital needs

		16	Proposal to increase limit of funds loaned between the Company's reinvested companies based on future operating needs
		17	Proposal to establish a fully functional two-way cross-border RMB cash pool in the Shanghai Free Trade Zone through Citibank (China) Co., Ltd. in consideration of the Group's working capital needs
		18	Convening of the Company's 2020 Annual General Shareholders' Meeting and matters related to accepting shareholders' proposals and nominations
2021.04.26	Discussions	1	List of candidates for nomination as directors (including independent directors) to be proposed to the Board of Directors for approval
		2	Proposal on lifting the prohibition on new directors from non-compete restrictions
		3	Proposal to the Company's proposed issuance of ordinary shares in private placement for capital increase in cash
		4	1. Determination of dates for the cancellation of new restricted employee shares recovered by the Company and capital reduction as well as recovery of stock appreciation rights
2021.5.13	Discussions	1	The Company's 2021 Q1 Consolidated Financial Statements
		2	Proposal to apply for renewal of loan commitment to Chang Hwa Bank in consideration of the Group's working capital needs
		3	Proposal to apply for renewal of loan commitment to Taipei Fubon Bank in consideration of the Group's working capital needs
		4	Proposal to increase and cancel limit of funds loaned between the Company's reinvested companies based on future operating needs
		5	Proposal to increase and decrease limit of funds loaned between the Company's reinvested companies based on future operating needs
		6	Proposal to set up a sub-subsidiary in Xiamen through the Company's subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd., to enter the e-sports entertainment catering market.
2021.6.10	Discussions	1	Determine the date and venue for the adjournment of the Company's 2021 Annual General Shareholders' Meeting
		2	In view of the long-term operation development and planning of the operation headquarters in Mainland China, the Company intends to acquire Shanghai Ipang Health Technology Co., Ltd.
2021.7.8	Discussions	1	Proposal to elect new Chairman of the Board
2021.7.20	Discussions	1	The Company intends to acquire Shanghai Ipang Health Technology Co., Ltd. ("Shanghai Ipang") through the Company's subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.
		2	Proposal regarding the capital increase in Shanghai Ipang Health Technology Co., Ltd. by the Company's subsidiary, Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.
		3	The Company intends to cooperate with Master International Investment Co., Ltd. (the "Master Catering Group") to explore the overseas food and beverage market and make strategic alliances to expand the footprint of the food and beverage business.
		4	Proposal regarding the dissolution and liquidation of the subsidiary Meng Qiqi Food & Beverage Management (Shanghai) CO., LTD
		5	The Company intends to establish a joint venture in Songjiang District, Shanghai, China through the Company's subsidiary, Ai Qun Food & Beverage Management (Shanghai) CO.,LTD
		6	Proposal to increase and decrease limit of funds loaned between the Company's reinvested companies based on future operating needs
		7	Remuneration and travel expenses of the Company's fourth session of new corporate directors and independent directors
2021.8.24	Discussions	1	The Company's 2021 Q2 Consolidated Financial Statements
		2	Proposal to repurchase shares issued by the Company
		3	Amendments to the Company's "Regulations Governing the Transfer of Shares Repurchased by the Company to Employees for the Fourth Time"
		4	Proposal to apply for new loan commitment to Bank of Kaohsiung in consideration of the Group's increased working capital needs
	Interim Motion	1	The independent director Seetoo, Chia-Heng asks about the progress of the implementation of the case of Shanghai Ipang Health Technology Co., Ltd.
		2	The independent director Tu, Chi-Yao proposed to add the cash flow position in the business report to facilitate the directors' understanding of the Company's operating conditions

2021.11.12	Discussions	1	The Company's 2021 Q3 Consolidated Financial Statements
		2	Proposal to formulate the Company's audit plan for 2022
		3	Proposal to cancel the first treasury share buyback and the second treasury share buyback capital reduction by the Company
		4	Proposal to amend the Company's "Ethical Corporate Management Best Practice Principles" and "Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct"
		5	Proposal to establish a joint venture in Shanghai by the Company through the Company's subsidiary, Ai Qun Food & Beverage Management (Shanghai) CO.,LTD
		6	Proposal to cancel intercompany endorsement/guarantee limit
		7	Proposal to apply for renewal of loan commitment to E.SUN Bank in consideration of the Company's working capital needs
		8	Proposal to apply for a short-term loan facility from Taishin Bank in consideration of the Company's working capital needs
		9	Proposal to increase limit of funds loaned between the Company's reinvested companies based on future operating needs
		10	Proposal to increase limit of funds loaned between the Company's reinvested companies based on future operating needs
		11	Proposal to decrease limit of funds loaned between the Company's reinvested companies based on future operating needs
2022.1.24	Discussions	1	Deliberation on the 2022 Business Plan and Financial Budget
		2	Evaluation of the independence of CPAs and the Company's 2022 financial statements Appointment and remuneration of the CPAs
		3	Submission of the Cayman Islands Annual Return and Economic Substance Report
		4	Amendments to the Company's "Articles of Incorporation"
		5	Proposal to amend certain provisions of the Company's "Rules of Procedure for Shareholders' Meetings"
		6	Proposal to amend the Company's "Corporate Governance Code"
		7	Proposal to amend certain provisions of the Company's "Procedures for Application for Suspension and Resumption of Trading"
		8	The Company intends to establish a new company to meet the needs of future operations in the United States Investment holding companies in the U.S.
		9	The Company intends to establish a new trading company in the U.S. through Yummy-Town Holding Corporation for its future operations in the U.S.
		10	Proposal to increase limit of funds loaned between the Company's reinvested companies based on future operating needs
		11	Proposal to increase limit of funds loaned of the Company to its subsidiaries based on future operating needs
		12	2021 year-end bonus distribution plan for individual managers (including directors who concurrently serve as managers) at the Company and its subsidiaries
		13	Proposal to set up the position of the Corporate Governance Officer in accordance with the law
2022.3.24	Discussions	1	The Company's 2021 "Business Report" and "Consolidated Financial Statements"
		2	The Company's 2021 loss reversal disposal
		3	2021 Employee Remuneration and Directors' Remuneration Distribution Plan
		4	Appointment of President of U.S. Subsidiary and Malaysia Subsidiary
		5	The Company's 2021 "Statement on Internal Control System"
		6	Revision of the "Sales and Collection Cycle" in China, Hong Kong and Taiwan The internal control system of "remuneration cycle" in Taiwan

	7	Proposal to amend the Company's "Procedures for Acquisition or Disposal of Assets"
	8	Proposal to acquire 20% equity of "Yong-Chun-Cheng Enterprise Co., Ltd." by the sub-subsidiary "Yen Chun International Co., Ltd."
	9	The Company intends not to proceed with the private placement of ordinary shares approved at the 2021 Annual General Shareholders' Meeting.
	10	Proposal to increase limit of funds loaned between the Company's reinvested companies based on future operating needs
	11	Proposal to adjust limit of funds loaned between the Company's reinvested companies based on future operating needs
	12	Proposal to adjust limit of funds loaned between the Company's reinvested companies based on future operating needs
	13	Determine the time, venue and agenda of the 2022 Annual General Shareholders' Meeting of the Company and to accept proposals from shareholders holding more than one percent of the total number of issued shares and the related matters

2. Implementation of resolutions adopted by the 2021 Annual General Shareholders' Meeting (July 8, 2021):

1. Proposal	The Company's 2020 Business Report and Consolidated Financial Statements
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 23,585,266 Disapproval votes: 5,259 Invalid votes: 0 Abstention votes/no votes: 2,657,823 Total votes: 26,248,348
Implementation	The operating and financial results for 2020 have been submitted to the shareholders' meeting for approval
2. Proposal	2020 Earnings Distribution Plan
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 23,584,266 Disapproval votes: 6,259 Invalid votes: 0 Abstention votes/no votes: 2,657,823 Total votes: 26,248,348
Implementation	Resolved to pay NT\$0.50 per share, which was paid on June 18, 2021
3. Proposal	Proposal to amend certain provisions of the Company's "Rules of Procedure for Shareholders' Meetings"
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 23,584,264 Disapproval votes: 6,261 Invalid votes: 0 Abstention votes/no votes: 2,657,823 Total votes: 26,248,348
Implementation	The 2022 Annual General Shareholders' Meeting will be held in accordance with the revised rules
4. Proposal	Amendments to the Company's "Procedures for Loaning of Funds to Others and Endorsements/Guarantees"
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 23,584,265 Disapproval votes: 6,260 Invalid votes: 0 Abstention votes/no votes: 2,657,823 Total votes: 26,248,348
Implementation	Handled in accordance with the rules approved by the shareholders' meeting
5. Proposal	Cash capital increase for private placement of ordinary shares (the proposal shall be approved by special resolution)

Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 23,584,264 Disapproval votes: 7,311 Invalid votes: 0 Abstention votes/no votes: 2,656,773 Total votes: 26,248,348																																
Implementation	On March 24, the Board of Directors resolved "not to proceed with the issue for the remaining period due to the expiration of the term"																																
6. Proposal	Election of the fourth sessions of directors (including independent directors)																																
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting List of Elected Director: <table border="1" data-bbox="587 577 1430 1122"> <thead> <tr> <th>Title</th> <th>Account Number</th> <th>Name of Candidate</th> <th>Number of Votes Won by Elected Director</th> </tr> </thead> <tbody> <tr> <td>Director</td> <td>1</td> <td>Wu, Po-Chao</td> <td>24,564,893</td> </tr> <tr> <td>Director</td> <td>6372</td> <td>Chen, Yu-Chen</td> <td>23,317,761</td> </tr> <tr> <td>Director</td> <td>3</td> <td>Wu, Hua-Chao</td> <td>22,377,239</td> </tr> <tr> <td>Director</td> <td>1816</td> <td>Special investment account of Yummy Town International Ltd. under the custody of Yuanta Commercial Bank Representative: Yen, Hsien-Ming</td> <td>22,362,886</td> </tr> <tr> <td>Independent Directors</td> <td>B12078****</td> <td>Lin, Tzu-Kuan</td> <td>21,338,022</td> </tr> <tr> <td>Independent Directors</td> <td>A11116****</td> <td>Tu, Chi-Yao</td> <td>21,338,015</td> </tr> <tr> <td>Independent Directors</td> <td>A12094****</td> <td>Seetoo, Chia-Heng</td> <td>21,339,638</td> </tr> </tbody> </table>	Title	Account Number	Name of Candidate	Number of Votes Won by Elected Director	Director	1	Wu, Po-Chao	24,564,893	Director	6372	Chen, Yu-Chen	23,317,761	Director	3	Wu, Hua-Chao	22,377,239	Director	1816	Special investment account of Yummy Town International Ltd. under the custody of Yuanta Commercial Bank Representative: Yen, Hsien-Ming	22,362,886	Independent Directors	B12078****	Lin, Tzu-Kuan	21,338,022	Independent Directors	A11116****	Tu, Chi-Yao	21,338,015	Independent Directors	A12094****	Seetoo, Chia-Heng	21,339,638
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Implementation	Term of office of the current Board of Directors 2021.07.08~2024.07.08																																
7. Proposal	Proposal to lifting the prohibition on new directors (including their representatives) of the Company's fourth session of the Board of Directors from non-compete restrictions (the resolution shall be passed as a significant resolution)																																
Voting (or Election) Results	<ul style="list-style-type: none"> The proposal was approved after voting Approval votes: 23,576,785 Disapproval votes: 4,410 Invalid votes: 0 Abstention votes/no votes: 2,667,153 Total votes: 26,248,348																																
Implementation	Passed by the Board resolution and completed the lifting.																																

(X) Major contents of dissenting opinions or qualified opinions on resolutions passed by the Board of Directors that are made by directors and supervisors, and are documented or issued through written statements, in the most recent year up to the publication date of this annual report: None

(XI) Resignation or dismissal of the Company's Chairman, President, accounting manager, finance manager, internal audit manager, and R&D manager in the most recent year up to the publication date of this annual report:

As of April 30, 2022

TITLE	NAME	DATE APPOINTED	DATE DISCHARGED	REASON FOR RESIGNATION OR DISCHARGE
Vice President	Huang, Jo-Han	September 30, 2013	October 18, 2021	Resignation
Vice President	Wang, Pei-Chun	September 6, 2016	July 1, 2021	Resignation
Chief Operating Officer	Shen, Meixue	January 2, 2018	October 25, 2021	Resignation
Vice President	Li, Yi-Hsing	November 22, 2017	December 15, 2021	Resignation
Audit Supervisor	Liu, Yu-Chieh	September 16, 2020	April 1, 2022	Position adjustment

V. CPA Fees

Unit: NT\$ thousands

Name of Accounting Firm	Name of CPAs	CPAs' Audit Period	Audit Fee	Non-audit Fee	Total	Remark
Deloitte Taiwan	Harrison Wu and Ian Huang	2021	5,700,000	358,000	6,058,000	CPA fees include travel (or transportation) fee, as well as other advance expenses incurred due to service provision and related taxes.

Note : Non-audit Fee is including business registration fee and parent company registration fee.

(I) Where the non-audit fees paid to CPAs, their accounting firm, and other affiliated companies are one-fourth of the audit fee:

Not applicable

(II) Where the accounting firm was replaced, and the audit fees for the year when replacement was made was less than that in the previous fiscal year before replacement:

Not applicable

(III) Where the audit fees for the year were reduced by more than 15 percent compared to the previous year: Not applicable

VI. Change of CPAs: None

VII. The Company's Chairman, President and Managers in Charge of Finance and Accounting Matters Who Previously Served at the Accounting Firm of the CPAs or Its Affiliated Companies in the Most Recent Year: None

VIII. Equity Transfer and Changes in Equity Pledge Involving Directors, Supervisors, Managers and the Top 10 Shareholders Whose Shareholding Percentage Exceeds 10 percent in the Most Recent Year up to the Publication Date of this Annual Report

(I) Equity Transfer and Changes in Equity Pledge Involving Directors, Supervisors, Managers and the Top 10 Shareholders Whose Shareholding Percentage Exceeds 10 percent

Unit: shares

Title	Name	2021		As of April 17 (Book Closure Date)	
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged
Shareholder Concurrently Serving as Chairman Whose Shareholding Percentage Exceeds 10 percent	Wu, Po-Chao	-	- (3,346,000)	-	-
Director and Corporate Governance Officer	Chen, Yu-Chen	-	-	-	-
Director	Representative of YUMMY TOWN INTERNATIONAL LTD (Samoa): Yen, Hsien-Ming	-	-	-	-
Shareholder Whose Shareholding Percentage Exceeds 10 percent	YUMMY TOWN INTERNATIONAL LTD · (Samoa)	-	-	-	(315,000)
Director	Wu, Hua-Chao	3,000 (79,000)	- (480,000)	- (3,000)	-
Independent Directors	Seetoo, Chia-Heng (Date of appointment: 2021/7/8)	-	-	-	-
Independent Directors	Tu, Chi-Yao (Date of appointment: 2021/7/8)	-	-	-	-
Independent Directors	Lin, Tzu-Kuan (Date of appointment: 2021/7/8)	-	-	-	-
President	Chang, Miao-Ling	-	-	-	-
Vice President	Huang, Hsin-Lin	2,000 (4,000)	-	-	-
Vice President	Lin, Wan-Ting	-	-	-	-
Chief Investment Officer	Chen, Sheng-Chung	7,000 -	-	-	-
Vice President, CFO and Accounting Supervisor	Lin, Che-Chi	-	-	-	-
Vice President	Chen, Po-Sheng (Date of appointment: 2022/3/24)	-	-	-	-
Vice President	Loke, Yeu-Loong (Date of appointment: 2022/3/24)	-	-	-	-

Title	Name	2021		As of April 17 (Book Closure Date)	
		Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged	Increase (Decrease) in the Number of Shares Held	Increase (Decrease) in the Number of Shares Pledged
Acting Spokesperson	Hsu, Mei-Hua	-	-	-	-
Special Assistant to the Chairman Office	Liu, Yu-Chieh (Termination date of the audit supervisor: 2022/4/1)	1,000 -	-	-	-
Acting audit supervisor	Tsai, Cheng-Ju (Date of appointment: 2022/4/1)	-	-	-	-
Independent Directors	Hsu, Shih-Chun (Date of termination: 2021/7/8)	-	-	-	-
Independent Directors	Hsu, Yi-Fang (Date of termination: 2021/7/8)	-	-	-	-
Independent Directors	Chen, Cheng-Chong (Date of termination: 2021/7/8)	-	-	-	-
Vice President	Huang, Jo-Han (Date of termination: 2021/10/18)	-	-	-	-
Vice President	Wang, Pei-Chun (Date of termination: 2021/7/1)	-	-	-	-
Vice President	Li, Yi-Hsing (Date of termination: 2021/12/15)	-	-	-	-
Chief Operating Officer	Shen, Meixue (Date of termination: 2021/10/25)	-	-	-	-

(II) Information on Equity Transfer: None

(III) Equity Pledge Information:

Name	Reasons for change in pledge	Date of change	Counterparty	Relationship between the counterparty and the Company's directors, supervisors, managers and shareholders holding more than 10 percent of the shares	Number of Shares	Shareholding Percentage	Pledge Percentage	Pledging (redemption) amount
Wu, Po-Chao	Redemption	110.08.27	Yuanta Securities Financial Holding Co., Ltd.	-	377,000	14.86%	0%	-
Wu, Po-Chao	Redemption	110.07.13	Yuanta Securities Financial Holding Co., Ltd.	-	1,460,000	14.86%	0%	-
Wu, Po-Chao	Redemption	110.02.26	Yuanta Securities	-	569,000	14.86%	0%	-

			Financial Holding Co., Ltd.					
Wu, Po-Chao	Redemption	110.01.28	Yuanta Securities Financial Holding Co., Ltd.	-	40,000	14.86%	0%	-
Wu, Po-Chao	Redemption	110.01.27	Yuanta Securities Financial Holding Co., Ltd.	-	400,000	14.86%	0%	-
Wu, Po-Chao	Redemption	110.08.27	Yuanta Securities Financial Holding Co., Ltd.	-	500,000	14.86%	0%	-
Wu, Hua-Chao	Redemption	110.03.19	IBF Securities Co., Ltd.	-	8,000	1.22%	0%	-
Wu, Hua-Chao	Redemption	110.04.08	IBF Securities Co., Ltd.	-	6,000	1.22%	0%	-
Wu, Hua-Chao	Redemption	110.03.29	IBF Securities Co., Ltd.	-	9,000	1.22%	0%	-
Wu, Hua-Chao	Redemption	110.03.16	IBF Securities Co., Ltd.	-	9,000	1.22%	0%	-
YUMMY TOWN INTERNATIONAL LTD · (Samoa)	Redemption	111.03.23	Bank of Panhsin Ming Shen Branch	-	315,000	19.22%	26.60%	-
Wu, Hua-Chao	Redemption	110.03.11	IBF Securities Co., Ltd.	-	9,000	1.22%	0%	-
Wu, Hua-Chao	Redemption	110.03.02	IBF Securities Co., Ltd.	-	9,000	1.22%	0%	-
Wu, Hua-Chao	Redemption	110.05.31	IBF Securities Co., Ltd.	-	428,000	1.22%	0%	-
Wu, Hua-Chao	Redemption	110.03.15	IBF Securities Co., Ltd.	-	2,000	1.22%	0%	-

© Please make own judgment as to whether the counterparty is an insider's related party

IX. Information on the Top 10 Shareholders by Number of shares Held Who Are Related Parties or Each Other's Spouses and Relatives within the Second Degree of Kinship

April 17, 2022 Unit: shares

Name	Shares Held by the Person		Shares Held by Spouse or Minors		Shares Held in the Name of Others		Title or Name and Relationship of the 10 Shareholders Who Are Related Parties or Each Other's Spouses and Relatives Within the Second Degree of Kinship		Remark
	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Title (Name)	Relationship	
Special investment account of Yummy Town International Ltd. under the custody of Yuanta Commercial Bank	6,878,683	19.22%	—	—	—	—	Wu, Po-Chao	Wu, Po-Chao is the director of Yummy Town International Ltd.	
Wu, Po-Chao	5,316,930	14.86%	18,902	0.05%	—	—	YUMMY TOWN INTERNATIONAL LTD.	Wu, Po-Chao is the director of Yummy Town International Ltd.	
Special investment account of Huangma Co., Ltd. under the custody of CTBC Bank Co., Ltd.	1,891,562	5.29%	—	—	—	—	—	—	
Cheng, Chun-Chung	1,801,000	5.03%	—	—	—	—	—	—	
Special investment account of Proco International Co., Ltd. under the custody of Far Eastern International Bank	1,263,072	3.53%	—	—	—	—	—	—	
Special investment account of Preferred Investment Advisors (HK) Ltd.	855,179	2.39%	—	—	—	—	—	—	
Lu, Han-Fen	799,046	2.23%	—	—	—	—	—	—	
Special investment account of Xinle Investment Co., Ltd. under the custody of Cathay United Bank Co., Ltd.	730,844	2.04%	—	—	—	—	—	—	
Special investment account of Taiwan Opportunity Fund under the custody of Deutsche Bank	691,028	1.93%	—	—	—	—	—	—	
Alonk Trading Financial Open Investment Management U.S. under the custody of HSBC	689,071	1.93%	—	—	—	—	—	—	

X. Number of Shares Held by the Company, its Directors, Supervisors, Managers and Reinvested Businesses Either Directly or Indirectly Controlled by the Company and Combined Shareholding Percentage

April 17, 2022 Unit: thousand shares; %

Reinvested Company (Note 1)	Investment by the Company		Investment by Directors, Supervisors, Managers, and Companies Either Directly or Indirectly Controlled by the Company		Combined Investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Percentage	Number of Shares	Shareholding Percentage
RBT Holdings Limited	50,200	100%	—	—	50,200	100%
RBT Enterprise Limited	8.8	100%	—	—	8.8	100%
Yen Mei Enterprise Limited	Note 2	100%	—	—	Note 2	100%
Yen Chun International Co., Ltd.	2,500	100%	—	—	2,500	100%
Happy Lemon HK Limited	7,000	100%	—	—	7,000	100%
RBT Resources Limited	26,000	100%	—	—	26,000	100%
Yummy-town USA LLC	Note 2	100%	—	—	Note 2	100%
Yummy-town UK Ltd	Note 2	100%	—	—	Note 2	100%
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Note 2	100%	—	—	Note 2	100%
You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	Note 2	55.5%	—	—	Note 2	55.5%
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Note 2	100%	—	—	Note 2	100%
Shanghai Tai Quan Trading Co., Ltd.	Note 2	100%	—	—	Note 2	100%
Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Note 2	100%	—	—	Note 2	100%
Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Note 2	100%	—	—	Note 2	100%
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Note 2	100%	—	—	Note 2	100%

Reinvested Company (Note 1)	Investment by the Company		Investment by Directors, Supervisors, Managers, and Companies Either Directly or Indirectly Controlled by the Company		Combined Investment	
	Number of Shares	Shareholding Percentage	Number of Shares	Percentage	Number of Shares	Shareholding Percentage
Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Note 2	100%	—	—	Note 2	100%
Freshtea Japan Co., Ltd.	Note 1	40%	—	—	Note 2	40%
Happy Lemon California, Inc.	Note 3	49%	—	—	Note 3	49%
Yi Cheng Food & Beverage Management (Guangxi) Co., Ltd.	Note 2	100%	—	—	Note 2	60%
Meng Qi Qi Food & Beverage Management (Shanghai) Co., Ltd.	Note 3	41%	—	—	Note 3	41%
Yong-Chun-Cheng Enterprise Co., Ltd.	Note 3	20%	—	—	Note 3	20%
Happy Lemon West Inc.	Note 2	70%	—	—	Note 2	70%
Happy Lemon (M) Sdn Bhd	Note 2	51%	—	—	Note 2	51%
Shanghai Ipang Health Technology Co., Ltd.	Note 2	100%	—	—	Note 2	100%
Xiamen Choyueh Food & Beverage Management (Shanghai) Co., Ltd.	Note 4	100%	—	—	Note 4	100%
Shanghai Coffee and Tea Prince Intelligence Co., Ltd.	Note 2	51%	—	—	Note 2	51%

Note 1: Invested by the Company using the equity method

Note 2: It is a limited company; thus, no shares have been issued.

Note 3: Disposed; Happy Lemon California, Inc. on 2021.1.28, Meng Qi Qi Food & Beverage (Shanghai) on 2021.10.15, Yong-Chun-Cheng on 2022.3.31.

Note 4: Registered, no capital injection nor shares.

Chapter 4 Funding Status

I. Capital and Shares

(I) Sources of Capital

1. Type of Shares

April 17, 2022 Unit: shares

1. Type of Shares	Authorized Capital			Remark
	Number of Outstanding Shares	Number of Unissued Shares	Total	
Registered ordinary shares	35,785,216	64,214,784	100,000,000	—

2. Changes in the Company's Share Capital in the Most Recent Year up to the Publication Date of this Annual Report

Unit: thousand shares; NT\$ thousands

Month/Year	Issue Price	Authorized Capital		Paid-in Capital		Remark		
		Number of Shares	Amount	Number of Shares	Amount	(I) Sources of Capital	Capital increase by assets other than cash	Others
2011.11	10	100,000	1,000,000	16,014	160,144	Issuance of new shares totaling NT\$160,144,000 due to equity restructuring	None	Note 1
2012.05	10	100,000	1,000,000	16,654	166,544	Capital increase by cash totaling NT\$6,400,000	None	Note 1
2012.11	10	100,000	1,000,000	19,985	199,853	Capital increase by earnings and capital surplus totaling NT\$33,309,000	None	Note 1
2013.09	10	100,000	1,000,000	22,983	229,831	Capital increase by earnings totaling NT\$29,978,000	None	Note 1
2014.05	10	100,000	1,000,000	24,132	241,323	Capital increase by earnings totaling NT\$11,492,000	None	Note 1
2014.12	10	100,000	1,000,000	27,350	273,503	Capital increase by cash totaling NT\$32,180,000	None	Date of Approval: November 27, 2014 Approval Document No.: Cheng Kuei Shen Tzu No. 10300308502
2016.01	10	100,000	1,000,000	27,358	273,583	Conversion of convertible corporate bonds	None	
2016.02	10	100,000	1,000,000	27,360	273,603	Conversion of convertible corporate bonds	None	
2016.09	10	100,000	1,000,000	27,434	274,343	Conversion of convertible corporate bonds	None	

2016.09	10	100,000	1,000,000	27,360	300,963	Capital increase by earnings totaling NT\$27,360,000	None	Note 1
2016.10	10	100,000	1,000,000	30,173	301,725	Conversion of convertible corporate bonds	None	
2016.12	10	100,000	1,000,000	30,215	302,151	Conversion of convertible corporate bonds	None	
2017.01	10	100,000	1,000,000	30,257	302,577	Conversion of convertible corporate bonds	None	
2017.02	10	100,000	1,000,000	30,312	303,116	Conversion of convertible corporate bonds	None	
2017.03	10	100,000	1,000,000	30,426	304,259	Conversion of convertible corporate bonds	None	
2017.04	10	100,000	1,000,000	30,435	304,349	Conversion of convertible corporate bonds	None	
2017.06	10	100,000	1,000,000	30,791	307,914	Conversion of convertible corporate bonds	None	
2017.07	10	100,000	1,000,000	30,803	308,029	Conversion of convertible corporate bonds	None	
2017.08	10	100,000	1,000,000	30,831	308,306	Conversion of convertible corporate bonds	None	
	10	100,000	1,000,000	31,100	310,996	Issuance of new restricted employee shares	None	Approved Document No.: Chin Kuan Cheng Fa Tzu No. 1060028289
2017.09	10	100,000	1,000,000	31,980	319,795	Conversion of convertible corporate bonds	None	
2017.10	10	100,000	1,000,000	33,361	333,605	Conversion of convertible corporate bonds	None	
2017.11	10	100,000	1,000,000	33,395	333,952	Conversion of convertible corporate bonds	None	
2017.12	10	100,000	1,000,000	33,439	334,391	Conversion of convertible corporate bonds	None	
	10	100,000	1,000,000	33,404	334,041	Cancellation of new restricted employee shares	None	
2018.01	10	100,000	1,000,000	33,453	334,526	Conversion of convertible corporate bonds	None	
2018.02	10	100,000	1,000,000	33,499	334,987	Conversion of convertible corporate bonds	None	
2018.03	10	100,000	1,000,000	33,545	335,449	Conversion of convertible corporate bonds	None	
	10	100,000	1,000,000	33,626	336,259	Issuance of new restricted employee shares	None	Approved Document No.: Chin Kuan Cheng Fa Tzu No. 1060028289
2018.04	10	100,000	1,000,000	33,647	336,467	Conversion of convertible corporate bonds	None	

2018.05	10	100,000	1,000,000	33,636	336,356	Cancellation of new restricted employee shares	None	
2018.08	10	100,000	1,000,000	33,815	338,145	Conversion of convertible corporate bonds	None	
2018.09	10	100,000	1,000,000	35,008	350,081	Conversion of convertible corporate bonds	None	
2018.10	10	100,000	1,000,000	35,045	350,448	Conversion of convertible corporate bonds	None	
2018.11	10	100,000	1,000,000	35,069	350,694	Conversion of convertible corporate bonds	None	
2019.01	10	100,000	1,000,000	35,005	350,054	Cancellation of new restricted employee shares	None	Note 2
2019.05	10	100,000	1,000,000	34,942	349,415	Cancellation of new restricted employee shares	None	Note 2
2019.08	10	100,000	1,000,000	34,909	349,085	Cancellation of new restricted employee shares	None	Note 2
2020.05	10	100,000	1,000,000	34,860	348,597	Cancellation of new restricted employee shares	None	Note 2
2020.08	10	100,000	1,000,000	36,557	365,574	Capital increase by earnings NT\$17,041,000	None	Note 1
						Cancellation of new restricted employee shares	None	Note 2
2020.11	10	100,000	1,000,000	36,554	365,544	Cancellation of new restricted employee shares	None	Note 2
2021.09	10	100,000	1,000,000	36,505	365,052	Cancellation of new restricted employee shares	None	Note 2
2021.11	10	100,000	1,000,000	35,785	357,852	Cancellation of treasury shares	None	Note 3

Note:

1. The Company was established at Cayman Islands on December 22, 2009. In 2011, new shares totaling NT\$160,144,000 were issued due to equity restructuring. In May 2012, capital was raised through the issuance of new shares totaling NT\$6,400,000. In November 2012, September 2013, May 2014, June 2016, and June 2020 the shareholders' meeting engaged in capital increase by earnings and capital surplus, while the approved documents were not applicable to previous capital increases.
2. Cancellation of new restricted employee shares: 64,000 shares in January 2019; 63,815 shares in May 2019; 33,000 shares in August 2019; 48,815 shares in May 2020; 6,374 shares in August 2020; 3,000 shares in November 2020; and 49,196 shares in September 2021.
3. 2021/11/12 The Board of Directors resolved to cancel 720,000 treasury shares. (The Company's first and second treasury share buyback were cancelled in accordance with the Securities and Exchange Act upon the expiration of the transfer period)
4. Information on the shelf registration system: Not applicable

(II) Shareholder Structure

April 17, 2022

(II) Shareholder Structure Item	Government Agencies	Financial Institutions	Other Juristic Persons	Foreign institutions and foreigners	Domestic Natural Persons	Treasury Shares	Total
Number of shareholders	0	0	14	23	3,712	1	3,750
Number of Shares Held (shares)	0	0	1,079,310	13,564,586	20,697,320	444,000	35,785,216
Shareholding Percentage (%)	0.00%	0.00%	3.02%	37.91%	57.83%	1.24%	100%

Note: No shares were held by investors from Mainland China.

(III) Distribution of Equity Ownership

1. Common Shares

April 17, 2022

(The nominal value of a share is NT\$10)

Shareholding Classification	Number of shareholders	Number of Shares Held	Shareholding Percentage %
1-999	2,206	76,844	0.21%
1,000-5,000	1,134	2,316,053	6.47%
5,001-10,000	187	1,367,499	3.82%
10,001-15,000	59	735,705	2.06%
15,001-20,000	44	789,637	2.21%
20,001-30,000	32	822,771	2.30%
30,001-40,000	18	632,274	1.77%
40,001-50,000	12	549,619	1.54%
50,001-100,000	23	1,497,212	4.18%
100,001-200,000	12	1,731,905	4.84%
200,001-400,000	8	1,844,591	5.15%
400,001-600,000	4	1,854,691	5.18%
600,001-800,000	5	3,559,989	9.95%
800,001-1,000,000	1	855,179	2.39%
More than 1,000,001 shares	5	17,151,247	47.93%
Total	3,750	35,785,216	100.00%

2. Distribution of Preferred Shares: Not applicable

(IV) List of Major Shareholders

Name, Number of Shares Held by and Shareholding Percentage of Shareholders Who Hold More Than Five Percent of the Company's Shares or Who are the Top 10 Shareholders

April 17, 2022 Unit: shares

Name of Major Shareholder	Shares	Number of Shares Held	Shareholding Percentage
Special investment account of Yummy Town International Ltd. under the custody of Yuanta Commercial Bank		6,878,683	19.22%
Wu, Po-Chao		5,316,930	14.86%
Special investment account of Huangma Co., Ltd. under the custody of CTBC Bank Co., Ltd.		1,891,562	5.29%
Cheng, Chun-Chung		1,801,000	5.03%
Special investment account of Proco International Co., Ltd. under the custody of Far Eastern International Bank		1,263,072	3.53%
Special investment account of Preferred Investment Advisors (HK) Ltd.		855,179	2.39%
Lu, Han-Fen		799,046	2.23%
Special investment account of Xinle Investment Co., Ltd. under the custody of Cathay United Bank Co., Ltd.		730,844	2.04%
Special investment account of Taiwan Opportunity Fund under the custody of Deutsche Bank		691,028	1.93%
Alonk Trading Financial Open Investment Management U.S. under the custody of HSBC		689,071	1.93%

(V) Market Price Per Share, Net Worth Per Share, Earnings Per Share, Dividends Per Share, and Related Information in the Two Most Recent Years

Unit: NT\$ per thousand shares

Item Year		2020	2021	2022 up to end of March	
Market price per share (Note 1)	Maximum	82.60	86.20	34.50	
	Minimum	46.50	29.90	24.70	
	Average	64.64	61.03	29.05	
Net Worth (Note 2)	Before allocation	18.33	—	—	
	After allocation	17.83	—	—	
Earnings per share	Weighted average number of shares	35,715	35,574	35,341	
	Earnings Per Share	Before adjustment	1.09	-2.65	0.04
		After adjustment	1.09	-2.65	0.04
Dividend per share	Cash dividends		0.5	- (Note 9)	—
	Stock dividends	Dividends from retained earnings	—	—	—
		Dividends from capital surplus	—	—	—
	Accumulated unpaid dividends		—	—	—
Analysis on investment return	Price/earnings ratio		59.30	-23.03	726
	Price/dividends ratio		43.09	—	—
	Cash dividend yield		4.64%	—	—

* In the event of share allotment arising from capital increase by earnings or capital surplus, information on market prices and cash dividends adjusted retrospectively according to the number of shares issued shall be disclosed.

Note 1: The highest and lowest market prices of common shares for each year shall be listed, while the average market price for common shares shall be calculated according to trading value and trading volume.

Note 2: Please fill the related figures with reference to the number of shares issued at the end of the year and according to the status of distribution approved by the shareholders' meeting in the previous year.

Note 3: In the event that retrospective adjustments are required due to stock dividends, earnings per share before and after adjustment shall be listed.

Note 4: If the conditions for equity securities issuance stipulate that unpaid dividends for the current year can be accumulated to subsequent years in which a profit is posted, the accumulated unpaid dividends up to the current year shall be disclosed respectively.

Note 5: Price/earnings ratio = Average closing price per share for the current year/Earnings per share.

Note 6: Price/dividend ratio = Average closing price per share for the current year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share/Average closing price per share for the current year.

Note 8: The market price per share and earnings per share columns shall be filled based on the information audited (or reviewed) by CPAs for the most recent quarter as of the publication date of this annual report.

Other columns shall be filled based on the information for the current year as of the publication date of this annual report.

Note 9: Pending approval from the shareholders' meeting in 2022.

(VI) Dividend Policy and Its Implementation Status

1. Dividend policy stipulated in the Company's Articles of Incorporation

- (1) If the Company posts a profit in the current year, the amount of remuneration distributed to employees shall not exceed three percent of the profit for the current year (i.e. profit before tax excluding remuneration paid to employees and directors), while the amount of remuneration for directors shall not exceed three percent of the profit for the current year. However, when the Company continues to record a cumulative loss, its profit shall first be used to make up for the loss. Employee remuneration may be paid in the form of shares or cash, and may be distributed based on the employee reward plan agreed upon in accordance with the provisions of Article 10(a). Employee remuneration may also be distributed to employees of subordinate companies that meet certain conditions. The distribution of employee remuneration shall be adopted by a majority of the directors present at a Board of Directors' meeting attended by at least two-thirds of all the directors, and shall be reported to the shareholders meeting. Remuneration for directors may only be paid in the form of cash. Directors who concurrently serve as an executive of the Company and/or its subordinate companies may simultaneously receive remuneration for serving as a director and an employee of the company.
- (2) In the event that the Company's shares are traded on any of the stock exchanges in the Republic of China (R.O.C.), the Company shall use net profit after tax for a particular fiscal year as the basis for calculating the amount of earnings to be distributed every fiscal year. Such distribution may only be carried out after (i) making up for the losses accumulated in the previous years (including adjusting undistributed surplus), (ii) setting aside part of the profit as capital surplus in accordance with the Company's Articles of Incorporation, (iii) setting aside 10 percent of capital surplus ("statutory surplus reserve") in accordance with the regulations applicable to public companies (however, this does not apply when the accumulated amount of this surplus reserve has reached the total amount of paid-in capital), and (iv) contributing to the provident fund in accordance with the requirements set forth by the relevant competent authority in R.O.C. (including but not limited to the Financial Supervisory Commission (FSC) or the securities exchange markets in R.O.C.). The Company's net profit after tax every fiscal year after deducting the abovementioned is known as "distributable earnings for the period." Dividends may be distributed from the distributable earnings for the period or retained earnings that has not been distributed in previous years (hereinafter collectively referred to as "accumulated distributable earnings"). Dividends may be distributed to shareholders from the accumulated distributable earnings in the form of cash or through the issuance of new shares. Dividends distributed to shareholders shall not be lower than five percent of the distributable earnings for the period.

(3) Distribution of dividends or bonuses may not accumulate interest on the Company.

2. Dividend Distribution Proposed (or Deliberated) for This Year

The Company's 2021 loss reversal disposal was approved by the Board of Directors on March 24, 2022:

Unit: NT\$

Item	Amount	Remark
Accumulated undistributed earnings at the beginning of the period	\$ 32,488,898	
Less: Cancellation of treasury shares	(33,447,408)	
Less: Net loss after tax for the period	(94,106,175)	
Losses to be recovered	(95,064,685)	
Add: Legal earnings surplus to cover losses	68,192,861	
Add: Capital surplus to cover losses	26,871,824	
Losses to be recovered at the end of the period	\$ (0)	

Note 1: Pending approval from the shareholders' meeting in 2022.

Note 2: It is calculated based on the number of outstanding shares on February 28, 2022 (excluding treasury shares, restricted shares to be canceled, and unvested restricted shares).

The actual amount is calculated based on the actual number of shares on the ex-dividend date.

(VII) Impact of Stock Dividends Proposed by the Shareholders' Meeting This Year on the Company's Business Performance and Earnings Per Share

This section is not applicable as financial forecast for this year has not been publicly disclosed and no stock dividends have been distributed.

(VIII) Employee Bonus and Remuneration for Directors and Supervisors

1. Percentage or Range of Employee Bonus and Remuneration for Directors and Supervisors As Stipulated in the Company's Articles of Incorporation

Yummy Town (Cayman) Holdings Corporation is a holding company. The percentage of employee bonus and remuneration for directors and supervisors as stipulated in the Company's Articles of Incorporation are listed as follows:

- (1) Remuneration for directors shall not exceed three percent of the profit for the current year.
- (2) Employee remuneration to be distributed to all employees of the Company and its subordinate companies shall not exceed three percent of the profit for the current year, and may be distributed in the form of cash or shares. Besides, such remuneration may be distributed based on the employee reward plan agreed upon in accordance with the relevant regulations.
- (3) The shareholders' meeting may adopt the resolution, based on the recommendations of the Board of Directors, that dividends and bonuses shall be distributed through capital increase by issuing new shares. However, the percentage of cash dividends and bonuses shall not be lower than 10 percent of the dividends and bonuses distributed through capital increase by issuing new shares.

Accounting treatment for the basis of estimating employee bonus and remuneration for directors and supervisors, the basis of calculating the number of shares to be distributed as bonus, and any difference between the actual amount distributed and the estimated figures: None

2. Information on the Proposed Distribution of Employee Bonus Approved by the Board of Directors

- (1) Where the amount of employee bonus distributed in the form of cash or shares and remuneration for directors and supervisors exhibit differences with the recognized expenses and annual estimates, the sum, cause, and treatment of such differences shall be disclosed: The Company has proposed not to distribute employee bonus and remuneration for directors and supervisors. Hence, this section is not applicable.
- (2) Amount of employee bonus distributed in the form of shares and its percentage in terms of net profit after tax provided in the parent company-only financial statements and the total amount of employee bonus: This section is not applicable as the Company has not distributed bonuses in the form of shares to employees.

- (3) Imputation of earnings per share after considering proposing the distribution of employee bonus and remuneration for directors and supervisors: Not applicable
3. Actual distribution of employee bonus and remuneration for directors and supervisors (including the number, amount, and price of shares distributed) in the previous year, as well as the amount, cause, and treatment of difference between the actual amount and recognized amount of employee bonus and remuneration for directors and supervisors shall be described: None

(IX) Repurchase of the Company's own shares:

1. Repurchase of the Company's own shares (implementation completed):

Date: April 30, 2022

Number of Repurchases	The fourth time (phase)
Purpose of Repurchase	Transfer of shares to employees
Repurchase Period	2021.8.27~2021.10.22
Average Repurchase Price per Share	NT\$40.81
Type and Number of Shares Repurchased	333,000 ordinary shares
Amount of Shares Repurchased	NT\$13,589,655
Percentage of Expected Number of Shares to be Repurchased in Terms of Total Number of Shares Repurchased (%)	33.3%
Number of shares cancelled and transferred	0
Cumulative number of shares held by the Company	444,000
Percentage of the cumulative number of shares held by the Company to the total number of shares in issue (%) (Note)	1.24%

Note: As of April 30, 2022, a total of 35,785,216 shares have been issued.

2. Repurchase of the Company's own shares (under implementation): None
- II. Corporate Bonds (including Overseas Corporate Bonds): None
- III. Preferred Shares: None
- IV. Participation in Global Depository Receipts: None
- V. Employee Stock Option Certificates: None
- VI Restrictions on the application of new shares of employees' rights: None.
(remaining 49,196 new restricted employee shares canceled on September 10, 2021)

Name of Managers and Top 10 Employees Holding New Restricted Employee Shares as of the Publication Date of this Annual Report and the Status of Acquiring Such Option:

As of April 30, 2022

	Title (Note 1)	Name	Number of New Restricted Employee Shares Acquired	Percentage of New Restricted Employee Shares Acquired in Terms of the Total Number of Shares Issued (Note 3)	Restricted Shares Extinguished				Restricted Shares Yet to be Extinguished			
					Number of Restricted Shares Extinguished (thousand shares)	Issue Price	Issue Amount	Percentage of Restricted Employee Shares Extinguished in Terms of the Total Number of Shares Issued (Note 3)	Number of shares not released from restrictions	Issue Price	Issue Amount	Percentage of Restricted Shares Yet to be Extinguished in Terms of the Total Number of Shares Issued (Note 3)
Manager	President	Lu, Hsiao-Huei (resigned)	274,000	0.765%	274,000	0	0	0.765%	0	0	0	0%
	President	Chang, Miao-Ling										
	Finance Headquarters Vice President and Accounting Supervisor	Huang, Hui-Ting (resigned)										
	Vice President, R&D Headquarters	Huang, Hsin-Lin										
	Assistant to the Chairman	Ke, Te-Ping (resigned)										
	Assistant to the Chairman	Chan, Wen-Liang (resigned)										
	Assistant to the CEO	Chang, Hsin-Jung (resigned)										
	Assistant to the CEO	Li, Yi-Hsing (resigned)										
	Vice President, Management Headquarters	Wang, Pei-Chun (resigned)										

	Vice President, Overseas Strategic Headquarters	Lin, Wan-Ting										
	Vice President, Marketing Headquarters	Li, Tsung-Yi (resigned)										
	Supervisor of the Audit Office	Chen, Tsui-Ling (resigned)										
Employee (Note 2)	Director	Chen, Yi-Hung (resigned)	76,000	0.21%	76,000	0	0	0.21%	0	0	0	0%
	Director	Wu, Hua-Chao (resigned)										
	Director	Chen, Chien-Wen										
	Director	Lin, Tai-Yi										
	Director	Lung, Shu-Chih (resigned)										
	Director	Chiang, Ping-Chang										
	Director	Tsao, Chia-Hung (resigned)										
	Director	Lin, Jui-Ling										
	Director	Lin, Chia-Chi										
	Director	Hsu, Mei-Ling										

Note 1: It includes managerial officers and employees (special notes shall be provided for those who have resigned or deceased). The name and title of managers and employees shall be disclosed separately. However, the number of restricted employee shares distributed or subscribed by them may be disclosed collectively.

Note 2: Employees receiving new restricted employee shares refer to employees other than managers.

Note 3: As of April 30, 2022, a total of 35,785,216 shares have been issued.

VII. Mergers and Acquisitions: None

VIII. Issuance of New Shares in Connection with Mergers or Acquisitions or Acquisitions of Shares of Other Companies: None

IX. Implementation of Capital Utilization Plan:

Issuance or private placement of securities yet to be completed, or having been completed in the three most recent years with the benefits of the plan yet to be realized in the three most recent years, as of the publication date of this annual report: None

Chapter 5. Business Overview

I. Business Activities

1. Business Scope

(1) Main content of the businesses of the Company and its subsidiaries:

The Company operates a chain of tea and catering brands, providing freshly prepared hand-shaken tea, desserts, light meals, creative Spanish cuisine, selling the branded IP products, as well as running a trading and logistics company. At present, the business model of stores and restaurants are operated in the form of direct operation, joint venture, agency, franchise, etc. The Group has five major food and beverage brands, namely, the tea and beverage, Happy Lemon, Tea Opal, Hippo Bobatea; the casual light food chain brand RBT, the Spanish creative restaurant alma, and the ingredient sales and logistics distribution Taiquan Trading.

(2) Proportion of Business

Unit: NT\$ thousands

Main Products	Year	year 2020		year 2021	
		Amount of Sales	Proportion of Sales	Amount of Sales	Proportion of Sales
Franchise, agent and other related revenue		1,058,807	67.00%	931,515	63.86%
Revenue direct from company-operated stores		521,430	33.00%	527,273	36.14%
Total		1,580,237	100.00%	1,458,788	100.00%

(3) Current Products and Services of the Company and Subsidiaries

Sale of food and beverage and franchise services: RBT, Happy Lemon, and Hippo Bobatea; sale of food and beverage: The Spiceland, Alma, and Tea Opal:

1) Franchise counseling:

Build an effective franchise counseling platform to offer logistic support services to business partners who are interested in launching a food and beverage business, including selection of store location, performance appraisal, renovation and design, and operational training.

2) Food and beverage services:

Develop sales of a variety of casual set meals and takeaway fresh beverages. The classification of products made and offered by RBT, Happy Lemon, The Spiceland, Alma, Tea Opal, and Hippo Bobatea, and their main products are

listed as follows:

RBT	
Product Category	Series
Beverages	Fine brewed tea series, cup fruit tea series, rock salt cheese series, classic milk tea series, ice sorbet and blended coffee series, and coffee series
Light meals	Beef noodle series, Taiwanese-style curry series, Spaghetti series, and cheese baked rice series
Snacks	Waffle series, and thin and crispy series
Finger foods	Taiwanese-style classic finger foods
Desserts	Dessert series
Others	Quarterly New/Festive Event Promotional Portfolio Products, Southeast Asia Collection, Parent-Child Package Collection, Lunch Offer Portfolio
RBTea	Pop-up store menu
Beverages	Meaty willow powder/coconut green/roasted coconut milk/thick coconut milk/cup Lin Piao xiang/coconut beer/bubble black tea/bubble red tea/milk tea bubble/full bubble coconut/full bubble bubble/full bubble almond/tremella dew/Ma Zhu snow ear tea/orange peel pearl mike tea+
Desserts	Cloud coconut ruda/coconut ice/matchasoft ice

Happy Lemon	
Product Category	Series
Signature Lemonade	Relieve Lemon Juice/Kumquat Lemon Tea/Lemony Pineapple Tea/Lemon Vera Youdo/ Berry of Lemon Refreshing/lemon mango green tea
Drinkable Pineapple Drinkable cake	Nostalgic Pineapple Tea/Strawberry Pineapple Tea/Mango Orange Passion Fruit Pineapple Tea/Pineapple Grapefruit Four Seasons Spring Tea/Pineapple Fruit Bucket/Honey Grapefruit Green Tea/Kumquat Passion Fruit Double Cannon/Happy Fruit Bucket
Signature Baked Milk	Sweet potato milk/peanut milk/pearl milk tea/roasted pearl milk candy milk tea/grand slam roasted milk tea/taro balls milk tea/red bean pudding milk tea/mellow milk tea

Drinkable cake	Oreo Filled Cookie Cake Milk Tea/Cream Cake Bubble Tea/Peanut Cheesecake Milk Tea/Tiger Skin Mochi Cake Milk Tea/Dorayaki Mochi Cake Milk Tea/Half-Cooked Cake Bubble Tea/Cocoa Cake
Pineapple Cake Milk Tea	Thick Bulei Pineapple Cake Milk Tea/Signature Pineapple Cake Milk Tea
Happy Fruit Milk	Pineapple Pandan Milk/Strawberry Pandan Milk/Poplar Nectar, Poplar Nectar
oat milk	Cheese Bobo Oat Milk Tea/Crunchy Oat Milk Tea
Thick Bree Pudding Milk Tea	Thick Bulei Milk Tea/Thick Bulei Cake Moji Milk Tea
rock salt milk cap	Rock Salt Cheese Black Tea/Rock Salt Cheese Green Tea/Rock Salt Cheese Four Seasons Spring Tea/Rock Salt Cheese Pineapple Tea
Tea	Jasmine Green Tea/Honey Rhythm Black Tea/Four Seasons Spring Tea/Deep Steamed Yulu Tea/Dahongpao
Finger foods	Pearl milk tea toast, cheese and smoked chicken toast, and Oreo cocoa toast

Tea Opal	
Product Category	Series
Original taste of tea	Jasmine nectar/strong rhyme Jinxuan/Jinxuan mature red/roasted red water oolong
Tea au lait	Amber Pearl Milk Tea/Osmanthus Flavored Oolong Milk Tea/Small Leaf Tea Frozen Milk Tea/Jinxuan Aged Ole/Coco Mousse Ole/Sai Hongpao Amber Milk Tea/Thick Milk Tea
Thick cheese cream	Cheese-flavored jasmine tea, cheese-flavored Jin Xuan oolong tea, cheese-flavored honey leaf-scented black tea, and cheese-flavored red oolong tea
Flame cream	Flame cream jasmine tea, flame cream Jin Xuan oolong tea, flame cream honey leaf black tea, flame cream red oolong tea, and flame cream thick milk tea
Fruit mix	Grapefruit Fruit Tea/Passion Fruit Tea/Green Orange Fragrant Tea/Cheese Powder Berry Lychee/Cheese

Tea Opal	
	Grapefruit Mango
Microfoam	Liqu Bubble/Blue Planet/Long Island Iced Pomelo Tea/Lili Drunk/Blue Planet/Grapefruit Party
Linden Honey	Honey Honey Leaf Black Tea/Honey Jasmine Green Tea/Honey Lemonade/Lixiang Honey Leaf Black Tea
freshly ground coffee	Americano, Latte/Tea Coffee Salt Lake
Merchandise	Tea cup, tea bag

Hippo Bobatea	
Product Category	Series
Milk series	Vibrant black grass jelly milk, vibrant black chocolate milk, vibrant double black milk, and vibrant yellow mango milk
Cheese cream topping series	Cheese cream-topped jasmine tea, cheese cream-topped oolong tea, and cheese cream-topped leaflet black tea
Fruit tea series	Lemon black tea with fruits; lemon green tea with fruits; black tea with pomelo flesh and coconut jelly; green tea with pomelo flesh and coconut jelly; colorful passion fruit oolong tea; fresh mandarin tea; Hi-C oolong tea with passion fruit, orange and grapefruit; Hi-C green tea with passion fruit, orange and grapefruit; and orange tea with fruit flesh
Milk tea series	Brown sugar milk tea with tapioca pearls, brown sugar milk tea with grass jelly, brown sugar coconut milk tea, brown sugar mango milk tea, brown sugar milk tea, brown sugar milk tea with grass jelly, and burnt cream milk tea
Au lait series	Au lait milk black tea, au lait milk black tea with grass jelly, au lait milk black tea with tapioca pearls, au lait duo, au lait coconut, au lait roasted milk tea, and freshly baked brulee
Mellow tea series	Jasmine Gyokuro tea, honey oolong tea, leaflet black tea, tapioca pearl love jasmine tea, and black tea loves tapioca pearls
Whole-leaf mellow tea	(Menu for any combination of ingredients at \$9 RMB) Jasmine Gyokuro tea, leaflet black tea, honey oolong

Hippo Bobatea	
series	tea, and oolong green tea
Special milk tea series	(Menu for any combination of ingredients at \$9 RMB) Hippo Bobatea milk tea, brown sugar milk tea, pineapple milk tea, peach milk tea, and lychee milk tea
Fresh fruit tea series	(Menu for any combination of ingredients at \$9 RMB) Lemon black tea with fruits; lemon green tea with fruits; black tea with pomelo flesh and coconut jelly; green tea with pomelo flesh and coconut jelly; colorful passion fruit oolong tea; and colorful passion fruit green tea
Fruity light yogurt series	(Menu for any combination of ingredients at \$9 RMB) Pineapple light yogurt, lychee light yogurt, strawberry light yogurt, and mango and orange light yogurt

(4) New Products in Development

1) "RBTea":

Existing stores will be upgraded to decorating styles of second- or third-generation stores, while food products will be added and optimized. New stores will be set up based on the decorating style of third-generation stores, and will mainly offer tea, beverages and waffles. Besides, we newly added parent-child package, Southeast Asian food as well as Taiwanese-style classic cuisine and main course.

● RBTea (Pop-up Store):

This year, the pop-up store is located in Shanghai Caohejing Impression City Mall. the new mall theme <tid> was integrated with the brand image. New product design combined with young people light health and fruits and vegetables and other trend elements: black wolfberry, figs, shiso, imported perfume coconut water, and so on. We develop and provide hot products with taste, value and health, create a trendy drinking culture, and bring a new "fairy" feeling to the tongue with the best taste.

2) "Happy Lemon":

At the end of 2021, the Happy Lemon brand has undergone a brand upgrade. The re-branding strategy is to reorganize the menu product lineup, focusing on deeper exploration of lemon elements, adding elements of Taiwan's regional fruit, pineapple, and upgrading the star product cake elements as well as other multi-faceted product development.

Add a number of new and popular products to the lemon and milk tea categories, such as lemonade, lemon pineapple tea, signature pineapple cake milk tea, nostalgic pineapple juice tea, Oreo cookie cake milk tea, pineapple milk and so on. In the brand strategy of topic creation, to create the topic of the popular products such as tiger skin mochi cake milk tea, dorayaki mochi cake milk tea, etc., combined with the brand to develop marketing strategies and enhance the level of popular topic of the brand in the social platform. From the presentation of the new drawing Logo, and the development of new elements of the combination of products, the brand becomes lively and young.

The 2021 Shanghai Flora Exposition project again cooperated with the Great White Rabbit brand to develop healthy beverages with the theme of "flowers, honey and lemon" as the main topics, and the sales of the event were highly rated. With a healthy brand image, Happy Lemon cooperates with convenience superstore chains and large oil and gas station convenience store chains across industry sectors. We use the existing equipment in convenience stores to develop product designs that meet the needs of the convenience store environment and increase the trade value of material orders. In turn, we assisted in the development of the intelligent device "tea-coffee machine". The intelligent settings greatly simplify the operation process of tea beverages, saving the difficulty of staff training and stabilizing product quality. In the future, we will be able to integrate more application scenarios for development.

Overseas brand upgrade version 3.0, the product strategy not only maintains the main lemon related products, but also combines the seasonal fruits (mango, orange, grape, grapefruit, etc.) to launch the region's unbeatable upgraded version of nostalgic drinks. In line with the market trend and driving a wave of popularity, <Cinnamon roll topic> has led to the development of an extended series of dessert drinks and non-alcoholic beverages in Taiwan, as well as the launch of snack chicken cakes in the snack section to accompany tea and drinks, and the development of lemon flavored chicken cakes by combining lemon elements. In response to the recognition of the healthy plant-based concept in Europe and the United States, we have developed and launched healthy and refreshing beverages with oats as the main element, and developed special beverages with local elements (coconut dates, coconut milk, coconut juice) in overseas regions to meet the new choices of consumers who are looking for something new.

To expand other revenue strategies, the company has collaborated with Taiwan ice brand Bajaj Corporation to develop salted lemon (juice) with lemon as a unique ingredient, and launched a co-branded popsicle "Salted Lemon Honey

Stick Popsicle", which has been sold in convenience stores in Taiwan to increase brand exposure.

3) "Alma":

In 2021, we have updated our main menu in the Taiwan market, adding more innovative snacks and distinctive Spanish Mediterranean style cuisine while retaining some of our classic dishes, allowing customers to experience Spanish culture and enjoy the richness and diversity of Spanish cuisine.

4) "Tea Opal":

Due to intense competition in the industry, the frequency of new product launch is high. In order to enhance the attention rate of the brand in the market, we also improve the new product launch speed strategically. We launch new products on average 1 to 1.5 months a year. The brand collaborated with Energy Forest and Oatly, which are popular among young people nowadays. We launch co-branded drinks to enhance brand image and quality by creating healthy topics. In the new product development, we have strengthened the development of fruit products, focusing on seasonal fruits (strawberry, peach, mango, grape, longan, orange, coconut, etc.). Besides, we launched tea flavored beverages with strong memory points (Sai Hong Pao/Dou Oolong Milk Tea, Tai Chi Milk Tea, and Osmanthus Oolong Milk Tea), and also optimized the internal product production process to stabilize quality and speed up beverage production time.

As a result of the epidemic, consumers' online takeaway consumption rate has increased. And we have developed our exclusive takeaway products to increase our operational efficiency and gross margin. Some of the stores are located in the office district. In response to the living habits of consumers in the area, we have added coffee and breakfast sets to our strategy. The store opening hours is earlier. During the lunch period, light meals such as Japanese bento, fried food and microwave food have been added to improve a variety of choices with tea and sales opportunities.

5) "Hippo Bobatea":

For the sunken market areas, we continue to promote new product development with last year's strategy to provide products with high price/performance ratio. At the same time, we also take into account the market trend to develop fruit and light yogurt series, as well as the elements that are popular among young people - toffee and strawberry series products. In line with the brand's planning strategy, we will continue to provide products in demand.

2. Industry Overview

(1) Current Status and Development of the Industry

1) Global economic outlook

Global economic development is still affected by the COVID-19 pandemic. According to the World Bank's Global Economic Outlook report released in January 2022, the global economy is forecasted to grow by 5.5% in 2021 and 4.1% in 2022, both down 0.2% from the previous forecast. The report also mentions a significant slowdown in the global economic recovery as a result of the new threat posed by the coronavirus mutant strains, compounded by inflation, debt and rising income inequality. (Source: People's Daily/2022-01-13)

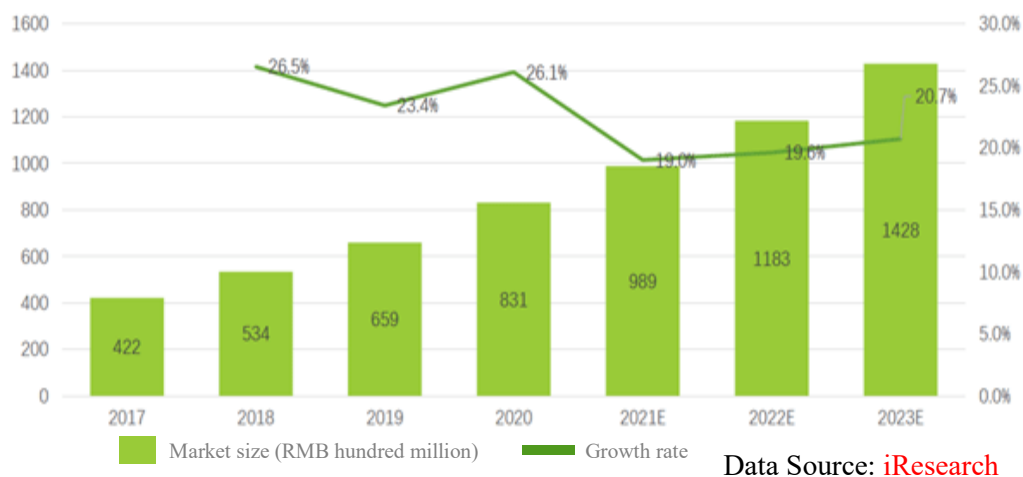
2) Greater China Tea Market

The Company's business is mainly divided into two major items: tea and beverage and catering. The tea and beverage section is dominated by the Happy Lemon brand. The Greater China region is the origin of the freshly made hand-shaken tea and beverage industry. The Happy Lemon brand has been operating for more than 15 years in three markets on both sides of the Taiwan Strait, mainly in the mainland market, with most of its stores currently located in first- and second-tier cities. In recent years, the tea and beverage industry has continuously invested in the development of innovative beverages under the efforts of various brands. Through the upgrade of technology, the use of a large number of fresh ingredients to form a new taste, and high quality tea and beverages, it has successfully attracted the attention of young people. In terms of the image of stores, brand positioning and operation mode, it has made a breakthrough from the previous street small store type, into the department stores, out of a higher pattern. In addition, the development of the economy on both sides of the Taiwan Straits has comprehensively driven the growth of consumption. Especially, the rise of young generations and the increase in consumption strength have caused the rapid expansion of the scale of the Greater China tea and beverage market.

The tea and beverage industry in mainland China has been explosive growth in the past decade. Since 2017, the industry has entered what is generally known as the new tea and beverages 3.0 stage. With the number of ready-made and ready-to-sell hand-shaken tea stores increasing in size, many new tea and beverage brands appears in various regions to divide the market. In order to secure market share, existing brands have accelerated the pace of opening stores. According to the data of the research institute Aire Consulting Report, the overall revenue of the new-style tea and beverage market in

mainland China grew from RMB 42.2 billion to RMB 83.1 billion from 2017 to 2020. It is estimated that the high CAGR of the new-style tea and beverages industry can reach 20% from 2021 to 2023, and the revenue of the new-style tea and beverages market is expected to reach nearly RMB 150 billion in 2023.

2017-2023 China's New Tea Market Revenue Size and Growth Rate



The COVID-19 pandemic hit the food and beverage industry hard in 2020. Although the overall recovery of the food and beverage market has been strong after the epidemic subsided, the consumer side has also changed. One of the more obvious changes is that consumers have become more cautious and rational in their consumption. In 2021, the growth rate of the tea and beverage industry in the mainland market has slowed down. According to the statistics of the delivery platform, a total of more than 1 million online restaurants in mainland region were cancelled in 2021. Among them, milk tea shops has been the hardest hit area, with a total of 350,000 shops were cancelled. Meanwhile, the perception of the brand by the consumer group began to form. "Brand" became the first online search for tea and beverage consumers in 2021. This phenomenon also indirectly promoted the reshuffle effect of the industry. The trend of the tea and beverage brand oligopoly era emerged. Large chains and the head of the brand with capital and resources advantage accounted for nearly 90% of the market share. The tea and beverage industry clearly reflects that the market was about to be monopolized by chain brands. In addition, the high saturation of tea and beverages stores in first and second tier cities, as well as the continuous rise in rent and personnel expenses, have exerted enormous pressure on the development of the ready-made tea and beverages industry in these regions. In contrast, the third and fourth tier (and below) include 200 prefecture-level cities, 3,000 prefectures and 40,000 townships, which not only have a much higher population than the first and second tier cities, but also have a much higher disposable income in recent

years, coupled with lower rent and personnel costs, forming an environment that is very suitable for starting a business. There is great potential for development in the sunken market. Many tea and beverage brands have already started the layout strategy of the sunken stores. In 2020, the outbreak of an epidemic affected the economy of the cities below the first-tier cities to a lesser extent. Under the policy of encouragement, the number of people returning to their hometowns to open stores and start businesses has increased significantly compared to the past.

In the face of the market reshuffle and the trend of downward development, tea and beverage chain brands with regional development experience have the opportunity to find business models suitable for the development of different cities and regions through their own solid operational capabilities and supply chain advantages. Happy Lemon has been operating in China for many years and has experienced the rapid iterative changes in the tea and beverages market. It has always upheld the vision of "building the best entrepreneurial platform for global tea and beverages". After the outbreak of the epidemic, in the face of the challenges of the slowing growth of the overall tea and beverages consumption and the intensifying reshuffling effect of the industry, Happy Lemon has continued to make every effort to stabilize the brand's development in the mainland market through operational guidance for stores, performance improvement programs and franchise policy adjustments. In terms of business strategy, the Company is also firmly focused on the three cores of product development, brand marketing and operation management, constantly pursuing innovation and optimization to continue to deepen and expand the mainland market.

3) Global Tea and Beverage Market

According to a report by Allied Market Research, the global tea and beverages market will grow at a compound annual growth rate (CAGR) of 7.8% from 2020 to 2027. The U.S. restaurant market impacted by the epidemic, with sales of \$659 billion in 2020 down nearly 24% from 2019, rebounding to \$731.5 billion in 2021. The National Restaurant Association (NRA) predicts that U.S. restaurant sales will reach \$898 billion by 2022, and Mordor Intelligence also predicts that future restaurant sales will grow at a compound annual growth rate (CAGR) of 3.7% through 2026, indicating that the U.S. restaurant industry has gradually recovered from the epidemic. This indicates that the U.S. food and beverage industry has gradually recovered from the blow of the epidemic, and this region will remain a must-have for the tea and beverage market in the future. The Southeast Asian food and beverage market is relatively easy to cultivate tea and beverage habits in Southeast Asia because

of its proximity to East Asia. In recent years, many manufacturing plants have been relocated from China to Southeast Asian countries, which has led to the development of the region and increased income for the local population. The 2020 outbreak, except for Singapore's catering losses are more obvious, other Southeast Asian countries catering is relatively lightly affected. This phenomenon also illustrates the region's catering consumption power and future potential. Hand-shaken beverages and delivery are currently a very promising industry in Southeast Asia. For example, in 2021, the growth of outbound business (GMV, Gross Merchandise Volume) in Southeast Asian countries was over 30%. According to a joint research report by Grab, a Southeast Asian delivery platform, and Euromonitor International, a London based market research firm, both are very optimistic about the potential of Southeast Asian delivery business, which is expected to grow three times compared to 2020. Looking at the environmental background of Southeast Asia and other regions, as well as the consumer strength and future development potential, the development of the tea and beverage industry have formed favorable factors. And some market experts suggest that Southeast Asia as a springboard to Oceania, South Asia and the Middle East to do extended expansion.

The overseas stores of Happy Lemon are currently located in North America, Europe and Australia. The Southeast Asian market is developing steadily in Malaysia and Indonesia through joint ventures, and we are actively consolidating our stores in Japan, the Philippines, Australia and other regions to minimize the impact of the epidemic. In recent years, the North American market focused on development has achieved remarkable results. In 2020, a branch was officially established in the United States, which laid the foundation for the expansion of the brand in the North American market with the development strategy of operating local business with local talents.. In 2021, the continued fermentation of various countries dragged on the overall economic development. The global shortage of manpower and raw materials became more severe. The situation of air and sea freight congestion did not ease. It also indirectly caused the material cost to rise significantly. The lack of manpower and materials caused the opening progress of overseas stores to be slower than expected, while the continuous rise in the cost of raw materials increased the pressure on the operating costs of stores. Facing the challenges that have emerged, Happy Lemon International Headquarters has been working side by side with all overseas business partners to successfully upgrade the Happy Lemon brand in 2021 and to integrate the internal operation system, improve and optimize the supply chain preparation and shipment process to support the operation of the agents in all regions of the

world more efficiently. Compared to some of our competitors who may face the dilemma of out of stock of raw materials due to the disruption of the epidemic, Arminence Group has a well-developed operation system, and with the prompt response and full support of our headquarters partners, we can provide the resources required for the operation of overseas stores in a timely manner. In the future, our company will continue to adopt the strategy of "expanding global stores," "international alliances" and "investment and mergers and acquisitions" with the original intention of "promoting Chinese tea culture to the world" and the concept of "building the best platform for starting a global tea and beverage business". Therefore, we actively promote and lay out the development plan of brand globalization, and focus on improving the functions of the international headquarters management team, cultivating operational management talents, and optimizing the internal operation system, so as to become the strongest backing for all business partners worldwide.

4) Generation Z becomes the mainstream of tea and beverage consumption

As the main consumer group in the tea and beverages market has shifted to the Z generation, which is obvious. They have strong consumption ability, stronger recognition ability and preference for the brand. At the same time they do not have high brand loyalty, and are more willing to pay for innovative taste and color. They emphasis on product quality and functionality, etc. These distinctive features have begun to influence the direction of business decisions in the tea and beverages industry. The home market for tea beverage consumption has been occupied, and it is common knowledge of all operators of tea beverage brands by Generation Z. In order to shape the image of Happy Lemon closer to the younger generation in recent years, in November 2021, the Company once again launched the brand upgrade, including making comprehensive adjustments in terms of brand logo, store decoration, product packaging, etc.. Besides, we have changed the main color from yellow and black to yellow and white blue, showing the brighter and fashionable visual sense preferred by the younger consumer group. The product structure has been significantly iterated and upgraded, and a new tone of "milk tea for eating and cake for drinking" has been proposed. We have emphasized the co-existence of taste and color, and a series of creative and eye-catching new products have been developed such as Tiger Skin Moji Cake Milk Tea, Dorayaki Mochi Cake Milk Tea, Signature Pineapple Cake Milk Tea, etc., which quickly attracted consumers' attention after launch. They attract many fans to visit the stores to check in and take photos, and many discussions about

the new Happy Lemon products have appeared on social media. In addition to the newly launched brand visual VI, store soft furnishings, and lemon boy IP, etc., it will be applied to more areas and marketing design in the future. Therefore, consumers in the tea and beverage market can feel the vigorous vitality of the happy lemon brand.

- 5 Food and beverage consumption patterns have changed, and the pandemic has driven the growth of online delivery business.

The COVID-19 pandemic has brought innovation and change to the business model of the catering industry, especially in the area of online food delivery business, which saw a significant increase in online orders during the epidemic. According to the "China Sharing Economy Development Report (2022)" officially released by the National Information Center of China, in 2021, online takeaway revenue accounted for 21.4% of the national restaurant revenue in 2021, an increase of 4.5 percentage points year-on-year. The new trend in the business model of the catering industry are also reflected in a number of takeaway data, such as: the cultivation of takeaway habits in low-tier cities and rapid development, the rise of the Z-generation of consumer community, etc.

Although the pandemic has slowed down gradually, the online revenue share of the tea beverage industry continues to show an upward trend, showing that the habit of consumers ordering beverages through online channels has been developed and retained during the pandemic. The takeaway channel has become one of the important revenue sources of the tea beverage industry, and the tea beverage delivery scenario continues to expand. From afternoon tea to midnight, even the same as coffee, it can become a beverage option for business meetings and celebration occasions. The off-the-shelf tea beverage business model is constantly evolving. In addition, in February 2022, the catering industry also received good news. It was reported that the National Development and Reform Commission and other departments on the mainland published a notice on the official website of the Development and Reform Commission on "Several Policies on Promoting the Resumption and Development of Difficult Industries in the Business Area", which specifically mentioned that guiding enterprises such as food delivery and other internet platforms to further reduce the standards of service fees for customers in the catering industry and reduce the operating costs of related catering enterprises. After the specific implementation of this policy is announced, it

should constitute a positive development for the takeaway operation and profit gain of the catering industry.

Happy lemon sales accounted for 29% of sales in 2020 and increased to 30.5% in 2021, showing that the brand's sales trend is consistent with the overall tea and beverage industry sales development. It also confirms that the brand's overall business strategy of creating a takeaway operation team and gradually bringing the takeaway stores back to the headquarters for unified management is the right direction. It will accelerate the relevant progress in the future to quickly build a revenue-generating and profitable model for the takeaway business.

- 6) The formation of the private domain ecosystem accelerates the upgrade of the mini-programs and membership system.

Another change brought about by the epidemic is the accelerated construction of private domain ecology by catering enterprises. 2020 WeChat small program catering transactions grew by more than 100% year-on-year, and the development of private domain operation of enterprises has become an irresistible trend. With the deepening of consumer awareness and acceptance of private domain, the importance of private domain in the strategic layout of brand development has increased significantly. And related actions are shown in the opening and integration of sales channels, marketing channels and membership system. In 2021, the Company launched the construction of the data center, and synchronized the comprehensive optimization and upgrading of all brand CRM systems. In the first quarter of 2022, the new CRM system has been activated. In the future, multiple sales channels and inter-system resources will be able to call each other through the data center, providing more complete and real-time information for the operation management, marketing team and supply chain. It is widely applied for new product sales forecasting, customer relationship maintenance, marketing activities, revenue-generating performance modeling and many other operational decision-making aspects.

- 7) Cross-border cooperation is more frequent, and strong co-branded fans are interacting

The barriers to competition in the tea and beverage industry are not high, and the main consumer groups have low brand loyalty and a preference for freshness, etc. Tea and beverage brands must create differentiation from competitors and enhance consumer memory of the brand. In addition to

product differentiation, cross-border co-branding has also become one of the must-have business models in the tea and beverage industry. Through the export of IP to emphasize brand culture and find brands in different industries. By presenting products, peripheral products, and flash stores in a way that has never been done before and that consumers have never imagined, the company creates a sense of surprise, creates a buzz, and boosts brand popularity to achieve the main goal of gaining new customers.

Happy Lemon again partnered with Big White Rabbit Milk Sugar in 2021 and were invited to open an express store at the 10th China Flower Expo in Chongming Island, Shanghai, becoming one of the most inquired and popular stores. Knowing that the most influential activities for the Z generation are e-sports, online games and anime, Happy Lemon is also actively cooperating with the relevant industry players. In 2021, China Joy was held in Shanghai, and the company was the only hand-cranked beverage company to enter the event. Through co-branding, the store has been transformed into a scene of handheld games and anime, attracting a large number of fans to make a pilgrimage in cosplay costumes. In the future, we will continue to cooperate with more industry players in a more diversified way to present the brand's image of youthfulness, fashion and trendiness, and to get closer to the Z-generation consumers seamlessly.

8) Food safety and environmental protection related laws and regulations in the catering industry

The scale of the catering market has been growing year by year, and the change of consumption habits has led to a gradual increase in the share of takeaway revenue. Nowadays, consumers are no longer just looking for food, but are more concerned about food security, and are more aware of their own rights and interests. The government's control over food safety and environmental issues is becoming more and more stringent. And new management laws and regulations are introduced every year from the source of material procurement, on-site production process, production environment and personnel management. The Company has always attached great importance to food safety management and the maintenance of customer rights. From the source of food ingredients and materials procurement, the Company has complied with the laws and regulations of various countries, formulated relevant control procedures, and conducted food safety management training for store personnel on a regular basis. Besides, we set up the quality control department that keeps abreast of the latest information on changes in

government laws and regulations, adjusted the internal food safety management guidelines, and regularly performed the audit of the food safety management. In addition, we have set up a quality inspection room within the Group, ahead of many other companies in the industry. In order to conduct regular and uninformed tests on ingredients, packaging materials, ice, water quality, etc. we use in our operations, in order to prevent accidents and ensure the safety of our customers' food.

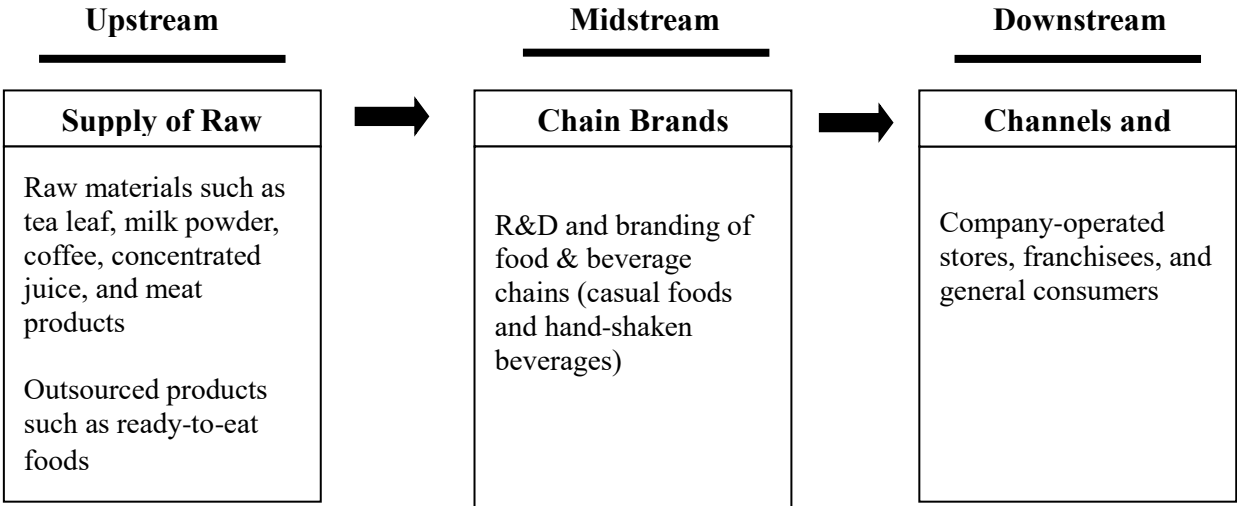
9) Digitalization drives enterprise management model upgrade

In the Internet era, through the digital system, intelligent empowerment of the operating process, it drives the industry iterative upgrade development, which has been inevitable to follow the general direction. In particular, the tea and beverage industry, with Generation Z as the main consumer group, relies more deeply on the digital system. It is comprehensively implemented in the marketing strategy, user operation, customer management, service restructuring and internal staff management. Moreover, it has been extended upward to the supply chain and finance, and also has been extended horizontally to online platforms and e-commerce sales channels, etc. The data linkage and utilization also provide the senior management with a basis for strategy formulation. In recent years, the Company has been actively promoting relevant changes internally, focusing on improving management effectiveness and efficiency, through planned and gradual upgrades, the interconnected use of system functions, and the optimization of operational processes, so that digital management becomes the most important cornerstone of the Group's development towards globalization.

(2) Relationships between Upstream, Midstream, and Downstream Industries

The catering industry covers all aspects of the upstream, midstream and downstream systems from production, procurement, transportation, processing and production, service to consumption. From the production of raw materials to end-to-consumer services, it is a process of creating value. In order to ensure the standardization of the specifications and quality of each ingredient and material, the Company has been committed to developing the procurement relationship with upstream suppliers in order to obtain the advantages of purchasing price. Besides, we have also signed purchase contracts with farmers to ensure the stability of the supply and price of ingredients. Meanwhile, the Company has established a clear quality inspection system for purchased goods within the Company, and has adopted inspection gates for ingredients, packaging materials and materials. In addition, the Company conducts regular audits and inspections at suppliers to

ensure that the requirements of national laws and regulations on food safety are met, so as to make the stores feel safe. Meanwhile, the Group's quality control department also regularly conducts unannounced ways to visit stores and check ingredients, and materials, as well as production and processing procedures and storage environments, etc., in an effort to reassure consumers.



(3) Various Product Development Trends

As one of the first tea and beverage brands to start franchising business in mainland China, our company has more than 10 years of experience in related industries at home and abroad. Below is the trends in food and beverage business we observed:

1) The global trend of hand-shaken tea is still prevalent:

The hand-shaken tea industry has expanded from Taiwan to major cities in Asia and around the world. The refreshing tea soup can be perfectly integrated with many ingredients, and with tapioca, taro ball, pudding and other small ingredients to create a surprising taste. It is highly accepted by the Y- and Z-generations of consumers. In the past few years, there has been a boom in tea shops in many cities around the world. Whether it is a tea brand in Taiwan or Mainland China, the company has been expanding its operations overseas. Recently, some reports have pointed out that in 2021, hand-shaken tea seems to have shown signs of fading in some countries/regions, and even a wave of closures. However, there is no denying that beverages are a category of rigid demand consumption for the vast majority of consumers. And as one of the racing lanes of the beverage industry, we can still see a steady stream of creative new products being launched in the tea and beverage market every year, as well as the performance of tea and beverage operators striving for breakthroughs and innovations in their business models. It can be proved that the overall vitality and competitiveness of the tea and beverage industry is still strong. In fact, in both the mainland and global markets, there is obviously a large development space for the tea beverage industry, and some areas are temporarily experiencing a lack of localization, resulting in a large number of store closures. With the ability of high flexibility and quick response of tea beverages brands in general, after adjustment, optimization, and successfully combining the characteristics of different consumer markets, it should be able to develop a business model that is more adaptable to different regions. The tea industry, which has an rigid need, can still be actively involved in global expansion, and the business opportunities are unlimited.

2) Large chain of tea and beverage brands:

Due to the investment of capital, the tea and beverage brands in mainland China have gradually gained more favorable competitive conditions for the chain brands. They have a negotiating advantage over non-chain and independent stores in obtaining the location of stores and various cost controls. The chain brands in mainland China can be divided into two types: regional

and national. At present, the chain brands have been accounted nearly 90% of the entire tea and beverage market. According to this development trend, it is clear that there is a situation in which the big one is always big and the small one is diminishing, and the chain tea and beverage brands will take the advantage of high visibility, sufficient capital, advanced systems and human resources to polish more store types that can adapt to the development of large metropolises, medium-sized cities and small counties, and expand their territories and business scale more rapidly in the tea and beverage industry, while entrepreneurial investors will continue to lean on well-known big brands.

3) Tea and beverage brands accelerate internationalization:

In the past few years, in addition to the development of the Greater China market, many brands have been more active in opening stores overseas and around the world. The whirlwind of tapioca milk tea has indeed triggered a trend in the consumer markets of many countries. In 2020, the COVID-19 pandemic challenged the operation of overseas tea restaurants, and the opening of stores almost stopped. However, with the easing of the pandemic and the gradual opening of borders in various countries, the tea and beverage industry should be able to regain its past glory and continue its expansion plans. But at the same time, to move towards internationalization, the ability and quality of the management team is also increasingly demanding. In addition to the continuous upgrading of the operating system of the brand headquarters to create a management system in line with the global development, the training of management personnel is a priority. Besides the language skills, the international management team of a tea and beverages brand must be able to accurately communicate the content and value of the brand to overseas operators and stores, as well as the delivery of operational management experience. The talent is expected to be able to quickly learn to master the business environment qualities of different regional countries. The chain brand should develop its own cultural integration to adapt to the local culture of each region, and have the flexibility and adaptability to develop the best business model for global development.

4) Products to be healthy and diversified:

At present, the products sold in the tea industry can be divided into three major categories: milk tea, fruit tea, and Milk Foam tea with Salted Cheese. The tea industry in mainland China is still dominated by the milk tea category, while overseas regions have the highest proportion of fruit tea consumption. However, the common denominator is that: under the demand of consumers to pay more attention to healthy eating, body management and the pursuit of

novel flavors, product development is unanimously moving towards the trend of low sugar, low calorie and the combination of fresh fruits and vegetables with tea. The use of seasonal fruits and vegetables has become the norm, and tea drinkers compete to find ingredients that have not been used by other competitors as new products. The rise of lemonade in the mainland market in recent years has led to many lemon series products, and it has become a tacit agreement for each brand to launch various lemon teas in the summer. It is worth observing whether this trend will also spread to overseas. Another product line is the newly emerging functional Chinese/Western health drinks in the mainland market, which only a small number of companies have developed. It is still in the stage of testing the consumer's reaction whether it can lead to the next wave of mainstream. There has been no lack of creativity in product research and development in the tea industry. And brands are making rapid adjustments in response to regionalization and changes in consumer demand to differentiate themselves from the competition and gain recognition from consumers and gain wider market development opportunities.

5) Food Safety and Environmental Awareness Upgrade:

The scale of sales in the catering market continues to grow. Consumers are paying more and more attention to the production of raw materials, sources, processing, and compliance of additives, etc. In addition to food safety, the government and consumers have been paying more attention to the implementation of environmentally friendly practices in the food and beverage industry in recent years. From procurement to on-site operation, the restaurant industry must design and implement a set of standard operating procedures that can withstand the scrutiny of governments and consumers in different countries and regions. Therefore, we can reduce the risks that brands may encounter in the operations, and further win goodwill and goodwill to maintain a long-term operations.

6) Multi-channel operation, making a difference:

In the face of high competition from offline and online businesses, food and beverage brands must be more creative, and extend marketing and sales lines to online short videos, apps, e-commerce platforms and other channels. In addition to more channels to increase contact with consumers, it is also necessary to create business differentiation from the brand image, products, services, personnel and other aspects. By clearly distinguishing the brands with own advantages, the consumers can perceive and distinguish to strengthen brand competitiveness.

7) Towards Digital Management.

Driven by the development of the general environment, food and beverage

enterprises are continuously upgrading the functions of their internal data management systems. The Companies also cooperate with external system vendors and platforms to build more technologically advanced operating systems to improve internal management efficiency and operational effectiveness. They also pay more attention to the ability of enterprises to formulate digital development strategies, optimize operational processes with a sound data management system, and continuously promote innovative responses to business models. It is foreseeable that the faster the digital transformation of future catering enterprises, the better they can catch up with competitors, create differences and form their own core competitiveness.

(4) Competition

In 2021, although the catering industry is still affected by the recurrence of the epidemic, under the normalization of epidemic prevention and control, the consumption power is gradually stabilizing and warming up. At the same time, the catering industry shows active self-help efforts, accelerating digital transformation, accelerating the integration of offline and online business, vigorously promoting online ordering system, optimizing the content and items of online take-out service, expanding the application scenario of take-out meals, expanding the sales field through live streaming of goods on online and e-commerce platforms, promoting finished products and pre-prepared dishes, etc. The development of the catering industry is moving towards diversification of items and channels, which injects strong momentum for the revenue growth of the whole industry.

The great business opportunities brought by the rise of the tea and beverage industry, as well as the relatively low threshold for starting a business and other factors, leading to a highly competitive situation. With the continuous emergence of new brands and more operators into the tea and beverage industry, the market has been cut and divided more intensely. Taiwan and mainland Tier 1 and 2 cities, hand-shaken tea shops have become almost saturated. At present, the number of tea and beverage shops of Taiwan's chain of brands is relatively large: CoCo, 50 Lan, Ching-Shin Fu-Chuan, Yi Fang, Kebuke 、 DaYung's, etc. In mainland China, tea and beverage shops can be divided into price segments. There are more chain brand tea and beverages stores in the same low and medium price range as Happy Lemon: Mi Hsueh Ping Cheng, CoCo, Yi Tien Tien, Hu Shang A Yi, Shu Yi Shao Hsien Tsao, Chi Tung Shao Hsien Tsao, Cha Yen Yueh Se, Cha Pai Tao, Ku Ming, etc. In the past two years, the tea and beverage industry has clearly experienced a reshuffle phenomenon. Large catering chain brands with resource advantages have moved faster through the expansion of agents, franchisees, and joint venture

models to grab market shares, and the living space of small chain brands and independent stores has been gradually compressed.

Facing the major cities of Taiwan and the mainland, the tea and beverage market has become a competitive situation in the Red Sea, and the development of the tea and beverage industry into a sunken market and overseas areas has become a necessary measure. The company has been operating for many years in mainland China in the mode of direct operation, agency and franchising, and has deeply grasped the market trend. In the face of the changing trend of entrepreneurship in the tea and beverages industry such as younger franchisees, simpler investment, and lighter investment costs, the company has continued to optimize and adjust its agency and franchising policies. The company also has upgraded its brand to create a more vivid, fashionable and young image in order to attract more entrepreneurs to join as partners and increase the brand's market share in mainland China. In the overseas region, the Group carried out the regional strategic layout through joint ventures, alliances and agencies to expand cooperation with partners with local development advantages in order to seize a favorable competitive position, and set up a branch office directly in the United States to gain a foothold in the North American market with localized operation of talents. The Group has clearly adopted the two engines of mainland China and overseas to achieve the goal of brand globalization.

3. Technology and R&D Overview

(1) Overview of Technology Level and R&D in Our Businesses

The Company is a chain food and beverage company, where product innovation is the core of brand management. With regard to the Company's new product development, our internal R&D personnel formulate new product development strategies by collecting market information, referring to sales records in previous years with marketing teams, and taking into consideration factors such as seasons and festivals, in order to develop products that meet market needs.

In order to ensure uniform quality in our chain food and beverage stores, the Company distributes 80 percent of the raw materials used for developing and producing our products. Raw materials are selected from high-standard food ingredients from Mainland China, Taiwan, and abroad, so as to provide customers with high-quality products.

We have been working with food factories and ingredient sources suppliers to develop raw materials specific to the Group's brands, to enhance the memory of

our products and to identify unique tastes in the market. We also continue to work with Taiwan's premium tea farmers to produce tea from their tea gardens, as well as with our long-time partner lemon farmers in Pingtung, Taiwan, to promote our global strategy.

Our headquarters have also built a food laboratory to conduct secondary inspection on incoming batches of raw materials, in order to ensure that the raw materials delivered to stores for product preparation are qualified products. We regularly arrange for random inspection and deliver our products to third-party laboratories for inspection, so that consumers can enjoy our products at ease and with peace of mind.

(2) R&D Expenses Invested in the Most Recent Year up to the Publication Date of this Annual Report

Unit: NT\$ thousands; %

Item \ Year	Year 2021	As of 2022 March 31, 2020
R&D Expenses (A)	17,710	4,303
Net Operating Revenue (B)	1,458,788	225,264
Percentage of R&D Expenses in Terms of Net Operating Revenue (A)/(B)	1.21%	1.91%

(1) Technologies or Products Successfully Developed in the Most Recent Year up to the Publication Date of this Annual Report

Year	Brand	Product Category	Successfully Developed Technology or Product
2021	RBT	Main course	Braised beef soup improved version/parent-child set meal series/duck appreciation/Big bowl of rice/baked rice series
		Beverages	Jin Xuan tea series(Jin Xuan pearl milk tea/snow ear horse hoof jin xuan tea/thick cheese Jin Xuan tea)/cool ice series(Camellia oil smoothie/scolex olive smoothie/balsam pear smoothie)/Small hanging pear soup series
		Finger foods	Meet a series of cage/honey chicken wings/southeast Asian satay string of Finger foods string series(red tower imspell loops/sweet potato chicken/chicken Tada Pada Satay skewer/mixed satay skewer)
		Snacking	Mexican taco (black pepper beef taco, duck breast taco, prawn taco % 20), duck breast muffin, duck breast crisp
2021	Happy Lemon	Beverages	<p>(Mainland China)</p> <p>New menu item:</p> <p>Relieve Lemon Juice/Kumquat Lemon Tea/Lemon Pineapple Tea/Handmade Lemon Mango Green Tea/Nostalgic Pineapple Juice Tea/Strawberry Pineapple Juice Tea/Mango Orange Passion Fruit Pineapple Tea/Pineapple Grapefruit Four Seasons Spring Tea/Pineapple Fruit Bucket/Sweet Potato Milk/Peanut Milk/Roasted Pearl Milk Tea/Grand Slam Roasted Milk Tea/Oreo Filled Cookie Cake Milk Tea/Cake Cream Pearl Milk Tea/Peanut Cheesecake Milk Tea/Tiger Skin Mochi Cake Milk Tea/Dorayaki Mochi Cake Milk Tea/Thick Bulle Pineapple Cake Milk Tea/Signature Pineapple Cake Milk Tea/Pineapple Colorful Milk/Strawberry Colorful Milk/Thick Bulle Milk Candy Pudding Milk Tea/Thick Bulle Cake Mochi Milk Tea/Rock Salt Cheese Pineapple Tea, Cake Cocoa/Honey Grapefruit Green Tea/Kumquat Passion Double Cannon/Happy Fruit Bucket</p> <p>New Event:</p> <p>Cement Grey Red Bean Milk Tea/Cement Grey Covered Double Round Bean Milk Tea/Iced Bock Taro Thick Milk/Cake Cream Oat Milk Tea/Half-Cooked Cake Oat Milk Tea/Sydney Snow Fungus Tea/Snow Fungus Pomelo Green Tea/Strawberry Mochi Flavored Milk Tea/Chia Cheeseberry jelly/pink lychee/pink li red</p>

Year	Brand	Product Category	Successfully Developed Technology or Product
			<p>guava/li li guava ice cream/Lemon with Three Fruit/ Mango Ice Cream/Happy Mango Cup/Peach Meimei Yogurt Ice/Rock Salt Meimei Peach Jelly/Grape Fruit milk tea/rock salt grapes/grape oranges/black berries roasted milk tea/sesame roasted milk tea/astronaut sea buckthorn passion fruit tea/sesame-flavored wheat and wheat crispy milk tea/small chestnut wheat and wheat milk tea/pineapple thick milk green tea/Lychee guava Juice/Lychee Guava Ice Cream/Oreo Pudding Almond Milk Tea/Taro Coco Almond Milk Tea/Rock Salt Mango/Rock Salt Berry/Rock Salt Grape/Poplar Nectar</p> <p>(Taiwan):</p> <p>Freshly Squeezed Lemonade with Honey/Kumquat Lemonade with Crystal Jelly Ball/Grapefruit Lemon Smoothie/Mango Lemon Smoothie/Jade Matcha Green Tea/Cold Brewed Oolong Tea/ Cold Brewed Green Tea/Jasmine Green Tea/Four Season Oolong Tea/Black Tea/Super Grapefruit with Green Tea/Super Freshly Squeezed Lemonade/Super Freshly Fruit Green Tea/Super Mango and Pitaya Smoothie/Super Mango Pomelo/Classic Milk Tea/Fresh Milk with Honey/Winter Melon Tea with Fresh Milk/Black Tea with Salted Cheese Ice Cream/Grape Tea with Salted Cheese/Blueberry Tea with Salted Cheese/Boba Milk Tea/Freshly Smashed Pitaya & Coconut Slushy/Freshly Smashed Pineapple & Coconut Slushy/Roasted Milk Tea with Cinnamon Flavor/Tiramisu Roasted Milk Tea/ Roasted Tea with Salted Cheese/Fresh Orange Green Tea/ Fresh Orange Green Tea with Salted Cheese</p> <p>(Overseas)</p> <p>Desert Lemon Smoothie/Happy Three-color Date Milk Tea/Rock Salt Ice Cream/Orange Lemon Honey Tea/Double-flavored Egg Waffles/Peach Series Drink Development/Strawberry Orange Green Tea/Strawberry Orange Green Tea/Apple Lemon Green Tea/Rock Salt Cheese Strawberry/Rock Salt Cheese Mango/Rock Salt Cheese Berry/Peach Pineapple Iced Tea/Pineapple Yogurt/Mixed Berry Black Tea/Berry Yogurt/Fruity Cocoa Milk Tea/Matcha Cocoa Crisp/Berry Cocoa Crisp/Coconut Fragrant milk covered green tea/coconut milk covered black tea/coconut milk covered pineapple iced tea/black tea oatmeal latte/mango</p>

Year	Brand	Product Category	Successfully Developed Technology or Product
			oatmeal milk smoothie/Japanese Roasted Black Tea/Roasted Tea with Rock Salt Cheese/Roasted Black Tea with Rock Salt Cheese/Poplar Nectar/Mango Yogurt Smoothie/Rock Salt Cheese Mango
		Finger foods	(Overseas) Egg Waffles: Original Chicken Cake/Lemon Chicken Cake/Mixed Chicken Cake
		Collaborative projects	Items in events in collaboration with White Rabbit Creamy Candy/during the Shanghai Import Expo: Cooperation Project with Convenience Store : Classic Bubble milk Tea/Dahongpao Bubble milk Tea/Pineapple Milk Green Tea with Jelly/Lychee Milk Green Tea with Jelly/Grape Milk Green Tea with Jelly/Lemon Pineapple Green Tea/Pomelo See Pineapple Black Tea/Pomelo See Pineapple Green Tea/Colorful Passion Green Tea/Grape Green Tea with Jelly/sour frozen lemon/lemon with Jelly/black tea lemon with Jelly/grape lemon with Jelly Cooperation Project with Coffee&Tea Professional Technology co., Ltd. & Royal Dutch Shell : Milk Tea series : mellow milk tea/pearl milk tea/taro ball milk tea/small taro ball pudding milk tea/grand slam pudding milk tea Coffee series : strong aroma latte/pearl latte/special black coffee/classic special coffee/special pearl coffee/taro ball small ball coffee/small taro round pudding coffee/grand slam pudding coffee Tea series : Honey rhyme black tea/happy lemon black tea/jasmine green tea/happy lemon green tea/kumquat lemon tea/grapefruit love lemon tea/two bottles of Yakult green tea/fresh lemon ice coffee/grapefruit ice coffee Cooperation Project with Poki : Salted Lemon with Honey Popsicles
2021	RBTEA RBT	Pop-up store	Drinks : black cream cold coconut/grapefruit cold coconut/basil cold Black tea/Perilla cold black tea/peach coconut/mango all dessert : Coconut cup cold dog/white cold dog
2021	Alma	Special menu	fried basil/Clove fish sandwich/pork loin/ potato cup/Neritic Squidwith wild rice/fish Croquetas/Beef/Corn Choda Soup/Garlic

Year	Brand	Product Category	Successfully Developed Technology or Product
			<p>Neritic Squid/Pickled pork plum/Chicken Wellington Rolls/Scotch egg/Fried Pork Jelly/Braised Chicken Wings/Chicken stick legs with sausage/Cherry Pistachio Shortbread/Honey Goat Milk Jelly/Caramel Nut Boat Pie/king's cake/Buckwheat Chocolate Pound Cake/zucchini salad/white bamboo shoots/a choy sum/roasted asparagus/Beetroot & Tomato Tartar/Roasted sweet potatoes/grilled corn/Onion Croquetas/pickled tomatoes/Baked Egg with Vegetable Tongue Pepper/fried eggplant/Burdock Soup/Imitation scallops/Saffron garlic sprouts/Spanish Vegetable Stew/Catalan grilled vegetables/Lemon Jujube jelly/Soy sauce jelly with coconut milk mousse/Vanilla hubarb Strawberry Tart/Pumpkin Pound Cake with Mascarpone Cream/Ham Croquetas/Mushroom Croquetas/ham bread/green asparagus/Slow cook chicken breast/Onion Sauce on Bread - Stewed Spinach with Chickpeas/Catalan grilled vegetables/Vegetable sauce with charcoal grilled vegetables/Burdock Soup/Sausage Stuffed Wild Rice/Chicken thighs in confit/Pig plum blossom/roasted chicken sauce/Green pepper with meat/Corn & Olive Oil/Ma Gao Pineapple Melaleuca/Sesame grapefruit/Sweet Potato Concerto/Barney pine balls</p>
2021	Tea Opal (Self-managed brand)	Beverages	<p>Orange coffee/Orange cream/orange Juice/Orange potato/Americano/latte/caramel macchiato/ tea coffee salt lake/milk tea/Tai Chi milk tea/800 grams of milk tea/honey Pineapple Cool/Honey Coconut Cool/Breakfast Milk Tea/Breakfast Pure Tea/Good Sunshine/Fierce Bilu, Lixiang Honey Leaf Black Tea/Osmanthus Oolong Milk Tea/Li Qi Full Tea/Peach Qi Full Tea/Qi Qi Spirit Tea/Jerk Grass Ocean Planet/Nianhua Meigui Planet/Oatmeal Amber Milk Tea/Oatmeal Tea Frozen Milk Tea/Oatmeal Coco Ole/Oatmeal Latte/Jin Xuan Matured Black Tea/Jin Xuan Matured Ole/Peach Drunk First Love Drink/Genting First Kiss Pink Peach/Sun Love Peach/Snow Top Grape Strings/Duoduo Grape Green Juice/Snow Top Golden Xuan Jasmine Milk Tea/Snow Top Rose Thick Milk Tea/Snow Top Taro Thick Milk Tea/Guliu Fruit Milk Tea/Guliu Fruit Tea/Jelly Longan Coconut Green light milk tea, jelly longan light milk tea</p>

Year	Brand	Product Category	Successfully Developed Technology or Product
			<p>Beijing Project: (Ice Brick Tea Series) Jinxuan Jasmine Green Tea/Jinxuan Ripe Black Tea/Jinxuan Red Oolong Tea/Qilan Dahongpao/Qinxiang Tieguanyin/Berry Fruit Tea (without caffeine) (Hand-brewed Gaiwan tea series) Jinxuan Jasmine Green Tea/Jinxuan Ripe Black Tea/Jinxuan Red Oolong Tea/Zhengwei Tieguanyin, Golden Peony Black Tea/Orchid Green Tea/Blackcurrant Fruit Tea (without caffeine) (Bianbian tea series) Qinxiang Tieguanyin/Zhengwei Tieguanyin/Golden Peony Black Tea/Blackcurrant Fruit Tea (Hand Boiled Honey Fruit Tea Series) Honey Fruit Fresh Milk Tea/Honey Fruit Berry Tea/Chelan Honey Fruit Tea Fleshy fruit tea series Lime White Pomelo, Mango Nectar/Pineapple Desea, Succulent Orange/Strawberry Cold Cream (Mellow Fresh Milk Tea Series) Jinxuan Jasmine Milk Green/Jinxuan Mature Milk Tea/Jinxuan Red Oolong Milk Tea/Qilan Dahongpao Milk Tea/Bergamot Thick Milk Tea</p>
		Desserts and finger foods	<p>Floss and tender egg finger cake/sausage and egg finger cake/potato and beef finger cake/Sichuan-flavored meat slice finger cake/luncheon meat and egg finger cake/lettuce salad finger cake/rare milk toast/peanut toast/Chocolate milk toast/black pepper chicken willow Gua bao /potato beef Gua bao /Sichuan-flavored pork sliced Gua bao /pork floss tender egg Gua bao /thick slice of soufflé Beijing Project: (Heat-Pressed Croissant Series) Herb Potato Baked Mushroom, Smoked Cheese Ham/Black Pepper Egg Beef/Strawberry Salt Rock Cheese/Banana Chocolate Walnut/Donkey Roll (Refreshment Series) Shaking Little Yellow Duck, Red Screw Chocolate, Black Screw Chocolate, Honey White Pomelo Stone</p>
2021	Hippo Bobatea	Beverages	<p>Light Yoghurt Series: Strawberry light yogurt, lychee light yogurt, mango and orange light yogurt, and pineapple light yogurt</p>

Year	Brand	Product Category	Successfully Developed Technology or Product
			<p>Toffee, Strawberry Collection: cream toffee milk tea, oreo cake toffee milk tea, cream berry crystal frozen milk green, pearl berry cake milk green rose black currant Proud Rose Tea, Powdery Light Rose Milk</p>
2021	(Project) Shanghai Dr.Oat	Beverage	<p>(Tea Puccino Series) Flower Barley Barley Tea Puccino/Yulu Barley Barley Tea Puccino/Red Jade Barley Barley Tea Puccino/Green Wild Barley Barley Tea Puccino (Coconut Series) Thick Taro Coconut Milk Oat Dew/Maimang Rice Pomelo/Coconut Honey Oat Dew (Cocoa series) Cocoa Maimai/Coco Maimai Sweet Fountain (Vegetable and Fruit Series) Lemon Fresh Fruit Tea/Meimeizi Rose Lychee Tea (Tea planting series) Qingxin Yulu planting tea/Qinxiang black iron planting tea (Coffee Series) Mr. Otto's Choice Americano/Mr. Otto's Oatmeal Latte/Oatmeal Coconut Macchiato/Oatmeal Special Flourish (Soft Ice Series) Oatmeal Original Flavor/Coco Soft Ice/Oatmeal Dual Flavor (Market special series) Blossom Mai Mai Tea Bucino/Coco Mai Mai with You (New seasonal products) Avocado Oatmeal Coconut Dew/Full of Energy Oatmeal Coconut Dew (Egg Waffles) Oatmeal Chocolate Waffles</p>
2021	(Project) Shanghai Terrace	Beverages	<p>Meijiafuding White Tea/Pu'er Tea/Milk Cap Pu'er/Black Tea/Red Coconut/Milk Cap Black Tea/Coconut Snow with Black Tea/Coconut Milk Capped Pine Nuts with Black Tea/Oolong Tea/Oolong Milk Tea/Milk Cap (Peanut) with Milk Tea/Jasmine Green Tea/Swallow wiyh Green Tea/Milk Cap with Green Tea/Swallow Snow Top with Green Tea/Yellow Tea/Swallow with Yellow Tea/Milk Cap with Yellow Tea/Swallow Snow Top with Yellow Tea/Herbal Fruit Tea(Caffeine Free) Dessert: Coconut highland barley popping bead ice cream/matcha highland barley popping bead ice cream</p>

4. Long- and Short-Term Business Development Plans

The Company's "Happy Lemon" brand has established a strong reputation in the tea and beverage market on both sides of the Taiwan Strait. In addition to continuing to deepen the steady development of the existing market, the Company has prepared various development plans in response to the future trend of the industry and the overall economic environment. We clarify the future direction of the Company's business and related strategies in order to consolidate the brand's competitive strength and continue to seek opportunities to expand the business territory both domestically and internationally. The following is a description of the Company's short-term and medium- to long-term business development plans.

(1) Short-term development plan

- 1) The mainland market continues its brand upgrade campaign, and continues to optimize the menu and clarify product positioning.
- 2) Expanding the Taiwan market and consolidating upward development.
- 3) The overseas market operation team is integrated to prepare for the expansion and development of the brand globalization.
- 4) Strengthen the online business operation capability, actively plan the takeaway market and find the best profit model.
- 5) We continue to promote the optimization and transformation of operation management by making management operations online.
- 6) Upgrade the membership system to focus on brand membership operations and membership attraction growth.
- 7) Flatten the organizational structure, optimize operational processes, and improve organizational management and personnel performance.

(2) Mid- and long-term development plan

1) Twin engines drive global expansion of brands

With the vision of "building the best entrepreneurial platform tea and beverages in the world", we have clearly planned the store development goals and strategies for the next 3-5 years in the mainland and overseas markets. And through the support and joint efforts of all departments of the Group, we are working on various levels such as organization adjustment, system upgrade, process optimization, talent cultivation and procurement system to build the most suitable management model for brand operation and development of agency and franchise operations, so as to achieve a win-win situation for the Group headquarters, franchise partners and the supply chain.

2) Reshape the business model in response to the digital restaurant era

Facing the Internet era of the tea and beverage industry, we accelerate the construction and upgrade of the Group's digital system through strategic cooperation. We are moving towards innovation in thinking, service innovation, business innovation, technology innovation and management innovation. In response to the introduction of intelligent systems, we also transform the Group's organizational structure, upgrade the knowledge of talents and promote the development strategy of a new business model.

3) Grasp the development trend of the global tea and beverage industry and strengthen the ability to respond.

In the face of the fast-changing nature of the tea and beverages industry, we pay close attention to and grasp the changing trends in the global tea and beverages market in terms of products, market operations, and customer preferences, and maintain a high degree of flexibility to make quick adjustments in response.

4) Clarify brand positioning and create value for customers

Continuing the brand upgrade in 2021, we will continue to link with the younger generation with a brighter and more active image on various levels, including menu, store type, and marketing activities. User experience is the key to sustainable customer recognition. Through the introduction of the online inspection system, the Group can strengthen data and process management, and focus more on improving QSC services in stores. At the same time, the product is at the core, and research and development is in line with the more distinctive, topical, and beautiful categories, to create products to become the social currency of the young generation, and to clearly shape the brand positioning, expand the use of IP, in different forms (such as: package design, cross-border co-branding, peripheral goods, etc.) NA through various carriers such as product packaging, store displays, social website, and membership systems, in order to deepen customers' memory of the brand and create a clear distinction from competitors, which will eventually be transformed into actual consumer purchasing behaviors.

5) Digital Empowerment, Continuing to Drive Supply Chain Development

The company has long attached importance to the development of the supply chain. The procurement and logistics systems in the mainland are developed early. They are located in four regions, North China, Shanghai, Southwest China and South China, respectively, as well as Taiwan. In recent years, in

order to cope with the development of overseas markets, we have been actively promoting the deployment of global supply chain, and in 2020, we officially set up a logistics warehouse in the United States, which will be able to support the expansion of stores in North America, Canada and South America. In the Group's digital construction planning, the supply chain is an important part. Through the calculation of data, we can predict the usage of materials, and can interactively apply parameters such as production and manufacturing, delivery time, and warranty period to make a more reasonable prediction of demand for procurement, and integrate important information such as suppliers' data and contracts to make a better supplier management system. The Company will continue to promote the intelligent process of supply chain to integrate the development and management of upstream and downstream of the supply chain, as an important reliance on the expansion of brand globalization.

6) Talent Development, Human Resource Transformation

In response to the transition of the market and the digital transformation of the tea and beverage industry, the content of talent training was adjusted accordingly. Through the upgrading and optimization of the structure and teaching materials, the working mode of the headquarters staff, operation management, franchisees and store employees was reshaped, so that the quality of talent transformation is carried out in line with the changes of corporate development. Meanwhile, we continue to bring talents with overseas management experience into the team to strengthen the competitiveness of the brand's global development.

II. Market, Production and Sales Overview

1. Market Analysis

(1) Sales Regions for Main Products

Unit: NT\$ thousands; %

Region	year 2020		year 2021	
	Amount of Sales	Percentage	Amount of Sales	Percentage
Taiwan, Hong Kong, and Mainland China	1,416,128	89.61%	1,194,913	81.91%
Other regions in Asia	21,617	1.37%	36,294	2.49%
Australia	2,683	0.17%	3,479	0.24%
America	128,751	8.15%	211,740	14.51%
Europe	11,058	0.70%	12,362	0.85%
Total	1,580,237	100.00%	1,458,788	100.00%

(2) Market Share

After years of developing consumer habits, the development scale of the new tea and beverage market in China has been growing upward. According to the data released by iresarch, the new-style tea and beverages industry in mainland China showed a rapid growth trend in the five years until 2020. Although the growth rate slowed down by 2021, it is still estimated that the overall revenue scale of the new-style tea and beverages market will reach nearly RMB150 billion by 2023, which also shows that there is a large development room and potential in the entire mainland market.

However, in the past two years, there has also been a significant shuffling situation in the tea and beverage market. According to the data reviewed by the Meituan Group, 350,000 online milk tea stores in mainland China were cancelled in 2021. There are many brands in the tea and beverage market. According to incomplete data, the number of new tea and beverage brands in China currently exceeds 160. Among them, Shanghai, Guangzhou and Beijing have the largest number of tea and beverage brands, and the chain brands occupy about 90% of the market share in the entire new tea and beverage industry. In terms of the business model, it accounts for nearly 70% of all chain brands. Distinguished by the average unit price, low and medium-priced chains account for more than 50% of the market share in the new tea and beverage industry, and high-priced tea and beverage brands account for about 8%.

At present, there are 661 cities in Mainland China (including county-level cities). The Company's largest brand, Happy Lemon, is present in more than 160 cities in Mainland China with a certain market share, and has opened stores in more than 20 countries and 200 cities overseas. The group has a total of nearly 900 stores worldwide. In the future, the company will continue to operate in the form of agency, franchise, joint venture, alliance, etc., and adopt the strategy of expanding the market in northern China and developing in the third and fourth-tier cities in China. While we focus on the North American market to accelerate the development of stores overseas and also stabilize the development of stores in Southeast Asia, in order to realize the vision of "building the best entrepreneurial platform for global tea and beverages".

(3) Supply and Demand in the Market and Growth in the Future

The growth of the food and beverage market in mainland China was impressive. Food and beverage revenue exceeded RMB 1 trillion in 2006, and multiplied to more than RMB 4 trillion in the next 10 years. Affected by the pandemic in 2020,

food and beverage revenue nationwide fell by 16.6% year-on-year. Affected by the pandemic in 2021, the overall revenue situation of the food and beverage industry continued to fluctuate. According to the data of the National Bureau of Statistics of China, food and beverage revenue increased by 18.6% in 2021, decreased by 1.1% year-on-year in 2019, and the average size of food and beverage consumption fell by 0.5% for two years. The scale of food and beverage consumption has not yet recovered to the pre-pandemic level. Looking at the quarter-on-quarter, the average food and beverage revenue fell by 0.5% for two years, down by 1.1% from the third quarter, indicating that the recovery of food and beverage expenses accelerated. Overseas, the world's largest catering market is also affected by the epidemic in the United States, with sales of US \$659 billion in 2020 down nearly 24% from 2019 and rising to US \$731.5 billion in 2021. According to the National Restaurant Association, catering sales in the United States are predicted to reach US \$898 billion in 2022, while Mordor Intelligence also predicts that future catering sales will grow at a compound annual growth rate (CAGR) of 3.7% until 2026, indicating that the U.S. catering industry has gradually recovered from the impact of the epidemic.

Hand-shaked tea is one of the most in-demand items. Through the rapid development of online takeaway, the sales scene has been extended to afternoon tea and late night snacks, covering almost the whole time of people's consumption. With the rebound of the catering industry and the rise of the consumption power of the Z generation in the catering market, the tea and beverages industry still has huge room for development in the world.

In view of the development trend of the world's two largest food and beverage markets, as the epidemic is regarded as normalized and countries have a tendency to gradually relax border controls. It is predicted that residents of countries around the world will gradually return to their pre-epidemic lifestyle. And the food and beverage industry will also resume normal operations under the ease of restrictions. At a time when the restaurant industry is recovering, and in the face of the external environment that has led the catering market to accelerate changes and reshape its business model over the past two years, our company, with more than 20 years of experience in the restaurant industry, will continue to strengthen our brand power and grasp the trend of trend, innovation, diversification and healthiness in product development. The operation management focuses on the quality improvement of QSC, the satisfaction of creating a comprehensive customer experience, the parallel development of offline and online channels, the acceleration of the Group's digital set-up, the realization of data management, digital intelligence-driven

growth, and the strengthening of competitiveness in the industry. With a clear global development strategy layout, fill the potential gap markets, and systematically promote the expansion of brand scale in China, Taiwan and overseas markets.

(4) Competitive Niche

1) Operate with care to gain recognition

The Company has long developed its franchise business in the mainland and overseas markets, and has always attached importance to the operation and development of all agent franchisees and joint venture partners of the brand. It has continued to provide support in store operations, QSC management, menu planning and new product development, staff training, operating systems, supply chain procurement and delivery, etc..And the Company has continuously improved and strengthened the headquarters team and system capabilities to become the strongest support for all business partners. Therefore, in the tea and beverage industry, where franchise business is the main business model in general, our efforts have been recognized by official and unofficial institutions many times. For example, Happy Lemon was the only tea and beverage chain brand in the leisure beverage industry to achieve this honor in the 2020 list of China's Top 100 Franchise Enterprises announced by the China Chain Store Association (CCFA); it was awarded the "Chain Industry Influential Brand" for 2020-2021 by the Shanghai Chain Store Association; and it was awarded the "Digital Transformation Innovation Award" by the China Digital Innovation Conference in 2021. Over the years, the recognition from outside parties has also demonstrated the Group's persistence and dedication in "building the best global entrepreneurial platform", which will continue to enable the brand to expand at a steady pace in the global food and beverage market.

2) Product Development Capability

Our R&D department has rich experience in R&D in the tea and beverages industry and has been recognized by the outside world in terms of R&D capability. We are often invited to be the judge of various tea and beverage competitions in mainland China, and our R&D team partners have also participated in many external competitions and achieved good results. By continuously absorbing new product knowledge and keeping abreast of trends, we have also developed a high level of innovation. In the process of obtaining

raw materials, our company has also set up a strict procurement and quality control mechanism to ensure that our products are delicious and at the same time healthy and safe for consumers to drink. In recent years, in the process of product development, we have been experimenting with new equipment and techniques, such as the hand-made tea brewing tower, hand-made tea filter, and iced brick tea making technique for Tea Opal, etc. Three innovative tea making equipment and techniques have taken the hand-shaken tea making technique to a higher level. In the future, we will continue to optimize the operation of tea making and ingredients, so as to simplify the operation procedures and standardize the process, reduce the complexity of employee operations, and improve the stability of products.

3) Managing Digitalization and Digital Intelligence

Since 2013, the Company has built an online membership system, accumulating a large amount of user and sales data, and bringing more advanced technology in the face of the Internet. At present, through the establishment of the data center, the Company has opened up multiple operating systems of POS, membership system, delivery, ERP, BI and other enterprises to gradually realize data cleaning. After that, the data between different systems can be used as an important support basis for product development, marketing and consumption activities, and management decisions.

(5) Favorable and Unfavorable Factors Affecting Development Prospects and Related Response Measures

1) Favorable Factors

A. Strong demand for tea and beverages as consumption in mainland and overseas markets recovers

The general optimistic expectation is that with the normalization of the epidemic, global economic activities should gradually recover. People's demand for daily meals will also revive. Beverages have been the mainstream market consumption group Generation Y, and Generation Z highly dependent on the category. Under the strong support of global market demand, the Companies continue to adjust product flavor and price to meet the regionalized demand to obtain greater room for development.

B. Mainland China continues to promote the recovery of the catering industry

with policies B. Mainland China continues to promote the recovery of the catering industry with policies

As the online takeaway business accounts for an increasing proportion of the revenue of the tea and beverages industry in mainland China, it has become a trend for consumers to rely heavily on online channels to order tea and beverages. However, the high commission amount of the takeaway platform has caused the erosion of the takeaway profits of restaurants, and even the situation of selling and losing orders. In 2022, the National Development and Reform Commission and other departments in mainland China proposed a relevant discussion on "guiding take-out and other Internet platform enterprises to further reduce the service fee standards of merchants in the catering industry and lowering the operating costs of relevant catering enterprises". If government announce this policy, and implemented, it should reduce the cost of takeaway operations for the catering industry and facilitate the sustainable development of takeaway business.

C. The brand's global layout is clear

Since 2010, our biggest brand Happy Lemon has been extending its business to overseas. After more than a decade of operation, we have a clear plan for the brand's global development strategy: deepening the mainland market, expanding the North American market, and advancing into the Southeast Asian market. Therefore, from the perspective of system upgrading and transformation, supply chain development, organizational talent development, etc., it is arranged in the direction of global demand. We will continue to work toward this strategic goal in the future.

D. Focus on QSC and food safety management.

Our internal quality control department and quality inspection office are set up to monitor and manage the ingredients and raw materials used by all of our brands as well as the operational compliance at our stores on a long-term basis, with the aim of safeguarding our customers' food safety. In addition, in order to improve the performance of QSC management, we will also complete the construction of the online inspection system in 2021, insisting on the core of creating value and satisfaction for customers in the process of brand development without forgetting the original intention.

E. The Group is actively promoting digital construction.

In recent years, the Company has been actively promoting system upgrade

and construction, and strengthening the use of data management, in order to gradually realize the analysis of customer consumption behavior. Through the digital system and the interactive use of sales data the Company knows customer needs and predicts the direction of the brand's future new product development and marketing campaign design. The Company also extend the development needs of the supply chain to improve the Group's operational management efficiency and effective management of expenses.

2) Unfavorable Factors and Specific Response Measures

A. High competition in the tea and beverage industry, high substitutability

The low threshold of entry into the tea and beverage industry, product manufacturing techniques and recipes have long been no secret. Whether in terms of products or marketing activities, as long as there are popular models or new ideas launched, those will be quickly copied, imitated, consumers because of the homogeneity of the choice of too much, no excessive loyalty to the brand.

Response Measures:

In addition to the R&D and marketing departments, the Company continues to bring in young generations of partners, so as to generate new ideas in the content of product R&D and marketing activities. Through the transformation of CRM system, the Company greatly improves the communication function of brand membership activities, and vigorously promotes the construction of private domain traffic. It directs customers from the public domain to the private domain, and improves the adhesion and repurchase rate with members through high-frequency activities, more attractive content, and promotional interactions of brand new products, and generates more traffic attraction effects through incentive offers. Meanwhile, we will expand the use of brand IP and cross-border cooperation and other channels to strengthen consumers' impressions and perceptions of the brand, so as to make a distinction from competitors.

B. Consumers focus on product innovation and quality

New products in the tea beverage industry are extremely fast. According to the survey data of 50 industry brands in 2021, the tea beverage industry launched nearly 1,800 new products during the year, and the raw materials used are constantly being refurbished. The high frequency and speed of new tea brands not only exacerbate competition, but also drive consumers

to follow the trend of new products. But at the same time, there is also a certain proportion of customers, maintaining the consumption habits of specific items. However, regardless of whether it is a new product or an existing item, the customers' requirements for quality and flavor are the same.

Response Measures:

By participating in external exhibitions and strengthening market research, we assist the brand's internal marketing and quality control departments in formulating menu strategies and product development directions, grasping trends and consumer preferences in all aspects of product presentation (e.g., low calorie, health trends.) NA We also focus on the product manufacturing process and move toward simplification of operation, simplification of process, and refinement of workmanship. To strengthen the linkage with the market demand, and also to de-complicate the standard process for the employees to maintain the high quality and stable performance of the products.

- C. High turnover of personnel in the catering industry, talent training is not easy

Regardless of the advanced development of internet technology, some service segments of the people-oriented catering industry still need customers to feel the temperature that only people can provide. But the instability of personnel and the poor execution after training often cause the sales site to be unable to truly provide the service quality that satisfies customers.

Response Measures:

In order to deliver high quality services that exceed consumers' expectations, catering companies must continue to make adjustments to their training structure, training methods, and training materials in accordance with market technology upgrades and changes in the quality of personnel (the younger generation of employees has a different definition of service than in the past), and adjust their organizational management methods in response to the trend of a younger workforce and to understand the younger generation's pursuit of job fulfillment. And adjust organizational management methods to reduce staff turnover risks, and continuously provide the management talents and manpower required for the development of the Group.

- D. Global inflation and lack of work in the catering industry and rising operating costs.

Due to the pandemic and global warming, the prices of ingredients and raw materials have been rising, and the rent of shops has continued to rise. Moreover, the shortage of workers in the food and beverage service industry has become more serious. These conditions have put the operation of the catering industry under more and more pressure year by year.

Response Measures:

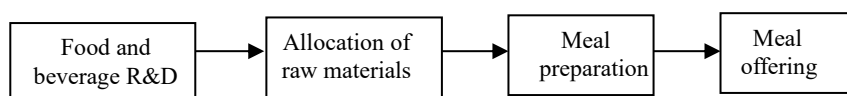
In the face of the trend of young and less well-funded entrepreneurs in the tea and beverages franchise market, the Company is actively promoting a lightweight entrepreneurial program, optimizing all aspects of store decoration, equipment and system procurement, and incentive policies to reduce the burden for existing franchise partners while attracting more new entrepreneurs to join. At the same time, in terms of raw material procurement, we expanded the search for more alternative suppliers to spread procurement risks, and actively promoted the digitalization of the supply chains to predict orders with intelligent procurement systems and reduce waste losses. Meanwhile, for the adjustment of the business model of tea and beverage business, through the calculation of financial statements, we continue to assist operation managers to grasp the opportunity of store revenue creation and reasonable cost control.

2. Important Uses and Production Process of Main Products

- (1) Important Uses of Products

The Company's main products focus on meeting people's dietary needs.

- (2) Production Process of Products



3. Supply of Raw Materials

Main Raw Materials	Main Supplier	Brand Supplied to	Supply Status
Tea leaf	NA	Happy Lemon, Tea Opal, and Hippo Bobatea	Good and stable
Fruit juice and fruit jam	B, V, W	Happy Lemon, Tea Opal, and Hippo Bobatea	Good and stable
Powder	D, X	Happy Lemon	Good and

		and Hippo Bobatea	stable
Ready-to-eat foods	Y, Z	RBT	Good and stable
Packaging materials	L, AA, CC	Happy Lemon, Tea Opal, Hippo Bobatea, and RBT	Good and stable

4. Explanation on Major Changes in Gross Profit Margin for Main Product Categories or Departments in the Two Most Recent Years:

- (1) Comparative Analysis of Changes in Gross Profit Margin in the Two Most Recent Years:

Unit: Thousands of NT Dollars

Item \ Year	year 2020	year 2021	Percentage of Change
Operating Revenue	1,580,237	1,458,788	-7.69%
Gross Profit	791,962	681,603	-13.93%
Gross Profit Margin	50.12%	46.72%	-6.78%

- (2) Explanation on the Percentage of Change in Gross Profit Margin Exceeding 20 percent: Not applicable

5. List of Main Customers Involved in the Purchase and Sales of Goods

- (1) Name of Manufacturers Accounting for 10 percent or more of the Company's Total Purchase of Goods in the Two Most Recent Years, Amount and Percentage of Purchase of Goods Made, and Reasons for Increase or Decrease in These Figures

There have been no significant changes in the Company's main manufacturers in the two most recent years.

Unit: NT\$ thousands; %

Item	2020				2021				2022 up to the Previous Quarter			
	Title	Amount	Percentage of Purchase of Goods in Terms of Net Purchase of Goods for the Entire Year (%)	Relationship with the Issuer	Title	Amount	Percentage of Purchase of Goods in Terms of Net Purchase of Goods for the Entire Year (%)	Relationship with the Issuer	Title	Amount	Percentage of Purchase of Goods in Terms of Net Purchase of Goods for the Current Year up to the Previous Quarter (%)	Relationship with the Issuer
1	D	73,332	11.36%	None	D	45,701	6.92%	None	D	6,978	6.67%	None
2												
3												
	Others	572,414	88.64%		Others	614,245	93.08%		Others	97,613	93.33%	
	Net Purchase of Goods	645,746	100.00%		Net Purchase of Goods	659,946	100.00%		Net Purchase of Goods	104,591	100.00%	

- (2) The names of customers who have accounted for more than 10% of total sales in any of the last two years and the amount and percentage of sales, together with the reasons for the increase or decrease.

The Company did not have any customer accounting for 10 percent of its total sales of goods in 2020 and 2021.

6. Production Volume and Value in the Two Most Recent Years

The Company mainly runs chain food and beverage brands whose production process only involves simple mixing and processing, and does not belong to the manufacturing industry. Hence, this section is not applicable.

7. Sales Volume and Value in the Two Most Recent Years

Unit: Thousands of NT Dollars

Sales Volume and Value	Year	year 2020				year 2021			
		Domestic Sales		Export Sales		Domestic Sales		Export Sales	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Main Products									
Agent and Franchise		-	734,079	-	162,364	-	661,261	-	135,127
Company-operated Stores		-	521,431	-	-	-	527,273	-	-
Total		-	1,255,510	-	162,364	-	1,188,534	-	135,127

Reason for change:

The decrease in sales value in 2021 compared to 2020 is mainly due to the impact of the outbreak and variant virus in 2021. Only sales values are shown due to our ever-changing product mix, different and frequently changing product specifications, highly different units of measurements for our products, and the absence of a basis for comparing our products.

III. Number of Employees in the Two Most Recent Years up to the Publication Date of this Annual Report

Unit: persons

Year		year 2020	year 2021	As of 2022 31 Mar.
NA	Managers	14	11	11
NA	General Employees	293	267	231
NA	Production Line Staff	613	487	369
NA	Total	920	765	611
Average Age (years old)		28.56	30.86	31.7
Average Years of Service (years)		2.53	3.16	3.56
Distribution by Education Background (%)	PhD degree	0.22%	0.27%	0.33%
	Master's degree	1.52%	2.20%	1.96%
	College (including Bachelor's degree)	52.93%	55.36%	54.99%
	High school	33.48%	30.91%	32.24%
	Below high school	11.85%	11.26%	10.48%

IV. Environmental Protection Expenditure

- Where, in accordance with the law, a permit for the establishment of a pollution control facility or a permit for pollutant emission is required, or a pollution control fee needs to be paid, or a dedicated environmental protection unit needs to be set up and related personnel need to be appointed, the application and payment for such permits or the establishment of such unit and the appointment of such personnel shall be explained:

These items have been handled in accordance with the relevant regulations.

2. Investment in main equipment for pollution control, uses of these equipment and their possible benefits: None
3. Improvements on environmental pollution made by the Company in the most recent year up to the publication date of this annual report; where disputes arise from pollution incidents, the process of handling such disputes shall be explained: The Company did not encounter any environmental pollution incident.
4. Total amount of losses (including compensation) and punishments suffered by the Company due to environmental pollution in the most recent year up to the publication date of this annual report, as well as response measures (including improvement measures) and possible expenditures in the future (including the total amount of losses, punishments, and compensation that may arise if response measures are not taken; if these amounts cannot be estimated reasonably, the facts that they cannot be estimated reasonably shall be explained):
 - (1) Losses and punishment due to environmental pollution the most recent year: None
 - (2) Response measures and possible expenditures in the future: Not applicable
5. Effects of current pollution status and improvements on the Company's earnings, competitive position, and capital expenditure, and expected major environmental protection expenditures in the next two years: None

V. Labor Relations

1. The Company's various employee welfare measures, continuing education and training, retirement system, and their implementation, as well as labor-management agreements and various measures for safeguarding employee rights and interests:
 - (I) Employee welfare measures, continuing education and training, and their implementation
The Company attaches great importance to talents and is people-oriented. Therefore, as part of employee benefits, we provide a good working environment and launches various employee welfare measures, including women-friendly workplace, emergency assistance, gifts during the Lunar New Year celebrations and company trip, rewards for outstanding employees, etc. In terms of training, the Company prepares the annual education and training plan that meets the Company's needs every year, as well as prepares a budget for education and training expenses to be used for employee training and enhancing their professional knowledge.
 - (II) Retirement System and Implementation
The Company's subordinate companies in the R.O.C. have adopted the defined contribution pension plan in accordance with the Labor Standards Act. The Company contributes six percent of employees' monthly salary as pension every month and remit them to employees' personal retirement account. The Company's subsidiaries outside the R.O.C. have make pension contributions in accordance

with local regulations. Companies in Mainland China mostly contribute between 12 percent and 22 percent of the basic amount in endowment insurance for employees.

(III) Labor-management agreements and various measures for safeguarding employee rights and interests

The Company has established measures and regulations related to labor relations in accordance with the relevant laws and regulations. Moreover, the Company has always maintained a self-management and full participation management style, where each department manager and his/her subordinates would effectively communicate through regular business meetings and training. Therefore, the Company maintains good labor relations.

2. Losses suffered by the Company due to labor disputes in the most recent year up to the publication date of this annual report, as well as estimated amount of current losses and those that may occur in the future and the relevant response measures; if these amounts cannot be estimated reasonably, the facts that they cannot be estimated reasonably shall be explained: None

VI. Cyber security management :

1. The company formulates an internal control system in accordance with relevant laws and regulations and the company's operational needs, including: information system management operations, information security policy promotion operations, and information equipment maintenance and update operations. The audit office of the company also regularly conducts inspections of various information operations. If any deficiencies are found, the inspected units are immediately required to propose improvement plans and report to the board of directors, and the improvement results are regularly tracked to reduce the risk of internal information security.
2. There is no significant cyber security incidents in the most recent fiscal year and up to the annual report publication date

VII. Important Contracts

Nature of Contract	Contracting Party		Start and End Date of Contract	Major Content	Restrictions Terms and Conditions
	in the Financial Statements	Contract Counterparty			
Purchase and sales contract	Shanghai Tai Quan Trading Co., Ltd.	Fujian Qin Xin Tea Co., Ltd.	January 1, 2021 to July 31, 2022	Purchase and sales contract	None
Purchase and sales contract	Shanghai Tai Quan Trading Co., Ltd.	Mao Deng Food & Beverage Management (Shanghai) Co., Ltd.	January 1, 2020 to December 31, 2021	Purchase and sales contract	None
Commissioned processing contract	Shanghai Tai Quan Trading Co., Ltd.	Fresh Juice Co., Ltd.	January 1, 2021 to December 31, 2022	Commissioned processing	None
Commissioned processing contract	Shanghai Tai Quan Trading Co., Ltd.	Hainan Ding An Le Coconut Foods Co., Ltd.	January 1, 2021 to December 31, 2022	Commissioned processing	None
Purchase and sales contract	Shanghai Tai Quan Trading Co., Ltd.	Shanghai Panke International Trading Co., Ltd.	January 1, 2021 to December 31, 2022	Purchase and sales contract	None
Commissioned processing contract	Shanghai Tai Quan Trading Co., Ltd.	Kerry Ingredients Trading (Shanghai) Co., Ltd.	January 1, 2021 to December 31, 2022	Commissioned processing	None
Purchase and sales contract	Shanghai Tai Quan Trading Co., Ltd.	Young & Fine Food Tech (Shanghai) Co., Ltd.	January 1, 2022 to December 31, 2023	Purchase and sales contract	None
Purchase and sales contract	Shanghai Tai Quan Trading Co., Ltd.	Guangdong Aliment Airline Foods Co., Ltd.	January 1, 2022 to December 31, 2023	Purchase and sales contract	None
Purchase and sales contract	Shanghai Tai Quan Trading Co., Ltd.	Zhangzhou Yilin Foods Co., Ltd.	January 1, 2022 to December 31, 2023	Purchase and sales contract	None
Commissioned processing contract	Shanghai Tai Quan Trading Co., Ltd.	Tianjin Zheng Jin Environmental Protection Technology Co., Ltd.	January 1, 2022 to December 31, 2023	Commissioned processing	None
Commissioned processing contract	Shanghai Tai Quan Trading Co., Ltd.	Yongqing County Bai Xing Yu De Packing Products Co., Ltd.	November 19, 2019 to December 31, 2022	Commissioned processing	None
Commissioned processing contract	Shanghai Tai Quan Trading Co., Ltd.	NA	January 1, 2022 to December 31, 2023	Commissioned processing	None

Chapter 6. Financial Overview

I. Condensed Financial Information for the Five Most Recent Years

(I) Condensed Balance Sheet and Statement of Comprehensive Income - International Financial Reporting Standards (IFRS)

1. Condensed Balance Sheet - IFRS

Unit: Thousands of NT Dollars

Year Item	Financial Information for the Five Most Recent Years					As of March 31, 2022	
	2017	2018	2019	2020	2021		
Current assets	1,164,663	1,003,016	1,116,871	963,641	731,549	750,991	
Property, plant and equipment	193,649	184,309	161,492	146,618	135,020	131,290	
Intangible assets	10,207	8,727	7,486	32,929	30,796	31,451	
Other assets	141,439	188,246	515,912	633,506	477,021	357,462	
Total Assets	1,509,958	1,348,298	1,801,761	1,776,694	1,374,386	1,271,194	
Current liabilities	Before distribution	533,365	468,422	707,494	710,308	575,211	473,977
	After distribution	664,631	536,206	792,697	728,147	575,211	473,977
Non-current liabilities	225,718	203,433	368,490	377,892	280,011	259,773	
Total liabilities	Before distribution	759,083	671,855	1,075,984	1,088,200	855,222	733,750
	After distribution	890,349	739,639	1,161,187	1,106,039	855,222	733,750
Equity attributable to owners of the parent company	718,821	691,744	711,641	654,510	499,163	517,849	
Share capital	Before distribution	334,040	350,693	349,085	365,544	357,852	357,852
	After distribution	334,040	350,693	366,126	383,383	357,852	357,852
Capital surplus	222,906	263,834	234,600	235,183	215,838	215,838	
Retained earnings	Before distribution	230,746	202,539	264,123	200,750	55,358	(56,720)
	After distribution	99,480	134,755	161,879	218,589	Note	Note
Other equity	(67,395)	(58,559)	(78,888)	(82,929)	(100,280)	(85,956)	
Treasury stock	(1,476)	(66,763)	(52,279)	(64,037)	(29,605)	(29,605)	
NON-CONTROLLING INTERESTS	32,054	20,699	14,136	33,984	20,001	19,595	
Total equity	Before distribution	750,875	712,443	725,777	688,494	519,164	537,444
	After distribution	619,609	644,659	640,574	1,022,067	519,164	537,444

Source: Consolidated financial statements audited or attested by CPAs from 2017 to 2021 and in the first quarter of 2022.

Note: The 2021 loss reversal plan is yet to be approved by the shareholders' meeting.

2. Condensed Statement of Comprehensive Income - IFRS

Unit: NT\$ thousands (except for earnings per share which is expressed in NT\$)

Year Item	Financial Information for the Five Most Recent Years					As of March 31, 2022
	2017	2018	2019	2020	2021	
Operating Revenue	1,994,450	2,173,600	2,217,112	1,580,237	1,458,788	225,264
Gross Profit	1,088,792	1,138,044	1,146,295	791,962	681,603	95,911
Operating income	192,558	139,785	174,542	22,256	(113,358)	(36,687)
Non-operating revenue and expenses	21,309	(6,486)	(703)	35,829	18,363	43,570
Net income before tax	213,867	133,299	173,839	58,085	(94,995)	6,883
Net income from continuing operations	152,981	94,704	123,353	33,038	(96,760)	267
Net profit (loss) for the period	152,981	94,704	123,353	33,038	(96,760)	267
Other comprehensive income (net of tax)	(26,297)	(2,811)	(25,440)	(6,947)	(18,738)	18,013
Total comprehensive income for the period	126,684	91,893	97,913	26,091	(115,498)	18,280
Net income attributable to owners of the parent company	155,881	103,081	129,368	38,871	(94,106)	267
Net income attributable to non-controlling interests	(2,900)	(8,377)	(6,015)	(5,833)	(2,654)	1,362
Total comprehensive income attributable to owners of the parent	129,347	100,809	104,476	31,894	(112,156)	18,686
Total comprehensive income attributable to non-controlling interests	(2,663)	(8,916)	(6,563)	(5,803)	(3,342)	(406)
Earnings per share - basic (NT\$) (Note)	5.02	3.11	3.62	1.09	(2.65)	0.04
Earnings per share - diluted (NT\$) (Note)	4.60	3.03	3.61	1.09	(2.65)	0.04

Source: Consolidated financial statements audited or attested by CPAs from 2017 to 2021 and in the first quarter of 2022.

Note: Capital increase by earnings is retroactively adjusted using earnings per share for the previous year.

(II) Name of CPAs and Their Audit Opinions for the Five Most Recent Years

Year	Accounting Firm	Name of CPA	Audit Opinion
2017	Deloitte Taiwan	Yu, Hung-Pin and Kenny Hong	Unqualified opinion
2018	Deloitte Taiwan	Huang, Yi-Min and Wu, Ker-Chang	Unqualified opinion
2019	Deloitte Taiwan	Huang, Yi-Min and Wu, Ker-Chang	Unqualified opinion
2020	Deloitte Taiwan	Huang, Yi-Min and Wu, Ker-Chang	Unqualified opinion
2021	Deloitte Taiwan	Huang, Yi-Min and Wu, Ker-Chang	Unqualified opinion

II. Financial Analysis for the Five Most Recent Years

1. 1. Financial Analysis - IFRS

Year Item		Financial Analysis for the Five Most Recent Years					As of March 31, 2022
		2017	2018	2019	2020	2021	
Financial Structure (%)	Debt-to-asset ratio	50.27	48.53	59.71	61.24	62.22	57.72
	Long-term capital to fixed assets ratio	406.73	406.40	470.87	523.90	369.70	420.77
Solvency (%)	Current Ratio (%)	218.36	214.12	157.86	135.66	127.17	158.44
	Quick Ratio (%)	198.36	194.40	143.54	115.68	100.81	126.13
	Interest coverage ratio	36.71	36.25	9.58	4.22	(5.07)	3.28
Operating Ability	Receivables turnover rate (times)	60.89	52.12	48.88	37.85	51.32	35.08
	Average collection days (times)	6.00	7.00	7.00	10.00	7.00	10.41
	Inventory turnover rate (times)	9.48	9.76	10.38	8.24	8.07	4.61
	Payables turnover rate (times)	7.70	8.12	8.39	7.42	9.79	9.12
	Average inventory turnover days	39.00	37.00	35.00	44.00	45.23	79.18
	Fixed asset turnover rate (times)	10.71	11.50	12.82	10.25	10.35	6.76
	Total asset turnover rate (times)	1.38	1.50	1.39	0.88	0.92	0.68
Profitability	Return on assets (%)	10.95	6.74	8.69	2.60	(5.39)	0.19
	Return on equity	23.28	12.94	17.15	4.67	(16.02)	0.05
	Net income before income tax as a percentage of paid-in capital (%)	64.02	38.01	49.79	15.88	(26.54)	1.92
	Net income ratio (%)	7.67	4.35	5.56	2.09	(6.63)	0.11
	Earnings per share (NT\$)	5.02	3.11	3.62	1.09	(2.65)	0.04
Cash flow	Cash flow ratio (%)	21.69	22.44	55.46	88.42	26.92	(13.85)
	Cash flow fair value ratio (%)	57.59	41.77	80.15	121.12	168.11	(159.57)
	Cash reinvestment ratio (%)	2.18	(2.49)	33.55	66.09	28.25	(9.28)
Leverage	Degree of operating leverage (DOL)	5.41	7.74	6.30	34.21	Note 2	Note 2
	Degree of financial leverage (DFL)	1.03	1.02	1.13	5.21	Note 2	Note 2
Reasons for changes in financial ratios for the last two years:							

1. Increase in the ratio of liabilities to assets and decrease in the ratio of long-term funds to fixed assets: mainly due to the settlement of long-term loans in 2021, resulting in a decrease in total liabilities for the current period compared to last year. Losses in 2021 also resulted in a decrease in the Company's owners' equity compared to last year.
2. Decrease in the interest coverage multiple: mainly due to the loss before income tax and interest expense in 2021, while there was a surplus in 2020.
3. The operating capacity indicators (decrease in receivables turnover rate, decrease in average collection days, increase in inventory turnover rate, and increase in total assets turnover rate) were mainly due to the impact of the COVID-19 variant virus in 2021. The frequent closure of cities in various regions and the 8% decrease in operating revenue compared to last year, as well as the slow supply of inventory, resulted in a 90% increase in inventory for the period compared to last year. In order to help franchisees to overcome the pandemic, we gave incentives to franchise owners, resulting in an approximately 3% decrease in gross profit for the year compared to last year.
4. The loss in return on assets and return on equity was mainly due to the closure of the China and Southeast Asian markets as a result of the COVID-19 pandemic, which had a significant impact on the operations of the directly operated stores and franchised stores due to the decrease in the number of days of operation, resulting in lower franchise fees and royalty income and lower sales of raw materials.
5. The cash flow indicators (decrease in cash flow ratio and decrease in cash reinvestment ratio) were mainly due to the loss incurred in 2021, which resulted in the increase in cash outflows from operations compared to that in the same period of last year.

Source: Consolidated financial statements audited by CPAs from 2016 to 2021 and consolidated financial statements reviewed by CPAs in the first quarter of 2021.

Note 1: Capital increase by earnings is retroactively adjusted using earnings per share for the previous year.

Note 2: Cause of The company's 2021 and 2022 first quarters are net operating losses, do not disclose the Leverage.

Note 3: The following lists the formulas used for performing the financial analysis:

1. Financial Structure

- (1) Debt-to-asset ratio = Total liabilities/Total assets.
- (2) Proportion of long-term capital to property, factory and equipment ratio = (Total equity + Non-current liabilities)/Net property, plant and equipment.

2. Debt-Paying Ability

- (1) Current ratio = Current assets/Current liabilities.
- (2) Quick ratio = (Current assets – Inventory – Prepaid expense)/Current liabilities.
- (3) Interest coverage ratio = Net income before income tax and interest expense/Current interest expense for the period.

3. Operating Ability

- (1) Receivables turnover rate (including bills receivable resulting from accounts receivable and business operations) = Net sales/Average accounts receivable in various periods (including bills receivable resulting from accounts receivable and business operations).
- (2) Average collection days = 365/Receivables turnover ratio.
- (3) Inventory turnover ratio = Cost of goods sold/Average inventory value.
- (4) Payable turnover rate (including bills payable resulting from accounts payable and business operations) = Cost of goods sold/Average accounts payable in various periods (including bills payable resulting from accounts payable and business operations).
- (5) Average inventory turnover days = 365/Inventory turnover ratio.
- (6) Property, plant and equipment (PP&E) turnover ratio = Net sales/Average value of PP&E.
- (7) Total asset turnover rate = Net sales/Average total assets.

4. Profitability

- (1) Return on assets = [Net income after taxes + Interest expense (1– Tax rate)]/Average total assets.
- (2) Return on equity = Net income after taxes/Average total equity.
- (3) Net profit margin = Net income after taxes/Net sales.
- (4) Earnings per share = (Net profit (loss) attributable to the owners of the parent company – Preferred dividends) / Weighted average number of shares outstanding.

5. Cash Flow

- (1) Cash flow ratio = Net cash flow from operating activities/Current liabilities.
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the five most recent years/(Capital expenditure + Inventory increase + Cash dividend) for the most recent five years.
- (3) Cash reinvestment ratio = (Net cash flow from operating activities – Cash dividend)/Gross value of PP&E + Long-term investments + Other non-current assets + Working capital).

6. Leverage

- (1) Degree of operating leverage = (Net operating revenue - Change in operating costs and operating expenses)/Operating income.
- (2) Degree of financial leverage = Operating income/(Operating income - Interest expenses).

III Audit report of the Audit Committee on the most recent annual financial statements:

Yummy Town (Cayman) Holdings Corporation

Audit report of the Audit Committee

The Board of Directors has prepared the Company's 2021 Business Report, consolidated Financial Statements and proposal for loss reversal. The CPA firm of Deloitte & Touche was retained to audit the consolidated Financial Statements and has issued an audit report relating to the consolidated Financial Statements. The Business Report, consolidated Financial Statements and loss reversal proposal have been reviewed and determined to be correct and accurate by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Yummy Town (Cayman) Holdings Corporation

Yummy Town (Cayman) Holdings Corporation

Convener of the Audit Committee: Tu, Chi-Yao

March 24, 2022

IV. Financial Statements for the Most Recent Year: Kindly refer to Page 146 to Page 224.

V. Parent Company-Only Financial Statements Attested by CPAs in the Most Recent Year: Not applicable

VI. Financial Turnover-Related Difficulties Facing the Company and Its Affiliated Companies for the Most Recent Year up to the Publication Date of this Annual Report: None

Chapter 7. Review and Analysis of Financial Status and Financial Performance and Related Risk Items

I. Comparative Analysis of Financial Status

Major Reasons and Impact of Any Material Change to the Company's Assets, Liabilities or Equity in the Two Most Recent Years

Unit: Thousands of NT Dollars

Year Item	2020	2021	Difference	
			Amount	%
Current assets	963,641	731,549	-232,092	-24.08%
Investment accounted for using the equity method	121,708	107,242	-14,466	-11.89%
Property, plant and equipment	146,618	135,020	-11,598	-7.91%
Intangible assets	32,929	30,796	-2,133	-6.48%
Other assets	511,798	369,779	-142,019	-27.75%
Total Assets	1,776,694	1,374,386	-402,308	-22.64%
Current liabilities	710,308	575,211	-135,097	-19.02%
Non-current liabilities	377,892	280,011	-97,881	-25.90%
Total liabilities	1,088,200	855,222	-232,978	-21.41%
Share capital	365,544	357,852	-7,692	-2.10%
Capital surplus	235,182	215,838	-19,344	-8.23%
Retained earnings	200,750	55,358	-145,392	-72.42%
Other equity	-82,929	-100,280	-17,351	-20.92%
Treasury stock	-64,037	-29,605	34,432	-53.77%
Non-Controlling Interests	33,984	20,001	-13,983	-41.15%
Total shareholders' equity	688,494	519,164	-169,330	-24.59%
<p>Explanation on material changes: (where the amount changes by at least 10 percent and accounts for at least one percent of the total asset for the year)</p> <ol style="list-style-type: none"> 1. Current assets: The decrease of NT\$232,092,000 compared to 2020 was mainly due to the decrease in financial instruments and time deposits as a result of the decrease in financial operations due to the operating loss. 2. Investments accounted for using the equity method: mainly due to the disposal of Happy Lemon California. 3. Other assets: The decrease of NT\$142,019,000 in other assets was mainly due to the release of pledged time deposits in 2021 for repay the long-term borrowings. 4. Current liabilities: mainly due to the decrease of account payable and release the short-term borrowings in 2021. 5. Non-current liabilities: mainly due to the long-term borrowings are transfer into current liabilities and the decrease of guarantee deposit received. 6. Retained earnings: mainly due to the decrease in profitability in 2021 as a result of the ongoing pandemic. 7. Treasury stock: mainly due to the cancellation of lapsed treasury shares in 2021. 8. Non-controlling interest: mainly due to the disposal of Meng Qi Qi Food & Beverage Management (Shanghai) Co., Ltd. and acquisition 40 percent equity of Yi Cheng Food & Beverage Management (Guangxi) Co., Ltd. in 2021. 				

II. Comparative Analysis of Financial Results

(I) Major Reasons and Impact of Any Material Change to the Company's Operating Revenue, Operating Profit, and Profit Before Tax in the Two Most Recent Years

Unit: Thousands of NT Dollars

Year Item	2020	2021	Increase or Decrease	Change in percentage (%)
Operating Revenue	1,580,237	1,458,788	-121,449	-7.69%
Operating costs	788,275	777,185	-11,090	-1.41%
Gross Profit	791,962	681,603	-110,359	-13.93%
Operating expenses	769,706	794,961	25,255	3.28%
Operating profit	22,256	-113,358	-135,614	-609.34%
Non-operating revenue and expenses	35,829	18,363	-17,466	-48.75%
Profit before tax	58,085	-94,995	-153,080	-263.54%
Income tax expense	-25,047	1,765	26,812	-107.05%
Net profit after tax	33,038	-96,760	-129,798	-392.87%

Analysis of increase or decrease: (where the amount changes by at least 10 percent and accounts for at least one percent of the total asset for the year)

1. In 2021, due to the continued impact of the pandemic, the operating revenue decreased compared to the same period last year, while inflation and increased freight costs across the world resulted in an increase in operating costs compared to the same period last year, leading to a decrease in operating income and a decrease in operating expenses compared to the same period last year.

2. Non-operating income and expenses: The decrease in non-operating net income as compared to the same period last year was mainly due to the decrease in government subsidies received for the pandemic, and decrease of the Exchange benefits compared to the same period last year.

3. Net income after tax: The decrease in operating income resulted in a loss in net income before and after tax and a decrease in income tax expense compared to the same period last year.

(II) Expected Sales Volume and Its Basis, Possible Impact to the Company's Financial Operations, and Related Response Plans:

The Company formulates annual sales targets based on our store expansion plan and by considering the current status and trends of products and past business performance, in order to make preparations for the growth of operations in the future.

III. Cash Flow:

1. Analysis of Liquidity in the Two Most Recent Years

Unit: NT\$ thousands; %

Year Item	2020	2021	Difference	Increase and decrease percentage
Cash inflow (outflow) from operating activities	628,064	154,873	(473,191)	-75.34%
Cash inflow (outflow) from investing activities	(400,127)	159,561	559,688	-139.88%
Cash inflow (outflow) from financing activities	(159,569)	(365,411)	(205,842)	129.00%

Remark	<p>(1) Operating activities: Net income before tax decreased by NT\$153,080,000 for the current period, investment funds and financial instruments decreased by NT\$122,848 thousand, raw materials and commodity inventories increased by NT\$22,245,000, and Other payables increased NT\$by 11,714,000, resulting in a decrease of NT\$473,191,000 in net change in inflow of the assets from operating activities.</p> <p>(2) Investing activities: The net cash inflow from investing activities increased by NT\$559,688,000 due to the release of NT\$168,795,000 of time deposits, disposal of NT\$7,522,000 of the U.S. joint venture using the investment equity method, decrease of NT\$134,728,000 of investments accounted for using the equity method, and receive cash dividends from Yong Chun Cheng Co., Ltd.</p> <p>(3) Financing activities: Long-term and short-term borrowings decreased by NT\$215,135,000 compared to the same period last year for operating turnover and the non-controlling equity decreased by NT\$31,993,000 compared to the same period last year, resulting in a decrease of NT\$205,842 in net cash outflow from financing activities.</p>
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2. Improvement Plans for Inadequate Liquidity: The Company does not have inadequate liquidity. Hence, this section is not applicable.

3. Analysis of Cash Liquidity in the Coming Year (2022)

Unit: Thousands of NT Dollars

Cash balance at the beginning of the period (1)	Estimated full-year net cash flow from operating activities (2)	Estimated full-year net cash inflow from non-operating activities (3)	Remaining cash balance (1)+(2)-(3)	Remedial measures for cash shortage	
				Investment plan	Financing plan
400,358	71,745	81,791	390,312	0	0
Remark	<p>(1) Operating activities: Revenues and profits in North America will continue to grow this year, resulting in a net cash inflow from operating activities.</p> <p>(2) Investing activities: The global economy continues to contract due to the COVID-19 pandemic, and there is still uncertainty about the timing of recovery. The Company has no investment plans.</p> <p>(3) Financing activities: The Company does not have any investment plan nor corresponding financing plan.</p> <p>(4) Remedial measures for cash shortage: Although the Company's operating revenue and profit will fall in the coming year, it is expected that operating activities will still bring in a net cash inflow. Furthermore, financing activities will also bring in a net cash inflow, which should be adequate to support cash flow from investing activities. Therefore, there is no concern about inadequate liquidity.</p>				

IV. Impact of Major Capital Expenditures on Financial Operations in the Most Recent Year:

The Company has no major capital expenditure whose amount exceeds five percent of its paid-in capital or NT\$100 million in the most recent year.

However, in order to enhance the rights and interests of all shareholders and meet the Company's needs for medium- and long-term growth, the Company continues to actively open new stores. Other than our own funds arising from our continued profitability the

Company has no plan to raise funds from financial institutions, and this has no significant impact on the Company's financial operations.

V. Reinvestment Policy and Main Reasons for Related Profit or Loss, Improvement Plan and Investment Plan for the Coming Year:

1. Reinvestment policy

The Company's reinvestment policy has been developed to meet the development of the Group's operations. The Company's reinvested businesses are managed in accordance with the "Investment Cycle" in the internal control system and the "Procedures for Acquisition or Disposal of Assets". The regulations or procedures above have been discussed and approved by the Board of Directors or the shareholders' meeting.

2. Major reasons for profit or loss from reinvestments and relevant improvement plans:

Except for those which are posting a loss because they are newly established or their operations are yet to reach a certain scale, the rest of the Company's reinvested companies are not profitable, and the Company has actively adjusted the operating model of these companies and made appropriate disposal so that each reinvestment is profitable.

3. Investment plan for the coming year:

The Company will continue to expand its businesses, with Happy Lemon in Mainland China and overseas markets as the main focus, while concentrating on engaging in various investments or mergers and acquisitions with potential strategic partners in the same industry in accordance with the relevant laws and regulations.

VI. Risk Items:

(I) Risk Factors and Management Strategies

The Company's operating entities are located in Mainland China and Hong Kong. They mainly manage chain food and beverage brands and engage in sales of beverages, food and desserts and related services. The Cayman Islands only serves as the Group's place of registration, and the Group has no actual economic activities in this place.

The Company is committed to maintaining a complete risk management system and includes the entire organization of the Group and its subsidiaries in the scope of risk management, with the Board of Directors, managers at all levels, and employees participating in and promoting the implementation of risk management.

The Company's main risk factors and management policies and related responsible units are listed as follows:

Strategic operational risks: Each headquarter and subsidiary formulate pre-investment and operational plan and conduct risk assessment, as well as track and analyze operating performance every month.

Financial risk, liquidity risk, and credit risk: The Company formulates various strategies, procedures, and indicators according to changes in laws and regulations, policies, and markets; regularly analyzes and assesses changes in related risks; and takes the appropriate response measures, in order to minimize the overall potential risk of the Company.

Market risk: Each unit analyzes and assesses its possible impact on the Company according to its functions and responsibilities, important domestic and foreign policies, laws and regulations, and technological changes, as well as takes the appropriate response measures to minimize potential business risk in the future.

The Auditing Office proposes the annual audit plan and self-inspection procedures and methods in accordance with risk assessment and the relevant laws and regulations, as well as constantly controls various potential risks based on the audit plan and self-inspection procedures and regularly reports the relevant results to the Board of Directors.

(II) Changes in Interest Rates, Currency Exchange Fluctuations, and Inflation, Their Impact on the Company's Profit or Loss, and Future Response Measures

The Company's annual interest income or expense and foreign exchange gain or loss in terms of the Company's operating revenue are listed as follows:

Unit: NT\$ thousands

Item / Year	2021	2022 Q1
Net income income (expense) (A) (Note 1)	(7,683)	(2,490)
Foreign exchange gain (loss) - net (B) (Note 2)	9,373	(3,578)
Operating revenue - net (C)	1,458,788	225,264
(A)/(C)	-0.53%	-1.11%
(B)/(C)	0.64%	-1.59%

Note 1: It refers to the net amount of interest income minus net expense for the current year.

Note 2: It refers to the net amount of foreign exchange gain minus foreign exchange loss for the current year.

(1) Impact of changes in interest rates:

The Company's net interest expense in 2021 was NT\$7,683,000, accounting for 0.53 percent of our operating revenue in the same year, while the Company's net interest expense in the first quarter of 2022 was NT\$2,490,000, accounting for 1.11 percent of our operating revenue in the first quarter of the same year. This goes to show that interest expense accounted for very little of our revenue. Looking forward, the Company will continue to pay close attention to the development of the global economy and the trend of interest rates in Mainland China, and adjust our use of capital in due course.

(2) Impact of changes in exchange rates:

The Company's foreign exchange gain in 2021 was NT\$9,373,000, accounting for 0.64 percent of our operating revenue in the same year.

The Company's foreign exchange loss in the first quarter of 2022 was

NT\$3,578,000, accounting for 1.59 percent of our revenue in the first quarter of the same year. As foreign exchange gain or loss accounted for very little of our revenue, exchange rate fluctuations cause a low risk to the Group.

(3) Impact of inflation:

The Company's past gains or losses were not significantly affected by inflation. If the purchase cost increases due to inflation, the Company will also appropriately adjust the selling prices when necessary, in order to minimize its impact on the Company's operations.

(III) Policies on High-risk and High-leverage Investments, Loaning of Funds to Others, Endorsements/Guarantees, and Derivatives Trading, Main Reasons for Profit or Loss Therefrom, and Future Response Measures

The Company has established the "Procedures for Loaning of Funds to Others and Endorsement/Guarantee" and the "Procedures for Acquisition or Disposal of Assets". The regulations above are applicable to the basis of compliance for the Company and all the subordinate companies listed in our consolidated financial statements.

The Company's operations are carried out based on the principle of conservatism and stability. In the most recent year up to the publication date of this annual report, the Company did not engage in high-risk, high-leverage investments and derivatives trading. In the most recent year up to the publication date of this annual report, the Company did not loan funds and provide endorsements or guarantees for others outside the Group.

(IV) Future R&D Plans and Expected Investments in R&D

(1) Future R&D plans

1) Short-term R&D directions①

At present, the Company has three main brands, namely RBT, Happy Lemon, and Tea Opal, which include five major types of products, namely fine tea, beverage, snacks, desserts, and main course.

RBTEA Real Brew Tea is focused on the principle of "Natural is the Best", providing green and healthy food products with offline comfortable social environment as the first element of development. We continue to develop healthy plant-based beverages, focus on developing new categories for consumers in social spaces and scenes, as well as refine and explore new tea and creative meals to create more healthy beverage brands recognized by consumers.

After the brand upgrade, the Happy Lemon brand focuses on consumer favorites from the menu sales data and refined and upgrades the star product regarding cake elements and other diversified product development.

In the milk tea category, a number of new and popular products have been added, such as Lemon Juice, Lemon Pineapple Tea, Signature Pineapple Pie Milk Tea, Nostalgic Pineapple Juice Tea, Oreo Filled Cookie Cake Milk Tea, Pineapple Panlan Milk, etc. In terms of brand topic creation strategy, we create topic products such as Tiger Skin Mochi Cake Milk Tea, Dorayaki Mochi Cake Milk Tea, etc. We combine the brand marketing strategy and greatly enhance the brand's topic buzz on social media platforms, from the presentation of the new logo, to the integration of new element products to make the brand lively and young. The subsequent R&D of products continue to focus on lemon and milk tea elements, upgrade the quality of classic products, extend applications to develop popular design.

The new menu is created by the Tea Opal brand, which retains the brand's star

products and adds new series - hand-poured bowl tea series, hand-boiled honey fruit tea series, succulent fruit tea series, and mellow fresh milk tea series, and uses Michelin techniques to incorporate familiar elements from urban areas, as well as develops and applies them to innovative delicate refreshments and light food items.

2) Middle- and long-term R&D directions②

The Company's brands, namely RBT and Happy Lemon, have built a considerable reputation in the chain food and beverage industry. In addition to continuously focusing on expanding the products under the brands based on the good image and goodwill established with consumers,

Under the environment of repeated pandemic, imported frozen materials are under strict control, so we are speeding up the development of local procurement of such materials to reduce the risk of transportation and time costs, tracing the source of key raw materials to procure and use local materials, as well as optimizing the in-store operations. For example, in terms of the key product material production (salty cheese milk cap), after testing and selection from many qualified dairy food manufacturers, we commence cooperation to develop the core material of customized brand milk cap and milk syrup to stabilize the flavor of the brand's special milk cap, and reduce the time of the production process of the store to 50% so as to improve the quality and stability of the product and increase the trade volume.

On top of moving toward simplified procedures for developing product materials, regarding the market trend of fruit elements and healthy ingredients, the Company also invests more resources in development, reduces stores' operational procedures for ingredients, as well as simplifies store equipment and investments, aiming to achieve the objective of personnel training and operation, which enables personnel to pick up quickly so as to ensure the quality control of the stores.

(2) Expected R&D investments

In 2021, the Company's R&D expenses accounted for 1.21 percent of our operating revenue. With the rising number of brands and revenue growth, the Company can gradually increase our R&D expenses, thus enhancing our competitiveness in the market.

(V) Policy and Regulatory Changes at Home and Abroad that Impact the Company's Financial Operations, and Relevant Response Measures

The Company not only carries out daily operations in accordance with the relevant laws and regulations at home and abroad, but also pays attention to policy developments and trends and regulatory changes at home and abroad at all times to keep abreast of and respond to changes in the market environment. Therefore, policy and regulatory changes at home and abroad in the most recent year has no significant impact on the Company's financial operations.

(VI) Impact of Technological and Industrial Changes on the Company's Financial Operations and Relevant Response Measures

The Company pays attention to technological changes related to the industry we belong to at all times, keeps abreast of the latest market trends, and assesses their impact on the

Company's operations. As of the publication date of this annual report, the Company has not undergone any major industry changes that has a significant impact on the Group's financial operations.

The Company's Information Center has established an data loss prevention system revolving around data security for application systems, and formed key security risk factors through user identity security, access security, data confidentiality, and network boundary integrity, in order to ensure data security, such that the Group's application systems can play an increasingly vital role in improving management levels, promoting business innovation, and enhancing competitiveness.

(VII) Impact of Changes to Corporate Image on the Company's Crisis Management and Relevant Response Measures

Since our founding, the Company has maintained a good corporate image, and complied with the relevant laws and regulations. We also maintain harmonious labor-management and local relations, in order to continuously maintain a good corporate image. No event has affected our corporate image in recent years.

(VIII) Expected Benefits, Possible Risks and Response Measures for Mergers and Acquisitions:

In the most recent year up to the publication date of this annual report, the Company has no specific plan to engage in mergers and acquisitions involving other companies outside the Group. Hence, this section is not applicable.

(IX) Expected Benefits, Possible Risks and Response Measures for Factory Expansion:

In the most recent year up to the publication date of this annual report, the Company has no plan to engage in factory expansion. Hence, this section is not applicable.

(X) Risks Associated with the Concentration of Purchases or Sales of Goods and Relevant Response Measures:

The Company's customers and suppliers are scattered and come from all over the world. Hence, the Company does not encounter the concentration of purchases or sales of goods.

(XI) Impact of the Transfer or Replacement of Large Number of Shares Involving Directors, Supervisors or Major Shareholders Whose Shareholding Percentage Exceeds 10 percent on the Company and Relevant Risks: No such situation was observed in the Company in 2021.

(XII) Impact of Changes in Ownership on the Company and Relevant Risks: None

(XIII) Litigious or Non-litigious Matters

1. Where the Company is involved in any litigious or non-litigious matter or administrative dispute that has been concluded through final judgment or is still on-going in the two most recent years up to the publication date of this annual report and the results of such matter or dispute may have a material impact on shareholders' equity or securities prices, the facts of such dispute, the amount of subject matter, the commencement date for the litigation, the main litigants involved and the current

handling situation shall be disclosed: None

2. Where the Company's directors, supervisors, President, de facto responsible person, major shareholders whose shareholding percentage exceeds 10 percent, and subordinate companies are involved in any litigious or non-litigious matter or administrative dispute that has been concluded through final judgment or is still on-going in the two most recent years up to the publication date of this annual report and the results of such matter or dispute may have a material impact on shareholders' equity or securities prices: None
3. Any circumstances stipulated in Article 157 of the Securities and Exchange Act, in which the Company's directors, supervisors, managers, and major shareholders whose shareholding percentage exceeds 10 percent are involved, in the two most recent years up to the publication date of this annual report and the Company's handling of such circumstances: None

(XIV) Other Important Risks and Response Measures: None

VII. Other Important Matters: None

Chapter 8. Special Notes

I. Information on Affiliated Companies

(I) Consolidated Business Report on Affiliated Companies

1. Organization Chart of Affiliated Companies: Kindly refer to Chapter 2 "Company Profile"
Industries Covered by Businesses Engaged by Affiliated Companies: Kindly refer to "Basic Information on Affiliated Companies" in the following table

2. Basic Information on Affiliated Companies:

Name of Company	Date of Incorporation	Address	Paid-in Capital	Main Business or Products
RBT Holdings Limited	2007.2.2	Unit F, 9/F., World Tech Centre, 95 How Ming Street, Kwun Tong, Kowloon, Hong Kong	HK\$50,200,000	Investment holding and trading of raw materials for catering
RBT Enterprise Limited	2007.1.24	Unit F, 9/F., World Tech Centre, 95 How Ming Street, Kwun Tong, Kowloon, Hong Kong	HK\$8,800	Trademark rights management
Yen Mei Enterprise Limited	2000.9.1	6F., No.77, Xinhua 1st Rd., Neihu Dist., Taipei	NT\$90,000,000	Trading of beverages
Happy Lemon HK Limited	2005.11.17	Unit F, 9/F., World Tech Centre, 95 How Ming Street, Kwun Tong, Kowloon, Hong Kong	HK\$7,000,000	Purchase and sale of raw materials for food and beverage
RBT Resources Limited	2007.2.21	Unit F, 9/F., World Tech Centre, 95 How Ming Street, Kwun Tong, Kowloon, Hong Kong	HK\$26,000,000	Trading of raw materials for catering
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	1999.5.31	17F., Liziyuan Mansion, 4711, Jiaotong Rd, Putuo District, Shanghai	US\$3,500,000	Operation of food and beverage outlets and collection of franchise fee and royalties
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	2006.9.12	17F., Liziyuan Mansion, 4711, Jiaotong Rd, Putuo District, Shanghai	RMB1,000,000	Purchase and sale of raw materials for food and beverage
Shanghai Tai Quan Trading Co., Ltd.	2008.6.13	17F., Liziyuan Mansion, 4711, Jiaotong Rd, Putuo District, Shanghai	RMB1,000,000	Trading of raw materials for catering
Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	2008.8.6	Room M17, 4F., No.17, Dongsanhuan N. Rd., Chaoyang Dist., Beijing	RMB1,000,000	Purchase and sale of raw materials for food and beverage
Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	2009.3.12	Room 601-603 & 604A, Trading Square, No.268, Dongfeng Central Rd., Yuexiu Dist., Guangzhou	RMB1,000,000	Operation of food and beverage outlets and collection of franchise fee and royalties
Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	2012.6.25	Room A, No.1-2, 15F., Beitekongpai Mansion, No.51, Qinglong St., Qingyang Dist., Chengdu	RMB1,000,000	Purchase and sale of raw materials for food and beverage
You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	2014.9.10	17F., Liziyuan Mansion, 4711, Jiaotong Rd, Putuo District, Shanghai	RMB20,000,000	Operation of food and beverage outlets
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	2017.5.9	17F., Liziyuan Mansion, 4711, Jiaotong Rd, Putuo District, Shanghai	RMB4,240,000	Operation of food and beverage outlets
Yummy-town USA LLC	2017.8.30	1013 Centre Road, Suite 403S, Wilmington, DE 19805, County of New Castle	US\$1,311,000	Trading of beverages, collection of franchise fees and royalties
Yummy-town UK Ltd	2019/9/17	CHASE BUSINESS CENTRE, 39-41 CHASE SIDE, SOUTHGATE, LONDON N14 5BP, UK	GBP1,100,000 (Note 1)	Investment holding

Name of Company	Date of Incorporation	Address	Paid-in Capital	Main Business or Products
Yen Chun International Co., Ltd.	2019.11.25	1F., No. 11, Dongfeng Street, Da'an District, Taipei City	NT\$50,000,000 (Note 2)	Operation of food and beverage outlets
Yi Cheng Food & Beverage Management (Guangxi) Co., Ltd.	2020.1.2	No. 165, 1st Floor, Building A5, Nanning Jiangnan Wanda Plaza, No. 48-1, Tinghong Road, Jiangnan District, Nanning	RMB1,900,000	Operation of food and beverage outlets
Happy Lemon West Inc.	2020.2.20	35233 NEWARK BLVD., UNIT G, NEWARK, CA 94560	US\$393,000 (Note 3)	Operation of food and beverage outlets
Happy Lemon (M) Sdm Bhd	2020.1.2	GROUND FLOOR, 8 LORONG UNIVERSITI B SECTION 16 PENTALING JAYA SELANGOR	MYR2,000,000	Purchase and sale of raw materials for food and beverage, purchase and sale of beverage and collection of franchise fee and royalties
Shanghai Ipang	2021.4.28	Room 510, 5th Floor, Building 9, No.951, Shenglong Road, Jiuting Town, Songjiang District, Shanghai	RMB50,000,000	Food business
Xiamen Choyueh	2021.6.22	B12-2, 4F, No. 18, East Ocean View Road, Fujian Free Trade Pilot Zone	RMB5,000,000	Operation of food and beverage outlets
Shanghai Coffee a&Tea Professional Technology co.,Ltd.	2021.8.17	Room 607, 6th Floor, Building 17, No. 470, Jiuqing Road, Jiuqing Town, Songjiang District, Shanghai	RMB2,000,000	Food business, import and export of goods

Note 1.Exchange rates on December 31, 2021: RMB:NT\$ = 1:4.377; HK\$:NT\$ = 1:3.673;

US\$:NT\$ = 1:28.48; GBP:NTD=38.9 ; MYR:NTD=6.79

2. Paid-in capital of NT\$50,000,000 (including NT\$25,000,000 in capital surplus)

3. The Company holds 3,000 non par-value stocks of this affiliated company.

4. Information on Common Shareholders Who Are Presumed to Have Controlling and Subordinating Relations: None

3. Information on Directors, Supervisors and President at Affiliated Companies

Name of Company	Director	Supervisor	President
RBT Holdings Limited	Chen, Yu-Chen and Wu, Po-Chao	-	-
RBT Enterprise Limited	Chen, Yu-Chen and Wu, Po-Chao	-	-
Yen Mei Enterprise Limited	Chen, Yu-Chen	-	-
RBT Food and Beverage Ltd.	Chen, Yu-Chen	-	-
RBT Resources Limited	Chen, Yu-Chen and Wu, Po-Chao	-	-
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Wu, Po-Chao; Chen, Yu-Chen; and Wu, Hua-Chao	Lin, Chin-Jen	-
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Wu, Po-Chao	Chen, Yu-Chen	-
Shanghai Tai Quan Trading Co., Ltd.	Wu, Po-Chao	Chen, Yu-Chen	-
Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Wu, Po-Chao	Lin, Tai-Yi	-
Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Wu, Hua-Chao	Chen, Yu-Chen	-
Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Lin, Tai-Yi	Chen, Yu-Chen	-
You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	Wu, Po-Chao; Nakaoka Kazunori; Mitsu Ito; Kajiwara Fumio; Chang, Miao-Ling; and Lin, Tai-Yi	Chen, Yu-Chen, Heng Tsang Kang Sheng	Chang, Miao-Ling
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Chen, Yu-Chen	Wu, Po-Chao	Chang, Miao-Ling
Yummy-town USA LLC	Chen, Yu-Chen	-	Chen, Yu-Chen

Name of Company	Director	Supervisor	President
Yummy-town UK Ltd	Chen, Yu-Chen	-	Chen, Yu-Chen
Yen Chun International Co., Ltd.	Chen, Yu-Chen	-	-
Yi Cheng Food & Beverage Management (Guangxi) Co., Ltd.	Wu, Po-Chao; Chen, Yu-Chen; and Chang, Hsin-Jung		Chang, Hsin-Jung
Happy Lemon West Inc.	Chen, Yu-Chen; Chen, Sheng-Chung; and Maurice	-	MAURICE
Happy Lemon (M) Sdm Bhd	Loke Yeu Loong; Ng Hong Sing; Chen, Yu-Chen; Chang, Miao-Ling; and Chen, Sheng-Chung	-	Loke Yeu Loong
Shanghai Ipang Shanghai Coffee and Tea Prince	Wu, Po-Chao; and Chen, Yu-Chen; Executive director: Chen, Yu-Chen	- Lin, Hsu	- Hou, Shao-Hua

4. Business Overview of Affiliated Companies

Unit: Thousands of NT Dollars

Name of Company	Total Assets	Total liabilities	Net value	Operating Revenue	Operating profit	Profit or loss for the period (after tax)	Earnings Per Share (NT\$) (After Tax)
RBT Holdings Limited	1,251,957	648,137	583,819	1,438,912	(118,149)	(117,206)	Note
RBT Enterprise Limited	34,959	4,444	30,515	22,728	10,212	9,259	Note
Yen Mei Enterprise Limited	129,284	63,426	65,858	22,415	(11,998)	5,553	Note
Yen Chun International Co., Ltd.	117,017	46,589	70,427	15,776	13,665	13,650	Note
Happy Lemon HK Limited	134,086	60,089	73,997	101,707	17,938	17,927	Note
RBT Resources Limited	144,857	55,829	89,028	217,120	11,256	10,561	Note
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	761,492	489,987	258,316	1,090,984	(152,480)	(141,642)	Note
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	72,569	118,008	(45,439)	155,561	(39,123)	(41,989)	Note
Shanghai Tai Quan Trading Co., Ltd.	187,722	142,924	45,272	697,711	8,322	11,750	Note
Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	115,631	147,924	(32,293)	150,434	(29,815)	(30,799)	Note
Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	40,330	51,979	(11,649)	42,689	(14,699)	(15,779)	Note
Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	26,956	46,001	(19,145)	44,650	(18,264)	(18,652)	Note
You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	25,634	13,917	14,227	-	(546)	(164)	Note
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	11,737	20	11,717	375,403	(1,029)	(696)	Note
Yi Cheng Food & Beverage Management (Guangxi) Co., Ltd.	7,507	2,808	4,699	3,832	(5,006)	(5,166)	Note
Meng Qi Qi Food & Beverage Management (Shanghai) Co., Ltd.	-	-	-	-	-	620	Note
You Fu Food & Beverage Management (Shanghai) Co., Ltd.	1,958	2,500	(542)	1,780	(4,053)	(6,185)	Note
Shanghai Ipang	912	4	908	-	(4)	(4)	Note
Shanghai Coffee and Tea Prince	3,938	2,083	1,855	374	(707)	(707)	Note
Yummy-town UK LLC	136,563	75,802	56,308	53,066	16,935	10,016	Note
Yummy-town USA LLC	135,093	80,256	54,837	78,092	16,970	10,030	Note
Happy Lemon West, INC	63,416	27,561	35,855	54,350	6,615	4,246	Note

Happy Lemon (M) Sdn Bhd	12,200	7,531	2,381	14,172	(6,349)	(6,349)	Note
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Note: It is a limited company. Hence, no shares are recorded.

Closing exchange rates on December 31, 2021: RMB:NT\$ = 1:4.344; HK\$:NT\$ = 1:3.549; US\$:NT\$ = 1:27.68; GBP:NTD=37.3; MYR:NTD=6.355

Average exchange rates on December 31, 2021: RMB:NT\$ = 1:4.341; HK\$:NT\$ = 1:3.603; US\$:NT\$ = 1:28.009; GBP:NTD=38.56; MYR:NTD=6.4765

(II) Consolidated Financial Statements of Affiliated Companies: Not applicable

(III) Report on Affiliated Companies: None

II. Private Placement of Securities for the Most Recent Year up to the Publication Date of this Annual Report: None

III. Holding or Disposal of the Company's Shares by Subsidiaries in the Most Recent Year up to the Publication Date of this Annual Report: None

IV. Other Supplementary Matters

Implementation of Commitments during the Company's listing on Taipei Exchange (TPEX): None

V. Events that Have a Material Impact on Shareholders' Equity or Prices of the Company's Securities pursuant to Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the Most Recent Year up to the Publication Date of this Annual Report: None

VI. Major Differences from Regulations Protecting Shareholders' Rights and Interests in Taiwan: None

Yummy Town (Cayman) Holdings
Corporation and its Subsidiaries

Consolidated Financial Statements
and Independent Auditors' Report
For the Years Ended December 31, 2021 and
2020

Address: Liziyuan Tower, Fl. 17, No.4711, Jiaotong Road,
Putuo District, Shanghai City, People's Republic
of China

Phone: (21) 5216-3499

TABLE OF CONTENTS

ITEM	PAGE NO.	NUMBER OF NOTES TO FINANCIAL STATEMENTS
I. Cover	1	-
II. Table of Contents	2	-
III. Independent Auditors' Report	3-6	-
IV. Consolidated Balance Sheets	7	-
V. Consolidated Statements of Comprehensive Income	8-9	-
VI. Consolidated Statements of Changes in Equity	10	-
VII. Consolidated Statements of Cash Flows	11-12	-
VIII. Notes to Consolidated Financial Statements		
(I) Company History	13	I
(II) Date and Procedures of Authorization of Financial Statements	13	II
(III) Applicability of Newly Issued and Revised Standards and Interpretations	13-15	III
(IV) Summary of Significant Accounting Policies	15-33	IV
(V) Significant Accounting Judgments, Estimates, and Key Sources of Uncertainty over Assumptions	33	V
(VI) Descriptions of Material Accounting Items	34-63	VI~XXVIII
(VII) Related Party Transactions	63-65	XXIX
(VIII) Pledged Assets	65	XXX
(IX) Significant Contingent Liabilities and Unrecognized Contract Commitments	-	-
(X) Significant Disaster Loss	-	-
(XI) Others	66	XXXI
(XII) Significant Subsequent Events	66	XXXII
(XIII) Significant Assets and Liabilities Denominated in Foreign Currencies	67	XXXIII
(XIV) Supplementary Disclosures		
1. Information on significant transactions	67	XXXIV
2. Information on investees	67	XXXIV
3. Information on investments in mainland China	68	XXXIV
4. Information of major shareholders	68	XXXIV
(XV) Segment information	68-69	XXXV

Independent Auditors' Report

To Yummy Town (Cayman) Holdings Corporation:

Audit Opinion

We have audited the consolidated balance sheets of Yummy Town (Cayman) Holdings Corporation and its subsidiaries (hereinafter referred to as the "Yummy Town Group and its subsidiaries") as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to consolidated financial statements (including the Summary of Significant Accounting Policies).

In our opinion, the aforementioned consolidated financial statements present fairly, in all material respects, the consolidated financial status of Yummy Town Group and its subsidiaries as of December 31, 2021 and 2020, and its consolidated financial performance and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission (FSC).

Basis for Audit Opinion

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

Key Audit Matters

Key audit matters refer to the most vital matters in our audit of the consolidated financial statements of Yummy Town Group and its subsidiaries for the year ended December 31, 2021, based on our professional judgment. These matters were addressed in our audit of the consolidated financial statements as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the consolidated financial statements of Yummy Town Group and its subsidiaries for the year ended December 31, 2021 are stated as follows:

Recognition of sales of commodities

The operating revenue of Yummy Town Group and its subsidiaries in 2021 was \$1,458,788 thousand, of which the transaction type is selling raw materials to the franchisee for consideration, resulting in \$727,161 thousand of sales which represents 50% of total operating revenue. As the franchisees come from various regions and there are many business locations, considering that the sales of commodities of Yummy Town Group and subsidiaries has a significant impact on the consolidated financial report, the accountant assesses that the risk of income recognition lies in whether the revenue of specific customers with a significant amount of sales actually occurs. It is considered a key audit matter in the audit of consolidated financial statements for the year ended December 31, 2021. For details, please refer to Notes IV (XV) and V.

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

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

Responsibilities of Management and Governing Bodies for the Consolidated Financial Statements

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

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

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

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

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

We have utilized our professional judgment and maintained professional doubt when exercising auditing work according to the auditing standards generally accepted in the Republic of China. We also perform the following tasks:

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

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

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

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

From the matters communicated with governance bodies, we determine the key audit matters of Yummy Town Group and its subsidiaries' consolidated financial statements for the year ended December 31, 2021. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific items, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Deloitte Taiwan

CPA Wu-Ke-Chang

CPA Huang-I-Min

Financial Supervisory Commission
Approval Document No.
Jin-Guan-Zheng-Shen-Zi No.
1000028068

Financial Supervisory Commission Approval
Document No.
Jin-Guan-Zheng-Shen-Zi No. 1030024438

March 28, 2022

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

Unit: Thousands of NT Dollars

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes IV and VI)	\$ 335,995	24	\$ 400,358	22
1110	Financial assets at fair value through profit or loss - current (Notes IV and VII)	4,361	-	127,209	7
1136	Financial assets at amortized cost - current (Notes IV, VI, VIII and XXX)	157,576	11	208,192	12
1170	Accounts receivable (Notes IV and IX)	20,905	2	35,879	2
1180	Accounts receivable - related parties (Notes IV, IX and XXIX)	9	-	57	-
1200	Other receivables	48,261	3	33,401	2
1220	Current income tax assets (Notes IV and XXIII)	8,618	1	799	-
130X	Inventories (Notes IV and X)	107,425	8	85,180	5
1479	Other current assets - others (Notes VI and XXX)	48,399	4	72,566	4
11XX	Total Current Assets	<u>731,549</u>	<u>53</u>	<u>963,641</u>	<u>54</u>
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income - non-current (Notes IV and XI)	8,047	1	-	-
1535	Financial assets at amortized cost - non-current (Notes IV, VI, VIII and XXX)	-	-	118,179	7
1551	Investments accounted for using the equity method (Notes IV and XIII)	107,242	8	121,708	7
1600	Property, plant and equipment (Notes IV, XIV and XXX)	135,020	10	146,618	8
1755	Right-of-use assets (Notes IV and XV)	248,598	18	292,754	16
1780	Intangible assets (Notes IV and XVI)	30,796	2	32,929	2
1840	Deferred tax assets (Notes IV and XXIII)	45,488	3	29,156	2
1920	Refundable deposits	67,646	5	71,709	4
15XX	Total Non-current Assets	<u>642,837</u>	<u>47</u>	<u>813,053</u>	<u>46</u>
1XXX	Total Assets	<u>\$ 1,374,386</u>	<u>100</u>	<u>\$ 1,776,694</u>	<u>100</u>
	Liabilities and Equity				
	Current liabilities				
2100	Short-term loans (Note XVII)	\$ 170,059	12	\$ 282,447	16
2170	Accounts payable	64,572	5	93,968	5
2180	Accounts payable - related parties (Note XXIX)	-	-	226	-
2219	Other payables (Note XVIII)	123,493	9	111,779	6
2230	Current income tax liabilities (Notes IV and XXIII)	5,818	-	6,971	1
2280	Lease liabilities - current (Notes IV and XV)	117,021	9	165,022	9
2320	Long-term borrowings due within one year (Note XVII)	51,762	4	-	-
2399	Other current liabilities	42,486	3	49,895	3
21XX	Total Current Liabilities	<u>575,211</u>	<u>42</u>	<u>710,308</u>	<u>40</u>
	Non-current liabilities				
2527	Contract liabilities - non-current (Notes IV and XXI)	15,858	1	26,380	2
2540	Long-term borrowings (Note XVII)	-	-	53,258	3
2570	Deferred income tax liabilities (Notes IV and XXIII)	8,438	1	7,444	-
2580	Lease liabilities - non-current (Notes IV and XV)	138,538	10	147,313	8
2645	Guarantee deposits received	117,177	8	143,497	8
25XX	Total Non-current Liabilities	<u>280,011</u>	<u>20</u>	<u>377,892</u>	<u>21</u>
2XXX	Total Liabilities	<u>855,222</u>	<u>62</u>	<u>1,088,200</u>	<u>61</u>
	Equity Attributable to owners of the Company (Note XX)				
	Share capital				
3110	Common stocks	357,852	26	365,544	21
3200	Capital surplus	215,838	16	235,182	13
	Retained earnings				
3310	Legal reserve	68,193	5	64,306	4
3320	Special reserve	82,230	6	75,253	4
3350	Unappropriated earnings	(95,065)	(7)	61,191	3
3300	Total Retained Earnings	<u>55,358</u>	<u>4</u>	<u>200,750</u>	<u>11</u>
	Other equity				
3410	Exchange differences in translation of foreign operations	(99,856)	(8)	(82,230)	(5)
3420	Unrealized revaluation gains and losses on financial assets at fair value through other comprehensive income	(424)	-	-	-
3490	Unearned employee benefits	-	-	(699)	-
3400	Total Other Equity	<u>(100,280)</u>	<u>(8)</u>	<u>(82,929)</u>	<u>(5)</u>
3500	Treasury stock	(29,605)	(2)	(64,037)	(3)
31XX	Total Equity Attributable to Shareholders of the Parent	<u>499,163</u>	<u>36</u>	<u>654,510</u>	<u>37</u>
36XX	Non-controlling interests (Note XX)	<u>20,001</u>	<u>2</u>	<u>33,984</u>	<u>2</u>
3XXX	Total Equity	<u>519,164</u>	<u>38</u>	<u>688,494</u>	<u>39</u>
	Total Liabilities and Equity	<u>\$ 1,374,386</u>	<u>100</u>	<u>\$ 1,776,694</u>	<u>100</u>

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

Chairman: Wu-Po-Chao

President: Chang-Miao-Ling

Accountant Supervisor: Lin-Zhe-Ji

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2021 and 2020

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

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes IV, V, XXI and XXIX)	\$ 1,458,788	100	\$ 1,580,237	100
5000	Operating costs (Notes X, XXII, and XXIX)	<u>777,185</u>	<u>53</u>	<u>788,275</u>	<u>50</u>
5900	Gross Profit	<u>681,603</u>	<u>47</u>	<u>791,962</u>	<u>50</u>
	Operating expenses (Note XXII)				
6100	Sales and marketing expenses	501,235	35	459,030	29
6200	General and administrative expenses	276,016	19	298,753	19
6300	Research and development expenses	<u>17,710</u>	<u>1</u>	<u>11,923</u>	<u>-</u>
6000	Total operating expenses	<u>794,961</u>	<u>55</u>	<u>769,706</u>	<u>48</u>
6900	Net operating income (loss)	(<u>113,358</u>)	(<u>8</u>)	<u>22,256</u>	<u>2</u>
	Non-operating income and expenses (Note XXII)				
7100	Interest income	7,957	-	6,736	-
7010	Other income	15,739	1	23,663	2
7020	Other gains and losses	(1,102)	-	18,315	1
7050	Finance costs	(15,640)	(1)	(17,987)	(1)
7770	Share of profit of associates accounted for using the equity method (Notes IV and XIII)	<u>11,409</u>	<u>1</u>	<u>5,102</u>	<u>-</u>
7000	Total non-operating income and expenses	<u>18,363</u>	<u>1</u>	<u>35,829</u>	<u>2</u>
7900	Net income (loss) before tax	(94,995)	(7)	58,085	4
7950	Income tax expenses (Notes IV and XXIII)	(<u>1,765</u>)	<u>-</u>	(<u>25,047</u>)	(<u>2</u>)
8200	Net income (loss) for the period	(<u>96,760</u>)	(<u>7</u>)	<u>33,038</u>	<u>2</u>

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Code		2021		2020	
		Amount	%	Amount	%
	Other comprehensive income (loss)				
8310	Items that may be reclassified to profit or loss				
8316	Unrealized revaluation gains and losses on financial assets at fair value through other comprehensive income	(\$ 424)	-	\$ -	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences in translation of foreign operations	(15,572)	(1)	(6,110)	-
8370	Share of other comprehensive income of associates accounted for using the equity method	(2,742)	-	(837)	-
8300	Total other comprehensive income	(18,738)	(1)	(6,947)	-
8500	Total comprehensive income for the period	(\$ 115,498)	(8)	\$ 26,091	2
	Net income (loss) attributable to				
8610	owners of the parent	(\$ 94,106)	(7)	\$ 38,871	2
8620	Non-controlling interests	(2,654)	-	(5,833)	-
8600		(\$ 96,760)	(7)	\$ 33,038	2
	Total comprehensive income (loss) attributable to				
8710	owners of the parent	(\$ 112,156)	(8)	\$ 31,894	2
8720	Non-controlling interests	(3,342)	-	(5,803)	-
8700		(\$ 115,498)	(8)	\$ 26,091	2
	Earnings (deficit) per share (Note XXIV)				
9710	Basic	(\$ 2.65)		\$ 1.09	
9810	Diluted	(\$ 2.65)		\$ 1.09	

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

Chairman: Wu-Po-Chao President: Chang-Miao-Ling Accountant Supervisor: Lin-Zhe-Ji

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2021 and 2020

Unit: Thousands of NT Dollars

Equity Attributable to owners of the Company

Code		Share capital		Retained earnings			Other equity		Unearned employee benefits	Treasury stock	Total	Non-controlling interests	Total Equity
		Share Capital - Common Stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences in translation of foreign operations	Unrealized revaluation gains and losses on financial assets at fair value through other comprehensive income					
A1	Balance as of January 1, 2020	\$ 349,085	\$ 234,600	\$ 51,369	\$ 50,361	\$ 162,393	(\$ 75,253)	\$ -	(\$ 3,635)	(\$ 57,279)	\$ 711,641	\$ 14,136	\$ 725,777
	Appropriation of earnings for 2019 (Note XX)												
B1	Recognition of legal reserve	-	-	12,937	-	(12,937)	-	-	-	-	-	-	-
B3	Recognition of special reserve	-	-	-	24,892	(24,892)	-	-	-	-	-	-	-
B5	Distribution of cash dividends	-	-	-	-	(85,203)	-	-	-	(85,203)	-	-	(85,203)
B9	Distribution of stock dividends	17,041	-	-	-	(17,041)	-	-	-	-	-	-	-
D1	Net income (loss) for the year ended December 31, 2020	-	-	-	-	38,871	-	-	-	-	38,871	(5,833)	33,038
D3	Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	(6,977)	-	-	-	(6,977)	30	(6,947)
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	38,871	(6,977)	-	-	-	31,894	(5,803)	26,091
L1	Treasury shares buyback (Note XX)	-	-	-	-	-	-	-	-	(6,758)	(6,758)	-	(6,758)
N1	Cancellation of employee restricted stocks (Notes XX and XXV)	(582)	582	-	-	-	-	-	-	-	-	-	-
N1	Compensation cost of employee restricted stocks (Note XXV)	-	-	-	-	-	-	-	2,936	-	2,936	-	2,936
O1	Changes in non-controlling interests (Note XX)	-	-	-	-	-	-	-	-	-	-	25,651	25,651
Z1	Balance as of December 31, 2020	365,544	235,182	64,306	75,253	61,191	(82,230)	-	(699)	(64,037)	654,510	33,984	688,494
	Appropriation of earnings for 2020 (Note XX)												
B1	Recognition of legal reserve	-	-	3,887	-	(3,887)	-	-	-	-	-	-	-
B3	Recognition of special reserve	-	-	-	6,977	(6,977)	-	-	-	-	-	-	-
B5	Distribution of cash dividends	-	-	-	-	(17,839)	-	-	-	(17,839)	-	-	(17,839)
D1	Net loss for the year ended December 31, 2021	-	-	-	-	(94,106)	-	-	-	-	(94,106)	(2,654)	(96,760)
D3	Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	(17,626)	(424)	-	-	(18,050)	(688)	(18,738)
D5	Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	(94,106)	(17,626)	(424)	-	-	(112,156)	(3,342)	(115,498)
L1	Treasury shares buyback (Note XX)	-	-	-	-	-	-	-	-	(13,577)	(13,577)	-	(13,577)
L1	Treasury shares cancellation (Note XX)	(7,200)	(7,362)	-	-	(33,447)	-	-	-	48,009	-	-	-
N1	Cancellation of employee restricted stocks (Notes XX and XXV)	(492)	492	-	-	-	-	-	-	-	-	-	-
N1	Compensation cost of employee restricted stocks (Note XXV)	-	(14,012)	-	-	-	-	-	699	-	(13,313)	-	(13,313)
N1	Gain on exercise of vesting rights	-	17	-	-	-	-	-	-	-	17	-	17
O1	Changes in percentage of ownership interests in subsidiaries	-	1,521	-	-	-	-	-	-	-	1,521	(1,521)	-
O1	Changes in non-controlling interests (Note XX)	-	-	-	-	-	-	-	-	-	-	(9,120)	(9,120)
Z1	Balance as of December 31, 2021	\$ 357,852	\$ 215,838	\$ 68,193	\$ 82,230	(\$ 95,065)	(\$ 99,856)	(\$ 424)	\$ -	(\$ 29,605)	\$ 499,163	\$ 20,001	\$ 519,164

The accompanying notes are an integral part of the consolidated financial statements.
President: Chang-Miao-Ling

Chairman: Wu-Po-Chao

Accountant Supervisor: Lin-Zhe-Ji

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

Unit: Thousands of NT Dollars

Code		2021	2020
	Cash flows from operating activities		
A10000	Income (loss) before income tax for the period	(\$ 94,995)	\$ 58,085
A20010	Income and expense items		
A20100	Depreciation expense	218,953	233,906
A20200	Amortization	3,569	3,622
A20400	Net gain on financial assets at fair value through profit or loss	(2,006)	(9,158)
A20900	Interest expense	15,640	17,987
A21200	Interest income	(7,957)	(6,736)
A21900	Employee compensation cost	(13,313)	2,936
A22300	Share of loss of associates accounted for using equity method	(11,409)	(5,102)
A22500	Loss on disposal of property, plant and equipment	7,913	6,199
A23200	Gain on disposal of investments	(422)	-
A23700	Write-downs of inventories	547	931
A29900	Gains on lease modification	(5,368)	(2,270)
A30000	Net changes in operating assets and liabilities		
A31115	Financial assets are mandatorily measured at fair value through profit or loss	124,854	344,539
A31150	Accounts receivables	14,974	12,156
A31160	Accounts receivables - related parties	48	86
A31180	Other receivables	(12,581)	773
A31200	Inventory	(22,792)	15,409
A31240	Other current assets - others	12,463	22,958
A32125	Contract liabilities	(10,522)	(8,276)
A32150	Accounts payable	(29,396)	(24,256)
A32160	Accounts payable - related parties	(226)	226
A32180	Other payables	10,345	1,099
A32230	Other current liabilities	(7,409)	6,947
A33000	Cash generated from operations	190,910	672,061
A33100	Interest received	5,678	5,055
A33300	Interest paid	(15,640)	(17,987)
A33500	Income tax paid	(26,075)	(31,065)
AAAA	Net cash generated by operating activities	<u>154,873</u>	<u>628,064</u>

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Code	2021	2020
Cash flows from investing activities		
B00010	Acquisition on financial assets at fair value through other comprehensive income	(\$ 8,041) \$ -
B00040	Net decrease (increase) in financial assets at amortized cost	168,795 (235,025)
B01800	Acquisition of investments accounted for using the equity method	- (102,583)
B01900	Proceeds from disposal of investments accounted for using equity method	7,522 -
B02200	Net cash outflow from subsidiaries (Note XXVI)	- (32,145)
B02700	Acquisition of property, plant and equipment	(39,568) (28,257)
B02800	Proceeds from disposal of property, plant and equipment	1,366 1,377
B03800	Decrease in refundable deposits	4,063 4,202
B04500	Acquisition of intangible assets	(2,283) (3,094)
B06600	Decrease (increase) in other current assets - others	11,704 (4,602)
B07600	Dividend received	<u>16,003</u> -
BBBB	Net cash flows generated by (used in) investing activities	<u>159,561</u> (<u>400,127</u>)
Cash flows from financing activities		
C00100	(Decrease) Increase in short-term loans	(112,388) 49,698
C01600	Proceeds from long-term loans	- 53,258
C03100	Decrease in guarantee deposits received	(26,320) (11,065)
C04020	Principal repayment of lease liabilities	(186,184) (182,372)
C04500	Distribution of cash dividends	(17,839) (85,203)
C04900	Costs for treasury stock buyback	(13,577) (6,758)
C05800	Net changes in non-controlling interests	(9,120) 22,873
C09900	Exercise of vesting rights	<u>17</u> -
CCCC	Net cash used in financing activities	(<u>365,411</u>) (<u>159,569</u>)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(<u>13,386</u>) (<u>1,517</u>)
EEEE	Net (decrease) increase in cash and cash equivalents	(64,363) 66,851
E00100	Cash and cash equivalents at beginning of year	<u>400,358</u> <u>333,507</u>
E00200	Cash and cash equivalents at end of the year	<u>\$ 335,995</u> <u>\$ 400,358</u>

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

Chairman: Wu-Po-Chao President: Chang-Miao-Ling

Accountant Supervisor: Lin-Zhe-Ji

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2021 and 2020
(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

I. Company History

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

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

The Consolidated Entity's number of employees were 765 and 920 as of December 31, 2021 and 2020, respectively.

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

II. Date and Procedures of Authorization of Financial Statements

The consolidated financial statements were approved by the Board of Directors on March 24, 2022.

III. Applicability of Newly Issued and Revised Standards and Interpretations

(I) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) (hereafter referred to as "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (hereafter referred to as the "FSC"), which has no material impact on this consolidated financial statements.

(II) FSC-endorsed IFRSs that are applicable from 2022 onward

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

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to the business combinations with an acquisition date during the annual reporting period and starting after January 1, 2022.

Note 3: The amendments are applicable to property, plant, and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts that have not fulfilled all obligations on January 1, 2022.

The Consolidated Entity continues to assess that no material effect of amendments to other standards or interpretations on the financial status and performance up until the publishing date of the consolidated financial statements.

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

New/Revised/Amended Standards and Interpretations	Effective Date Issued by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined
IFRS17 "Insurance Contracts"	January 1,2023
Amendment to IFRS 17	January 1,2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9—Comparative Information”	January 1,2023
Amendments to IAS1 "Classification of Liabilities as Current or Non-current"	January 1,2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendment to IAS 8 "Definition of Accounting Estimation"	January 1, 2023 (Note 3)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 4)

Note 1: Unless otherwise specified, the aforementioned New/Revised/Amended Standards and Interpretations shall be effective for the annual period after the specified dates.

Note 2: The amendments are applicable to the deferral during the annual reporting period starting after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and accounting policies that occur during the annual reporting period starting after January 1, 2023.

Note 4: The amendment applies to transactions occurring after January 1, 2022, except for the recognition of deferred income tax on temporary differences in leases and decommissioning obligations on January 1, 2022.

The Consolidated Entity continues to assess the effects of amendments to other standards or interpretations on the financial status and performance up until the publishing date of the consolidated financial statements. Relevant effects will be disclosed when assessment is completed.

IV. Summary of Significant Accounting Policies

(I) Statement of compliance

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

(II) Basis of preparation

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

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

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

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

Current assets include:

1. Assets held primarily for the purpose of trading;

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

Current liabilities include:

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

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

(IV) Basis of consolidation

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

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

shall be directly recognized in equity attributable to the shareholders of the Company.

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

(V) Business Combinations

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

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

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

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

(VI) Foreign currency

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

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

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

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

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

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

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

accumulated exchange difference is reclassified to profit or loss by disposal percentage.

(VII) Inventories

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

(VIII) Investments in associates

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

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

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

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

When the associate issues new shares, if the Consolidated Entity does not subscribe according to its shareholding percentage, its shareholder percentage changes, and the net equity value of the investment increases or decreases accordingly, the increase or decrease is

adjusted through the capital reserve - changes in the net equity value of associates accounted for using the equity method and investments accounted for using equity method. If the amount of ownership interests in associates decreases because the Consolidated Entity fails to subscribe or acquire shares according to its

shareholding percentage, the amount recognized in other comprehensive income associated with the associates is reclassified according to the percentage of decrease, and its basis of accounting treatment is the same as the one used for direct disposal of relevant assets and liabilities by the associates. If capital reserve shall be debited in the said adjustment and the amount of capital reserve generated by the investments accounted for using the equity method is insufficient, the difference is credited to retained earnings.

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

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

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

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

(IX) Property, plant and equipment

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

PP&E are depreciated using the straight-line method over their useful lives. Each major component is depreciated separately. The Consolidated Entity shall conduct at least one annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods. The effects of changes in accounting estimates shall be applied prospectively.

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

(X) Goodwill

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

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

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

(XI) Intangible assets

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

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

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

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

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

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

(XIII) Financial Instruments

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

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

1. Financial assets

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

(1) Measurement types

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

A. Financial assets at fair value through profit or loss

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

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

B. Financial assets at amortized cost

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

- a. Held under a certain business model of which the objective of holding the financial assets is to collect contractual cash flows; and
- b. The cash flows on specific dates that are generated from the contractual terms of the financial assets are solely payments of the principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

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

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

(2) Impairment of financial assets

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

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

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

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

- A. Internal or external information indicates that it is not possible for the debtor to settle the debt.
- B. Overdue for more than 90 days, unless there is reasonable and corroborable information showing that a postponed default benchmark is more appropriate.

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

(3) Derecognition of financial assets

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

When derecognizing a financial asset measured at amortized cost in its entirety, the difference between the carrying amount and the consideration received is recognized in profit or loss. When derecognizing a debt instrument at fair value through other comprehensive income in its entirety, the difference between the carrying amount and the sum of consideration received and receivable and the cumulative gain or loss already recognized in other comprehensive income is recognized in profit or loss. When derecognizing an equity

instrument at fair value through other comprehensive income in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

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

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

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

3. Financial liabilities

(1) Subsequent measurement

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

(2) Derecognition of financial assets

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

(XIV) Provisions

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

(XV) Revenue recognition

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

1. Commodity and catering revenues

Commodity and catering revenues come from the sales of raw materials and drinks catering. When a customer has the right to use the product and bears

the risk of obsolescence, the Consolidated Entity transfers the control over products to the customer and recognizes the revenue and accounts receivable. The customer loyalty program gives customers reward points upon purchases for future purchases or redemption of the products. These reward points provide important rights. Contract liabilities are recognized when the transaction price allocated to the reward points is collected, and reclassified to revenue when the reward points are redeemed or expire.

2. Brand revenue

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

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

(XVI) Leases

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

1. The Consolidated Entity is a lessor

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

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

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

2. The Consolidated Entity is a lessee

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

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

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

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

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

The Consolidated Entity and the lessor conducted rent negotiations directly related to the COVID-19, resulting in a decrease in rent through adjusting the rent due before June 30, 2021, and these negotiations did not significantly change other lease terms. The Consolidated Entity chooses to adopt a

practical expedient method to deal with rent negotiation meeting the aforementioned conditions and does not assess whether the negotiation is a lease modification, but recognizes the reduction in lease payment as profit and loss when the concession event or situation occurs, and reduces the lease liabilities relatively.

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

(XVII) Borrowing costs

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

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

(XVIII) Government subsidies

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

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

(XIX) Employee benefits

1. Short-term employee benefits

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

2. Post-employment benefits

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

The Company's subsidiaries in mainland China would contribute a certain percentage to the pension fund on a monthly basis in accordance with local regulations. The Company's subsidiaries in Taiwan adopt the defined contribution retirement plan, i.e. the amount of pension contribution is recognized as expenses during the employee's service period. As there are no

mandatory requirements in the local laws and regulations of the remaining overseas subsidiaries where post-employment benefits are concerned, the Consolidated Entity does not set up any post-employment benefit rules.

(XX) Share-based payment arrangement

1. Restricted shares are provided to employees and others who provide similar services

Restricted shares for employees are expensed on a straight-line basis over the vesting period based on the fair value of the equity instruments at the grant date and the best estimate of the number of shares expected to ultimately vest. At the same time, the other equity (unearned employee benefits) is adjusted. If vested at the grant date, the expense is recognized in full at the same date.

When restricted shares for employees are issued, the Company recognizes other equity (unearned employee benefits) on the grant date and adjusts capital reserve - restricted shares for employees at the same time. If restricted shares for employees are granted for consideration and employees shall return them upon resignation, relevant payables shall be recognized.

On each balance sheet date, the Company revises its estimated number of restricted shares expected to vest. If the original estimate is revised, the effect is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, and the capital reserve – restricted shares for employees is adjusted accordingly.

2. Cash-settled share-based payment arrangement

The cash-settled share-based payment is recognized as liabilities arising from the acquisition of goods or services, and is measured at the fair value of liabilities assumed at initial recognition. The fair value of liabilities is remeasured on each balance sheet date and settlement date before the settlement with changes in fair value recognized in profit or loss.

(XXI) Income tax

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

1. Current income tax

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

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

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

2. Deferred income tax

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

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred income tax assets are recognized when there are likely to be taxable income against which the deductible temporary differences and loss credits can be utilized. Temporary differences are not recognized as deferred income tax assets and liabilities if they arise from the original recognition of other assets and liabilities (excluding business combinations) and the transaction does not affect taxable income or accounting profits at that time.

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

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

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

3. Current and deferred income tax

Current and deferred income tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred income taxes are recognized in other comprehensive income or directly in equity, respectively.

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

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

The Consolidated Entity takes into account the recent developments of the COVID-19 in our country and the possible impact on the economic environment , including consideration of critical accounting estimates related to cash flow estimation, growth rate, discount rate, profitability, etc, and the management shall continue to review the estimates and basic assumptions.. If an amendment of estimates only affects the current period, it shall be recognized in the period of amendment; if an amendment of accounting estimates affects the current year and future periods, it shall be recognized in the period of amendment and future periods.

Revenue recognition

The Consolidated Entity assesses whether performance obligations are fulfilled over time or at a certain point in time in accordance with the contracts with customers and the applicable relevant regulations.

In making such judgments, the management considers the income recognition conditions, especially whether the Consolidated Entity has transferred the control of the goods to the buyer.

VI. Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and working capital	\$ 2,476	\$ 2,594
Check and demand deposits	302,375	288,414
Cash equivalents		
Time deposits with original maturity dates within 3 months	<u>31,144</u>	<u>109,350</u>
	<u>\$ 335,995</u>	<u>\$ 400,358</u>

As of December 31, 2021 and 2020, time deposits with original maturity dates within 3 months of \$4,152 thousand and \$15,856 thousand were provided to banks as collateral for short-term loans, respectively, and recognized as other current assets – others. Please refer to Notes XVII and XXX for details.

As of December 31, 2021 and 2020, the time deposits with original maturity dates over 3 months were \$157,576 thousand and \$326,371 thousand, respectively. They were classified as financial assets at amortized costs. Of which, \$152,040 thousand and \$207,143 thousand were provided to banks as collateral for long/short-term loans, respectively. Please refer to Notes VIII, XVII, and XXX for details.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Beneficiary certificates	\$ 4,361	\$ 20,687
Wealth management products	<u>-</u>	<u>106,522</u>
	<u>\$ 4,361</u>	<u>\$ 127,209</u>

For the years ended December 31, 2021 and 2020, net gains on financial assets at fair value through profit or loss were \$2,006 thousand and \$9,158 thousand, respectively.

As of December 31, 2021 and 2020, \$0 thousand and \$39,988 thousand of wealth management products were provided to banks as collateral for short-term loans. Please refer to Notes XVII and XXX for details.

VIII. Financial assets at amortized cost

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Current</u>		
Time deposit with original maturity date over 3 months	\$ 157,576	\$ 208,192
Less: Loss allowance	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 157,576</u>	<u>\$ 208,192</u>
<u>Non-current</u>		
Time deposit with original maturity date over 3 months	\$ -	\$ 118,179
Less: Loss allowance	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ -</u>	<u>\$ 118,179</u>

- (I) As of December 31, 2021 and 2020, the interest rate ranges of time deposits with original maturity dates over 3 months were 0.12% to 2.8% and 0.26% to 4.18%, respectively.
- (II) The Consolidated Entity's current credit risk rating mechanism and the gross carrying amount of investments in debt instruments at different credit ratings are as follows:

Credit Rating	Definition	Basis of Recognition of Expected Credit Loss	Gross Carrying Amount on December 31, 2021	Gross Carrying Amount on December 31, 2020
Normal	The debtor has low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	\$ 157,576	\$ 326,371

IX. Accounts receivables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Accounts receivables</u>		
Measured at amortized cost Gross carrying amount	\$ 20,905	\$ 35,879
Less: Loss allowance	-	-
	<u>\$ 20,905</u>	<u>\$ 35,879</u>
Accounts receivables - related parties (Note XXIX)		
Measured at amortized cost Gross carrying amount	\$ 9	\$ 57
Less: Loss allowance	-	-
	<u>\$ 9</u>	<u>\$ 57</u>

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

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

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

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

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

December 31, 2021

	Not past due	1 to 90 Days Past Due	91 to 180 Days Past Due	Overdue over 180 Days	Overdue over 365 Days	Total
Expected credit loss rate						
Gross carrying amount	\$ 19,667	\$ 1,104	\$ 29	\$ 103	\$ 2	\$ 20,905
Loss allowance (lifetime expected credit loss)	-	-	-	-	-	-
Amortized cost	<u>\$ 19,667</u>	<u>\$ 1,104</u>	<u>\$ 29</u>	<u>\$ 103</u>	<u>\$ 2</u>	<u>\$ 20,905</u>

December 31, 2020

	Not past due	1 to 90 Days Past Due	91 to 180 Days Past Due	Overdue over 180 Days	Overdue over 365 Days	Total
Expected credit loss rate						
Gross carrying amount	\$ 31,677	\$ 3,167	\$ 679	\$ 332	\$ 24	\$ 35,879
Loss allowance (lifetime expected credit loss)	-	-	-	-	-	-
Amortized cost	<u>\$ 31,677</u>	<u>\$ 3,167</u>	<u>\$ 679</u>	<u>\$ 332</u>	<u>\$ 24</u>	<u>\$ 35,879</u>

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

The above-mentioned overdue accounts receivables have been assessed by the Consolidated Entity as having received sufficient guarantee deposits and being collectible. Thus, no loss of expected credit is recognized.

The loss allowance for doubtful receivables for the years ended December 31, 2021 and 2020 remained unchanged.

X. Inventories

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Raw materials	\$ 73,124	\$ 59,227
Merchandise inventories	<u>34,301</u>	<u>25,953</u>
	<u>\$ 107,425</u>	<u>\$ 85,180</u>

The cost of goods sold associated with inventories were \$659,161 thousand and \$705,947 thousand for the years ended December 31, 2021 and 2020, respectively.

The cost of goods sold, including write-downs of inventories and impairment loss were \$547 thousand and \$931 thousand for the years ended December 31, 2021 and 2020, respectively.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Non-TWSE/TPEX listed companies'</u>		
<u>Stocks</u>		
Meng Qiqi Technology (Shanghai) Co., Ltd.	<u>\$ 8,047</u>	<u>\$ -</u>

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

XII. Subsidiary

Subsidiaries included in the consolidated financial statements

Entities included in the consolidated financial statements are as follows:

Name of Investor	Name of subsidiaries	Nature of Business	Percentage of Ownership		Remark
			December 31, 2021	December 31, 2020	
Yummy Town (Cayman) Holdings Corporation	Yen Mei Enterprise Limited	Trading of beverages, collection of franchise fees and royalties	100.00	100.00	
Yummy Town (Cayman) Holdings Corporation	RBT Enterprise Limited	Trademark rights management	100.00	100.00	
Yummy Town (Cayman) Holdings Corporation	RBT Holdings Limited	Investment holding and trading of raw materials for catering	100.00	100.00	
Yen Mei Enterprise Limited	Yen Chun International Co., Ltd.	Operation of food and beverage outlets	100.00	100.00	
RBT Holdings Limited	RBT Resources Limited	Trading of raw materials for catering	100.00	100.00	
RBT Holdings Limited	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Catering shop, trading of beverages, collection of franchise fees and royalties	100.00	100.00	
RBT Holdings Limited	Happy Lemon HK Limited	Trading of beverages, collection of franchise fees and royalties	100.00	100.00	
RBT Holdings Limited	Yummytown UK Ltd	Investment holding	100.00	100.00	
RBT Holdings Limited	Happy Lemon (M) Sdn	Trading of beverages, collection	51.00	51.00	Note 3

Yummytown UK Ltd	Bhd Yummytown USA LLC	of franchise fees and royalties Trading of beverages, collection of franchise fees and royalties	100.00	100.00	
Yummytown USA LLC	Happy Lemon West Inc.	Trading of beverages	70.00	70.00	Note 5
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Shanghai Tai Quan Trading Co., Ltd.	Trading of raw materials for catering	100.00	100.00	
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Catering shop, collection of franchise fees and royalties	100.00	100.00	
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	100.00	100.00	
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	55.50	55.50	
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	100.00	100.00	
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Yi Cheng Food & Beverage Management (Guangxi) CO., LTD	Trading of beverages, collection of franchise fees and royalties	100.00	60.00	Note 1
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	100.00	100.00	
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Meng Qiqi Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	-	41.00	Note 2
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Fengfu Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	100.00	-	Note 4
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Zhuoyue Catering Management (Xiamen)Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	100.00	-	Note 6
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Yibang Health Technology (Shanghai) Co., Ltd.	Food marketing	100.00	-	Note 7
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	100.00	100.00	
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Cacha Prince Intelligent Technology (Shanghai) Co., Ltd.	Catering equipment sales	51.00	-	Note 8

Note 1: This company was established on January 2, 2020, and the percentage of shares held by the Consolidated Entity was 60%. In September 2021, the Consolidated Entity acquired a 40% equity from a non-related party at RMB 1, and the percentage of shares increased from 60% to 100% with paid-in capital amounted to RMB 2,950,000.

Note 2: This company was established on June 19, 2020 with paid-in capital amounted to RMB 5,000,000, and the percentage of shares held by the Consolidated Entity was 41%. As the Consolidated Entity obtained more than half of the board seats, it has the control ability; this company was dissolved and liquidated by the resolution of the board of directors on July 20, 2021, and the liquidation procedure was completed in September 2021.

- Note 3: The company was established on April 30, 2020, with a paid-in capital of MYR\$2,500,000, and the Consolidated Entity's shareholding percentage is 51%.
- Note 4: The company was established on February 3, 2021, with a paid-in capital of RMB1,300,000, and the Consolidated Entity's shareholding percentage is 100%.
- Note 5: The company was established on February 12, 2020. Referring to the equity evaluation report, the Consolidated Entity obtained 70% of the equity from T Rock Inc., a non-related party, for US\$1,134,000 in August 2020, with the acquisition date of August 12, 2020. Please refer to Note XXVI.
- Note 6: This company was established on June 22, 2021, and it was not yet funded as of December 31, 2021.
- Note 7: The company was established on April 28, 2021, with a paid-in capital of RMB210,000, and the Consolidated Entity's shareholding percentage is 100%.
- Note 8: The company was established on August 17, 2021, with a paid-in capital of RMB1,000,000, and the Consolidated Entity's shareholding percentage is 51%.
- Note 9: The financial statements of subsidiaries included in the consolidated financial statements for the years ended December 31, 2021 and 2020 were all based on audited financial statements.

XIII. Investments accounted for using the equity method

Investments in associates

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Significant associates</u>		
Yong Chun Cheng Co., Ltd.	\$ 93,240	\$ 93,024
<u>Associates not individually material</u>		
Freshtea Japan CO., LTD.	14,002	21,006
Happy Lemon California, Inc.	-	7,678
	<u>14,002</u>	<u>28,684</u>
	<u>\$ 107,242</u>	<u>\$ 121,708</u>

All the aforementioned associates are accounted for using the equity method by the consolidated entity.

(I) Significant associates

<u>Name of Company</u>	<u>Nature of Business</u>	<u>Area of operations</u>	<u>Shareholding Percentage</u>	
			<u>December 31, 2021</u>	<u>December 31, 2020</u>
Yong Chun Cheng Co., Ltd.	Operation of food and beverage outlets	Taichung	20%	20%

The summary financial information of Yong Chun Cheng Co., Ltd. is prepared on the basis of the financial reports of associates; goodwill as of December 31, 2020 is a provisional amount, while the financial information as of December 31, 2021 had reflected adjustments made when the fair value of identifiable assets was applied using the equity method.

<u>Yong Chun Cheng Co., Ltd.</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current assets	\$ 188,780	\$ 191,496
NON-CURRENT ASSETS	249,298	7,812
Current liabilities	(49,258)	(73,406)
Equity	<u>\$ 388,820</u>	<u>\$ 125,902</u>
Percentage of shares held by the Group	20%	20%
Interests of the Group	\$ 77,764	\$ 25,181
Goodwill	<u>15,476</u>	<u>67,843</u>
Investment carrying amount	<u>\$ 93,240</u>	<u>\$ 93,024</u>

	<u>2021</u>	<u>2020</u>
Operating revenue	<u>\$ 471,783</u>	<u>\$ 418,438</u>
Net profit for this period	\$ 114,427	\$ 104,965
Other comprehensive income (loss)	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$ 114,427</u>	<u>\$ 104,965</u>
Equity enjoyed by the Consolidated Entity	<u>\$ 16,219</u>	<u>\$ 13,024</u>

In order to achieve the benefits of future business expansion and operation scale expansion, the Consolidated Entity passed a resolution of the board of directors on May 20, 2020, to acquire 20% of the equity of Yong Chun Cheng CO., LTD for a total price of \$80,000 thousand, which has significant influence; on the same day, the Consolidated Entity signed an equity trading agreement with non-related parties. The price was based on the fair market price assessed by external experts on the basis of March 31, 2020, in accordance with the market law, and the payment was made on June 1, 2020.

(II) Summary of information of associates not individually material

<u>Name of Company</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Freshtea Japan CO., LTD. (Note 1)	40%	40%
Happy Lemon California, Inc. (Note 2)	-	49%

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

	<u>2021</u>	<u>2020</u>
Share owned by the Consolidated Entity		
Net loss for the period	(\$ 4,389)	(\$ 7,922)
Other comprehensive income (loss)	(<u>2,465</u>)	(<u>837</u>)
Total comprehensive income	(\$ <u>6,854</u>)	(\$ <u>8,759</u>)

Note 1: The Consolidated Entity, RBT Holdings Limited, Ltd., increased its investment in Freshtea Japan CO., LTD. in April 2020 by JPY80,000 thousand (NT\$22,583 thousand). In May 2020, the company reduced its capital to make up for its losses, with a share capital of JPY200,000 thousand (NT\$56,020 thousand) to offset the deficits as of December 31, 2019, the shareholding percentage of the consolidated entity remains 40%, and the amount of capital reduction in accordance with the shareholding percentage to make up for the losses is NT\$22,408 thousand.

Note 2: In June 2021, RBT Holdings Limited of the Consolidated Entity disposed of all shares of Happy Lemon California, Inc. to non-related parties with the sale price amounted to USD 270 thousand (NTD 7,522 thousand), and \$422 thousand of the gain on disposal of investments was recognized.

(III) The investments in associates accounted for using equity method and the Consolidated Entity's share of profit or loss and other comprehensive income of those investments as of December 31, 2021 and 2020, except for the significant associates - Yong Chun Cheng Co., Ltd.'s financial statements for 2021 and 2020 recognized as financial statements audited by CPAs, were calculated based on unaudited financial statements. As those amounts were not material, they shall not have a significant influence on the consolidated financial statements.

XIV. Property, plant and equipment

	Freehold Land	Buildings	Machinery & equipment	Leasehold improvements	Other equipment	Total
<u>Cost</u>						
Balance as of January 1, 2020	\$ 40,779	\$ 39,552	\$ 84,781	\$ 154,501	\$ 22,878	\$ 342,491
Additions	-	-	6,879	20,298	2,169	29,346
Disposals	-	-	(10,240)	(25,605)	(3,410)	(39,255)
Acquired by business combinations	-	-	4,060	9,460	1,060	14,580
Net exchange differences	(<u>1,864</u>)	(<u>1,809</u>)	<u>1,030</u>	<u>840</u>	<u>88</u>	(<u>1,715</u>)
Balance as of December 31, 2020	<u>\$ 38,915</u>	<u>\$ 37,743</u>	<u>\$ 86,510</u>	<u>\$ 159,494</u>	<u>\$ 22,785</u>	<u>\$ 345,447</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2020	\$ -	\$ 5,273	\$ 54,453	\$ 107,020	\$ 14,253	\$ 180,999
Depreciation expense	-	783	10,811	25,605	4,236	41,435
Disposals	-	-	(9,407)	(20,900)	(1,372)	(31,679)
Acquired by business combinations	-	-	3,325	2,228	869	6,422
Net exchange differences	<u>-</u>	(<u>269</u>)	<u>751</u>	<u>1,081</u>	<u>89</u>	<u>1,652</u>
Balance as of December 31, 2020	<u>\$ -</u>	<u>\$ 5,787</u>	<u>\$ 59,933</u>	<u>\$ 115,034</u>	<u>\$ 18,075</u>	<u>\$ 198,829</u>
Net balance as of December 31, 2020	<u>\$ 38,915</u>	<u>\$ 31,956</u>	<u>\$ 26,577</u>	<u>\$ 44,460</u>	<u>\$ 4,710</u>	<u>\$ 146,618</u>
<u>Cost</u>						
Balance as of January 1, 2021	\$ 38,915	\$ 37,743	\$ 86,510	\$ 159,494	\$ 22,785	\$ 345,447
Additions	-	-	6,324	22,337	12,276	40,937
Disposals	-	-	(16,028)	(50,851)	(5,346)	(72,225)
Net exchange differences	(<u>1,314</u>)	(<u>1,274</u>)	(<u>841</u>)	(<u>2,065</u>)	(<u>360</u>)	(<u>5,854</u>)
Balance as of December 31, 2021	<u>\$ 37,601</u>	<u>\$ 36,469</u>	<u>\$ 75,965</u>	<u>\$ 128,915</u>	<u>\$ 29,355</u>	<u>\$ 308,305</u>
<u>Accumulated depreciation and impairment</u>						
Balance as of January 1, 2021	\$ -	\$ 5,787	\$ 59,933	\$ 115,034	\$ 18,075	\$ 198,829
Depreciation expense	-	740	10,263	24,717	3,965	39,685
Disposals	-	-	(13,758)	(44,343)	(4,845)	(62,946)
Net exchange differences	<u>-</u>	(<u>206</u>)	(<u>554</u>)	(<u>1,305</u>)	(<u>218</u>)	(<u>2,283</u>)
Balance as of December 31, 2021	<u>\$ -</u>	<u>\$ 6,321</u>	<u>\$ 55,884</u>	<u>\$ 94,103</u>	<u>\$ 16,977</u>	<u>\$ 173,285</u>
Net amount as of December 31, 2021	<u>\$ 37,601</u>	<u>\$ 30,148</u>	<u>\$ 20,081</u>	<u>\$ 34,812</u>	<u>\$ 12,378</u>	<u>\$ 135,020</u>

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

Buildings

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

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

XV. Lease Agreements

(I) Right-of-use assets

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of right-of-use assets		
Buildings	\$ 248,138	\$ 292,754
Other equipment	<u>460</u>	<u>-</u>
	<u>\$ 248,598</u>	<u>\$ 292,754</u>
	<u>2021</u>	<u>2020</u>
Addition of right-of-use assets	<u>\$ 172,698</u>	<u>\$ 179,942</u>
Disposal of right-of-use assets	<u>(\$ 33,641)</u>	<u>(\$ 53,512)</u>
Net exchange difference on right-of-use assets	<u>(\$ 3,945)</u>	<u>\$ 401</u>
Depreciation expenses of right-of-use assets		
Buildings	\$ 178,656	\$ 191,815
Other equipment	<u>612</u>	<u>656</u>
	<u>\$ 179,268</u>	<u>\$ 192,471</u>

(II) Lease liabilities

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Carrying amount of lease liabilities		
Current	<u>\$ 117,021</u>	<u>\$ 165,022</u>
Non-current	<u>\$ 138,538</u>	<u>\$ 147,313</u>

Discount rate ranges for lease liabilities are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Buildings	4%	4%
Other equipment	4%	4%

(III) Other lease information

	<u>2021</u>	<u>2020</u>
Expenses of short-term leases	<u>\$ 7,459</u>	<u>\$ 12,918</u>
the expense of leases of low-value assets	<u>\$ 31</u>	<u>\$ 31</u>
Variable lease payments not included in lease liability measurement	<u>\$ 25,045</u>	<u>\$ 29,986</u>
Total cash (outflow) from lease	<u>(\$ 218,719)</u>	<u>(\$ 225,307)</u>

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

XVI. Intangible assets

(I) Goodwill

	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 26,030	\$ -
Acquisition through business combinations	-	26,953
Net exchange differences	(730)	(923)
Ending Balance	<u>\$ 25,300</u>	<u>\$ 26,030</u>

The goodwill arising from the acquisition of 70% equity of Happy Lemon West Inc. by the Consolidated Entity on August 12, 2020, was \$26,953 thousand. Please refer to Note XXVI.

(II) Other intangible assets

	<u>Trademarks</u>	<u>Computer software</u>	<u>Total</u>
<u>Cost</u>			
Balance as of January 1, 2020	\$ 8,987	\$ 27,302	\$ 36,289
Additions	768	2,326	3,094
Disposals	(2,416)	-	(2,416)
Net exchange differences	(276)	508	232
Balance as of December 31, 2020	<u>\$ 7,063</u>	<u>\$ 30,136</u>	<u>\$ 37,199</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2020	\$ 6,303	\$ 22,500	\$ 28,803
Amortization	671	2,951	3,622
Disposals	(2,416)	-	(2,416)
Net exchange differences	(150)	441	291
Balance as of December 31, 2020	<u>\$ 4,408</u>	<u>\$ 25,892</u>	<u>\$ 30,300</u>
Net balance as of December 31, 2020	<u>\$ 2,655</u>	<u>\$ 4,244</u>	<u>\$ 6,899</u>
<u>Cost</u>			
Balance as of January 1, 2021	\$ 7,063	\$ 30,136	\$ 37,199
Additions	112	2,171	2,283
Disposals	(104)	-	(104)

	<u>Trademarks</u>	<u>Computer software</u>	<u>Total</u>
	(<u>239</u>)		
Net exchange differences		(<u>226</u>)	(<u>465</u>)
Balance as of December 31, 2021	<u>\$ 6,832</u>	<u>\$ 32,081</u>	<u>\$ 38,913</u>
<u>Accumulated amortization and impairment</u>			
Balance as of January 1, 2021	\$ 4,408	\$ 25,892	\$ 30,300
Amortization	519	3,050	3,569
	(104)		(104)
Disposals		-	
	(<u>155</u>)	(<u>193</u>)	
Net exchange differences			(<u>348</u>)
Balance as of December 31, 2021	<u>\$ 4,668</u>	<u>\$ 28,749</u>	<u>\$ 33,417</u>
Net amount as of December 31, 2021	<u>\$ 2,164</u>	<u>\$ 3,332</u>	<u>\$ 5,496</u>

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

Trademarks	8 to 15 years
Computer software	1 to 5 years

XVII. Borrowings

(I) Short-term loans

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured loans</u>		
Bank loans	<u>\$ 170,059</u>	<u>\$ 282,447</u>
Interest rate	<u>0.75%~1.271%</u>	<u>0.83%~1.655%</u>

The above-mentioned secured borrowings are mainly borrowings denominated in US dollars, and new Taiwan dollars, with bank deposits, wealth management products, freehold land, and buildings as collateral, as well as jointly guaranteed by the Company's Chairman. Please refer to Notes VI, VII, VIII, XVI, XXIX and XXX for details.

(II) Long-term borrowings

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured loans</u>		
Bank loans	\$ 51,762	\$ 53,258
Less: Current portion matured in 1 year	(<u>51,762</u>)	-
	<u>\$ -</u>	<u>\$ 53,258</u>

The Consolidated Entity's borrowings include:

<u>Bank loans</u>	<u>Redemption method</u>	<u>Contract period</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Secured loans</u>				
The Bank of East Asia	Monthly interest payment and principal repayment in full upon maturity	2020.5.26~2022.5.20	\$ 44,012	\$ 45,283
"	Monthly interest payment and principal repayment in full upon maturity	2020.5.28~2022.5.20	<u>7,750</u>	<u>7,975</u>
			<u>\$ 51,762</u>	<u>\$ 53,258</u>

The interest rate for long-term borrowings was 1.50% and 1.55% on December 31, 2021 and 2020. The above-mentioned secured borrowings are mainly borrowings denominated in US dollars, with bank deposits as collateral, as well as jointly guaranteed by the Company's Chairman. Please refer to Notes VI, XXIX, and XXX for details.

XVIII. Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Payroll and bonus payable	\$ 61,797	\$ 56,796
Untaken leave payable	11,353	10,242
Business tax payable	2,131	2,915
Social security and provident fund payable	5,776	4,400
Professional service fee payable	3,897	3,838
Payables on equipment	5,945	4,576
Others	<u>32,594</u>	<u>29,012</u>
	<u>\$ 123,493</u>	<u>\$ 111,779</u>

XIX. Provisions - current

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Employee benefits (under other payables)	<u>\$ 11,353</u>	<u>\$ 10,242</u>

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

XX. Equity

(I) Share capital

Common stocks

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Authorized shares (in thousands)	<u>100,000</u>	<u>100,000</u>
Authorized share capital	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>35,785</u>	<u>36,554</u>
Issued share capital	<u>\$ 357,852</u>	<u>\$ 365,544</u>

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

Due to the resignation of some employees, the new shares issued by the Company that restricted the rights of employees were withdrawn by the board of directors in 2021 and 2020, respectively, with 49 thousand shares and 58 thousand shares, totaling \$492 thousand and \$582 thousand.

On November 12, 2021, the board of directors resolved to cancel 720 thousand treasury stocks, and set the capital reduction base date on November 15, 2021.

On June 23, 2020, the Company passed the resolution of the shareholders' meeting to convert the surplus into a capital increase of \$17,041 thousand, totaling 1,704 thousand shares, and the base date of the capital increase was July 20, 2020.

On April 26, 2021, the Company's board of directors passed the resolution in order to further increase the net worth of shareholders' equity in response to long-term operational development, expansion of operating scale and market territory, and planned to issue common stocks through private placement for cash capital increase within the limit of 5,000 thousand common stocks. On March 24, 2022, the Company's board of directors decided not to proceed with the private placement of common stocks approved by the 2021 annual shareholders' meeting.

(II) Capital surplus

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
It may be used to offset the deficits, distributed as cash dividends, or transferred to share capital (1)		
Stock issuance premium	\$ 62,552	\$ 63,811
Premium on conversion of corporate bonds	151,748	154,801
Treasury stock transaction	-	3,050
<u>It may be used to offset the deficits (2)</u>		
Recognized value of changes in equity of ownership of subsidiaries	1,521	-
Gain on exercise of vesting rights	17	-
Not for any purpose (3)		
Employee restricted stocks	-	13,520
	<u>\$ 215,838</u>	<u>\$ 235,182</u>

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

(III) Retained earnings and dividend policy

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

Company's policies of compensation to employees and remuneration to Directors in the Articles of Incorporation, please refer to Note XXII(VII).

The deficit recovery plan for the year ended December 31, 2021 proposed by the board of directors of the Company on March 24, 2022 are subject to the resolution of the shareholders in the shareholders' meeting to be held on June 15, 2022.

The Company's proposal for earnings appropriation for 2020 and 2019 is as follows :

	Earnings Appropriation		Dividend per Share (NT\$)	
	2020	2019	2020	2019
Legal reserve	\$ 3,887	\$ 12,937	\$ -	\$ -
Special reserve	6,977	24,892	-	-
Cash dividends	17,839	85,203	0.50	2.50
Stock dividend	-	17,041	-	0.50

The above cash dividends have been distributed by the resolution of the board of directors on March 19, 2021 and March 26, 2020, respectively, and the remaining earnings appropriation items for 2020 and 2019 were resolved at the shareholders' general meeting on July 8, 2021 and June 23, 2020, respectively.

(IV) Special reserve

	December 31, 2021	December 31, 2020
Beginning balance	\$ 75,253	\$ 50,361
Recognition of special reserve		
Deduction in other equity	<u>6,977</u>	<u>24,892</u>
Ending Balance	<u>\$ 82,230</u>	<u>\$ 75,253</u>

(V) Other equity

1. Exchange differences in translation of foreign operations

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

2. Unearned employee benefits

	2021	2020
Beginning balance	(\$ 699)	(\$ 3,635)
Share-based payment	<u>699</u>	<u>2,936</u>
Ending Balance	<u>\$ -</u>	<u>(\$ 699)</u>

(VI) Treasury stock

Unit: In Thousand Share

Reason for Recovery - To be Transferred to Employees	2021	2020
Beginning balance	831	720
Increase	333	111
Decrease	(720)	-
Ending balance	<u>444</u>	<u>831</u>

In order to motivate employees and enhance their loyalty, the Company resolved in the Board of Directors' meeting on August 24, 2021 and March 26, 2020, to repurchase 500 thousand shares and 1,000 thousand shares, respectively, shares of the Company's common stocks at the price range of \$31 to \$89 and \$42 to \$82, respectively, per share (the buyback continues even when the market price is below the lower limit of the price range) between August 25, 2021 and October 22, 2021 and between March 27, 2020, to May 26, 2020, and 333 thousand shares and 111 thousand shares have been repurchased as of December 31, 2021 and 2020. The Company considers the market mechanism and buy-back in batches depending on changes in stock prices, trading volume and the effective use of funds, and therefore it has not been fully implemented.

On November 12, 2021, the board of directors resolved to cancel 720 thousand treasury shares with the cost of treasury shares amounted to \$48,009 thousand, the capital reserve amounted to \$7,362 thousand and the retained surplus amounted to \$33,447 thousand, and set the capital reduction base date on November 15, 2021.

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

(VII) Non-controlling interests

	2021	2020
Beginning balance	\$ 33,984	\$ 14,136
Increase	1,798	-
Decrease	(14,548)	-
Net loss for the period	(2,654)	(5,833)
Other comprehensive income (loss) for the year		
Exchange differences in translation of foreign operations	(688)	30
Increase in non-controlling Interests from Acquisition of Subsidiaries (Notes XII and XXVI)	<u>2,109</u>	<u>25,651</u>
Ending Balance	<u>\$ 20,001</u>	<u>\$ 33,984</u>

XXI. Operating Revenue

	<u>2021</u>	<u>2020</u>
Revenue from contracts with customers		
Sales revenue	\$ 727,161	\$ 820,947
Catering revenue	527,273	521,430
Brand revenue	135,127	162,364
Other operating revenues	<u>69,227</u>	<u>75,496</u>
	<u>\$ 1,458,788</u>	<u>\$ 1,580,237</u>

(I) Contract balance

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Contract liabilities - non-current		
Brand revenue	\$ 14,144	\$ 24,729
Customer loyalty program under catering revenue	<u>1,714</u>	<u>1,651</u>
	<u>\$ 15,858</u>	<u>\$ 26,380</u>

(II) Disaggregation of revenue from contracts with customers

2021

	<u>Reportable Segment</u>		
	<u>Catering</u>	<u>Trade</u>	<u>Total</u>
Product type			
Sales Revenue of			
Commodities	\$ -	\$ 727,161	\$ 727,161
Catering revenue	527,273	-	527,273
Brand revenue	135,127	-	135,127
Other operating revenues	<u>64,778</u>	<u>4,449</u>	<u>69,227</u>
	<u>\$ 727,178</u>	<u>\$ 731,610</u>	<u>\$ 1,458,788</u>

2020

	<u>Reportable Segment</u>		
	<u>Catering</u>	<u>Trade</u>	<u>Total</u>
Product type			
Sales Revenue of			
Commodities	\$ -	\$ 820,947	\$ 820,947
Catering revenue	521,430	-	521,430
Brand revenue	162,364	-	162,364
Other operating revenues	<u>70,821</u>	<u>4,675</u>	<u>75,496</u>
	<u>\$ 754,615</u>	<u>\$ 825,622</u>	<u>\$ 1,580,237</u>

XXII. Net (Loss) Income of Continuing Operations

(I) Interest income

	<u>2021</u>	<u>2020</u>
Bank deposit	<u>\$ 7,957</u>	<u>\$ 6,736</u>

(II) Other income

	<u>2021</u>	<u>2020</u>
Government subsidy income (Note XXXI)	\$ 9,562	\$ 21,252
Others	<u>6,177</u>	<u>2,411</u>
	<u>\$ 15,739</u>	<u>\$ 23,663</u>

(III) Other gains and losses

	<u>2021</u>	<u>2020</u>
Loss on disposal of property, plant and equipment	(\$ 7,913)	(\$ 6,199)
Gain on disposal of investments (Note XIII)	422	-
Gains on lease modification	5,368	2,270
Net foreign exchange gain	9,373	18,118
Gain on financial assets at fair value through profit or loss (Note VII)	2,006	9,158
Others	(<u>10,358</u>)	(<u>5,032</u>)
	<u>\$ 1,102</u>	<u>\$ 18,315</u>

(IV) Finance costs

	<u>2021</u>	<u>2020</u>
Interest on bank loans	\$ 3,905	\$ 5,220
Interest on lease liabilities	<u>11,735</u>	<u>12,767</u>
	<u>\$ 15,640</u>	<u>\$ 17,987</u>

(V) Depreciation and amortization

	<u>2021</u>	<u>2020</u>
Property, plant, and equipment	\$ 39,685	\$ 41,435
Right-of-use assets	179,268	192,471
Intangible Assets	<u>3,569</u>	<u>3,622</u>
	<u>\$ 222,522</u>	<u>\$ 237,528</u>
Depreciation expense summarized by function		
Operating costs	\$ 4,041	\$ 7,813
Operating expenses	<u>214,912</u>	<u>226,093</u>
	<u>\$ 218,953</u>	<u>\$ 233,906</u>
Amortized cost summarized by function		
Operating expenses	<u>\$ 3,569</u>	<u>\$ 3,622</u>

(VI) Employee benefits expenses

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 373,577	\$ 321,307
Post-employment benefits	<u>3,087</u>	<u>2,853</u>
	<u>\$ 376,664</u>	<u>\$ 324,160</u>
Summarized by functions		
Operating costs	\$ 83,039	\$ 59,267
Operating expenses	<u>293,625</u>	<u>264,893</u>
	<u>\$ 376,664</u>	<u>\$ 324,160</u>

(VII) Compensation to employee and remuneration to Directors

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

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

The Company's Board of Directors' meetings on March 19, 2021, and March 26, 2020, resolved not to distribute employee compensation and remuneration to Directors, which is the same as the amount recognized in the consolidated financial statements for the years ended December 31, 2020, and 2019, respectively.

Please access the "Market Observation Post System" of the Taiwan Stock Exchange for information on the Company's employee compensation and remuneration to Directors in the 2021 and 2020 Board of Directors' meetings.

XXIII. Income Tax Expense

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

	<u>2021</u>	<u>2020</u>
Current income tax expense	\$ 16,341	\$ 29,464
Adjustment on income taxes of prior years	762	(1,041)
Adjustment on deferred income tax	(<u>15,338</u>)	(<u>3,376</u>)
	<u>\$ 1,765</u>	<u>\$ 25,047</u>

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

	<u>2021</u>	<u>2020</u>
Income before income tax (Note)	<u>\$ 92,393</u>	<u>\$ 112,108</u>
Income tax expense at the statutory rate (Note)	\$ 19,516	\$ 31,204
Tax effects of reconciled items		
Other permanent differences	(<u>3,175</u>)	(<u>1,740</u>)
Current income tax expense	<u>\$ 16,341</u>	<u>\$ 29,464</u>

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

The Company was established in the British Cayman Islands; thus, there are no relevant taxes. The individual tax rate of the income tax law of the Republic of China applicable to the consolidated entity is 20%, the tax rate in Hong Kong is 16.5%; the tax rate in mainland China is 25%; the tax rate in the United States is 21%; and the tax rate in Malaysia is 24%.

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current income tax assets	<u>\$ 8,618</u>	<u>\$ 799</u>
Current income tax liabilities	(<u>\$ 5,818</u>)	(<u>\$ 6,971</u>)

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

2020

	<u>Beginning balance</u>	<u>Recognized in profit or loss</u>	<u>Directly recognized in profit or loss</u>	<u>Ending balance</u>
<u>Deferred income tax assets</u>				
Temporary differences				
Deferred income	\$ 7,261	(\$ 779)	\$ -	\$ 6,482
Loss carryforward	14,539	5,372	-	19,911
Other book-tax differences	<u>2,819</u>	(<u>56</u>)	-	<u>2,763</u>
	<u>\$ 24,619</u>	<u>\$ 4,537</u>	<u>\$ -</u>	<u>\$ 29,156</u>
<u>Deferred income tax liabilities</u>				
Temporary differences				
Withholding earnings from subsidiaries				
Withholding tax on remitted	\$ 5,462	(\$ 250)	\$ -	\$ 5,212
Deferred income	<u>821</u>	<u>1,411</u>	-	<u>2,232</u>
	<u>\$ 6,283</u>	<u>\$ 1,161</u>	<u>\$ -</u>	<u>\$ 7,444</u>

2021

	Beginning balance	Recognized in profit or loss	Directly recognized in profit or loss	Ending balance
<u>Deferred income tax assets</u>				
Temporary differences				
Deferred income	\$ 6,482	(\$ 2,441)	\$ -	\$ 4,041
Loss carryforward	19,911	17,500	-	37,411
Other book-tax differences	<u>2,763</u>	<u>1,273</u>	-	<u>4,036</u>
	<u>\$ 29,156</u>	<u>\$ 16,332</u>	<u>\$ -</u>	<u>\$ 45,488</u>
 <u>Deferred income tax liabilities</u>				
Temporary differences				
Withholding earnings from subsidiaries				
Withholding tax on remitted	\$ 5,212	(\$ 175)	\$ -	\$ 5,037
Deferred income	<u>2,232</u>	<u>1,169</u>	-	<u>3,401</u>
	<u>\$ 7,444</u>	<u>\$ 994</u>	<u>\$ -</u>	<u>\$ 8,438</u>

(V) Income tax assessments

The income tax declaration cases for profitable businesses of Zhan Xin Resources Enterprise CO., LTD. Taiwan Branch in 2018, YEN MEI International CO., LTD. in 2019, and YEN MEI Enterprise Limited before 2019 have been approved by the tax authorities.

XXIV. Earnings (deficit) per share

	Unit: NT\$ per share	
	<u>2021</u>	<u>2020</u>
Basic earnings (deficit) per share	(\$ <u>2.65</u>)	\$ <u>1.09</u>
Diluted earnings (deficit) per share	(\$ <u>2.65</u>)	\$ <u>1.09</u>

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

Net income (loss) for the period

	<u>2021</u>	<u>2020</u>
To calculate the net (loss) profit in the (deficit) earnings per share	(\$ <u>94,106</u>)	\$ <u>38,871</u>

Number of shares Unit: In thousands

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Weighted average number of common stocks for the purpose of calculating basic (deficit) earnings per share	35,574	35,715
Impact of common stocks with dilutive effect:		
New restricted employee shares	<u> -</u>	<u> 15</u>
Weighted average number of common stocks for the purpose of calculating diluted (deficit) earnings per share	<u> 35,574</u>	<u> 35,730</u>

Due to the employee restricted stocks issued by the Company, there was an anti-dilution effect for the year ended December 31, 2021, so it was not included in the calculation of diluted loss per share.

XXV. Share-based Payment Arrangement

New restricted employee shares

The Company's shareholders' meeting on June 14, 2017, resolved to issue 350 thousand shares of new employee restricted stocks with a total of \$3,500 thousand. The application was approved by FSC to take effect on July 31, 2017, and be issued in installments.

On August 10, 2017, the Company's Board of Directors resolved to issue 269 thousand bonus shares. The actual distribution date was August 10, 2017 and the stock's closing price on the grant day was \$99.5. The vesting percentage of employees awarded on May 1, 2018 is 20%, with another 25%, 25% and 30% for every additional full-year service rendered. Moreover, the employee shall remain an employee at the end of each time period stipulated with performance maintain at a certain level for the vesting to take effect.

The Company's Board of Directors' meeting on March 22, 2018 resolved to issue the second new restricted stocks of 81 thousand shares. The actual distribution date was April 30, 2018 and the stock's closing price on the grant day was \$83.6. The vesting percentage of employees awarded on May 1, 2019 is 31.25%, with another 31.25% and 37.5% for every additional full-year service rendered. Moreover, the employee shall serve at the Company at the end of each time period stipulated with performance maintaining at a certain level for the vesting to take effect.

Restricted rights of new shares distributed to employees before vesting conditions are fulfilled:

- (I) The employee may not sell, pledge, transfer, provide as a gift to other party, use as collateral or use other means to dispose of the new restricted shares.

- (II) Employees shall attend, propose, speak, vote and elect in the shareholders' meeting according to the trust or custody contract.
- (III) During the vesting period, the new restricted stocks cannot participate in the stock or dividend distribution nor share subscription in right issue.

As of December 31, 2021 and 2020, the relevant information on new restricted stocks is as follows:

	<u>2021</u>	<u>2020</u>
	Number of Shares (in thousands)	Number of Shares (in thousands)
Outstanding, the beginning of the year	49	107
Retrieved	(49)	(58)
Outstanding, end of year	<u> -</u>	<u> 49</u>

When the employee fails to meet the vesting conditions, the Company would retrieve the employee's new restricted stocks and cancel them. The Company's board of directors withdrawn in 2021 and 2020, respectively, with 49 thousand shares and 58 thousand shares, totaling \$492 thousand and \$582 thousand.

The compensation costs (reversed) recognized by the Company for the years ended December 31, 2021 and 2020 were \$(13,313) thousand and \$2,936 thousand, respectively.

Cash-settled share-based payment

The Company's Board of Directors' meeting on August 10, 2017 approved the employee stock appreciation right rules and is expected to issue 150 thousand units. Upon exercise, employees would receive a cash payment calculated using the price difference between the closing price of the Company's stocks and the exercise price times the exercised number of units.

The Company granted the first batch of employee stock appreciation rights of 105 thousand units in August, 2017 and retrieved 5 thousand and 10 thousand units in May, 2018 and December 2017, respectively. The vesting percentage of employees awarded on May 1, 2018 is 20%, with another 25%, 25% and 30% for every additional full-year service rendered. Moreover, the employee shall remain an employee at the end of each time period stipulated with performance maintain at a certain level for the vesting to take effect.

The Company granted the second batch of employee stock appreciation rights of 41 thousand units in March, 2018. The vesting percentage of employees awarded on May 1, 2019 is 31.25%, with another 31.25% and 37.5% for every additional full-year service rendered. Moreover, the employee shall serve at the Company at the end of each time period stipulated with performance maintaining at a certain level for the vesting to take effect.

As of December 31, 2021 and 2020, the number of stock appreciation rights outstanding is as follows:

	<u>2021</u>	<u>2020</u>
	<u>Unit (in thousands)</u>	<u>Unit (in thousands)</u>
Outstanding, the beginning of the year	33	61
Retrieved	(<u>33</u>)	(<u>28</u>)
Outstanding, end of year	<u><u>-</u></u>	<u><u>33</u></u>

As of December 31, 2021, the vested period for the basic payment of cash-delivered shares issued by the Company was expired, and there was no value-added value of employee stock tickets in circulation.

The compensation costs recognized by the Company for the years ended December 31, 2021 and 2020 were \$379 thousand and \$1,523 thousand, respectively.

XXVI. Business Combinations

(I) Acquisition of subsidiaries

Yummytown USA LLC, the Consolidated Entity, signed an equity trading contract with T Rock Inc. on July 1, 2020, to transfer 70% of the equity of Happy Lemon West Inc. to the combined company on August 12, 2020, in order to quickly establish the US direct sales system, material procurement platform, North American marketing mode and cultivate local talents. However, if the Company's CEO's KPI fails to meet the standard, he needs to buy back 10% of the equity as agreed.

(II) Transfer price

The transfer price is US\$1,134,000 (equivalent to NT\$33,442 thousand), which is the fair market price assessment conducted by external experts on the basis of market law on June 30, 2020.

(III) Assets acquired and liabilities assumed upon acquisition date

Current assets	
Cash and cash equivalents	\$ 1,297
Accounts receivables	628
Other receivables	340
Inventory	241
Other current assets	225
NON-CURRENT ASSETS	
Property, plant, and equipment	8,158
Refundable deposits	921
Current liabilities	
Other payables	(2,148)
Current income tax liabilities	(395)
	<u>\$ 9,267</u>

(IV) Non-controlling interests

The non-controlling interests of \$2,778 thousand are measured by the book value of the identifiable net assets on the acquisition date.

(V) Goodwill arising from the acquisition

Transfer price	\$ 33,442
Add:	
Non-controlling interests	2,778
Less:	
Fair value of identifiable assets acquired	(9,267)
Goodwill arising from the acquisition	<u>\$ 26,953</u>

(VI) Net cash outflow on acquisition of subsidiaries

Consideration paid in cash	(\$ 33,442)
Add: Cash and cash equivalents in the consolidated statements of cash flows acquired	<u>1,297</u>
	<u>(\$ 32,145)</u>

XXVII. Capital Risk Management

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

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

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

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

XXVIII. Financial Instruments

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

The carrying amounts of the Consolidated Entity's financial assets and financial liabilities not measured at fair value approach their fair values. As of December 31, 2021 and 2020, there were no material differences between the carrying amounts and fair values.

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

Fair value hierarchy

December 31, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ <u>4,361</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>4,361</u>

December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value through profit or loss				
Beneficiary certificates	\$ 20,687	\$ -	\$ -	\$ 20,687
Wealth management products	<u>-</u>	<u>106,522</u>	<u>-</u>	<u>106,522</u>
	<u>\$ 20,687</u>	<u>\$ 106,522</u>	<u>\$ -</u>	<u>\$ 127,209</u>

There was no transfer between Levels 1 and 2 fair value measurements for the years ended December 31, 2021 and 2020.

(III) Financial risk management objectives and policy

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

1. Market risks

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

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

(1) Foreign exchange risk

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

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

Sensitivity analysis

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

	<u>Impact of USD</u>		<u>Impact of RMB</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Effect on profit or loss	(\$ 7,394)	(\$ 20,232)	\$ 2,556	\$ 5,872

(2) Interest rate risk

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash flow interest rate risks		
Financial assets	\$ 192,872	\$ 451,577
Financial liabilities	221,821	335,705

The sensitivity analysis of interest rate risk is based on the changes in the fair value of financial assets and financial liabilities with floating interest rates at the end of the financial reporting period. If the interest rate drops by 1%, the Consolidated Entity's cash inflows will (decrease) increase by \$289 thousand and \$(1,159) thousand for the years ended December 31, 2021 and 2020, respectively.

2. Credit risk

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

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

3. Liquidity risk

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

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

	December 31, 2021			Total
	Within 1 year	1 to 3 years	Over 3 years	
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	\$ 237,801	\$ 40,850	\$ 26,591	\$ 305,242
Lease liabilities	117,021	106,285	32,253	255,559
Liabilities with floating interest rates	<u>221,821</u>	<u>-</u>	<u>-</u>	<u>221,821</u>
	<u>\$ 576,643</u>	<u>\$ 147,135</u>	<u>\$ 58,844</u>	<u>\$ 782,622</u>

	December 31, 2020			Total
	Within 1 year	1 to 3 years	Over 3 years	
<u>Non-derivative financial liabilities</u>				
Non-interest-bearing liabilities	\$ 251,925	\$ 52,177	\$ 45,368	\$ 349,470
Lease liabilities	165,022	127,083	20,230	312,335
Liabilities with floating interest rates	<u>282,447</u>	<u>53,258</u>	<u>-</u>	<u>335,705</u>
	<u>\$ 699,394</u>	<u>\$ 232,518</u>	<u>\$ 65,598</u>	<u>\$ 997,510</u>

XXIX. Related Party Transactions

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

(I) The names and relationships of related parties

Name of Related Party	Relationship with the Consolidated Entity
Yong Chun Cheng Co., Ltd.	Associates
Freshtea Japan CO., LTD.	Associates
Happy Lemon California, Inc.	Associates
T Rock Inc.	Investors of significant influence (Note)
Mr. Wu-Po-Chao	Chairman of the Company

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

(II) Operating Revenue

Financial Statement Account	Category of Related Parties/Name	2021	2020
	Associates		
Sales revenue	Freshtea Japan CO., LTD.	\$ 353	\$ 314
	Yong Chun Cheng Co., Ltd.	-	1,000
Brand revenue	Freshtea Japan CO., LTD.	80	1,425
	Happy Lemon California, Inc.	<u>60</u>	<u>266</u>
		<u>\$ 493</u>	<u>\$ 3,005</u>

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

(III) Purchases

Category of Related Parties/Name	2021	2020
Investors of significant influence		
T Rock Inc.	<u>\$ 10,232</u>	<u>\$ 3,073</u>

The prices of purchases between the Consolidated Entity and its related parties are not significantly different from that of general suppliers. The payment terms of general suppliers are 30 to 60 days from end of month whereas the payment terms of related parties are 60 days from end of month.

(IV) Operating expenses

Category of Related Parties/Name	2021	2020
Investors of significant influence		
T Rock Inc.	<u>\$ 1,751</u>	<u>\$ -</u>

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

(V) Receivables from related parties (excluding loans to related parties)

Financial Statement Account	Category of Related Parties/Name	December 31, 2021	December 31, 2020
Accounts receivables related parties	Associates		
	Happy Lemon California, Inc.	\$ -	\$ 26
	Freshtea Japan CO., LTD.	<u>9</u>	<u>31</u>
		<u>\$ 9</u>	<u>\$ 57</u>

The outstanding amount of receivables - related parties is not guaranteed, and the expected credit loss is also not recognized for receivables.

(VI) Accounts payable - related parties

<u>Financial Statement Account</u>	<u>Category of Related Parties/Name</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable - related parties	Investors of significant influence T Rock Inc.	<u>\$ -</u>	<u>\$ 226</u>

(VII) Loans

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

(VIII) Endorsement and guarantee

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

(IX) Loan guarantee

The Consolidated Entity's long/short-term loans were guaranteed by the Chairman, Wu-Po-Chao.

(X) Compensation to key management

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 29,581	\$ 27,226
Share-based payments	-	2,018
	<u>\$ 29,581</u>	<u>\$ 29,244</u>

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

XXX. Pledged Assets

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Restricted bank deposits (recognized under other current assets - others) (Note VI)	\$ 4,152	\$ 15,856
Restricted bank deposits (recognized under financial assets at amortized cost) (Note VI)	152,040	207,143
Wealth management products (Note VII)	-	39,988
Freehold land (Note XIV)	37,601	38,915
Buildings (Note XIV)	<u>30,148</u>	<u>31,956</u>
	<u>\$ 223,941</u>	<u>\$ 333,858</u>

XXXI. Others

Although the Consolidated Entity suffered losses due to the impact of the COVID-19 pandemic, in response to the impact of the pandemic, the Consolidated Entity took the following actions, which did not have a significant impact on the Consolidated Entity's ability to continue operating, asset impairment and financing risks, etc.

(I) Adjust operation strategy

1. Adjust menus for catering stores and increase cooperation with major delivery channel platforms.
2. For the training of the franchisees in each region, the video communication mode is adopted instead, and the training will be adjusted according to the epidemic situation.
3. Due to the impact of the pandemic, the new franchise business in Southeast Asia was then carried out by the Taiwan headquarters. The enhanced franchise trainings enable franchised stores to obtain more headquarters supports.
4. To expand operations in the U.S. market, to accelerate investment and franchise programs, and to strengthen logistics, distribution, and warehousing in all continents of the U.S. make the supply of raw materials more efficient.

(II) Financing strategy

Due to the uncertainty of the complete control of the COVID-19 pandemic and the challenge of the catering industry's operating model, the Consolidated Entity cannot accurately assess the time when the operation is restored to normal. Due to the size of the Consolidated Entity, and the brand image is easy to identify and is competitive, we are able to obtain financing solutions with better conditions, maintain certain credit lines with existing cooperative banks during the epidemic, and actively negotiate to improve credit lines.

(III) Government subsidy income

In 2021 and 2020, the Consolidated Entity had received \$9,562 thousand and \$21,252 thousand of subsidy income including salaries, insurance premiums, operating subsidies, etc. which were accounted for under other income.

XXXII. Significant Subsequent Events

In order to enrich the working capital to meet the long-term operation and development strategy, the board of directors of the Consolidated Entity decided on March 24, 2022 to dispose of all the equity of Yong Chun Cheng Co., Ltd. to non-related parties with the total sale price amounted to \$150,000 thousand.

XXXIII. Significant Assets and Liabilities Denominated in Foreign Currencies

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

	Unit: Foreign currency/in thousands of NT\$					
	December 31, 2021			December 31, 2020		
	Foreign Currency	Exchange Rate	NT\$	Foreign Currency	Exchange Rate	NT\$
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 4,403,213	27.68	\$ 121,881	\$ 3,770,633	28.48	\$ 107,388
RMB	5,883,738	4.344	25,559	13,414,980	4.377	58,717
<u>Non-monetary items</u>						
JPY	58,222,800	0.2405	14,002	76,028,400	0.2763	21,006
USD	-	-	-	269,577	28.48	7,678
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	7,074,443	27.68	195,821	10,874,443	28.48	309,704

The Company's foreign exchange gains, including unrealized and realized portions, were \$9,373 thousand and \$18,118 thousand for the years ended December 31, 2021 and 2020, respectively. Due to a large number of foreign currency transactions and functional currencies within the entities, gains or losses cannot be disclosed by foreign currencies with significant impact.

XXXIV. Supplementary Disclosures

(I) Information on significant transactions and

(II) Information on reinvestment:

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

(III) Information on investments in mainland China:

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

(IV) Information of major shareholders:

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

XXXV. Segment information

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

Catering segment - direct sales to consumers

Trade segment - wholesale sales to franchisees

Other segment - other

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

- (I) These operating segments have similar long-term gross profits;
- (II) The methods for generating cash flows are similar; and
- (III) Daily operations are similar.

Segment revenues and the results of operations

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

2021						
	Catering	Trade	Others	Total	Adjustments and Elimination	Total
Operating Revenue	<u>\$ 761,624</u>	<u>\$ 925,900</u>	<u>\$ 22,728</u>	<u>\$ 1,710,252</u>	<u>(\$ 251,464)</u>	<u>\$ 1,458,788</u>
Net operating income (loss)	<u>(\$ 143,706)</u>	<u>\$ 16,831</u>	<u>\$ 16,304</u>	<u>(\$ 110,571)</u>	<u>(\$ 2,787)</u>	<u>(\$ 113,358)</u>
Interest income						7,957
Other income						15,739
Other gains and losses						(1,102)
Finance costs						(15,640)
Shares of loss of associates accounted for using the equity method						<u>11,409</u>
Net loss before tax						<u>(\$ 94,995)</u>

2020						
	Catering	Trade	Others	Total	Adjustments and Elimination	Total
Operating Revenue	<u>\$ 803,764</u>	<u>\$ 961,640</u>	<u>\$ 21,498</u>	<u>\$ 1,786,902</u>	<u>(\$ 206,665)</u>	<u>\$ 1,580,237</u>
Operating income	<u>(\$ 36,538)</u>	<u>\$ 57,637</u>	<u>(\$ 193)</u>	<u>\$ 20,906</u>	<u>\$ 1,350</u>	<u>\$ 22,256</u>
Interest income						6,736
Other income						23,663
Other gains and losses						18,315
Finance costs						(17,987)
Shares of loss of associates accounted for using the equity method						<u>5,102</u>
Net income before tax						<u>\$ 58,085</u>

Interdepartmental transactions in 2021 and 2020 were eliminated.

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

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Financing Provided to Others
2021

Table I Unit: Thousands of NT Dollars/Foreign Currency

No.	Lending company	Borrower	General Ledger Account	Related Party or Not	Maximum Balance for the Period	Ending Balance	Actual Drawdown	Interest Rate Range (%)	Nature of Financing (Note III)	Business Transaction Amount	Reason for Short-term Financing	Allowance for Loss Receivables	Collateral		Limit on the Loan Amount to Individual Counterparty (Note I)	Total Limit on Financing (Note I)
													Title	Value		
0	Yummy Town (Cayman) Holdings Corporation	Yen Mei Enterprise Limited	Receivables from related parties	Yes	\$ 11,072 USD 400,000	\$ 11,072 USD 400,000	\$ - USD -	-	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 99,864	\$ 199,728
1	RBT Holdings Limited	Yen Chun International Co., Ltd.	Receivables from related parties	Yes	60,896 USD 2,200,000	- USD -	- USD -	-	2	-	Operating capital	-	-	-	99,864	199,728
		Yummy-town USA LLC	Receivables from related parties	Yes	41,520 USD 1,500,000	- USD -	- USD -	-	2	-	Operating capital	-	-	-	467,055	583,819
		Yummy-town UK Ltd	Receivables from related parties	Yes	41,520 USD 1,500,000	- USD -	- USD -	-	2	-	Operating capital	-	-	-	467,055	583,819
		Yen Chun International Co., Ltd.	Receivables from related parties	Yes	69,200 USD 2,500,000	69,200 USD 2,500,000	41,520 USD 1,500,000	-	2	-	Operating capital	-	-	-	116,764	233,528
		Yen Mei Enterprise Limited	Receivables from related parties	Yes	13,840 USD 500,000	13,840 USD 500,000	11,072 USD 400,000	-	2	-	Operating capital	-	-	-	116,764	233,528
		Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	10,647 HKD 3,000,000	10,647 HKD 3,000,000	- HKD -	-	2	-	Operating capital	-	-	-	71,222	89,028
3	Happy Lemon HK Limited	RBT Holdings Limited	Receivables from related parties	Yes	17,745 HKD 5,000,000	17,745 HKD 5,000,000	- HKD -	-	2	-	Operating capital	-	-	-	59,198	73,997
		Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	28,392 HKD 8,000,000	28,392 HKD 8,000,000	28,392 HKD 8,000,000	-	2	-	Operating capital	-	-	-	59,198	73,997
4	Shanghai Tai Quan Trading Co., Ltd.	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Receivables from related parties	Yes	86,880 RMB 20,000,000	21,720 RMB 5,000,000	- RMB -	-	2	-	Operating capital	-	-	-	36,218	45,272
		Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Receivables from related parties	Yes	21,720 RMB 5,000,000	13,032 RMB 3,000,000	13,032 RMB 3,000,000	-	2	-	Operating capital	-	-	-	36,218	45,272
		Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Receivables from related parties	Yes	8,688 RMB 2,000,000	8,688 RMB 2,000,000	8,688 RMB 2,000,000	-	2	-	Operating capital	-	-	-	36,218	45,272
5	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Yummy Town (Cayman) Holdings Corporation	Receivables from related parties	Yes	86,880 RMB 20,000,000	86,880 RMB 20,000,000	- RMB -	0.10%	2	-	Operating capital	-	-	-	208,185	260,231
		Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Receivables from related parties	Yes	8,688 RMB 2,000,000	8,688 RMB 2,000,000	6,082 RMB 1,400,000	-	2	-	Operating capital	-	-	-	208,185	260,231
		Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Receivables from related parties	Yes	8,688 RMB 2,000,000	8,688 RMB 2,000,000	2,172 RMB 500,000	-	2	-	Operating capital	-	-	-	208,185	260,231
		Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Receivables from related parties	Yes	8,688 RMB 2,000,000	8,688 RMB 2,000,000	4,344 RMB 1,000,000	-	2	-	Operating capital	-	-	-	208,185	260,231

Note 1:

1. According to the Company's procedures for loaning capital to others, the total amount of capital loans from the Company to others shall not exceed 40% of the net value of the latest financial statement (financial statement on December 31, 2021). Among them, the limit of the capital loan for a single enterprise to others shall not exceed 20% of the net value of the latest financial statements.
2. According to the Company's non-Taiwan subsidiary's procedures for loaning capital to others, the total amount of capital loans from subsidiaries to others shall not exceed 100% of the net value of the latest financial statement (statement on December 31, 2021). Among them, the limit of the capital loan to a single enterprise shall not exceed 80% of the net value of the latest financial statements.
3. According to the Company's non-Taiwan subsidiary's procedures for loaning capital to others, the total amount of capital loans from RBT Holdings Limited to Yen Chun International Co., Ltd. and Yen Mei Enterprise Limited shall not exceed 40% of the net value of the latest financial statement (statement on December 31, 2021). Among them, the limit of the capital loan to a single enterprise shall not exceed 20% of the net value of the latest financial statements.

Note 2: The exchange rate on December 31, 2021 was USD: NTD = 1: 27.68; HKD: NTD = 1: 3.549; RMB: NTD = 1: 4.344.

Note 3: Nature of financing:

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

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Endorsement and Guarantee Provided to Others

2021

Table II Unit: Thousands of NT Dollars/Foreign Currency

No.	Name of Endorsement/Guarantee Provider	Subject of Endorsements/Guarantees		Limit on Endorsements/Guarantees Provided to a Single Party (Note I)	Maximum Balance for Endorsements and Guarantees this Period	Endorsement/Guarantee Ending Balance	Actual Drawdown	Amount of Endorsement/Guarantee Collateralized by Properties	Accumulated Endorsements/Guarantees to Net Worth per Latest Financial Statement (%)	Endorsements/Guarantees Provided by Parent Company to A Subsidiary	Endorsements/Guarantees Provided by A Subsidiary to Parent Company	Endorsements/Guarantees Provided to Subsidiaries in mainland China	Maximum Endorsement/Guarantee Amount Allowance (Note I)
		Name of Company	Relationship (Note III)										
1	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Yummy Town (Cayman) Holdings Corporation	3	\$ 520,462	\$ 757,688 USD 19,600,000 RMB 15,000,000 NTD 150,000	\$ 279,568 USD 10,100,000 RMB - NTD -	\$ 108,629 USD 3,924,443	\$ 108,629	107	-	V	-	\$ 780,693
2	RBT Resources Limited	Yummy Town (Cayman) Holdings Corporation	3	178,056	68,000	34,000	31,832	31,832	38	-	V	-	267,084
		RBT Resources Limited Taiwan Branch	4	178,056	52,000	26,000	26,000	26,000	29	-	-	-	267,084
3	RBT Holdings Limited	Yummy Town (Cayman) Holdings Corporation	3	1,167,638	80,000	27,680 USD 1,000,000	27,680 USD 1,000,000	-	5	-	V	-	1,751,457

Note 1: The maximum limit of the Company's endorsement and guarantee to external parties is \$249,582 thousand = Net worth of \$499,163 thousand x 50%, and to a single company is \$99,833 thousand = Net worth of \$499,163 thousand x 20%. This restriction does not apply to where the endorsement and guarantee are provided between companies 100% voting rights-owned by the subsidiaries and by the Company, either directly or indirectly. However, the individual objects are limited to not exceeding 200% of the endorsement and guarantee of the Company's net worth, and the total amount is limited to not exceeding 300% of the endorsement and guarantee of the Company's net worth.

Note 2: The exchange rate on December 31, 2021 was USD: NTD=1: 27.68; HKD: NTD=1: 3.549; RMB: NTD= 4.344.

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

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

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
 Marketable Securities Held at the End of Year
 December 31, 2021

Table III

Unit: Thousands of NT Dollars/Foreign Currency

Holding Company Name	Type and Name of Securities	Relationship with the Issuer of the Securities	Financial Statement Account	Ending Balance				Remark
				Number of Shares / Unit (Note I)	Carrying Amount	Shareholding Percentage (%)	Market Value or Net Worth	
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	<u>Beneficiary certificates</u> Heartland Investment Great China No. 1 Through Train Private Investment Fund	None	Financial assets at fair value through profit or loss - current	855,285.67	\$ 4,361	-	\$ 4,361	

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

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

Yummy Town (Cayman) Holdings Corporation and Subsidiaries
Business Relationships and Important Transactions between the Parent Company and Subsidiaries and between Subsidiaries
2021

Table IV

Unit: Thousands of NT Dollars

No. (Note I)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			% to Consolidated Total Revenue or Total Assets (Note III)
				Financial Statement Account	Amount	Transaction Terms (Note IV)	
1	Shanghai Tai Quan Trading Co., Ltd.	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	3	Sales	\$ 46,488	No major differences from non-related parties	3
			"	Accounts receivables	3,229	"	-
		Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	3	Sales	31,038	"	2
			"	Accounts receivables	5,943	"	-
			"	Receivables from advances to related parties	13,032	"	1
		Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	3	Sales	42,563	"	3
			"	Accounts receivables	13,938	"	1
		Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	3	Sales	10,631	"	1
			"	Accounts receivables	2,464	"	-
			"	Receivables from advances to related parties	8,688	"	1
		Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	3	Sales	8,702	"	1
			"	Accounts receivables	4,381	"	-
		RBT Holdings Limited	3	Sales	1,050	"	-
		RBT Resources Limited	3	Sales	9,812	"	1
			"	Accounts receivables	1,636	"	-
		Yi Cheng Food & Beverage Management (Guangxi) CO., LTD	3	Sales	1,241	"	-
			"	Accounts receivables	70	"	-
		Fengfu Food & Beverage Management (Shanghai) Co., Ltd.	3	Sales	972	"	-
			"	Accounts receivables	33	"	-
		Happy Lemon (M) Sdn Bhd	3	Sales	287	"	-
Cacha Prince Intelligent Technology (Shanghai) Co., Ltd.	3	Sales	15	"	-		
2	RBT Resources Limited	Happy Lemon HK Limited	3	Sales	17,669	"	1
			"	Service income	15	"	-
			"	Accounts receivables	1,896	"	-
		Shanghai Tai Quan Trading Co., Ltd.	3	Sales	15,447	"	1
		Yen Mei Enterprise Limited	3	Sales	582	"	-
	"	Rent income	228	"	-		

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No. (Note 1)	Company Name	Counterparty	Relationship with the trader (Note 2)	Transaction Details			Ratio to Consolidated Total Revenue or Total Assets (Note 3)
				Financial Statement Account	Amount	Transaction Terms (Note IV)	
2	RBT Resources Limited	Happy Lemon (M) Sdn Bhd	3	Sales	\$ 1,508	No major differences from non-related parties	-
			"	Accounts receivables	462	"	-
		Yummy town USA LLC	3	Sales	18,424	"	1
			"	Accounts receivables	9,963	"	1
		Happy Lemon West Inc.	3	Sales	13,704	"	1
3	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.		"	Accounts receivables	9,807	"	1
		Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	3	Receivables from advances to related parties	6,082	"	1
		Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	3	Receivables from advances to related parties	4,344	"	-
4	RBT Holdings Limited	Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	3	Receivables from advances to related parties	2,172	"	-
		RBT Resources Limited	3	Sales	1,635	"	-
			"	Accounts receivables	36	"	-
		Yen Chun International Co., Ltd.	3	Receivables from advances to related parties	41,544	"	3
5	RBT Enterprise Limited	Yen Mei Enterprise Limited	3	Receivables from advances to related parties	11,078	"	1
		Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	3	Royalty income	3,402	"	-
			"	Accounts receivables	1,567	"	-
		Happy Lemon HK Limited	3	Royalty income	1,105	"	-
			"	Service income	212	"	-
			"	Accounts receivables	1,088	"	-
6	Happy Lemon HK Limited	Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	3	Royalty income	6,700	"	-
			"	Accounts receivables	6,698	"	-
		Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	3	Royalty income	11,521	"	1
			"	Accounts receivables	5,445	"	-
		Yummy Town (Cayman) Holdings Corporation	2	Receivables from advances to related parties	28,392	"	2
7	Yen Mei Enterprise Limited	Happy Lemon (M) Sdn Bhd	3	Royalty income	634	"	-
			"	Service income	1,009	"	-
			"	Accounts receivables	22	"	-
		Happy Lemon West Inc.	3	Service income	305	"	-
		RBT Resources Limited	3	Sales	8	"	-
8	Yi Cheng Food & Beverage Management (Guangxi) CO., LTD		"	Accounts receivables	2	"	-
		Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	3	Service income	15	"	-
9	Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	3	Service income	7	"	-
			"	Service income	197	"	-
10	Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	3	Service income	54	"	-
11	Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	3	Service income	96	"	-
12	Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	3	Service income	73	"	-
13	Cacha Prince Intelligent Technology (Shanghai) Co., Ltd.	Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	3	Sales	101	"	-

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No. (Note I)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			% to Consolidated Total Revenue or Total Assets (Note III)
				Financial Statement Account	Amount	Transaction Terms (Note IV)	
14	Yummy town USA LLC	Happy Lemon West Inc.	3	Royalty income	\$ 842	No major differences from non-related parties	-
			"	Accounts receivables	59	"	-
15	Happy Lemon West Inc.	Yummy town USA LLC	3	Service income	3,922	"	-
			"	Accounts receivables	224	"	-

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

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

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

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

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

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

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Names, Locations, etc. of Investees

2021

Table V

Unit: Thousands of NT Dollars/Foreign Currency

Name of Investor	Name of investee	Location	Principal Business Activities	Original Investment Amount		Ending Balance			Profit or Loss of Investee	Share of Profit or Loss	Remark
				End of This Period	End of Last Period	Number of Shares (Note I)	Percentage	Carrying Amount			
Yummy Town (Cayman) Holdings Corporation	Non-TWSE/TPEX listed companies										
	RBT Holdings Limited	Hong Kong	Investment holding and trading of raw materials for catering	\$ 203,626	\$ 203,626	HKD 50,200,000	100	\$ 583,819	(\$ 117,206)	(\$ 117,206)	Subsidiary
	RBT Enterprise Limited	Hong Kong	Trademark rights management	37	37	HKD 8,800	100	30,515	9,259	9,259	Subsidiary
	Yen Mei Enterprise Limited	Taiwan	Trading of beverages, collection of franchise fees and royalties	89,127	89,127	90,000	100	65,858	5,553	5,553	Subsidiary
Yen Mei Enterprise Limited	Non-TWSE/TPEX listed companies										
	Yen Chun International Co., Ltd.	Taiwan	Operation of food and beverage outlets	50,000	50,000	2,500,000	100	70,427	13,650	13,650	Second-tier subsidiary
Yen Chun International Co., Ltd.	Non-TWSE/TPEX listed companies										
	Yong Chun Cheng Co., Ltd.	Taiwan	Trading of beverages	80,000	80,000	200,000	20	93,240	114,427	16,219	Associate accounted for using the equity method
RBT Holdings Limited	Non-TWSE/TPEX listed companies										
	Happy Lemon HK Limited	Hong Kong	Trading of beverages, collection of franchise fees and royalties	27,857	27,857	HKD 7,000,000	100	73,997	17,927	17,927	Second-tier subsidiary
	RBT Resources Limited	Hong Kong	Trading of raw materials for catering	105,354	105,354	HKD 26,000,000	100	89,028	10,561	9,895	Second-tier subsidiary
	Yummytown UK Ltd	United Kingdom	Investment holding	41,696	41,696	GBP 1,100,000	100	56,308	10,016	10,016	Second-tier subsidiary
	Happy Lemon (M) Sdn Bhd	Malaysia	Trading of beverages, collection of franchise fees and royalties	8,572	6,946	MYR 1,275,000	51	2,381	(6,349)	(3,238)	Second-tier subsidiary
	Freshtea Japan CO., LTD.	Japan	Trading of beverages	19,893	19,893	4,800	40	14,002	(11,351)	(4,540)	Associate accounted for using the equity method
	Happy Lemon California, Inc.	United States	Trading of beverages	- (Note 4)	22,557	-	-	-	(552)	(270)	Associate accounted for using the equity method
Yummytown UK Ltd	Non-TWSE/TPEX listed companies										
	Yummytown USA LLC	United States	Trading of beverages, collection of franchise fees and royalties	39,194	39,194	USD 1,310,628	100	54,837	10,030	10,030	Second-tier subsidiary
Yummytown USA LLC	Non-TWSE/TPEX listed companies										
	Happy Lemon West Inc.	United States	Trading of beverages	33,442	33,442	USD 208,821	70	35,855	4,246	2,972	Second-tier subsidiary

Note 1: Except for Freshtea Japan Co., Ltd., Yen Chun International Co., Ltd., and Yong Chun Cheng Co., Ltd. where the balance is shown by the number of shares, the balances of other investees are shown by the paid-in capitals as of December 31, 2021.

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

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

Note 4: In June 2021, the Consolidated Entity disposed of all shares of Happy Lemon California, Inc. to non-related parties in June 2021.

Yummy Town (Cayman) Holdings Corporation and Subsidiaries

Information on investments in mainland China

2021

Table VI

Unit: Thousands of NT Dollars/Foreign Currency

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

Name of Investee in mainland China	Principal Business Activities	Paid-in Capital	Method of Investment	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Outward or Inward Remittance Investment Amount in the Current Period		Ending Balance of Accumulated Outflow of Investment from Taiwan	Profit or Loss of Investee	The Company's Percentage of Ownership, Directly or Indirectly	Share of Profit or Loss (Note I)	Carrying Amount of the Investment as of the End of the Period	Repatriations of Investment Income/Loss as of the End of the Period
					Outflow	recovery						
Xian Zong Lin Food & Beverage Management (Shanghai) Co., Ltd.	Catering shop, collection of franchise fees and royalties	USD 3,500,000	Reinvested in mainland China by setting up a holding company in a third-place	\$ -	\$ -	\$ -	\$ -	(\$ 143,556)	100	(\$ 141,642)	\$ 258,316	\$ -
You Xiang Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	RMB 20,000,000	"	-	-	-	-	(164)	55.5	(91)	14,227	-
Ai Qun Food & Beverage Management (Shanghai) Co., Ltd.	Operation of food and beverage outlets	RMB 6,700,000	"	-	-	-	-	(696)	100	(696)	11,717	-
Shanghai Tai Quan Trading Co., Ltd.	Trading of raw materials for catering	RMB 1,000,000	"	-	-	-	-	11,750	100	11,750	45,272	-
Zhan Cheng Food & Beverage Management (Guangzhou) Co., Ltd.	Catering shop, collection of franchise fees and royalties	RMB 1,000,000	"	-	-	-	-	(15,779)	100	(15,779)	(11,649)	-
Jia Qun Food & Beverage Management (Beijing) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 1,000,000	"	-	-	-	-	(30,799)	100	(30,799)	(32,293)	-
Happy Lemon Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 3,000,000	"	-	-	-	-	(41,989)	100	(41,989)	(45,439)	-
Happy Lemon Food & Beverage Management (Chengdu) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 1,000,000	"	-	-	-	-	(18,652)	100	(18,652)	(19,145)	-
Yi Cheng Food & Beverage Management (Guangxi) CO., LTD	Trading of beverages, collection of franchise fees and royalties	RMB 2,950,000	"	-	-	-	-	(5,166)	100	(4,404)	4,699	-
Meng Qiqi Food & Beverage Management (Shanghai) Co., Ltd. (Note 2)	Operation of food and beverage outlets	RMB 5,000,000	"	-	-	-	-	620	-	254	-	-
Fengfu Food & Beverage Management (Shanghai) Co., Ltd.	Trading of beverages, collection of franchise fees and royalties	RMB 1,300,000	"	-	-	-	-	(6,185)	100	(6,185)	(542)	-
Zhuoyue Catering Management (Xiamen)Co., Ltd. (Note 3)	Trading of beverages, collection of franchise fees and royalties	-	"	-	-	-	-	-	100	-	-	-
Yibang Health Technology (Shanghai) Co., Ltd.	Food marketing	RMB 210,000	"	-	-	-	-	(4)	100	(4)	908	-
Cacha Prince Intelligent Technology (Shanghai) Co., Ltd.	Catering equipment sales	RMB 1,000,000	"	-	-	-	-	(707)	51	(360)	1,855	-

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

Note 2: This company was liquidated in September 2021.

Note 3: This company was established in June 2021, and it was not yet funded as of December 31, 2021.

1. Limits for investments in mainland China

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

- Note 4: As the Company is an offshore company to the Republic of China, the limits on investments in mainland China do not apply.
2. Significant transactions with investees in mainland China, either directly or indirectly through the third region: Please refer to Table V.
 3. Provision of endorsement, guarantee, or collaterals to investees in mainland China, either directly or indirectly through the third region: Please refer to Table II.
 4. Financing provided to investees in mainland China, either directly or indirectly through the third region: Please refer to Table I.
 5. Other transactions that have a significant impact on the profit or loss or financial status of the current period: None.

Yummy Town (Cayman) Holdings Corporation
Information of Major Shareholders
December 31, 2021

Table VII

Name of Major Shareholders	Shares	
	Number of Shares Held	Shareholding Percentage
Special investment account of Yummy Town International Ltd. under the custody of Yuanta Commercial Bank	6,878,683	19.22%
Wu Po-Chao	5,316,930	14.85%
Chun-Chung Cheng	1,962,888	5.48%
Special investment account of Huangma Co., Ltd. under the custody of CTBC Bank Co., Ltd.	1,891,562	5.28%

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

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

Yummy Town (Cayman) Holdings Corporation

Chairman: Wu, Po-Chao