Stock Code:1702

NAMCHOW HOLDING CO., LTD.

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Namchow Holding Co., Ltd.:

Opinion

We have audited the parent company only financial statements of Namchow Holding Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditor's report were as follows:

Evaluation of investments accounted for under equity method

Please refer to notes 4(g) and 6(e) for the disclosure related to the evaluation of investments accounted for under equity method of the parent company only financial statements.

Description of key audit matter:

Namchow Holding Co., Ltd. mainly engages in the investment business. Investments accounted for under equity method amounts to $16,204,469 thousand, which constitutes 88% of the total assets of Namchow Holding Co., Ltd. Therefore, the evaluation of investments accounted for under equity method is the key judgmental area for our audit.

How the matter is address in our audit:

Our principal audit procedure including providing audit instructions and communicating with auditors of other components; obtaining financial statements of the components, recalculating shares of profit from the subsidiaries and exam whether if it is recognized in the correct period; and evaluating whether the disclosure related to investments accounted for under equity method made by the management is appropriate.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for under equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditor's report are Po-Shu Huang and Chung-shun Wu.

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Taipei, Taiwan (Republic of China)
March 15, 2022

Notes to Readers

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

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDING CO., LTD.

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2021 Amount	%	December 31, 2020 Amount	%
11XX	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 28,511	-	15,816	-
1180	Accounts receivable－related parties (notes 6(c) and 7)	2,494	-	3,058	-
1210	Other receivables－related parties (notes 6(d), (m) and 7)	32,860	-	45,551	-
1220	Current income tax assets	25,090	-	25,090	-
1410	Prepayments	2,700	-	2,668	-
1470	Other current assets	50	-	64	-
	Total current assets	91,705	-	92,247	-
15XX	**Non-current assets:**				
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(b))	20,092	-	16,062	-
1550	Investments accounted for under equity method (note 6(e))	16,204,469	88	12,845,517	85
1600	Property, plant and equipment (notes 6(f), 8 and 9)	1,827,787	10	1,829,951	12
1755	Right-of-use assets (note 6(g))	3,136	-	3,604	-
1760	Investment property (notes 6(h) and 8)	216,524	2	226,225	3
1840	Deferred income tax assets (note 6(m))	4,349	-	37,538	-
1915	Prepayments for equipment	238	-	-	-
1990	Other non-current assets	11,320	-	11,320	-
	Total non-current assets	18,287,915	100	14,970,217	100
1XXX	**Total assets**	**$ 18,379,620**	**100**	**15,062,464**	**100**

	Liabilities and Equity	December 31, 2021 Amount	%	December 31, 2020 Amount	%
21XX	**Current liabilities:**				
2321	Current portion of bonds payable (note 6(j))	-	-	3,980,298	26
2200	Other payables (notes 6(l) and (q))	177,680	1	154,602	1
2220	Other payable－related parties(notes 6(m) and 7)	5,951	-	8,175	-
2230	Current income tax liabilities	30,220	-	20,469	-
2280	Current lease liabilities (note 6(k))	1,719	-	2,717	-
2399	Other current liabilities	778	-	830	-
	Total current liabilities	216,348	1	4,167,091	27
25XX	**Non-Current liabilities:**				
2530	Bonds payable (note 6(j))	4,853,527	26	-	-
2540	Long-term borrowings (notes 6(i) and 8)	2,809,000	15	3,147,000	21
2570	Deferred income tax liabilities (note 6(m))	1,154,501	6	995,092	7
2580	Lease liabilities－non-current (note 6(k))	1,429	-	913	-
2640	Accrued pension liabilities－non-current (note 6(l))	125,885	1	132,772	1
2670	Other non-current liabilities	111,968	1	50	-
	Total non-current liabilities	9,056,310	49	4,275,827	29
2XXX	**Total liabilities**	9,272,658	50	8,442,918	56
	Equity attributable to shareholders of parent (notes 6(b) and (n)):				
3110	Common stock	2,941,330	16	2,941,330	20
3200	Capital surplus	3,590,865	20	1,214,039	8
3300	Retained earnings:				
3310	Legal reserve	932,166	5	838,824	5
3320	Special reserve	1,239,224	7	1,286,181	9
3350	Unappropriated earnings	2,033,250	11	1,596,003	11
		4,204,640	23	3,721,008	25
3400	Other equity:				
3410	Financial statement translation differences for foreign operations	(1,059,576)	(6)	(681,563)	(5)
3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(40,183)	-	(45,154)	-
		(1,099,759)	(6)	(726,717)	(5)
3500	Treasury stock	(530,114)	(3)	(530,114)	(4)
3XXX	**Total equity**	9,106,962	50	6,619,546	44
2-3XXX	**Total liabilities and shareholders' equity**	**$ 18,379,620**	**100**	**15,062,464**	**100**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDING CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

			2021		2020	
			Amount	%	Amount	%
4000	**Operating revenue (notes 6(p) and 7)**	$	59,683	100	64,132	100
5000	**Operating costs**		-	-	-	-
5900	**Gross profit from operations**		59,683	100	64,132	100
5920	Add: Realized profit from sale		-	-	971	2
5950	**Gross profit**		59,683	100	65,103	102
6200	**General and administrative expenses (notes 6(f), (g), (k),(l), (q) and 7)**		290,876	487	278,964	435
6900	**Operating loss**		(231,193)	(387)	(213,861)	(333)
7000	**Non-operating income and expenses (notes 6(h), (j), (k), (r) and 7):**					
7100	Interest income		1,081	2	15	-
7010	Other income		1,118	2	209	-
7020	Other gains and losses		(12,633)	(21)	(11,033)	(17)
7050	Finance costs		(91,827)	(154)	(82,844)	(129)
7070	Share of profit of subsidiary accounted for using equity method		1,601,037	2,682	1,358,715	2,119
	Total non-operating income and expenses		1,498,776	2,511	1,265,062	1,973
7900	**Profit from continuing operations before tax**		1,267,583	2,124	1,051,201	1,640
7950	**Less: Income tax expenses (note 6(m))**		196,417	329	100,504	157
8000	**Profit**		1,071,166	1,795	950,697	1,483
8300	**Other comprehensive income(note 6(n)):**					
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**					
8311	Gains on remeasurements of defined benefit plans		5,505	9	(1,058)	(2)
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		4,030	7	8,970	13
8330	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		(3,832)	(6)	(21,827)	(34)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss		5,703	10	(13,915)	(23)
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**					
8361	Exchange differences on translation of foreign financial statements		(333,478)	(559)	(109,176)	(170)
8380	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(44,535)	(75)	152,772	238
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss		-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss		(378,013)	(634)	43,596	68
8300	**Other comprehensive income**		(372,310)	(624)	29,681	45
	Total comprehensive income	$	**698,856**	**1,171**	**980,378**	**1,528**
9750	**Basic earnings per share (in New Taiwan dollars) (note 6(o))**	$		**4.32**		**3.84**
9850	**Diluted earnings per share (in New Taiwan dollars) (note 6(o))**	$		**4.31**		**3.83**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDING CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury stock	Total equity
Balance at January 1, 2020	$ 2,941,330	1,136,347	740,987	1,071,360	1,562,023	3,374,370	(725,159)	(48,516)	(773,675)	(576,860)	6,101,512
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	97,837	-	(97,837)	-	-	-	-	-	-
Special reserve	-	-	-	214,821	(214,821)	-	-	-	-	-	-
Cash dividends of ordinary share	-	91,760	-	-	(586,782)	(586,782)	-	-	-	-	(495,022)
Other changes in capital surplus	-	968	-	-	-	-	-	-	-	-	968
Net income	-	-	-	-	950,697	950,697	-	-	-	-	950,697
Other comprehensive income (loss)	-	-	-	-	(23,521)	(23,521)	43,596	9,606	53,202	-	29,681
Total comprehensive income (loss)	-	-	-	-	927,176	927,176	43,596	9,606	53,202	-	980,378
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	6,244	6,244	-	(6,244)	(6,244)	-	-
Disposal of treasury stock	-	(15,036)	-	-	-	-	-	-	-	46,746	31,710
Balance at December 31, 2020	2,941,330	1,214,039	838,824	1,286,181	1,596,003	3,721,008	(681,563)	(45,154)	(726,717)	(530,114)	6,619,546
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	93,342	-	(93,342)	-	-	-	-	-	-
Special reserve	-	-	-	(46,957)	46,957	-	-	-	-	-	-
Cash dividends of ordinary share	-	91,760	-	-	(588,266)	(588,266)	-	-	-	-	(496,506)
Other changes in capital surplus	-	2,061	-	-	-	-	-	-	-	-	2,061
Net income	-	-	-	-	1,071,166	1,071,166	-	-	-	-	1,071,166
Other comprehensive income (loss)	-	-	-	-	732	732	(378,013)	4,971	(373,042)	-	(372,310)
Total comprehensive income (loss)	-	-	-	-	1,071,898	1,071,898	(378,013)	4,971	(373,042)	-	698,856
Changes in ownership interests in subsidiaries	-	2,283,005	-	-	-	-	-	-	-	-	2,283,005
Balance at December 31, 2021	**$ 2,941,330**	**3,590,865**	**932,166**	**1,239,224**	**2,033,250**	**4,204,640**	**(1,059,576)**	**(40,183)**	**(1,099,759)**	**(530,114)**	**9,106,962**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDING CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		2021	2020
Cash flows from operating activities:			
Consolidated net income before tax	$	1,267,583	1,051,201
Adjustments:			
Adjustments to reconcile profit and loss:			
Depreciation		18,285	24,734
Reversal of expected credit loss		-	(197)
Interest expense		91,827	82,844
Interest income		(1,081)	(15)
Share of profit of subsidiaries accounted for using equity method		(1,601,037)	(1,358,715)
Realized profit on from sales		-	(971)
Gains on lease modification		(7)	-
Total adjustments to reconcile profit		(1,492,013)	(1,252,320)
Changes in assets / liabilities relating to operating activities:			
Net changes in operating assets:			
Accounts receivable		-	197
Accounts receivable due from related parties		564	(798)
Other receivable		-	40
Other receivable due from related parties		12,691	85,057
Prepayments		(32)	174
Other current assets		14	(7)
Total changes in operating assets, net		13,237	84,663
Changes in operating liabilities:			
Other payables		16,600	7,946
Other payable to related parties		(2,224)	(1,734)
Other current liabilities		(52)	(3)
Net defined benefit liabilities		(1,382)	(10,441)
Total changes in operating liabilities, net		12,942	(4,232)
Total changes in operating assets / liabilities, net		26,179	80,431
Total adjustments		(1,465,834)	(1,171,889)
Cash provided by operating activities		(198,251)	(120,688)
Interest income received		1,081	15
Interest paid		(100,178)	(61,235)
Income taxes refund		5,932	18,339
Net cash used in operating activities		(291,416)	(163,569)
Cash flows from investing activities:			
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	33,410
Acquisition of investments accounted for using equity method		(272,400)	(137,650)
Acquisition of property, plant and equipment		(3,526)	(532)
Acquisition of investment properties		(691)	(455)
Increase in other non-current assets		-	(540)
Increase in prepayments for business facilities		(238)	-
Dividends received		507,405	666,980
Net cash provided by investing activities		230,550	561,213
Cash flows from financing activities:			
Increase in short-term borrowings		4,258,000	7,199,000
Decrease in short-term borrowings		(4,258,000)	(7,656,000)
Proceeds from issuing bonds		5,000,000	-
Repayments of bonds		(4,000,000)	-
Proceeds from long-term borrowings		13,386,000	9,583,000
Repayments of long-term borrowings		(13,724,000)	(9,031,000)
Payment of lease liabilities		(2,210)	(7,856)
Cash dividends paid		(588,266)	(586,782)
Proceeds from sale of treasury shares		-	31,710
Interest paid		(24)	(54)
Overaging unclaimed dividends		2,061	968
Net cash provided by (used in) financing activities		73,561	(467,014)
Net increase (decrease) in cash and cash equivalents		12,695	(69,370)
Cash and cash equivalents at beginning of period		15,816	85,186
Cash and cash equivalents at end of period	$	**28,511**	**15,816**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDING CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Namchow Holding Co., Ltd. (formerly called Namchow Chemical Industrial Co., Ltd.) (the Company) was incorporated on March 29, 1952 as a corporation limited by shares under the laws of the Republic of China (R.O.C.). The Company is engaged in the manufacture, sale, and processing of edible and non-edible oil products and frozen dough, as well as dish and laundry liquid detergent, it also provides management consulting services.

In order to improve its business performance and competitiveness, the Company decided to conduct a group restructuring and division of profession. On May 31, 2017, the shareholders of the Company decided to divide its entire departments and categorize them into two, then transfer them to two of its subsidiaries. The Department of Edible Products, which includes frozen dough items, will be transferred to Namchow Oil and Fat Co., Ltd. and the Department of Non-Edible Products will be transferred to Huaciang Industry Co., Ltd.. Both entities are 100% owned by the Company, with a record date of August 1, 2017.

For the purpose of transforming into a holding company, the Company, which was formerly named as Namchow Chemical Industrial Co., Ltd., is renamed as Namchow Holding Co., Ltd.. After the spin-off, the Company only engaged in investment holding.

(2) Approval date and procedures of the financial statements

The financial statements were authorized for issue by the Board of Directors on March 15, 2022.

(3) New standards, amendments and interpretations adopted

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2021:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform—Phase 2"

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

- Amendments to IFRS 16 "Covid-19-Related Rent Concessions beyond June 30, 2021"

(Continued)

NAMCHOW HOLDING CO., LTD.
Notes to the Financial Statements

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements.

(4) Summary of significant accounting policies

The significant accounting policies presented in the parent company only financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the parent company only financial statements.

(a) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

The parent company only financial statements have been prepared on a historical cost basis, unless, otherwise stated (please refer to the summary of the significant accounting policies).

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan dollars, which is Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

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Notes to the Financial Statements

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalent refers to short term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amount of money. The definition of time deposit is similar to that of cash equivalent; however, the purpose of holding time deposit is for short term cash commitment rather than investment.

(Continued)

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(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

(Continued)

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established, which in the case of quoted securities is normally the exdividend date.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company' s historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

3) Financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Investment in subsidiaries

When preparing the parent company only financial statements, investments in subsidiaries which are controlled by the Company using the equity method. Under the equity method, the net income, other comprehensive income, and equity in the parent company only financial statements are equivalent to those attributable to the shareholders of the parent company only financial statements.

Changes in ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions.

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(h) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

Buildings	3~65 years
Other equipment	1~15 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprised the following:

— fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change of its assessment of the underlying assets purchase option; or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss, if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

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When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize its right-of-use assets and lease liabilities for the short-term leases of its machinery and leases of its machine and other equipment that have a lease term of 12 months or less, and leases of its low-value assets, including its machine and other equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(l) Treasury stock

Under the cost method, the treasury stock account is debited for the after tax cost of the Company's shares purchased. When the disposal price of treasury stock is greater than the cost, the difference is credited to capital surplus－treasury stock; otherwise, the excess of the cost over the price is debited to capital surplus generated from similar treasury stock transactions. If the capital surplus－treasury stock account is insufficient to cover the excess of the cost over the price, retained earnings should be debited for the remaining amount. The book value of each share of treasury stock is equal to its weighted-average cost and is calculated by each group according to the reason for purchase.

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When treasury stock is retired, capital surplus and common stock are debited according to the ratio of retiring treasury stock to total issued stock. When the book value of the retiring treasury stock is higher than the sum of its par value and capital surplus, the difference is debited to capital surplus generated from similar treasury stock transactions. If the capital surplus－treasury stock account is insufficient to cover the difference, retained earnings should be debited for the remaining amount. When the book value of the retiring treasury stock is lower than the sum of its par value and capital surplus, the difference is credited to capital surplus generated from similar treasury stock transactions.

The shares that are owned by the Company's subsidiaries are seen as treasury stock.

(m) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for rendering service to its customers, wherein revenue is recognized in the reporting period when the Company satisfies a performance obligation by transferring its control of a service, which is mainly management service, to the customer.

(n) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company’s net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(Continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Income tax

Income taxes comprise include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

When the business of the Company and its subsidiary has been operating for a period of at least 12 months, they are entitled to file a combined income tax return, including a 10% surplus, in accordance with the tax regulation, with the Company being appointed as the tax payer. Thereafter, the Company will allocate the income tax expense (benefit), deferred income tax, as well as Current income tax assets (liabilities) to itself and its subsidiary.

(p) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after the adjustment on the effects of all dilutive potential ordinary shares.

(q) Operating segments

The Company has disclosed information about operating segments in its consolidated financial statements. Hence no further information is disclosed in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the parent company only financial statements.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash on hand	$	111	112
Savings and checking deposits		28,400	15,704
Cash and cash equivalents pen statements of cash flow	**$**	**28,511**	**15,816**

The Company's exposure to interest rate risk and the sensitivity analysis on the financial instruments held by the Company are disclosed in note 6(s).

(b) Financial assets at fair value through other comprehensive income－non-current

		December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	**$**	**20,092**	**16,062**

(i) Equity investments at fair value through other comprehensive income

The Company held equity instrument investment, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income.

The domestic non-listed company, Huanhua Co., Ltd., resolved to reduce its capital by cash at rate of 95.34%, through the special shareholders' meeting on January 14, 2020 and the Company received the amount of $33,410 thousand. The liquidation process was completed at December 8, 2020, resulting in the cumulative dispose benefit of $6,244 thousand, which was reclassified from other equity items to retained earnings.

No strategic investments were disposed for the year ended December 31, 2021, and there was no transfer of any cumulative gain or loss within equity relating to these investments.

(ii) Credit risk (including depreciation of debt instrument investment) and market risk, please refer to note 6(s).

(iii) The aforesaid financial assets were not pledged as collateral.

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(c) Accounts receivable (including related parties)

	December 31, 2021	December 31, 2020
Accounts receivable－related parties	$ 2,494	3,058

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all accounts receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information.

The allowance for impairment were determined as follows:

	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance provision
Not overdue	$ 2,494	0.00	-

	December 31, 2020		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance provision
Not overdue	$ 3,058	0.00	-

The movement in the allowance for accounts receivable was as follows:

	2021	2020
Balance on January 1	$ -	850
Reversal of expected credit loss	-	(197)
Amounts written off	-	(653)
Balance on December 31	$ -	-

The Company has not provided the notes and accounts receivable (including related parties) as collateral or factored them for cash.

(d) Other receivables(including related parties)

	December 31, 2021	December 31, 2020
Other receivables－related parties	$ 32,860	45,551

As of December 31, 2021 and 2020, the Company had no other receivables that were past due and did not have any impairment on other receivables.

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(e) Investments accounted for under the equity method

The details of the investments accounted for under the equity method at the reporting date were as follows:

	December 31, 2021	December 31, 2020
Subsidiaries	$ 16,204,469	12,845,517

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2021.

(ii) Collateral

As of December 31, 2021 and 2020, the Company did not pledge any collateral on investments accounted for under the equity method.

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2021 and 2020 were as follows:

	Land	Buildings	Other equipment	Construction in progress and testing equip	Total
Cost:					
Balance at January 1, 2021	$ 1,775,064	69,109	207,695	-	2,051,868
Additions	-	150	2,365	1,011	3,526
Disposals	-	-	(51)	-	(51)
Balance at December 31, 2021	$ 1,775,064	69,259	210,009	1,011	2,055,343
Balance at January 1, 2020	$ 1,775,064	69,019	207,307	-	2,051,390
Additions	-	90	442	-	532
Disposals	-	-	(54)	-	(54)
Balance at December 31, 2020	$ 1,775,064	69,109	207,695	-	2,051,868
Depreciation:					
Balance at January 1, 2021	$ -	30,142	191,775	-	221,917
Depreciation	-	1,597	4,093	-	5,690
Disposal	-	-	(51)	-	(51)
Balance at December 31, 2021	$ -	31,739	195,817	-	227,556
Balance at January 1, 2020	$ -	28,515	186,906	-	215,421
Depreciation	-	1,627	4,923	-	6,550
Disposal	-	-	(54)	-	(54)
Balance at December 31, 2020	$ -	30,142	191,775	-	221,917
Carrying value:					
December 31, 2021	$ 1,775,064	37,520	14,192	1,011	1,827,787
December 31, 2020	$ 1,775,064	38,967	15,920	-	1,829,951
January 1, 2020	$ 1,775,064	40,504	20,401	-	1,835,969

(Continued)

Please refer to note 8 for information on pledged property, plant and equipment as of December 31, 2021 and 2020.

(g) Right-of-use assets

The Company leases assets including transposition equipment. Information about leases, for which the Company is the lessee is presented below:

	Transposition equipment
Cost:	
Balance at January 1, 2021	$ 7,632
Additions	2,435
Modification	(2,291)
Balance at December 31, 2021	**$ 7,776**
Balance at January 1, 2020	$ 22,642
Additions	1,224
Modification	(16,234)
Balance at December 31, 2020	**$ 7,632**
Accumulated depreciation:	
Balance at January 1, 2021	$ 4,028
Depreciation	2,203
Modification	(1,591)
Balance at December 31, 2021	**$ 4,640**
Balance at January 1, 2020	$ 12,426
Depreciation	7,836
Modification	(16,234)
Balance at December 31, 2020	**$ 4,028**
Carrying value:	
December 31, 2021	**$ 3,136**
December 31, 2020	**$ 3,604**
January 1, 2020	**$ 10,216**

(h) Investment property

	Buildings
Cost:	
Balance as at January 1, 2021	$ 363,633
Additions	691
Balance as at December 31, 2021	**$ 364,324**
Balance as at January 1, 2020	$ 363,178
Additions	455
Balance as at December 31, 2020	**$ 363,633**

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		Buildings
Depreciation:		
Balance as at January 1, 2021	$	137,408
Depreciation		10,392
Balance as at December 31, 2021	**$**	**147,800**
Balance as at January 1, 2020	$	127,060
Depreciation		10,348
Balance as at December 31, 2020	**$**	**137,408**
Carrying value:		
Balance as at December 31, 2021	**$**	**216,524**
Balance as at December 31, 2020	**$**	**226,225**
Balance as at January 1, 2020	**$**	**236,118**
Fair value:		
Balance as at December 31, 2021	**$**	**216,524**
Balance as at December 31, 2020	**$**	**226,225**
Balance as at January 1, 2020	**$**	**236,118**

Investment property comprises a number of factory that are leased to the Company's subsidiary Lucky Royal Co., Ltd., Namchow Oil and Fat Co., Ltd. and Huaciang Industry Co., Ltd. Each of the leases contains an initial non-cancellable period of 1 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to note 6(p) for further information (including leasing income and direct operating expenses).

Investment property of the Company was acquired in 2014, since the Company considered that the book value of investment property as of December 31, 2021 and 2020 nearly equal to the fair value of investment property, the Company is not required to take any valuation from its independent third party as reference.

Please refer to note 8 for information on pledged investment property as of December 31, 2021 and 2020.

(i) Short-term and long-term borrowings

The details, terms and clauses of the Company's short-term and long-term borrowings were as follows:

(i) Short-term borrowings

As of December 31, 2021 and 2020, the Company has no short-term borrowings.

As of December 31, 2021 and 2020, the unused credit facilities amounted to $1,665,360 thousand and $3,227,440 thousand, respectively, which included the credit facilities shared with related parties of $80,000 thousand and $1,100,000 thousand, respectively.

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(ii) Short-term commercial paper payable

The Company has not used the short-term commercial paper payable quota granted by the bank for 2021 and 2020.

As of December 31, 2021 and 2020, the unused credit facilities amounted to $330,000 thousand and $290,000 thousand, respectively.

(iii) Long-term borrowings

	December 31, 2021			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	TWD	0.95	2024	$ 359,000
Unsecured loans	TWD	0.84~1.05	2023~2024	2,450,000
Total				$ 2,809,000
Non-current				$ 2,809,000

	December 31, 2021			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	TWD	1.03~1.05	2022	$ 605,000
Unsecured loans	TWD	0.90~1.14	2022~2023	2,542,000
Total				$ 3,147,000
Non-current				$ 3,147,000

As of December 31, 2021 and 2020, the unused credit facilities amounted to $2,717,800 thousand, and $2,173,985 thousand, respectively, which included the credit facilities shared with related parties of $2,976,800 thousand and $370,985 thousand, respectively.

The Company has disclosed the related risk exposure to the financial instruments in note 6(s).

(iv) Collateral of loans

The Company has pledge certain assets against the loans; please refer to note 8 for additional information.

(j) Bonds payable

(i) The details of bonds payable was as follows:

	December 31, 2021	December 31, 2020
Secured bonds	$ 5,000,000	4,000,000
Less: discounts on bonds payable	146,473	19,702
Less: current portion of bonds payable	-	3,980,298
Total	$ 4,853,527	-

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	2021	2020
Interest expenses	$ 67,383	51,493

(ii) As August 11, 2021, the Company issued its 1st domestic secured bonds, and its major obligations are as follows:

Item	110-1 Secured Bonds (Tranche A)
1) Issue date	August 11, 2021
2) Issue period	5 years, commencing from August 11, 2021 and matured on August 11, 2026.
3) Offering amount	3,000,000 thousand
4) Denomination	Issued by par value, each value at 10 million, and total of 300 bonds
5) Coupon Rate	Annual interest rate 0.47%
6) Repayment	Bullet repayment at an amount equal to the principal amount of the Bonds
7) Interest Payment	According to coupon rate. Interest is payable annually.
8) Way of guarantee	Commissioned by the First Commercial Bank Co., Ltd. as a guarantee institution

Item	110-1 Secured Bonds (Tranche B)
1) Issue date	August 11, 2021
2) Issue period	7 years, commencing from August 11, 2021 and matured on August 11, 2028.
3) Offering amount	2,000,000 thousand
4) Denomination	Issued by par value, each value at 10 million, and total of 200 bonds
5) Coupon Rate	Annual interest rate 0.53%
6) Repayment	Bullet repayment at an amount equal to the principal amount of the Bonds
7) Interest Payment	According to coupon rate. Interest is payable annually.
8) Way of guarantee	Commissioned by the First Commercial Bank Co., Ltd. as a guarantee institution

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(iii) As November 29, 2016, the Company issued its 1st domestic secured bonds, and its major obligations are as follows:

Item	1st domestic secured bonds
1) Issue date	November 29, 2016
2) Issue period	5 years, commencing from November 29, 2016 and matured on November 29, 2021.
3) Offering amount	4,000,000 thousand
4) Denomination	Issued by par value, each value at 10 million, and total of 400 bonds
5) Coupon Rate	Annual interest rate 0.75%
6) Repayment	Bullet repayment at an amount equal to the principal amount of the Bonds
7) Interest Payment	According to coupon rate. Interest is payable annually.
8) Way of guarantee	Commissioned by the First Commercial Bank Co., Ltd. as a guarantee institution

(k) Lease liabilities

The carrying amounts of lease liabilities for the Company were as follows:

	December 31, 2021	December 31, 2020
Current	$ 1,719	2,717
Non-current	$ 1,429	913

For the maturity analysis, please refer to note 6(s).

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	$ 24	54
Expenses relating to short-term leases	$ 3,714	2,691
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 963	909

The amount recognized in the statement of cash flows for the Company was as follows:

	2021	2020
Total cash outflow for leases	$ 6,911	11,510

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(l) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	December 31, 2021	December 31, 2020
The present value of the defined benefit obligations	$ 299,651	320,933
Fair value of plan assets	(173,766)	(188,161)
The net defined benefit liability	**$ 125,885**	**132,772**

The Company established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labors. Minimum annual distributions of the funds by the Bureau shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $173,766 thousand as of December 31, 2021. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of defined benefit plan obligation

The movements in present value of the Company's defined benefit plan obligation for the years ended December 31, 2021 and 2020 were as follows:

	2021	2020
Defined benefit obligation at 1 January	$ 320,933	321,987
Current service costs and interest	2,128	3,221
Re-measurements of the net defined benefit liability		
－Due to changes in financial assumption of actuarial gains	(3,123)	7,018
Benefits paid by the plan	(20,287)	(11,293)
Defined benefit obligation at 31 December	**$ 299,651**	**320,933**

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3) Movements in fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Fair value of plan assets, January 1	$	188,161	179,832
Remeasurements of the net defined benefit liability			
—Return on plan assets (excluding amounts included in net interest expense)		955	1,480
—Due to changes in financial assumption of actuarial gains		2,382	5,960
Contributions made		2,508	12,182
Benefits paid by the plan		(20,240)	(11,293)
Fair value of plan assets, December 31	**$**	**173,766**	**188,161**

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2021 and 2020 were as follows:

		2021	2020
Current service cost	$	351	330
Net interest on the defined benefit liability		822	1,411
	$	**1,173**	**1,741**

		2021	2020
General and administration expenses	**$**	**1,173**	**1,741**

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions at the reporting dates:

	2021	2020
Discount rate	0.625 %	0.625 %
Future salary increases rate	2.000 %	2.000 %

The Company expects to make contributions of $2,557 thousand to the defined benefit plans in the next year starting from the reporting date of 2021.

The weighted average duration of the defined benefit obligation is 8.99 years.

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6) Sensitivity analysis

As of December 31, 2021 and 2020, the present value of defined benefit obligation impact was as follow:

	The impact of defined benefit obligation	
	Increase	**Decrease**
December 31, 2021		
Discount rate (0.25%)	$ (4,711)	4,860
Future salary increase rate (0.25%)	4,671	(4,552)
December 31, 2020		
Discount rate (0.25%)	(5,424)	5,601
Future salary increase rate (0.25%)	5,389	(5,247)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of the sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Company and its subsidiaries in Taiwan have made monthly contributions equal to 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance and China Social Security Fund without additional legal or constructive obligations.

The Company's pension costs under the defined contribution plan were $2,240 thousand and $2,109 thousand for the years ended December 31, 2021 and 2020, respectively.

(iii) Short-term employee benefit

	December 31, 2021	**December 31, 2020**
Compensated absence liabilities (recorded under other payables)	$ 2,715	2,715

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(m) Income tax

(i) Income tax expenses

The amount of the Company's income tax for the years ended December 31, 2021 and 2020, were as follows:

		2021	2020
Current income tax expense			
Current period	$	3,814	1,421
Adjustment for prior periods		5	(23,972)
		3,819	(22,551)
Deferred tax benefit			
Origination and reversal of temporary differences		192,598	123,055
Income tax expenses on continuing operations	**$**	**196,417**	**100,504**

No income tax recognized in other comprehensive income for 2021 and 2020.

Reconciliations of income tax expense and the profit before tax for 2021 and 2020 were as follows:

		2021	2020
Income before tax	**$**	**1,267,583**	**1,051,201**
Income tax calculated on pretax financial income at the statutory rate	$	253,517	210,240
Adjustment for prior periods		5	(23,972)
Dividend income		(125,798)	(90,580)
Non-deduction expenses		(13,492)	414
Exempt income		(261)	(847)
Overestimated of prior year's deferred income tax assets		68,189	3,156
Changes in temporary differences not recognized		-	(164)
Surtax on undistributed earnings		14,257	2,257
Total	**$**	**196,417**	**100,504**

The Company and its subsidiaries, Namchow Oil and Fat Co., Ltd. and Huaciang Industry Co., Ltd., will file their combined income tax return. As of December 31, 2021 and 2020, the tax payables to (receivables from) related parties, based on the allocation of the combined income tax return, are as follows:

		December 31, 2021	December 31, 2020
Receivable from subsidiary (recorded under other receivable – related party)	**$**	**30,663**	**44,344**
Payable to subsidiary (recorded under other payable – related party)	**$**	**5,706**	**7,993**

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(ii) Recognized deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with its investments in its subsidiaries of the years ended December 31, 2021 and 2020. Also, the management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2021	December 31, 2020
Unrecognized deferred tax liabilities	$ 500,563	380,037

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	Loss carry forward	Foreign investment income accounted for using equity method	Land value increment tax	Total
Balance at January 1, 2021	$ 37,538	(756,130)	(238,962)	(957,554)
Recognized in profit or loss	(33,189)	(159,409)	-	(192,598)
Balance at December 31, 2021	**$ 4,349**	**(915,539)**	**(238,962)**	**(1,150,152)**
Balance at January 1, 2020	$ 14,430	(609,967)	(238,962)	(834,499)
Recognized in profit or loss	23,108	(146,163)	-	(123,055)
Balance at December 31, 2020	**$ 37,538**	**(756,130)**	**(238,962)**	**(957,554)**

(iii) Examination and approval

The tax returns of the Company have been examined and approved by the tax authorities through 2018.

(n) Capital and other equity

(i) Capital

As of December 31, 2021 and 2020, the total value of authorized ordinary shares amounted to $4,000,000 thousand, with par value of $10 per share, of which 400,000 thousand shares, 294,133 shares were issued. All issued shares were paid up upon issuance.

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(ii) Additional paid-in capital

The components of additional paid-in capital as of December 31, 2021 and 2020, were as follows:

		December 31, 2021	December 31, 2020
Share premium	$	1,280	1,280
Overaging unclaimed dividends		4,868	2,807
Treasury stock		1,183,820	1,092,060
Recognize changes in all equity in subsidiaries		2,400,897	117,892
	$	**3,590,865**	**1,214,039**

The Company's subsidiary, Lucky Co. was awarded with cash dividends on 2020 and 2019 amounting to $91,760 thousand, and they were recognized as capital surplus-treasury stock transactions.

In accordance with the Company Act, realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

In accordance with the Company's articles of incorporation, in the event that the annual audit renders earnings, the Company shall pay taxes according to law and cover cumulative losses before setting aside 10% to be the legal reserve; if the legal reserve has reached the Company's paid-in capital size, however, it is allowed not to set aside further earnings. From the remainder the special reserve shall be set aside or reversed as required by law and any further remainder after that shall be brought forth in the shareholder's meeting based on the Earnings Distribution Proposal prepared by the Board of Directors along with accumulated retained earnings for a decision on assignment of dividend bonus to shareholders.

The dividend policy of the Company reflects its current and future development plans and takes into accounts factors such as investment climate, funding demand, and domestic and international competition as well as shareholders' interests. Each year, no less than 30% of earnings available for distribution are assigned to shareholders as dividend bonus. The dividend bonus may be done in case or in the form of stock. When it is done in cash, the value may not exceed 10% of the overall dividends.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting distribute its legal reserve by issuing new shares or by distribute cash and only the portion of legal reserve which exceeds 25% of capital may be distributed.

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2) Special earnings reserve

As the Company opted for the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments of $512,508 thousand, which were previously recognized in shareholders' equity were reclassified to retained earnings. A special reserve is appropriated from retained earnings for aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately. The carrying amount of special reserve amounted to $512,508 thousand as of December 31, 2021 and 2020.

For the regulatory permission mentioned above, the Company is also required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the difference between the amount of above-mentioned special reserve and net debit balance of the other components of stockholders' equity.

3) Distribution of retained earnings

The Company's Board of Directors resolved to appropriate the 2020 and 2019 other earnings, respectively. These other earnings were appropriated as follows:

	2020	2019
Date resolved by Board of Directors	**March 12, 2021**	**March 26, 2020**
Dividends distributed to common shareholders:		
Cash	$ 588,266	586,782
Dividend Payout (dollars)	$ 2	2

The Company's Board of Directors resolved to appropriate the 2021 earnings. These earnings were appropriated as follows:

	2021
Date resolved by Board of Directors	**March 15, 2022**
Dividends distributed to common shareholders:	
Cash	$ 647,093
Dividend Payout (dollars)	$ 2.2

(iv) Treasury stock

None shares were purchased by the Company and its subsidiaries during the years 2021 and 2020. The reason is that the subsidiaries held by long-term of the Company shares previous years. As of December 31, 2021 and 2020, the subsidiaries held the Company's shares as follows:

	December 31, 2021				
Subsidiary name	**Number of shares (in thousand)**	**Market price per share**	**Adjusted cost per share**	**Total market value**	**Total treasury stock**
Lucky Co.	46,041	50.20	11.51	$ 2,311,271	530,114

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	December 31, 2020				
Subsidiary name	**Number of shares (in thousand)**	**Market price per share**	**Adjusted cost per share**	**Total market value**	**Total treasury stock**
Lucky Co.	46,041	47.00	11.51	$ 2,163,939	530,114

In pursuant to Article 12 of the Business Mergers and Acquisition Act, a resolution was made by the Board of the Company to repurchase 742 thousand treasury stock amounting to $46,746 thousand from the shareholders who objected on the share swap agreement in August 2017. As of December 31, 2021, the above mentioned treasury stocks had been fully disposed, wherein the proceeds from disposal amounted to $31,710 thousand. The difference which had been fully offset against the capital surplus arising from the same type of treasury stocks amounting to $15,036 thousand was due to the selling price being lower than the book value.

Under the Business Mergers and Acquisitions Act, the treasury stock held by the Company shall not be pledged nor be entitled to any distribution of dividends or voting rights.

(v) Other equities

	Foreign exchange differences arising from foreign operations	**Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income**	**Total**
Balance as of January 1, 2021	$ (681,563)	(45,154)	(726,717)
Foreign exchange differences arising from foreign operations	(333,478)	-	(333,478)
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	(44,535)	-	(44,535)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	4,030	4,030
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	941	941
Balance as of December 31, 2021	**$ (1,059,576)**	**(40,183)**	**(1,099,759)**

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		Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2020	$	(725,159)	(48,516)	(773,675)
Foreign exchange differences arising from foreign operations		(109,176)	-	(109,176)
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method		152,772	-	152,772
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income		-	8,970	8,970
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	(6,244)	(6,244)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method		-	636	636
Balance as of December 31, 2020	$	**(681,563)**	**(45,154)**	**(726,717)**

(o) Earnings per share

The calculation of the Company's basic earnings per share and diluted earnings per share for the years ended December 31, 2021 and 2020, was as follows:

(i) Basic earnings per share

		2021	2020
Net income	$	**1,071,166**	**950,697**
Weighted-average number of common shares		**248,092**	**247,688**
Basic earnings per share (in NT dollars)	$	**4.32**	**3.84**

(ii) Diluted earnings per share

		2021	2020
Net income	$	**1,071,166**	**950,697**
Weighted-average number of common shares (basic)		248,092	247,688
Impact of potential common shares			
Effect of employee's remuneration		311	307
Weighted-average number of shares outstanding (diluted)		**248,403**	**247,995**
Diluted earnings per share (in NT dollars)	$	**4.31**	**3.83**

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NAMCHOW HOLDING CO., LTD.
Notes to the Financial Statements

(p) Revenue from contracts with customers－Disaggregation of revenue

		2021		
	Revenue from dividends	**Management revenue**	**Rental revenue**	**Total**
Area of distribution:				
Taiwan	$ 1,304	316	55,517	57,137
Thailand	-	2,546	-	2,546
	$ 1,304	**2,862**	**55,517**	**59,683**

		2020		
	Revenue from dividends	**Management revenue**	**Rental revenue**	**Total**
Area of distribution:				
Taiwan	$ 4,238	472	56,847	61,557
Thailand	-	2,575	-	2,575
	$ 4,238	**3,047**	**56,847**	**64,132**

(q) Remuneration to employees and directors

In accordance with the Company's articles of incorporation, if there is profit for the year, the Company shall set aside no less than 1% of its profit as for employee remuneration and no more than 5% as directors' remuneration. However, priority shall be given to covering cumulative losses, if any.

The Company estimated its remuneration to employees amounting to $13,343 thousand and $11,065 thousand,as well as it directors' $53,372 thousand and $44,261 thousand for the years 2021 and 2020, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentage of the remuneration to employees and directors as specified in the Company's article. The estimations are recorded under operating expenses and cost. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2021 and 2020. The aforementioned remuneration to employees and directors are consistent to the estimated amounts disclosed in the Company’s individual financial statements.

(r) Non-operating income and expenses

(i) Interest income

The details of the Company's interest income for the years ended December 31, 2021 and 2020 were as follows:

	2021	**2020**
Interest income from bank deposits	**$ 1,081**	**15**

(ii) Other income

	2021	**2020**
Other income－other	**$ 1,118**	**209**

(iii) Other gains and losses

	2021	2020
Gains on lease modification	$ 7	-
Gains of foreign exchange	37	1,709
Others	(12,677)	(12,742)
Net other gains and losses	**$ (12,633)**	**(11,033)**

(iv) Finance costs

	2021	2020
Interest expense	**$ 91,827**	**82,844**

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum credit risk exposure of the Company's financial assets is equal to their carrying amount.

2) Concentration of credit risk

The Company's cash and cash equivalents and accounts receivable are the main source of potential credit risk. The Company deposits its cash and cash equivalents in different financial institutions and has no concentration of credit risk on an individual customer. Therefore, the Company concluded that it is not exposed to credit risk.

(ii) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	More than 5 years
December 31, 2021						
Non-derivative financial liabilities						
Secured loans	$ 359,000	363,074	3,411	359,663	-	-
Unsecured loans	2,450,000	2,470,320	23,295	2,447,025	-	-
Other payable (including related parties)	183,631	183,631	183,631	-	-	-
Bonds payable	4,853,527	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	3,148	3,178	1,738	823	617	-
Guarantee deposits received	50	50	50	-	-	-
	$ 7,849,356	**8,020,253**	**212,125**	**2,807,511**	**3,000,617**	**2,000,000**
December 31, 2020						
Non-derivative financial liabilities						
Secured loans	$ 605,000	614,411	6,291	608,120	-	-
Unsecured loans	2,542,000	2,592,114	25,970	1,798,664	767,480	-
Other payable (including related parties)	162,777	162,777	162,777	-	-	-
Bonds payable(including current portion)	3,980,298	4,000,000	4,000,000	-	-	-
Lease liabilities	3,630	3,654	2,739	915	-	-
Guarantee deposits received	50	50	50	-	-	-
	$ 7,293,755	**7,373,006**	**4,197,827**	**2,407,699**	**767,480**	**-**

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The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(iii) Interest rate risk analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is on the basis of the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the increment or decrement by 1% when reporting to the management internally, which also represents the management's assessment of the reasonable interest rate change.

If the interest rate had increased / decreased by 1%, the Company's net income before tax would have increased / decreased by $22,472 thousand and $25,176 thousand for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant.

(iv) Fair value and carrying amount

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Company's financial assets and liabilities are valuated approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the Regulations.

	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	$ 20,092	20,092	-	-	20,092

	December 31, 2020				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	$ 16,062	16,062	-	-	16,062

(Continued)

NAMCHOW HOLDING CO., LTD.
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2) Valuation techniques and assumptions used in fair value determination

If there are quoted prices in the active markets for financial instruments, the fair value of those prices may be based on the quoted market prices. The market prices announced by Securities Exchange and Over the Counter are the benchmarks of the fair value of equity instruments and Liability instruments trading in active markets.

Stocks of listed Companies and open ended funds are financial assets possessing standard provision and trading in active markets. The fair values are determined based on the market quotes and net assets value, respectively.

3) Fair value hierarchy

The Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no such situation that the Company reclassified the financial instruments from one level to another as of the reporting date.

4) Transferring between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 for the years ended December 31, 2021 and 2020.

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
January 1, 2020	$ 27,166
Return from capital reduction and liquidation	(27,166)
December 31, 2020	$ -

None of the above transaction in 2021.

(t) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note discloses information about the Company's exposure to the aforementioned risks, and its goals, policies, and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the financial report.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Trade and other receivables

The company is an investment holding company, and the accounts receivable and other receivables are all from related parties, and the management assesses that there is no risk of default.

2) Investments

The credit risk exposure in the bank deposits, fixed income investment and other financial instruments is measured and monitored by the Company's finance department. Since those who transact with the Company are banks and other external parties with good credit standing, there are no non-compliance issues, and therefore, there is no significant credit risk.

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NAMCHOW HOLDING CO., LTD.
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3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to subsidiaries. As December 31, 2021 and 2020, the Company did not provide any endorsement and guarantees to preparation of the third-party.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company uses activity-based costing to estimate the cost of its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of the expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Company also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted. The Company has unused short term bank facilities of $4,713,160 thousand and $5,691,425 thousand on December 31, 2021 and 2020.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

1) Interest rate risk

The interest rates of the Company's long-term and short-term borrowings are floating. Hence, changes in market conditions will cause fluctuations in the effective interest rate of the aforementioned loans. The Company's finance department monitors and measures potential changes in market conditions to achieve a fixed interest rate on the Company's loans.

2) Other market price risk

The Company does not enter into any commodity contracts other than to meet the Company's expected usage and sales requirements; such contracts are not settled on a net basis.

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(u) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	December 31, 2021	December 31, 2020
Total liabilities	$ 9,272,658	8,442,918
Less: cash and cash equivalents	28,511	15,816
Net debt	**$ 9,244,147**	**8,427,102**
Total equity	**$ 9,106,962**	**6,619,546**
Debt-to-adjusted-capital ratio	**102 %**	**127 %**

As of December 31, 2021, there were no changes in the Company's approach of capital management.

(v) Investing and financing activities not affecting current cash flow

For the year ended December 31, 2021 and 2020, the reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes Others	December 31, 2021
Bonds payable	$ 3,980,298	1,000,000	(126,771)	4,853,527
Long-term borrowings (including current portion)	3,147,000	(338,000)	-	2,809,000
Lease liabilities	3,630	(2,234)	1,752	3,148
Total liabilities from financing activities	**$ 7,130,928**	**659,766**	**(125,019)**	**7,665,675**

	January 1, 2020	Cash flows	Non-cash changes Others	December 31, 2020
Short-term borrowings	$ 457,000	(457,000)	21,494	21,494
Bonds payable	3,958,804	-	21,494	3,980,298
Long-term borrowings (including current portion)	2,595,000	552,000	-	3,147,000
Lease liabilities	10,262	(7,910)	1,278	3,630
Total liabilities from financing activities	**$ 7,021,066**	**87,090**	**44,266**	**7,152,422**

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Company.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related parties during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Namchow (Thailand) Ltd. (Namchow Thailand)	The Company's subsidiary
Mostro (Thailand) Ltd. (Mostro)	The Company's subsidiary
Nacia International Corp. (Nacia Co.)	The Company's subsidiary
Chow Ho Enterprise Co., Ltd. (Chow Ho Co.)	The Company's subsidiary
Lucky Royal Co., Ltd. (Lucky Co.)	The Company's subsidiary
Nankyo Japan Co., Ltd. (Nankyo Japan Co.)	The Company's subsidiary
Namchow Consulting Company, Ltd. (Namchow Consulting Co.)	The Company's subsidiary
Chow Food Biotechnology Co., Ltd. (Chow Food Co.)	The Company's subsidiary
Namchow Oil and Fat Co., Ltd. (Namchow Oil and Fat Co.)	The Company's subsidiary
Huaciang Industry Co., Ltd. (Huaciang Co.)	The Company's subsidiary
Navigator Business Publications Co., Ltd. (NBP Co.)	The Company and Lucky Co. used the equity method to evaluate the invested company
Namchow (British Virgin Island) Ltd. (Namchow BVI Co.)	Lucky Co. used the equity method to evaluate the invested company
Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou Co.)	Lucky Co. used the equity method to evaluate the invested company
Namchow Gastronomy Consulting Company, Ltd. (Namchow Gastronomy Consulting Co.)	Lucky Co. used the equity method to evaluate the invested company
Shanghai Bao Lai Na Company Limited. (Bao Lai Na Co.)	Namchow BVI Co. used the equity method to evaluate the invested company
Namchow (Cayman Islands) Holding Corp. (Namchow Cayman Co.)	Nacia Co. used the equity method to evaluate the invested company
Shanghai Qiaohao Trading Co., Ltd. (Shanghai Qiaohao Co.)	Namchow Cayman Co. used the equity method to evaluate the invested company
Shanghai Qiaohao Enterprise Management Co., Ltd. (Shanghai Qiaohao Enterprise Management Co.)	Shanghai Qiaohao Co. used the equity method to evaluate the invested company
Shanghai Qiaohao Food Co., Ltd. (Shanghai Qiaohao Food Co.)	Shanghai Qiaohao Co. used the equity method to evaluate the invested company
Tianjin Qiaohao Food Co., Ltd. (Tianjin Qiaohao Food Co.)	Shanghai Qiaohao Co. used the equity method to evaluate the invested company

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NAMCHOW HOLDING CO., LTD.
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Name of related party	Relationship with the Group
Shanghai Qizhi Business Consulting Co., Ltd. (Shanghai Qizhi Co.)	Namchow Cayman Co. used the equity method to evaluate the invested company
Namchow Food Group (Shanghai) Co., Ltd. (Namchow Food Co.)	Namchow Cayman Co. and Shanghai Qizhi Co. used the equity method to evaluate the invested company
Shanghai Namchow Food co., Ltd. (Shanghai Namchow Co.)	Namchow Cayman Co. and Namchow Food Co. used the equity method to evaluate the invested company
Tianjin Namchow Food Co., Ltd. (Tianjin Namchow Co.)	Namchow Food Co. used the equity method to evaluate the invested company
Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow Co.)	Namchow Food Co. used the equity method to evaluate the invested company
Chongqing Qiaoxing Co., Ltd. (Chongqing Qiaoxing Co.)	Namchow Food Co. used the equity method to evaluate the invested company
Wuhan Qiaoxing Co., Ltd. (Wuhan Qiaoxing Co.)	Namchow Food Co. used the equity method to evaluate the invested company
Tianjin Yoshi Yoshi Food Co., Ltd. (Tianjin Yoshi Yoshi Co.)	Tianjin Namchow Co. used the equity method to evaluate the invested company
Guangzhou Yoshi Yoshi Food Co., Ltd. (Guangzhou Yoshi Yoshi Co.)	Tianjin Yoshi Yoshi Co. used the equity method to evaluate the invested company

(c) Significant transactions with related parties

(i) Management technology service revenue

The Company provided management technology service to subsidiaries recorded under service revenue and the amounts were as follows:

	2021	2020
Subsidiaries:		
Namchow Thailand	$ 2,546	2,575
Other subsidiaries	250	408
	$ 2,796	2,983

(ii) Rental revenue

The Company rents offices to subsidiaries and the amounts were as follows:

	2021	2020
Subsidiaries:		
Namchow Oil and Fat Co.	$ 24,876	24,876
Huaciang Co.	18,216	18,216
Lucky Co.	8,750	8,750
Other subsidiaries	3,560	4,890
	$ 55,402	56,732

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NAMCHOW HOLDING CO., LTD.
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(iii) Receivable from related parties

The details of the receivables from related parties were as follows:

Accounts	Type of related parties	December 31, 2021	December 31, 2020
Accounts receivable－related parties	Subsidiaries:		
	Lucky Co.	$ 1,395	1,401
	Huaciang Co.	738	738
	Other subsidiaries	361	919
		2,494	3,058
Other receivables－related parties	Subsidiaries		
	Namchow Oil and Fat Co.	31,873	45,005
	Huaciang Co.	962	519
	Lucky Co.	18	19
	Other subsidiaries	7	8
		32,860	45,551
		$ 35,354	**48,609**

(iv) Payable to related parties

The details of the Group's payable to related parties were as follows:

Accounts	Type of related parties	December 31, 2021	December 31, 2020
Other payable－related parties	Subsidiaries		
	Huaciang Co.	$ 5,721	8,026
	Dian Shui Lou Co.	176	102
	Namchow Oil and Fat Co.	47	47
	Other subsidiaries	7	-
		$ 5,951	**8,175**

(v) Guarantees

As of December 31, 2021 and 2020, the Company provided the amounts of $1,301,082 thousand and $1,638,995 thousand, respectively, guarantees to its subsidiaries.

(d) Personnel transactions from key management

The compensation of the key management personnel comprised as the following:

	2021	2020
Short-term employee benefits	$ 72,923	62,203
Post-employments benefits	718	1,086
	$ 73,641	**63,289**

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NAMCHOW HOLDING CO., LTD.
Notes to the Financial Statements

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Property, plant and equipment:			
Land	Long-term borrowings	$ 1,084,368	1,084,368
Buildings	Long-term borrowings	24,061	24,931
Investment property:			
Buildings	Long-term borrowings	75,940	78,026
		$ 1,184,369	1,187,325

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By nature	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	-	144,500	144,500	-	135,504	135,504
Labor and health insurance	-	7,608	7,608	-	5,970	5,970
Pension	-	3,413	3,413	-	3,850	3,850
Remuneration of directors	-	55,917	55,917	-	46,806	46,806
Others	-	1,370	1,370	-	1,248	1,248
Depreciation	-	7,893	7,893	-	14,386	14,386
Amortization	-	-	-	-	-	-

As of December 31, 2021 and 2020, the depreciation expenses recognized under non-operating income and expenses－other gains and losses amounted to $10,392 thousand and $10,348 thousand, respectively.

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The Company's number of employees for the years ended December 31, 2021 and 2020 and additional information employee benefits were as follows:

	2021	2020
Number of employees	61	58
Number of directors who were not employees	6	6
The average employee benefit	$ 2,853	2,819
The average salaries and wages	$ 2,627	2,606
The average of employee salary cost adjustment as follows	0.81 %	
Supervisors compensation	$ -	-

The Company's salary and remuneration policy (including directors, supervisors, managers and employees) are as follows:

(a) According to the Company's articles of incorporation, the policy for the remuneration to directors' policy is as follows:

(i) Article 18: The Company has 5 to 9 board directors, who are to be elected among capable individuals during the shareholders meetings to serve a tenure of 3 years and may be re-elected to serve for multiple terms. The directors are entitled to transportation reimbursements that have to be paid regardless of gains or losses incurred by the Company.

(ii) Article 19: The directors shall form the Board of Directors and shall elect among themselves one Chairman and one Vice Chairman with paid salaries regardless of gains or losses incurred by the Company.

(b) The Remuneration Committee evaluates and decides on the remuneration payment policy according to the Company's management strategy, manpower utilization policy, as well as payment capability. It also establishes and periodically reviews the remuneration levels for directors, supervisors, and managers of the Company to be submitted for approval during the Board meeting based on the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" and "Regulations of the Company Remuneration Committee".

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Notes to the Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties:

Unit: thousand dollars

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the year (Note 2)	Ending balance (Note 2)	Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
1	Lucky Co.	Namchow BVI Co.	Other receivable－related parties	Yes	57,783	-	-	(Note 3)	Short term financing	-	(Note 3)	-	-	-	1,192,127 (Note 1)	1,192,127 (Note 1)
2	Namchow Food Co.	Tianjin Namchow Co.	Other receivable－related parties	Yes	1,660,794	1,654,699	1,654,699	(Note 2)	Short term financing	-	Capital for operation	-	-	-	5,668,077 (Note 2)	5,668,077 (Note 2)
2	Namchow Food Co.	Guangzhou Namchow Co.	Other receivable－related parties	Yes	324,602	323,411	323,411	(Note 2)	Short term financing	-	Capital for operation	-	-	-	5,668,077 (Note 2)	5,668,077 (Note 2)
2	Namchow Food Co.	Shanghai Namchow Co.	Other receivable－related parties	Yes	1,425,333	1,420,103	1,420,103	(Note 2)	Short term financing	-	Capital for operation	-	-	-	5,668,077 (Note 2)	5,668,077 (Note 2)

Note 1: Base on the Lucky Co.'s guidelines, the allowable aggregate amount of financing provided to others and the maximum financing provided to an individual company cannot exceed 40% of the Lucky Co.'s stockholder's equity.

Note 2: Base on the Namchow Food CO 's guidelines, the allowable aggregate amount of financing provided to others and the maximum financing provided to an individual company cannot exceed 40% of the Namchow Food Co.'s stockholder's equity.

Note 3: Dividend receivable transferred to the loan extended with no cash outflow.

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company										
0	The Company	Nankyo Japan Co.	2	9,109,962	1,638,995	1,301,082	467,525	-	14.29 %	9,109,962	Y	N	N

Note 1: The guarantee's relationship with the guarantor is as follows:
(1) A company that has business transaction with another company.
(2) A public company which, directly or indirectly, holds more than 50 percent of the voting shares.
(3) A company that, directly or indirectly, holds more than 50 percent of the voting shares in the public company.
(4) A public company which, directly or indirectly, holds 90% or more of the voting shares.
(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
(6) A company wherein all its capital contributing shareholders can make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
(7) Companies within the same industry that provide joint and several security among themselves for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act.

Note 2: According to Namchow Co.'s guarantee and endorsement policies, the total guarantee and endorsement not exceed 100% of Namchow Co.'s net worth, while the total guarantees and endorsements for an individual party not exceed 100% of Namchow Co.'s net worth.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
The Company	Stock: Capital Co., Ltd.	－	Financial assets at fair value through comprehensive income－non-current	1,185	20,092	0.05 %	20,092	
Lucky Co., Ltd.	Stock: The Company	The Company	Financial assets at fair value through comprehensive income－non-current	46,041	2,311,271	15.65 %	2,311,271	Note 1
Lucky Co., Ltd.	Stock: Capital Co., Ltd.	－	Financial assets at fair value through comprehensive income－non-current	277	4,703	0.01 %	4,703	

Note 1: The stated book value is after subtraction of the amount being reclassified treasury stock.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts / notes receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Lucky Co.	Huaciang Co.	Subsidiary	Purchase	(311,474)	(36) %	Note 1	-		(60,156)	(48) %	Note 2
Huaciang Co.	Lucky Co.	Subsidiary	(Sales)	311,474	29 %	Note 1	-		60,156	32 %	Note 2
Huaciang Co.	Namchow Oil and Fat Co.	Subsidiary	Purchase	144,731	31 %	Note 1	-		(22,522)	(7) %	Note 2
Namchow Oil and Fat Co.	Huaciang Co.	Subsidiary	(Sales)	(144,731)	(8) %	Note 1	-		22,522	27 %	Note 2
Tianjin Yoshi Yoshi Co.	Tianjin Namchow Co.	Subsidiary	Purchase	334,078	(67) %	Note 1	-		(80,621)	77 %	Note 2
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	(Sales)	(334,078)	(13) %	Note 1	-		80,621	21 %	Note 2
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	1,953,201	(25) %	Note 1	-		(256,618)	33 %	Note 2
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,953,201)	(73) %	Note 1	-		256,618	67 %	Note 2
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	1,376,176	(18) %	Note 1	-		(185,497)	24 %	Note 2
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,376,176)	(49) %	Note 1	-		185,497	42 %	Note 2
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	549,824	(7) %	Note 1	-		(69,383)	(13) %	Note 2
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(549,824)	(78) %	Note 1	-		69,383	- %	Note 2
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	2,772,379	(36) %	Note 1	-		-	- %	Note 2
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(2,772,379)	(82) %	Note 1	-		-	- %	Note 2
Chongqing Qiaoxing Co.	Tianjin Namchow Co.	Subsidiary	Purchase	298,738	(8) %	Note 1	-		(37,606)	6 %	Note 2
Tianjin Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(298,738)	(11) %	Note 1	-		37,606	10 %	Note 2
Chongqing Qiaoxing Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	151,167	(4) %	Note 1	-		(19,277)	4 %	Note 2
Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(151,167)	(22) %	Note 1	-		19,277	22 %	Note 2
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	538,599	(14) %	Note 1	-		(75,436)	13 %	Note 2
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(538,599)	(16) %	Note 1	-		75,436	80 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	879,731	(23) %	Note 1	-		(127,606)	21 %	Note 2
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(879,731)	(32) %	Note 1	-		127,606	29 %	Note 2
Guangzhou Yoshi Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	455,074	(72) %	Note 1	-		(116,835)	75 %	Note 2
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	(Sales)	(455,074)	(16) %	Note 1	-		116,835	27 %	Note 2
Namchow Food Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	552,345	(7) %	Note 1	-		(82,367)	11 %	Note 2
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(552,345)	(62) %	Note 1	-		82,367	58 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	332,925	(9) %	Note 1	-		(58,934)	10 %	Note 2
Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(332,925)	(37) %	Note 1	-		58,934	42 %	Note 2
Namchow Food Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	512,333	(7) %	Note 1	-		(182,334)	23 %	Note 2
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	(Sales)	(512,333)	(12) %	Note 1	-		182,334	38 %	Note 2
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	759,115	(37) %	Note 1	-		-	- %	Note 2
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	(Sales)	(759,115)	(17) %	Note 1	-		-	- %	Note 2

Note 1: Depending on capital movement motor adjustment.

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(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	185,497	5.12	-		185,497 (As of March 15, 2022)	-
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	256,618	7.16	-		256,618 (As of March 15, 2022)	-
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	127,606	7.51	-		127,606 (As of March 15, 2022)	-
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	116,835	4.87	-		116,835 (As of March 15, 2022)	-
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	182,334	3.30	-		182,334 (As of March 15, 2022)	-

(ix) Trading in derivative instruments: None.

(b) Information on investees:

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

Unit: thousand dollars

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Book value			
The Company	Namchow Thailand	Bangkok, Thailand	Manufacturing and selling instant noodles and rice cracker	1,027,405	1,027,405	9,245	100 %	2,394,510	368,492	368,492	
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100 %	29,954	1,292	1,292	
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100 %	11,968,789	1,206,186	1,206,186	
The Company	Chow Ho Co.	Taipei, Taiwan	Catering services, food and beverage retailing, and frozen food manufacturing	137,000	119,000	2,900	100 %	21,233	(7,674)	(7,653)	
The Company	Lucky Co.	Taipei, Taiwan	Manufacturing, selling and processing various food and beverage products	938,438	938,438	95,338	99.65 %	627,113	74,200	(17,753)	
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	763	763	80	80 %	211	47	38	
The Company	Nankyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	690,580	446,180	- (Note 2)	100 %	289,946	(62,760)	(62,760)	
The Company	Namchow Consulting Co.	Taipei, Taiwan	Catering services, food and beverage retailing and other consulting	5,000	5,000	500	100 %	762	(189)	(188)	
The Company	Chow Food Co.	Taipei, Taiwan	Development of biotechnology products	49,000	39,000	1,300	100 %	6,501	(4,720)	(4,704)	
The Company	Namchow Oil and Fat Co.	Taipei, Taiwan	Manufacturing, processing and selling of edible oil and frozen dough	411,731	411,731	41,173	100 %	607,273	122,327	123,027	
The Company	Huaciang Co.	Taipei, Taiwan	Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food	392,341	392,341	30,000	100 %	258,177	(4,880)	(4,940)	
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	293,793	228,970	6,705	93.32 %	68,358	(42,061)	(37,911)	(Note 1)
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	352,000	222,000	13,100	100 %	55,971	(109,468)	(109,382)	(Note 1)
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	18,300	14,000	500	100 %	4,647	(2,295)	(2,294)	
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	100	100	10	10 %	26	47	5	
Nacia Co.	Namchow Cayman Co.	Gayman Islands British West Indies.	Holding of investments	2,522,207	2,522,207	35,378	100 %	11,958,120	1,207,111	1,207,111	

Note 1: Its investment gain and loss are also recognized by Namchow Co.

Note 2: The Company holds the shares in subsidiaries Nankyo Japan Co. totaling 6 shares.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: thousand dollars

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2021	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2021	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of December 31, 2021	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Shanghai Qiaohao Co.	Holding of investments and international trade	669,270	(3)	-	-	-	-	(131,531)	100.00 %	(131,686) ((2)b.)	150,833	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	- ((2)b.)	869	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	704,181	(3)	-	-	-	-	(84,920)	100.00 %	(84,920) ((2)b.)	366,956	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(10,687)	100.00 %	(10,687) ((2)b.)	33,598	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	1,149,800	(3)	-	-	-	-	1,607,474	80.94 %	1,437,282 ((2)a.)	11,456,748	856,146
Tianjin Namchow Co.	Manufacturing and selling of edible fat	756,875	(3)	372,813	-	-	372,813	407,737	80.94 %	363,526 ((2)a.)	1,812,905	45,974

(Continued)

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Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2021	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2021	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of December 31, 2021	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	121,100	(3)	-	-	-	-	142,008	80.94 %	125,190 ((2)a.)	690,589	-
Guangzhou Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	110,023	80.94 %	97,606 ((2)a.)	477,825	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	298,262	80.94 %	266,734 ((2)a.)	1,729,812	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	676,597	(3)	-	-	-	-	276,840	80.94 %	249,013 ((2)a.)	893,611	-
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	242,474	80.94 %	214,884 ((2)a.)	696,087	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	1,299	80.94 %	1,484 ((2)a.)	169,971	-
Shanghai Qizhi Co.	Business management and investment consulting services	4,541	(3)	-	-	-	-	474	100.00 %	474 ((2)b.)	8,272	-
Bao Lai Na Co.	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	(39,029)	93.00 %	(34,996) ((2)c.)	62,467	35,967

Note 1: The method of investment is divided into the following four categories:
- (1) Remittance from third-region companies to invest in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.

Note 2: Amount of investment income (loss) was recognized base on:
- (1) There is no investment income for the preparatory case.
- (2) Investment gains and losses were based on three basic:
  - a. The financial statements audited by an international accounting firm that has a cooperative relationship with accounting firms of the Republic of China.
  - b. The financial statements audited by the auditors of the parent company.
  - c. Others: the financial statements audited by the auditors of the local accounting firm, and the working papers were reviewed by the auditors of the parent company.

Note 3: The transactions within the Company were eliminated in the consolidated financial statements.

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of December 31, 2021	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	372,813	3,373,763	5,407,181
Lucky Co.	226,649	194,406	1,788,191

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Lucky Royal Co., Ltd.	46,041,259	15.65 %
Chen Fei Lung	33,814,934	11.49 %
Chen Fei Peng	19,537,995	6.64 %

(14) Segment information

Please refer to the year 2021 consolidated financial statements.