Stock Code:1702

NAMCHOW HOLDINGS CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

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

Address: **No. 100, Yanping N. Rd., Sec 4., Taipei, Taiwan R.O.C**
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The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of Namchow Holdings Co., Ltd. as of and for the year ended December 31, 2021 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Namchow Holdings Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Namchow Holdings Co., Ltd.

Chairman: Fei-Lung Chen

Date: March 15, 2022

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Independent Auditors' Report

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated 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 and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation developed by the International Financial Reporting Interpretation Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the "Regulations Governing 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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditor's report were as follows:

1. Impairment of trades receivable

   Please refer to note 4(g) "Financial instrument" for accounting policies, note 5(a) for accounting assumptions, judgment and estimation uncertainty of impairment of trade receivable, and note 6(d) for the disclosure related to impairment of trade receivable of the consolidated financial statements.

   Description of key audit matter:

   The Group does not concentrate on any individual customer or any specific region, therefore, the Group needs to establish a policy on its allowance for impairment in order to evaluate its customers' financial status, as well as the political and economic environment. Therefore, the impairment of trades receivable is one of the key judgmental areas for our audit.

   How the matter was addressed in our audit:

   Our principle audit procedures for the assessment of the Group's accounting policy, included evaluating the receivables credit conditions and allowance for impairment policy; analyzing the accounts receivable relevant with the allowance for impairment; obtaining document for the calculation of the rate of expected credit loss of accounts receivable to determine whether if its appropriate, obtaining aging analysis of accounts receivable and examining relevant documents to verify the accuracy aging period; understanding the recovery of the past due accounts and for the aging of the long-term accounts receivable, such as those past due for 120 days; inspecting whether the Group has taken the appropriate procedures on the litigation or negotiation of the Group subsequent to the financial year end, and verifying the adequacy of impairment assessment of accounts receivable; verifying the reasonableness of the management' s assessment on the Group's disclosure on the impairment of trades receivable.

2. Valuation of inventories

   Please refer to note 4(h) "Inventories" for accounting policies, note 5(b) for accounting assumptions, judgment and estimation uncertainty of valuation of inventories, and note 6(f) for the disclosure related to valuation of inventories of the financial statements.

   Description of key audit matter:

   The Group's main inventories are edible and non-edible oil products, frozen dough and frozen food, as well as dish and laundry liquid detergent.

   The value of edible and non-edible oil products and laundry liquid detergent products are affected by the international oil price, which may result in the inventory cost exceed its net realizable value; frozen dough and frozen food due to shelf life, resulting in the inventory age has significant risk. Therefore, the valuation of inventories is one of the key judgmental areas for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included

Our principle audit procedures for the assessment of the Group’ accounting policy included understanding the policies of evaluating the inventories; performing the analytical procedures about the relation between the balance of inventory and provision on inventory market price decline; verifying the change of provision on inventory valuation and evaluating where it is reasonable; understanding the net realizable values used by management and the variation of the prices in a period after the reporting date to ensure the appropriateness of the valuation price; obtaining the aging report and inspecting the inventory aging processing after the reporting date, as well as understanding the net realizable values used by the management to access whether the net realizable value and the allowance for inventories are reasonable; assessing whether the disclosure on the provision for inventory valuation and obsolescence was appropriate.

3. Revenue recognition－customer loyalty program

Please refer to note 4(p) "Revenue" for accounting policies, note 5(c) for accounting assumptions, judgment and estimation uncertainty of revenue recognition and note 6(u) for the disclosure related to revenue of the financial statements.

Description of key audit matter:

The revenue arising from the bonus points shall be calculated by using the fair values, based on the amounts of sales and points earned in the previous year, to be recognized as contract liabilities. Revenue is the main indicator for the Group management and investors to evaluate the Group’ s financial and business performance. Therefore, the revenue recognition is one of the key judgmental areas for our audit.

How the matter was addressed in our audit:

The key audit procedures performed included understanding and assessing the design and implementation of the bonus points; assessing the management’s judgments and estimating the rationality of the bonus points and recalculating them to ensure the sales revenue are recognized; performing the analytical procedures of sales revenue; assessing the appropriateness of the contract liabilities of the relevant incentive points, whether it is recorded correctly in the system, and whether it has been disclosed in the appropriate notes to the financial statements.

Other Matter

Namchow Holdings Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2021 and 2020, on which we have issued an unqualified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 auditors' report are Po-Shu Huang and Chung-Shun Wu.

KPMG

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

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020	
	Assets	**Amount**	**%**	**Amount**	**%**
11XX	**Current assets:**				
1100	Cash and cash equivalents (note 6(a))	$ 9,729,803	33	5,721,627	23
1110	Financial assets at fair value through profit or loss－current (note 6(b))	-	-	227,426	1
1150	Notes receivable, net (note 6(d))	182,401	1	184,286	1
1170	Accounts receivable, net (note 6(d))	1,918,571	7	1,556,201	6
1200	Other receivables (note 6(e))	133,118	-	57,140	-
1220	Current income tax assets	198,929	1	200,582	1
130x	Inventories (note 6(f))	3,474,419	12	2,451,446	10
1410	Prepayments	315,045	1	331,887	1
1470	Other current assets	58,896	-	66,255	-
	Total current assets	16,011,182	55	10,796,850	43
15XX	**Non-current assets:**				
1517	Financial assets at fair value through other comprehensive income－non-current (note 6(c))	24,795	-	19,822	-
1600	Property, plant and equipment (notes 6(h), 8 and 9)	11,887,111	41	12,749,928	50
1755	Right-of-use assets (notes 6(i) and 7)	945,901	3	1,225,544	5
1760	Investment property (note 6(j))	36,280	-	39,813	-
1805	Goodwill (note 6(k))	105,417	-	105,417	-
1840	Deferred income tax assets (note 6(q))	258,626	1	281,628	1
1915	Prepayments for equipment	59,513	-	16,234	-
1990	Other non-current assets	85,043	-	105,248	1
	Total non-current assets	13,402,686	45	14,543,634	57
1XXX	**Total assets**	**$ 29,413,868**	**100**	**25,340,484**	**100**

		December 31, 2021		December 31, 2020	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
21XX	**Current liabilities:**				
2100	Short-term borrowings (note 6(l))	$ 2,460,970	8	2,998,640	12
2110	Short-term commercial paper payable (note 6(l))	89,983	-	89,962	-
2321	Bonds payable current portion (note 6(m))	-	-	3,980,298	16
2322	Current portion of long-term borrowings (notes 6(l) and 8)	237,893	1	214,175	1
2130	Contract liabilities (note 6(u))	540,585	2	574,384	2
2170	Accounts payable	1,347,326	4	1,161,973	5
2219	Other payables (notes 6(p), (v) and 9)	1,483,345	5	1,503,216	6
2230	Current income tax liabilities	199,110	1	267,772	1
2280	Current lease liabilities (notes 6(o) and 7)	158,142	1	192,377	1
2399	Other current liabilities	43,794	-	61,141	-
	Total current liabilities	6,561,148	22	11,043,938	44
25XX	**Non-Current liabilities:**				
2530	Bonds payable (note 6(m))	4,853,527	16	-	-
2540	Long-term borrowings (notes 6(l) and 8)	3,684,829	13	4,859,016	19
2550	Provision liabilities－non-current (note 6(n))	10,264	-	12,134	-
2580	Lease liabilities－non-current (notes 6(o) and 7)	603,722	2	859,764	3
2570	Deferred income tax liabilities (note 6(q))	1,451,850	5	1,292,405	5
2640	Net defined benefit liabilities (note 6(p))	247,031	1	260,572	1
2670	Other non-current liabilities	165,839	1	57,266	-
	Total non-current liabilities	11,017,062	38	7,341,157	28
2XXX	**Total liabilities**	17,578,210	60	18,385,095	72
	Equity attributable to shareholders of parent (note 6(c),(r)and (s)):				
3100	Common stock	2,941,330	10	2,941,330	12
3200	Capital surplus	3,590,865	12	1,214,039	5
3300	Retained earnings:				
3310	Legal reserve	932,166	3	838,824	4
3320	Special reserve	1,239,224	4	1,286,181	5
3350	Unappropriated earnings	2,033,250	7	1,596,003	6
		4,204,640	14	3,721,008	15
3400	Other equity:				
3410	Financial statement translation differences for foreign operations	(1,059,576)	(3)	(681,563)	(3)
3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(40,183)	-	(45,154)	-
		(1,099,759)	(3)	(726,717)	(3)
3500	Treasury stock	(530,114)	(2)	(530,114)	(2)
	Total equity attributable to shareholders of parent	9,106,962	31	6,619,546	27
36xx	**Non-controlling interests (note 6(g))**	2,728,696	9	335,843	1
3XXX	**Total equity**	11,835,658	40	6,955,389	28
2-3XXX	**Total liabilities and equity**	**$ 29,413,868**	**100**	**25,340,484**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated 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 (note 6(u))**	$ 19,861,770	100	17,621,763	100
5000	**Operating costs (notes 6(f), (h), (i), (o), (p) and 9)**	13,589,951	68	11,682,430	66
5900	**Gross profit**	6,271,819	32	5,939,333	34
6000	**Operating expenses (notes 6(d), (e), (h), (i), (o), (p), (s), (v) and 7):**				
6100	Selling expenses	2,611,154	13	2,456,917	14
6200	General and administrative expenses	1,445,696	8	1,348,211	7
6300	Research and development expenses	422,670	2	445,267	3
6450	Expected credit loss	3,815	-	11,193	-
	Total operating expenses	4,483,335	23	4,261,588	24
6900	**Operating profit**	1,788,484	9	1,677,745	10
7000	**Non-operating income and expenses (notes 6 (j), (o), (w) and 7):**				
7100	Interest income	185,320	1	87,222	-
7010	Other income	201,061	1	150,474	1
7020	Other gains and losses	20,591	-	816	-
7050	Finance costs	(257,548)	(1)	(259,606)	(1)
	Total non-operating income and expenses	149,424	1	(21,094)	-
7900	**Profit from continuing operations before tax**	1,937,908	10	1,656,651	10
7950	**Less: Income tax expenses (note 6(q))**	698,764	4	661,050	4
	Profit	1,239,144	6	995,601	6
8300	**Other comprehensive income (notes 6(q) and (r)):**				
8310	**Components of other comprehensive income (loss) that will not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	714	-	(25,941)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	4,971	-	9,606	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	(2,372)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	5,685	-	(13,963)	-
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(333,044)	(2)	16,082	-
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	(333,044)	(2)	16,082	-
8300	**Other comprehensive income**	(327,359)	(2)	2,119	-
	Total comprehensive income	**$ 911,785**	**4**	**997,720**	**6**
	Net income attributable to:				
8610	Shareholders of the parent	$ 1,071,166	5	950,697	6
8620	Non-controlling interests	167,978	1	44,904	-
		$ 1,239,144	**6**	**995,601**	**6**
	Total Comprehensive income attributable to:				
8710	Shareholders of the parent	$ 698,856	3	980,378	6
8720	Non-controlling interests	212,929	1	17,342	-
		$ 911,785	**4**	**997,720**	**6**
9750	**Basic earnings per share (in New Taiwan dollars) (note 6(t))**	**$**	**4.32**		**3.84**
9850	**Diluted earnings per share (in New Taiwan dollars) (note 6(t))**	**$**	**4.31**		**3.83**

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			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 attributable to shareholders of the parent	Non-controlling interests	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	318,501	6,420,013
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	97,837	-	(97,837)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	214,821	(214,821)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	91,760	-	-	(586,782)	(586,782)	-	-	-	-	(495,022)	-	(495,022)
Other changes in capital surplus	-	968	-	-	-	-	-	-	-	-	968	-	968
Net income	-	-	-	-	950,697	950,697	-	-	-	-	950,697	44,904	995,601
Other comprehensive income (loss)	-	-	-	-	(23,521)	(23,521)	43,596	9,606	53,202	-	29,681	(27,562)	2,119
Total comprehensive income (loss)	-	-	-	-	927,176	927,176	43,596	9,606	53,202	-	980,378	17,342	997,720
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	-	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	335,843	6,955,389
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	93,342	-	(93,342)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(46,957)	46,957	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	91,760	-	-	(588,266)	(588,266)	-	-	-	-	(496,506)	-	(496,506)
Other changes in capital surplus	-	2,061	-	-	-	-	-	-	-	-	2,061	-	2,061
Net income	-	-	-	-	1,071,166	1,071,166	-	-	-	-	1,071,166	167,978	1,239,144
Other comprehensive income (loss)	-	-	-	-	732	732	(378,013)	4,971	(373,042)	-	(372,310)	44,951	(327,359)
Total comprehensive income (loss)	-	-	-	-	1,071,898	1,071,898	(378,013)	4,971	(373,042)	-	698,856	212,929	911,785
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	20,977	20,977
Changes in non-controlling interests	-	2,283,005	-	-	-	-	-	-	-	-	2,283,005	2,158,947	4,441,952
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**	**2,728,696**	**11,835,658**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated 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	$ 1,937,908	1,656,651
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	1,072,237	1,091,819
Expected credit loss	3,815	11,193
Gains on financial assets at fair value through profit or loss	-	(8,388)
Interest expense	257,548	259,606
Interest income	(185,320)	(87,222)
Dividend income	(1,931)	-
Share-based payments	20,977	-
Losses on disposal of property, plant and equipment	29,477	6,777
Property, plant and equipment transferred to expenses	3,467	5,078
Gains on lease modification	(34,450)	(874)
Total adjustments to reconcile profit	1,165,820	1,277,989
Changes in assets / liabilities relating to operating activities:		
Changes in operating assets:		
Notes receivable	1,885	(18,172)
Accounts receivables	(365,162)	6,823
Other receivables	(76,767)	(11,394)
Inventories	(1,021,498)	(228,853)
Prepayments	16,842	71,928
Other current assets	7,359	2,893
Total changes in operating assets, net	(1,437,341)	(176,775)
Changes in operating liabilities:		
Contract liabilities	(33,799)	130,967
Accounts payable	185,353	193,637
Other payables	6,378	75,746
Provisions liabilities	(1,870)	(3,650)
Other current liabilities	(17,347)	(1,478)
Net defined benefit liabilities	(12,827)	(14,226)
Total changes in operating liabilities, net	125,888	380,996
Total changes in operating assets / liabilities, net	(1,311,453)	204,221
Total adjustments	(145,633)	1,482,210
Cash provided by operating activities	1,792,275	3,138,861
Interest income received	185,320	87,222
Dividends received	1,931	-
Interest paid	(200,953)	(188,110)
Income taxes paid	(582,111)	(492,001)
Net cash provided by operating activities	1,196,462	2,545,972
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(470)
Return from capital reduction of financial assets at fair value through other comprehensive income	-	33,410
Proceeds from disposal of financial assets designated at fair value through profit or loss	227,426	-
Acquisition of property, plant and equipment	(626,815)	(1,129,063)
Proceeds from disposal of property, plant and equipment	3,965	6,878
Decrease in other non-current assets	20,205	1,871
Net cash used in investing activities	(375,219)	(1,087,374)
Cash flows from financing activities:		
Increase in short-term borrowings	10,556,127	14,014,964
Decrease in short-term borrowings	(11,015,071)	(14,679,830)
Increase in short term commercial paper payable	-	90,000
Proceeds from issuance of bonds	5,000,000	-
Repayments of bonds	(4,000,000)	-
Proceeds from long-term borrowings	13,445,951	10,152,400
Repayments of long-term borrowings	(14,056,284)	(9,249,249)
Payment of lease liabilities	(205,364)	(217,898)
Increase(decrease) in other non-current liabilities	(3,345)	9,102
Cash dividends paid	(496,506)	(495,022)
Proceeds from disposal of treasury shares	-	31,710
Interest paid	(42,345)	(50,221)
Change in non-controlling interests	4,441,952	-
Overaging unclaimed dividends	2,061	968
Net cash provided by (used in) financing activities	3,627,176	(393,076)
Effect of exchange rate changes on cash and cash equivalents	(440,243)	32,390
Net increase in cash and cash equivalents	4,008,176	1,097,912
Cash and cash equivalents at beginning of period	5,721,627	4,623,715
Cash and cash equivalents at end of period	$ **9,729,803**	**5,721,627**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated 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 Holdings 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 consolidated financial statements comprise the Company and its Subsidiaries (the Group). The Group 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 Holdings Co., Ltd. After the spin-off, the Company only engaged in investment holding.

(2) Approval date and procedures of the consolidated financial statements

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

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

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

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

The Group 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 consolidated financial statements.

(4) Summary of significant accounting policies

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

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the Regulations) and the IFRSs endorsed by the FSC.

(b) Basis of preparation

(i) Basis of measurement

The 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 each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars, which is Company's functional currency. The assets and liabilities of foreign operations are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at the average rate. Foreign currency differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions and balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The comprehensive income from subsidiaries is allocated to the Company and its non-controlling interests, even if the non-controlling interests have a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over its subsidiaries are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the parent.

(ii) List of the subsidiaries included in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership December 31, 2021	Percentage of ownership December 31, 2020	Description
The Company	Namchow (Thailand) Ltd. (Namchow Thailand)	Manufacturing and selling of instant noodles and rice cracker	100.00 %	100.00 %	
The Company	Mostro (Thailand) Ltd. (Mostro)	Manufacturing and selling of food	100.00 %	100.00 %	
The Company	Nacia International Corp. (Nacia Co.)	Holding of investments	100.00 %	100.00 %	
The Company	Chow Ho Enterprise Co., Ltd. (Chow Ho Co.)	Catering services, food and beverage retailing, and frozen food manufacturing	100.00 %	100.00 %	
The Company	Lucky Royal Co., Ltd. (Lucky Co.)	Manufacturing, selling and processing of various food and beverage products	99.65 %	99.65 %	
The Company	Nankyo Japan Co., Ltd. (Nankyo Japan Co.)	Catering services, Bistro and wine-selling	100.00 %	100.00 %	
The Company	Namchow Consulting Company, Ltd. (Namchow Consulting Co.)	Catering services, food and beverage retailing and other consulting services	100.00 %	100.00 %	
The Company	Chow Food Biotechnology Co., Ltd. (Chow Food Co.)	Development of biotechnology products	100.00 %	100.00 %	
The Company	Namchow Oil and Fat Co., Ltd. (Namchow Oil and Fat Co.)	Manufacturing, processing and selling of edible oil and frozen dough	100.00 %	100.00 %	
The Company	Huaciang Industry Co., Ltd. (Huaciang Co.)	Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food	100.00 %	100.00 %	
The Company and Lucky Co.	Navigator Business Publications Co., Ltd. (NBP Co.)	Publishing, distributing and selling of printed publications	89.97 %	89.97 %	Notes 1
Lucky Co.	Namchow (British Virgin Island) Ltd. (Namchow BVI Co.)	Holding of investments	93.00 %	90.39 %	Note 4
Lucky Co.	Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou Co.)	Liquor importing and retailing, and catering services	99.65 %	99.65 %	Notes 2
Lucky Co.	Namchow Gastronomy Consulting Company, Ltd. (Namchow Gastronomy Consulting Co.)	Catering services and food consulting services	99.65 %	99.65 %	Notes 2
Namchow BVI Co.	Shanghai Bao Lai Na Company Limited. (Bao Lai Na Co.)	Multinational eateries, and the promotion and management of craft beers	93.00 %	90.39 %	Note 4
Nacia Co.	Namchow (Cayman Islands) Holding Corp. (Namchow Cayman Co.)	Holding of investments	100.00 %	100.00 %	
Shanghai Qiaohao Co.	Shanghai Qiaohao Enterprise Management Co., Ltd. (Shanghai Qiaohao Enterprise Management Co.)	Business management and investment consulting services	100.00 %	100.00 %	
Namchow Cayman Co. and Shanghai Qiaohao Co.	Shanghai Qiaohao Food Co., Ltd. (Shanghai Qiaohao Food Co.)	Food packaging, selling and trading of restaurant equipment	100.00 %	100.00 %	
Shanghai Qiaohao Co.	Tianjin Qiaohao Food Co., Ltd. (Tianjin Qiaohao Food Co.)	Food packaging, selling and trading of restaurant equipment	100.00 %	100.00 %	

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name investor	Name of investee	Scope of business	Percentage of ownership December 31, 2021	Percentage of ownership December 31, 2020	Description
Namchow Cayman Co.	Shanghai Qiaohao Trading Co., Ltd. (Shanghai Qiaohao Co.)	Holding of investments and international trade	100.00 %	100.00 %	
Namchow Cayman Co.	Shanghai Qizhi Business Consulting Co., Ltd. (Shanghai Qizhi Co.)	Business management and investment consulting services	100.00 %	100.00 %	
Namchow Cayman Co. and Shanghai Qizhi Co.	Namchow Food Group (Shanghai) Co., Ltd. (Namchow Food Co.)	Food packaging, dairy product and product purchasing management and selling	80.94 %	96.15 %	Note 3
Namchow Cayman Co. and Namchow Food Co.	Shanghai Namchow Food co., Ltd. (Shanghai Namchow Co.)	Selling,developing, manufacturing and processing of fats and frozen food.	80.94 %	96.15 %	Note 3
Namchow Food Co.	Tianjin Namchow Food Co., Ltd. (Tianjin Namchow Co.)	Manufacturing, and selling of edible fat	80.94 %	96.15 %	Note 3
Namchow Food Co.	Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow Co.)	Manufacturing, and selling of edible fat	80.94 %	96.15 %	Note 3
Namchow Food Co.	Chongqing Qiaoxing Co., Ltd. (Chongqing Qiaoxing Co.)	Food packaging, dairy product and product purchasing management and selling	80.94 %	96.15 %	Note 3
Namchow Food Co.	Wuhan Qiaoxing Co., Ltd. (Wuhan Qiaoxing Co.)	The technical service of baking oil and fat product	80.94 %	96.15 %	Note 3
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Food Co., Ltd. (Tianjin Yoshi Yoshi Co.)	Developing , manufacturing, and selling of dairy products and related services	80.94 %	96.15 %	Note 3
Tianjin Yoshi Yoshi Co.	Guangzhou Yoshi Yoshi Food Co., Ltd. (Guangzhou Yoshi Yoshi Co.)	Developing , manufacturing, and selling of dairy products and related services	80.94 %	96.15 %	Note 3

Note 1: The Company, directly or indirectly, holds 89.97% shares of NBP Co.

Note 2: The Company, directly or indirectly, holds 99.65% shares of Dian Shui Lou Co. and Namchow Gastronomy Consulting Co.

Note 3: Namchow Food CO., has submitted the application for A-share listing of the securities market of China, thus the board of directors of the Company has approved the resolution for the subsidiary cash capital increase and award new shares of restricted stock on April 28, 2021 and on November 12,2021, and the Company ownership percentage to the subsidiary decrease from 96.15% to 81.73% and then to 80.94%.

Note 4: Namchow BVI Co. has approved the resolution to transfer dividends payable $64,823 thousand for Lucky Co., to the capital increase on September 26, 2021, and Lucky Co., ownership percentage to the subsidiary increased from 90.39% to 93%.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group 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.

(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.

(e) 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.

(Continued)

(f) 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.

(g) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group 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 assets 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 Group 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 Group 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.

(Continued)

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.

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

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

The Group 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 Group 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 Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

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

(Continued)

The Group 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 Group 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group 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 Group 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 Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group 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 Group 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 Group 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 Group’s procedures for recovery of amounts due.

(Continued)

5) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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 Group 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 Group 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.

(Continued)

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 Group 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.

(h) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted average method.

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write down amount, and such reversal is treated as a reduction of cost of goods sold.

(i) 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.

(j) 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.

(Continued)

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 Group.

(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
Machinery equipment	1~25 years
Other equipment	1~20 years

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

(k) Leases

At inception of a contract, the Group 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 Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(Continued)

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 Group'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.

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 Group 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 Group 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 Group 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 IT equipment that have a lease term of 12 months or less, and leases of its low-value assets, including its IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

(l) Intangible assets－Goodwill

(i) Recognition

Upon conversion to the IFRSs endorsed by the Financial Supervisory Commission, R.O.C., the Group can choose to restate all its business combinations that occurred on and after January 1, 2012. For those acquisitions that occurred prior to January 1 2012, any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets recognized at the date of acquisition is recognized as goodwill.

(ii) Measurement

Goodwill is measured at cost, less, accumulated impairment losses.

Goodwill is not amortized. Instead, it is tested for impairment annually, or more frequently, when there is an indication that the cash generating unit may be impaired.

(m) 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.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(Continued)

Site restoration reservation is the obligation of removement, moving and reinstatement after the Group obtained or has used the lease asset for a while. The Group recognized its related cost as expense during the lease term.

(o) Treasury stock

Under the cost method, the treasury stock account is debited for the cost of the Group'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.

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.

(p) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group’s main types of revenue are explained below.

(i) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Some contracts have already received partial considerations from clients but have no fulfilled the obligations, and they are required to recognize contractual liabilities after the initial application date.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Customer loyalty program

The Group operates a customer loyalty program to its customers. The customers obtain points for purchases made, which entitle them to discount on future purchases. The Group considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Group has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

(q) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Grant that compensates the Group for expenses or losses incurred is recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(r) 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 Group’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 Group, 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 Group 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 Group 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 Group 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.

(s) Share-based payment

The grant date fair value of equity settled share based payment arrangements granted to employees is generally recognized as an expense, with a corresponding adjustment on other equity – employee unearned remuneration. The equity is fully recognized as an expense at the grant date if the share-based payment arrangements are vested immediately. The grant date of restricted stock awards is the date approved by the FSC.

When the restricted stock awards are issued, the Company recognizes the effects in other equity-employee unearned remuneration, with a corresponding adjustment on capital surplus restricted stock awards. The Company revises the number of vested shares of employee share options and restricted stock awards at each reporting date. The impact resulted from the revision of estimated vesting shares is recognized in profit or loss, such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus employee share options and restricted share option.

(t) Income tax

Income taxes comprise 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 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 Group 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 intends 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.

(u) Earnings per share

The Group 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.

(Continued)

(v) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and each operating segment consists of standalone financial information. Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

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

In preparing these consolidated 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 consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) The loss allowance of trade receivable

The Group has estimated the loss allowance of trades receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions, and forward-looking information at the reporting date, to determine the assumptions to be used in calculating its impairments and selected inputs. For the relevant assumptions and input values, please refer to note 6(d).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(f) for further description of the valuation of inventories.

(c) Revenue recognition－customer loyalty program

The Group records a provision for estimated future returns and other allowances in the same period the related revenue is recorded. Provision for estimated sales returns and other allowances is generally made and adjusted based on historical experience, market and economic conditions, and any other known factors that would significantly affect the allowance. The adequacy of estimations is reviewed periodically. The fierce market competition and evolution of technology could result in significant adjustments to the provision made.

(Continued)

(6) Explanation of significant accounts

(a) Cash and cash equivalents

		December 31, 2021	December 31, 2020
Cash on hand	$	11,499	11,862
Savings and checking deposits		9,297,381	5,075,741
Time deposits		402,296	599,008
Cash equivalents		18,627	35,016
Total	$	9,729,803	5,721,627

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

(b) Financial assets and liabilities at fair value through profit or loss

		December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss:			
Structured deposits	$	-	227,426

For the net gain or loss on fair value of financial instruments at FVTPL please refer to note 6(w).

(c) 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	$	24,795	19,822

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

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

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

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.

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

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

(d) Notes and accounts receivable

	December 31, 2021	December 31, 2020
Notes receivable	$ 182,401	184,286
Accounts receivable	1,946,285	1,581,183
Less: allowance for impairment	27,714	24,982
	$ 2,100,972	**1,740,487**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all 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 was determined as follows:

	December 31, 2021		
	Gross carrying amount	**Weighted-average expected credit loss rate (%)**	**Loss allowance provision**
Not overdue	$ 1,986,413	0~0.86	3,682
Overdue 1~30 days	98,085	0.37~14.05	3,008
Overdue 31~60 days	19,814	0.41~58.60	2,092
Overdue 61~90 days	1,346	1.35~100.00	903
Overdue 91~180 days	6,403	0.09~100.00	4,749
Overdue 181~365 days	4,965	0.10~65.64	2,253
Overdue 365 days past due	11,660	100.00	11,660
	$ 2,128,686		**28,347**

	December 31, 2020		
	Gross carrying amount	**Weighted-average expected credit loss rate (%)**	**Loss allowance provision**
Not overdue	$ 1,638,302	0~0.74	4,654
Overdue 1~30 days	94,974	0.34~12.37	3,049
Overdue 31~60 days	8,144	0.77~62.26	985
Overdue 61~90 days	846	0.00~100.00	228
Overdue 91~180 days	18,412	0.00~100.00	11,896
Overdue 181~365 days	2,153	96.13	2,069
Overdue 365 days past due	2,638	100.00	2,638
	$ 1,765,469		**25,519**

(Continued)

The movement in the allowance for notes receivable and accounts receivable were as follows:

	2021	2020
Balance on January 1	$ 24,982	14,913
Impairment losses recognized	3,023	11,044
Amounts written off	(60)	(1,279)
Effect of changes in exchange rates	(231)	304
Balance on December 31	**$ 27,714**	**24,982**

The Group has not provided the notes and accounts receivable as collateral or factored them for cash.

(e) Other receivables

	December 31, 2021	December 31, 2020
Other receivables	$ 134,450	57,683
Less: loss allowance	1,332	543
	$ 133,118	**57,140**

The Group's other receivables which were overdue on December 31, 2021 and 2020, have been assessed for impairment losses.

The movement in the allowance for other receivables were as follows:

	2021	2020
Balance on January 1	$ 543	385
Impairment loss recognized	792	149
Effect of changes in exchange rates	(3)	9
Balance on December 31	**$ 1,332**	**543**

(f) Inventories

The components of the Group's inventories were as follows:

	December 31, 2021	December 31, 2020
Merchandise	$ 39,897	46,776
Finished goods	1,581,786	1,014,130
Work in progress	147,404	114,654
Raw materials	821,742	718,982
Supplies	516,007	377,610
Goods in transit	367,583	179,294
Total	**$ 3,474,419**	**2,451,446**

As of December 31, 2021 and 2020, the Group's inventories were not provided as pledged assets.

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Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

		2021	2020
Loss on (reversal of) decline in market value of inventory	$	(7,786)	11,423
Loss on physical count, net		361	1,856
Loss on scrap of inventory		4,922	15,960
Income from sale of scrap		(16,993)	(17,029)
Total	$	**(19,496)**	**12,210**

(g) Material non-controlling interests of subsidiaries

Name of subsidiary	The main operating place / register country	Proportion of Non-controlling interests December 31, 2021	Proportion of Non-controlling interests December 31, 2020
Namchow Food CO.	China	19.06 %	3.85 %

The following information of the aforementioned subsidiary has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in this information is the fair value adjustment made during the acquisition and the relevant difference in accounting principles between the Group and its subsidiary as at the acquisition date. Intra-group transactions were not eliminated in this information.

Summary of financial information of Namchow Food CO.

		December 31, 2021	December 31, 2020
Current assets	$	12,350,678	7,382,593
Non-current assets		5,517,527	5,580,568
Current liabilities		(3,331,861)	(4,118,873)
Non-current liabilities		(355,111)	(350,955)
Net assets	$	**14,181,233**	**8,493,333**
Non-controlling interests	$	**2,719,579**	**326,667**

		2021	2020
Revenue	$	**12,430,372**	**9,908,499**
Net income	$	1,607,474	1,370,913
Other comprehensive income (loss)		-	-
Total comprehensive income (loss)	$	**1,607,474**	**1,370,913**
Total net income attributable to non-controlling interests	$	**170,192**	**52,727**
Total comprehensive income attributable to non-controlling interests	$	**170,192**	**52,727**

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		2021	2020
Net Cash flow from operating activities	$	740,759	2,188,288
Net Cash flow used in investing activities		(337,048)	(315,099)
Cash flow from (used in) financing activities		3,671,921	(746,164)
Effect of exchange rate changes on cash and cash equivalents		164	423
Increase in cash and cash equivalents	$	**4,075,796**	**1,127,448**

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

		Land	Buildings	Machinery	Other equipment	Unfinished construction	Total
Cost and revaluation:							
Balance at January 1, 2021	$	2,887,928	6,690,798	7,318,881	4,239,438	310,058	21,447,103
Additions		-	16,563	42,075	120,365	336,970	515,973
Disposals		-	(114)	(9,956)	(268,103)	(229)	(278,402)
Reclassification		-	33,291	59,956	128,709	(208,679)	13,277
Effect of changes in exchange rates		(110,705)	(247,444)	(302,681)	(63,084)	(30,394)	(754,308)
Balance at December 31, 2021	$	**2,777,223**	**6,493,094**	**7,108,275**	**4,157,325**	**407,726**	**20,943,643**
Balance at January 1, 2020	$	2,895,069	5,570,522	6,590,667	3,984,357	1,444,485	20,485,100
Additions		-	8,506	50,520	148,445	918,134	1,125,605
Disposals		-	(370)	(35,205)	(161,092)	(1,943)	(198,610)
Reclassification		-	1,056,593	736,825	244,064	(2,005,061)	32,421
Effect of changes in exchange rates		(7,141)	55,547	(23,926)	23,664	(45,557)	2,587
Balance at December 31, 2020	$	**2,887,928**	**6,690,798**	**7,318,881**	**4,239,438**	**310,058**	**21,447,103**
Depreciation and impairment loss:							
Balance at January 1, 2021	$	31,953	1,660,692	4,219,386	2,785,144	-	8,697,175
Depreciation		-	206,644	313,499	323,529	-	843,672
Disposal		-	(113)	(8,957)	(235,890)	-	(244,960)
Reclassification		-	-	(22)	2,343	-	2,321
Effect of changes in exchange rates		-	(34,057)	(170,044)	(37,575)	-	(241,676)
Balance at December 31, 2021	$	**31,953**	**1,833,166**	**4,353,862**	**2,837,551**	**-**	**9,056,532**
Balance at January 1, 2020	$	31,953	1,462,396	3,985,497	2,597,007	-	8,076,853
Depreciation		-	191,272	294,990	324,222	-	810,484
Disposal		-	(370)	(31,247)	(153,338)	-	(184,955)
Reclassification		-	-	-	2,204	-	2,204
Effect of changes in exchange rates		-	7,394	(29,854)	15,049	-	(7,411)
Balance at December 31, 2020	$	**31,953**	**1,660,692**	**4,219,386**	**2,785,144**	**-**	**8,697,175**
Carrying value:							
December 31, 2021	$	**2,745,270**	**4,659,928**	**2,754,413**	**1,319,774**	**407,726**	**11,887,111**
December 31, 2020	$	**2,855,975**	**5,030,106**	**3,099,495**	**1,454,294**	**310,058**	**12,749,928**
January 1, 2020	$	**2,863,116**	**4,108,126**	**2,605,170**	**1,387,350**	**1,444,485**	**12,408,247**

(i) Impairment loss and subsequent reversal

		2021	2020
Ending balance (Beginning balance)	$	**243,114**	**243,114**

(Continued)

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(ii) Collateral

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

(i) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee is presented below:

		Land	Buildings	Transportation equipment	Total
Cost:					
Balance at January 1, 2021	$	331,660	1,371,586	83,425	1,786,671
Additions		-	185,425	12,588	198,013
Modification		-	(407,855)	(3,572)	(411,427)
Reclassification		-	-	(4,527)	(4,527)
Effect of changes in exchange rates		(2,500)	(11,099)	(1,255)	(14,854)
Balance at December 31, 2021	**$**	**329,160**	**1,138,057**	**86,659**	**1,553,876**
Balance at January 1, 2020	$	326,205	1,340,261	75,589	1,742,055
Additions		-	71,274	41,409	112,683
Modification		-	(58,241)	(27,607)	(85,848)
Reclassification		-	-	(5,893)	(5,893)
Effect of changes in exchange rates		5,455	18,292	(73)	23,674
Balance at December 31, 2020	**$**	**331,660**	**1,371,586**	**83,425**	**1,786,671**
Accumulated depreciation:					
Balance at January 1, 2021	$	85,663	447,082	28,382	561,127
Depreciation		6,931	192,659	25,745	225,335
Modification		-	(168,865)	(2,229)	(171,094)
Reclassification		-	-	(2,336)	(2,336)
Effect of changes in exchange rates		(640)	(4,246)	(171)	(5,057)
Balance at December 31, 2021	**$**	**91,954**	**466,630**	**49,391**	**607,975**
Balance at January 1, 2020	$	77,379	211,865	28,685	317,929
Depreciation		6,837	243,863	27,449	278,149
Modification		-	(15,876)	(25,182)	(41,058)
Reclassification		-	-	(2,607)	(2,607)
Effect of changes in exchange rates		1,447	7,230	37	8,714
Balance at December 31, 2020	**$**	**85,663**	**447,082**	**28,382**	**561,127**
Carrying value:					
December 31, 2021	**$**	**237,206**	**671,427**	**37,268**	**945,901**
December 31, 2020	**$**	**245,997**	**924,504**	**55,043**	**1,225,544**
January 1, 2020	**$**	**248,826**	**1,128,396**	**46,904**	**1,424,126**

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(j) Investment property

		Buildings
Cost:		
Balance as at January 1, 2021	$	72,387
Effect of changes in exchange rates		(545)
Balance as at December 31, 2021	**$**	**71,842**
Balance as at January 1, 2020	$	71,197
Effect of changes in exchange rates		1,190
Balance as at December 31, 2020	**$**	**72,387**
Depreciation:		
Balance as at January 1, 2021	$	32,574
Depreciation		3,230
Effect of changes in exchange rates		(242)
Balance as at December 31, 2021	**$**	**35,562**
Balance as at January 1, 2020	$	28,835
Depreciation		3,186
Effect of changes in exchange rates		553
Balance as at December 31, 2020	**$**	**32,574**
Carrying value:		
Balance as at December 31, 2021	**$**	**36,280**
Balance as at January 1, 2020	**$**	**39,813**
Balance as at December 31, 2020	**$**	**42,362**
Fair value:		
Balance as at December 31, 2021	**$**	**76,103**
Balance as at January 1, 2020	**$**	**77,385**
Balance as at December 31, 2020	**$**	**75,420**

Investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 5 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to note 6(w) for further information.

The fair value of investment property (as disclosed in the financial statements) is based on a valuation by the management of the Group. The range of yields applied to the net annual rentals to determine the fair value of the property was as follows:

Region	2021	2020
Xuhui Dist., Shanghai	3.57%	3.97%

As of December 31, 2021 and 2020, the Group's investment properties were not provided as pledged assets.

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(k) Goodwill

Goodwill arising from the merger were as follows:

Fair value of consideration transferred	$ 721,574
Less: Fair value of identifiable net assets	571,794
	$ 149,780

The cost and accumulated amortization was as follows:

	December 31, 2021	December 31, 2020
Cost	$ 149,780	149,780
Less: Accumulated amortization	44,363	44,363
Carrying value	**$ 105,417**	**105,417**

Nacia Co. acquired 50% of Namchow International Co.'s equity on July 15, 2010. Nacia Co. recognized a goodwill of $9,687 thousand.

Namchow International Co. invested in Namchow Cayman Co. and acquired 19.35% of its equity in June 2004. Namchow International Co. recognized a goodwill of $140,093 thousand. The goodwill was amortized in five years which had ceased since 2006.

(l) Short-term and long-term borrowings

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

(i) Short-term borrowings

	December 31, 2021			
	Currency	**Range of interest rates (%)**	**Year of maturity**	**Amount**
Unsecured loans	RMB	3.30~3.95	2022	$ 1,705,905
Unsecured loans	USD	0.71	2022	16,106
Unsecured loans	TWD	0.65~0.90	2022	357,766
Unsecured loans	JPY	0.57~0.98	2022	381,193
Total				**$ 2,460,970**

	December 31, 2020			
	Currency	**Range of interest rates (%)**	**Year of maturity**	**Amount**
Unsecured loans	RMB	3.00~4.57	2021	$ 2,043,228
Unsecured loans	EUR	0.37~1.50	2021	28,257
Unsecured loans	USD	0.64~2.10	2021	269,604
Unsecured loans	TWD	0.90~0.92	2021	313,557
Unsecured loans	JPY	0.56~0.98	2021	343,994
Total				**$ 2,998,640**

(Continued)

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As of December 31, 2021 and 2020, the unused credit facilities amounted to $16,394,866 thousand and $17,885,356 thousand, respectively.

(ii) Short-term commercial paper payable

	December 31, 2021			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payable	TWD	0.73	2022	$ 90,000
Discount				(17)
Total				$ 89,983

	December 31, 2020			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payable	TWD	0.63~0.73	2021	$ 90,000
Discount				(38)
Total				$ 89,962

The Group did not pledge assets against the short-term commercial paper payable.

As of December 31, 2021 and 2020, the unused credit facilities amounted to $680,000 thousand and $640,000 thousand, respectively.

(iii) Long-term borrowings

	December 31, 2021			
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.275	2038~2039	$ 757,972
Secured loans	TWD	0.95	2024	359,000
Unsecured loans	JPY	0.93545	2023	36,075
Unsecured loans	THB	1.92	2025	166,940
Unsecured loans	TWD	0.8400~1.0500	2023~2024	2,450,000
Unsecured loans	RMB	4.2250~4.7000	2022~2023	152,735
Total				$ 3,922,722
Current				$ 237,893
Non-current				3,684,829
Total				$ 3,922,722

	December 31, 2020			
	Currency	**Range of interest rates (%)**	**Year of maturity**	**Amount**
Secured loans	JPY	1.275	2038~2039	$ 1,058,554
Secured loans	TWD	1.0300~1.0500	2022	605,000
Unsecured loans	JPY	0.98818	2021	27,630
Unsecured loans	THB	1.93	2025	573,360
Unsecured loans	TWD	0.9000~1.1400	2021~2023	2,542,000
Unsecured loans	RMB	4.2750~4.7500	2023	266,647
Total				**$ 5,073,191**
Current				$ 214,175
Non-current				4,859,016
Total				**$ 5,073,191**

As of December 31, 2021 and 2020, the unused credit facilities amounted to $6,034,461 thousand and $2,920,966 thousand, respectively.

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

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

(m) Bonds payable

(i) The details of bonds payable were 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**	**-**

(ii) As August 11, 2021, the Group 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

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

Item	105-1 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

(n) Provisions

The information of the Group's provisions for the years ended December 31, 2021 and 2020 were as follows:

	Site restoration
Balance as of January 1, 2021	$ 12,134
Provisions reversed during the year	(1,870)
Balance as of December 31, 2021	**$ 10,264**
Balance as of January 1, 2020	$ 15,784
Provisions reversed during the year	(3,650)
Balance as of December 31, 2020	**$ 12,134**

The provision was the estimation for removing, moving and restoring the lease assets according to the lease, which was recognized as long-term liability. The future cost shall result in an uncertainty of provision due to the long-term lease of the restaurant. Related costs are expected to paid in full after the lease term reaches its maturity.

(o) Lease liabilities

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

	December 31, 2021	December 31, 2020
Current	**$ 158,142**	**192,377**
Non-current	**$ 603,722**	**859,764**

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

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	$ **42,345**	**50,040**
Variable lease payments not included in the measurement of lease liabilities	$ **40,626**	**41,158**
Income from sub-leasing right-of-use assets	$ **(1,234)**	**(1,210)**
Expenses relating to short-term leases	$ **81,923**	**125,853**
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ **7,210**	**6,498**

The amounts recognized in the statement of cash flows for the Group were as follows:

	2021	2020
Total cash outflow for leases	$ **376,234**	**440,237**

(p) 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	$ 549,194	571,608
Fair value of plan assets	(302,163)	(311,036)
The net defined benefit liability	$ **247,031**	**260,572**

The Group 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 Group 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 Group's Bank of Taiwan labor pension reserve account balance amounted to $302,163 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 Group'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	$ 571,608	541,344
Current service costs and interest	11,457	11,306
Remeasurements of the net defined benefit liability		
—Due to changes in financial assumption of actuarial gains	3,036	35,173
Benefits paid by the plan	(36,907)	(16,215)
Defined benefit obligation at 31 December	**$ 549,194**	**571,608**

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	$ 311,036	290,115
interest revenue	24	-
Remeasurements of the net defined benefit liability		
—Return on plan assets (excluding amounts included in net interest expense)	1,697	2,583
—Due to changes in financial assumption of actuarial gains	3,750	9,232
Contributions made	11,581	22,377
Benefits paid by the plan	(25,925)	(13,271)
Fair value of plan assets, December 31	**$ 302,163**	**311,036**

(Continued)

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	$	7,697	5,503
Net interest on the defined benefit liability		2,039	3,220
	$	**9,736**	**8,723**

		2021	2020
Operating costs	$	5,090	4,246
Selling expenses		1,940	1,119
General and administration expenses		2,662	3,305
Research and development expenses		44	53
	$	**9,736**	**8,723**

5) Actuarial assumptions

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

	2021	2020
Discount rate	0.500~0.625%	0.625~1.125%
Future salary increases rate	1.000~2.000%	1.000~2.000%

The Group expects to make contributions of $9,122 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 8.99~13.29 years.

6) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Group uses judgments and estimations to determine the related actuarial assumptions, including discount rate, employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

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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%)	$ (8,270)	8,537
Future salary increase rate (0.25%)	8,185	(7,972)
December 31, 2020		
Discount rate (0.25%)	(9,178)	9,483
Future salary increase rate (0.25%)	9,107	(8,861)

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 Insurance in accordance with the provisions of the Labor Pension Act. Subsidiaries in China have made monthly contributions equal to 20% of each employee’s monthly wages to China Social Security Fund in accordance with the provisions of the Endowment Insurance of the People’s Republic of China. Under this defined contribution plan, the Group contributes a fixed amount to the Bureau of the Labor Insurance and China Social Security Fund without additional legal or constructive obligations.

The Group's pension costs under the defined contribution plan were $166,726 thousand and $110,015 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)	$ 26,788	27,989

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(q) Income tax

i) Income tax expenses

The components of income tax for the years ended December 31, 2021 and 2020, were as follows:

		2021	2020
Current tax expenses			
Current period	$	518,957	616,320
Adjustment for prior period		(3,855)	(10,413)
		515,102	605,907
Deferred tax benefit			
Origination and reversal of temporary differences		183,662	55,143
Income tax on continuing operations	**$**	**698,764**	**661,050**

The amount of the Group's income tax recognized in other comprehensive income for 2021 and 2020 was as follows：

		2021	2020
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement from defined benefit plans	**$**	**-**	**2,372**

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

		2021	2020
Income before tax	**$**	**1,937,908**	**1,656,651**
Income tax calculated on pretax accounting income at statutory rate	$	387,582	331,330
Effect of tax rates in foreign jurisdiction		344,529	299,563
Adjustment for prior periods		(3,855)	(10,413)
Non-deduction expenses		(36,547)	(8,370)
Tax-exempt expense		(261)	(848)
Investment income		(165,753)	(109,048)
Estimated withholding tax of attributable earnings of subsidiaries in Mainland China		39,046	80,869
Current-year losses for which no deferred income tax assets was recognized		85,436	66,484
Surtax on undistributed earnings		14,257	2,257
Others		34,330	9,226
Total	**$**	**698,764**	**661,050**

(Continued)

ii) Recognized deferred tax assets and liabilities

i. Unrecognized deferred income tax assets

The Deferred income tax assets that have not been recognized by the Group are as follows:

	December 31, 2021	December 31, 2020
Deductible temporary differences	$ 5,379	5,792
Impairment loss	35,011	46,321
Tax losses	689,222	359,010
	$ 729,612	**411,123**

Tax losses are applied to Income Tax Act that can be carried forward for ten years, after assessed by tax authority, to offset taxable income before apply to tax rate. Deferred income tax assets have not been recognized in respect of these items because it is not probable that the future taxable profit will be available, against which, the Group can utilize the benefits therefore.

As of December 31, 2021, the amount of tax losses not yet recognized as deferred tax assets and their last year for credit is as follows:

Year	Amount	Year of expiration
2011	$ 2,981	2021
2012	21,537	2022
2013	8,252	2023
2014	5,988	2024
2015	4,490	2025
2016	4,302	2026
2017	7,592	2027
2018	5,552	2028
2019	5,378	2029
2020	93,425	2030
2021	90,587	2031
	$ 250,084	

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As of December 31, 2021, the amount of tax losses not yet recognized as deferred tax assets and their last year for credit is as follows:

Year	Amount	Year of expiration
2019	$ 25	2024
2020	197,842	2025
2021	241,271	2026
	$ 439,138	

ii. Recognized deferred income tax assets and liabilities

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

Deferred tax assets:

	Loss carryforward	Other	Total
Balance at January 1, 2021	$ 172,779	108,849	281,628
Recognized in profit or loss	(33,189)	13,766	(19,423)
Foreign currency translation differences for foreign operations	(1,019)	(2,560)	(3,579)
Balance at December 31, 2021	**$ 138,571**	**120,055**	**258,626**
Balance at January 1, 2020	$ 126,215	48,506	174,721
Recognized in profit or loss	44,222	57,182	101,404
Recognized in other comprehensive income	-	2,372	2,372
Foreign currency translation differences for foreign operations	2,342	789	3,131
Balance at December 31, 2020	**$ 172,779**	**108,849**	**281,628**

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Deferred tax liabilities:

	Withholding tax of attributable earnings of subsidiaries in Mainland China	Foreign investment income accounted for using equity method	Depreciation difference between financial and tax reporting and other	Land value increment tax	Total
Balance at January 1, 2021	$ 203,400	756,129	28,304	304,572	1,292,405
Recognized in profit or loss	8,640	159,409	(3,810)	-	164,239
Foreign currency translation differences for foreign operations	(1,429)	-	(3,365)	-	(4,794)
Balance at December 31, 2021	**$ 210,611**	**915,538**	**21,129**	**304,572**	**1,451,850**
Balance at January 1, 2020	$ 184,038	609,967	36,005	304,572	1,134,582
Recognized in profit or loss	16,114	146,162	(5,729)	-	156,547
Foreign currency translation differences for foreign operations	3,248	-	(1,972)	-	1,276
Balance at December 31, 2020	**$ 203,400**	**756,129**	**28,304**	**304,572**	**1,292,405**

iii) Examination and approval

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

(r) 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 thousand shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The components of capital surplus 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 ROC 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 percent 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.

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 the 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 above mentioned 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 the 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 ended December 31, 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	49.05	11.51	$ 2,311,271	530,114

	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, 2020, 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.

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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 (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance as of January 1, 2021	$ (681,563)	(45,154)	162,100	(564,617)
Foreign exchange differences arising from foreign operations	(333,478)	-	44,969	(288,509)
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)**	**207,069**	**(892,690)**
Balance as of January 1, 2020	$ (725,159)	(48,516)	189,614	(584,061)
Foreign exchange differences arising from foreign operations	(109,176)	-	(27,514)	(136,690)
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 designed 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)**	**162,100**	**(564,617)**

(s) Share-based payment

(i) Namchow Food CO., resolved to issue 4,595 thousand shares of RSAs, including 4,295 shares of restricted stock and 300 thousand reserved shares of restricted stock, the grant price was RMB 16.685 dollars per share during the board meeting held on October 15, 2021. In addition, it is adjusted according to the consensus of the board of directors on November 12, 2021, resolved to issue 4,595 thousand shares of RSAs, including 4,125 thousand shares of restricted stock and 470 thousand reserved shares of restricted stock, the grant price was RMB 16.425 dollars per share of RSAs, the recipients are limited to the full-time employees of Namchow Food CO. who meet certain conditions. The fair value was RMB 16.945 dollars per share at the grant date.

The sales restriction period of restricted stocks granted by this incentive plan is 12 months, 24 months, 36 months from the date of registration of the granted restricted stocks. The restricted stocks granted by this incentive plan shall not be transferred, and used for security or debt repayment before the restriction is lifted. The stocks resulting from the conversion from capital reserves to share capital, stock dividends and stock splits of the restricted stocks granted for incentive objects are also restricted for sales, and shall not be sold in the secondary market or transferred by other means, or used for security and debt repayment before the restriction is lifted. The releasing period of these shares is the same as that of the restricted stocks.

The cash dividends obtained by this incentive plan due to the restricted stocks granted shall be managed by the Company before the restriction is lifted, and shall be regarded as the dividend payable by the Company, and shall not be paid until the restriction is lifted. If the restricted stocks cannot be lifted according to this plan, the dividends corresponding to the restricted stocks that cannot be lifted will be recovered by the Company

The unlocking period of the restricted stocks granted for the first time in this plan and the timetable for unlocking the restricted stocks in each period are as follows:

1) Employees wheo have been working in the Company for 1 year: 20% of vested shares can be sold.

2) Employees wheo have been working in the Company for 2 years: 40% of vested shares can be sold.

3) Employees wheo have been working in the Company for 3 years: 40% of vested shares can be sold.

For those restricted stocks that have not been applied for releasing the restriction in above agreed period or have not been released due to failure to meet the conditions of restriction releasing, Namchow Food CO., will repurchase according to this incentive plan and disconnect those restricted stocks from the original incentive object.

Information about restricted shares was as follows:

	2021
Shares outstanding on January 1	-
Granted during the year	4,125
Shares outstanding on December 31	**4,125**

(ii) Compensation cost

	2021
Expenses resulting from RSA	**$ 20,977**

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(t) Earnings per share

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

(i) Basic earnings per share

Unit: thousand of shares

	2021	2020
Net income attributable to common shareholders of the Company	$ **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

Unit: thousand of shares

	2021	2020
Net income attributable to common shareholders of the Company (diluted)	$ **1,071,166**	**950,697**
Weighted-average number of common shares (basic)	248,092	247,688
Impact of potential common shares:		
Effect of employees' 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**

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	2021							
	Edible and non-edible oil products	**Detergent products**	**Frozen dough**	**Ice cream products**	**Foods**	**Catering**	**Management, rental revenue and others**	**Total**
Area of distribution:								
China	$ 11,588,716	-	869,323	-	13,211	485,736	46,934	13,003,920
Taiwan	1,072,587	502,638	471,713	1,186,805	486,158	310,877	47,003	4,077,781
Thailand	-	-	-	-	187,754	-	1,589	189,343
New Zealand and Australia	-	-	-	-	945,723	-	-	945,723
United states	-	-	-	-	733,545	-	250	733,795
Europe	-	-	-	-	610,807	-	-	610,807
Others	24,748	-	-	-	259,818	15,835	-	300,401
	$ 12,686,051	**502,638**	**1,341,036**	**1,186,805**	**3,237,016**	**812,448**	**95,776**	**19,861,770**

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	2020							
	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
Area of distribution:								
China	$ 9,446,209	-	490,373	-	10,659	524,206	18,143	10,489,590
Taiwan	1,128,201	555,060	518,452	1,065,465	460,078	414,165	10,661	4,152,082
Thailand	-	-	-	-	192,648	-	1,181	193,829
New Zealand and Australia	-	-	-	-	1,089,310	-	1,118	1,090,428
United states	-	-	-	-	774,052	-	622	774,674
Europe	-	-	-	-	579,907	-	-	579,907
Others	27,127	-	-	-	295,310	18,605	211	341,253
	$ 10,601,537	**555,060**	**1,008,825**	**1,065,465**	**3,401,964**	**956,976**	**31,936**	**17,621,763**

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(ii) Contract balance

	December 31, 2021	December 31, 2020	January 1, 2020
Contract liability	$ 540,585	574,384	443,417

The amount of revenue recognized for the years ended December 31, 2021 and 2020, that was included in the contract liability balance at the beginning of the period was $574,384 thousand and $265,317 thousand, respectively.

(v) 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.

Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

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 consolidated financial statements.

(w) Non-operating income and expenses

(i) Interest income

	2021	2020
Interest income from bank deposits	$ 185,320	87,222

(ii) Other income

	2021	2020
Rental income	$ 8,934	8,756
Dividend income	1,931	-
Other income－other		
Government grants	99,501	85,508
Others	90,695	56,210
Total other income－Other	190,196	141,718
Total other income	$ 201,061	150,474

(iii) Other gains and losses

		2021	2020
Losses on disposal of property, plant and equipment	$	(29,477)	(6,777)
Gains on lease modification		34,450	874
Gains foreign exchange		48,319	14,134
Gains on financial assets at fair value through profit or loss		-	8,388
Others		(32,701)	(15,803)
Net other gains and losses	**$**	**20,591**	**816**

(iv) Finance costs

		2021	2020
Interest expense	**$**	**257,548**	**259,606**

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

The Group's cash and cash equivalents and accounts receivable are the main source of potential credit risk. The Group deposits its cash and cash equivalents in different financial institutions and has no concentration of credit risk on an individual customer. Therefore, the Group 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	$	1,116,972	1,207,054	51,843	456,528	145,297	553,386
Unsecured loans		5,266,720	5,317,576	2,747,450	2,570,126	-	-
Short-term commercial paper payable		89,983	90,000	90,000	-	-	-
Accounts payable		1,347,326	1,347,326	1,347,326	-	-	-
Other payables		1,483,345	1,483,345	1,483,345	-	-	-
Bonds payable		4,853,527	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities		761,864	869,880	188,157	186,002	319,900	175,821
Guarantee deposits received		60	60	60	-	-	-
	$	**14,919,797**	**15,315,241**	**5,908,181**	**3,212,656**	**3,465,197**	**2,729,207**

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	More than 5 years
December 31, 2020						
Non-derivative financial liabilities						
Secured loans	$ 1,663,554	1,796,905	50,636	739,933	197,720	808,616
Unsecured loans	6,408,277	6,564,476	3,215,045	1,946,806	1,402,625	-
Short-term commercial paper payable	89,962	90,000	90,000	-	-	-
Accounts payable	1,161,973	1,161,973	1,161,973	-	-	-
Other payables	1,503,216	1,503,216	1,503,216	-	-	-
Bonds payable	3,980,298	4,000,000	4,000,000	-	-	-
Lease liabilities	1,052,141	1,235,604	234,620	232,814	400,723	367,447
Guarantee deposits received	50	50	50	-	-	-
	$ 15,859,471	16,352,224	10,255,540	2,919,553	2,001,068	1,176,063

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

(iii) Currency risk

1) Risk exposure

The Group's financial assets and financial liabilities exposed to significant currency risk were as follows:

		Foreign currency	Exchange rate	TWD
December 31, 2021				
Financial assets:				
Monetary assets:				
USD	$	4,467	27.68	123,645
Financial liabilities:				
Monetary liabilities:				
USD	$	6,164	27.68	170,617
EUR		8,684	31.32	271,980
December 31, 2020				
Financial assets:				
Monetary assets:				
USD	$	2,391	28.48	68,104
Financial liabilities:				
Monetary liabilities:				
USD	$	10,704	28.48	304,842
EUR		5,399	35.02	189,058

2) Sensitivity analysis

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation (depreciation) of the TWD against the USD and EUR as of December 31, 2021 and 2020 would have increased (decreased) the net income after tax for the years ended December 31, 2021 and 2020 by $3,190 thousand and $4,258 thousand, respectively. The analysis was performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the December 31, 2021 and 2020, foreign exchange gains (losses) (including realized and unrealized abortions) amounted to $48,319 thousand and $14,134 thousand, respectively.

(iv) Interest rate risk analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Group'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 Group's net income before tax would have decreased / increased by $59,814 thousand and $74,728 thousand for the years ended December 31, 2021 and 2020, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing and time deposits at floating rates.

(v) Fair value and carrying amount

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group'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.

The fair value of financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	**$ 24,795**	**24,795**	**-**	**-**	**24,795**

	December 31, 2020				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	$ 227,426	-	227,426	-	227,426
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	19,822	19,822	-	-	19,822
Total	**$ 247,248**	**19,822**	**227,426**	**-**	**247,248**

2) Valuation techniques and assumptions used in fair value determination－Non-derivative financial instruments

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as a basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

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.

When the financial instrument of the Group is not traded in an active market, its fair value is determined based on the ratio of the quoted market price of the comparative listed company, and the main assumption for the model basis of both the net equity value of the equity of the investee and the equity multiplier derived from the quoted market price of the comparative listed company. The estimated adjustments of the fair value is discounted for its lack of liquidity in the market.

Fair value of structured investment product is measured based on the discounted future cash flows arising from principal consideration and probable gains estimated to be received.

3) Fair value hierarchy

The Group 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.

(y) Financial risk management

(i) Overview

The Group 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 Group'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 Group's risk management policies are established to identify and analyze the risks faced by the Group, 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 Group's activities. The Group, 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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. In 2021 and 2020, there was no geographical concentration of credit risk regarding the Group's revenue.

The Group have established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group set the allowance for bad debt account to reflect the estimated losses for trade, other receivables, and investment. The allowance for bad debt account consists of specific losses relating to individually significant exposure and unrecognized losses arising from similar assets groups. The allowance for bad debt account is based on historical collection record of similar financial assets.

2) Investments

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

3) Guarantees

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

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

(Continued)

The Group 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 Group 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 Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted. The Group has unused short term bank facilities of $23,109,327 thousand and $21,446,322 thousand on December 31, 2021 and 2020, respectively.

(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 Group'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) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily TWD, CNY, JPY and THB. The currencies used in these transactions are the TWD, USD, EUR, THB, JPY and CNY.

Interest expenses are denominated in the same currency as that of the principal. Generally, the currency of loans matches that of the Group's operating cash flow, primarily consisting of TWD, USD, THB, CNY, and JPY.

With regard to monetary assets and liabilities denominated in a foreign currency, when a short-term risk exposure exists, the Group relies on immediate foreign exchange transactions to ensure the net exposure to foreign exchange risk is maintained at an acceptable level.

2) Interest rate risk

The interest rates of the Group'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 Group's finance department monitors and measures potential changes in market conditions to achieve a fixed interest rate on the Group's loans.

3) Other market price risk

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

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(z) 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 Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

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

	December 31, 2021	December 31, 2020
Total liabilities	$ 17,578,210	18,385,095
Less: cash and cash equivalents	9,729,803	5,721,627
Net debt	**$ 7,848,407**	**12,663,468**
Total equity	**$ 11,835,658**	**6,955,389**
Debt-to-adjusted-capital ratio	**66 %**	**182 %**

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

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

The Group did not have any non-cash flow transactions on the investing and financing activities for the years ended December 31, 2021 and 2020.

(ab) The reconciliation of liabilities arising from financing activities

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

			Non-cash changes		
	January 1, 2021	Cash flows	Foreign exchange movement	Others	December 31, 2021
Short-term borrowings	$ 2,998,640	(458,944)	(78,726)	-	2,460,970
Short-term commercial paper payable	89,962	-	-	21	89,983
Bonds payable	3,980,298	1,000,000	-	(126,771)	4,853,527
Long-term borrowings (including current portion)	5,073,191	(610,333)	(540,136)	-	3,922,722
Lease liabilities	1,052,141	(247,709)	(8,143)	(34,425)	761,864
Total liabilities from financing activities	**$ 13,194,232**	**(316,986)**	**(627,005)**	**(161,175)**	**12,089,066**

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	January 1, 2020	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Others	December 31, 2020
Short-term borrowings	$ 3,642,940	(664,866)	20,566	-	2,998,640
Short-term commercial paper payable	-	90,000	-	(38)	89,962
	3,958,804	-	-	21,494	3,980,298
Long-term borrowings (including current portion)	4,161,407	903,151	8,633	-	5,073,191
Lease liabilities	1,190,645	(268,119)	12,556	117,059	1,052,141
Total liabilities from financing activities	**$ 12,953,796**	**60,166**	**41,755**	**138,515**	**13,194,232**

(7) Related-party transactions

(a) Names and relationship with related parties

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

Name of related party	Relationship with the Group
Chen Fei Lung	Key management personnel
Chen Fei Peng	〃

(b) Significant transactions with related parties－leases

The Group entered into a two-year lease agreement with its key management personnel for a building to be used for its business operation, with a rental fee based on the rental rates within the vicinity. For the years ended December 31, 2021 and 2020, the Group recognized the amount of $127 thousand and $38 thousand as interest expense, respectively. As of December 31, 2021 and 2020, the balance of lease liabilities amounted to $8,326 thousand and $0 thousand, respectively.

(c) Personnel transactions from key management

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

	2021	2020
Short-term employee benefits	$ 243,553	222,816
Post-employments benefits	1,161	1,989
	$ 244,714	**224,805**

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2021	December 31, 2020
Other non-current assets:			
Property, plant and equipment:			
Land	Long-term borrowings	$ 1,776,263	1,802,421
Buildings	Long-term borrowings	833,694	805,826
		$ 2,609,957	**2,608,247**

(9) Commitments and contingencies

(a) Major contracts not recognized the commitment:

(i) The Group's unrecognized contractual commitments were as follows:

	December 31, 2021	December 31, 2020
Acquisition of property, plant and equipment	**$ 157,318**	**26,139**

(ii) The Group's unused letters of credit for purchases of materials:

	December 31, 2021	December 31, 2020
Unused letters of credit for purchases of materials	**$ 939,781**	**966,951**

(iii) Long-term letters of credit guarantee bill:

	December 31, 2021	December 31, 2020
Long-term letters of credit guarantee bill	**$ 392,000**	**392,000**

(b) Lucky Co., Namchow BVI Co. and Paulaner Brauhaus Consult GmbH (PBCG) have entered into a contract for the use of the PBCG brand name and beer brewing techniques. In accordance with the contract, PBCG has to provide the right to use its brand name and its management consultation service for restaurant management, information service. The contract lasts for 10 years, starting from October 1, 2019 to September 30, 2029, with the option of extending it for an additional of 10 years, and there will be an automatic renewal for five years after the first renewal.

	December 31, 2021
One year	$ 752
Less than five years	3,007
More than five years	2,067
	$ 5,826

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(c) Dian Shui Lou Co. entered into an agreement with several malls, it is agreed to take a certain percentage according to the turnover of each store.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

The employee benefit expenses, depreciation and amortization, categorized by function, were as follows:

By function	Years ended December 31, 2021			Years ended December 31, 2020		
By nature	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	958,237	1,465,575	2,423,812	1,008,258	1,414,291	2,422,549
Labor and health insurance	296,259	157,154	453,413	319,099	110,749	429,848
Pension	64,023	112,439	176,462	41,513	77,225	118,738
Remuneration of directors	-	58,639	58,639	-	48,487	48,487
Others	83,280	123,084	206,364	78,163	111,913	190,076
Depreciation (note 1)	670,475	398,532	1,069,007	730,482	358,151	1,088,633
Amortization	-	-	-	-	-	-

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses－other gains and losses amounting to $3,230 thousand and $3,186 thousand for the years ended December 31, 2021 and 2020 were not excluded, respectively.

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(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 Group for the years ended December 31, 2021:

(i) Loans extended 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 period	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	-	Short term financing	-	Capital for operation	-	-	-	5,668,077 (Note 4)	5,668,077 (Note 4)
2	Namchow Food Co.	Guangzhou Namchow Co.	Other receivable－related parties	Yes	324,602	323,411	323,411	-	Short term financing	-	Capital for operation	-	-	-	5,668,077 (Note 4)	5,668,077 (Note 4)
2	Namchow Food Co.	Shanghai Namchow Co.	Other receivable－related parties	Yes	1,425,333	1,420,103	1,420,103	-	Short term financing	-	Capital for operation	-	-	-	5,668,077 (Note 4)	5,668,077 (Note 4)

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: The transactions within the Group were eliminated in the consolidated financial statements.

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

Note 4: 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.

(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 period	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	9,106,962	1,638,995	1,301,082	467,525	-	14.29 %	9,106,962	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 the Company's guarantee and endorsement policies, the total guarantee and endorsement not exceed 100% of the Company's net worth, while the total guarantees and endorsements for an individual party not exceed 100% of the Company's net worth.

(iii) Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars/thousand of shares

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Maximum investment in 2021	Remarks
				Number of shares	Book value	Holding percentage	Market value		
The Company	Stock: Capital Securities Co., Ltd.	－	Financial assets at fair value through comprehensive income－non-current	1,185	20,092	0.05 %	20,092	20,092	
Lucky Co.	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	530,114	Note 1
Lucky Co.	Stock: Capital Securities Co., Ltd.	－	Financial assets at fair value through comprehensive income－non-current	277	4,703	0.01 %	4,703	4,703	

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

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(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.

(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

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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)	
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.

Note 2: All intercompany accounts and transactions are eliminated.

(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 (Note 1)	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)	-

Note1: The transactions within the Group were eliminated in the consolidated financial statements.

Note2: Loan to the subsidiary.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

Unit: thousand dollars

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Sales revenue	334,078	No significant differences	1.68 %
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Accounts receivable	80,621	No significant differences	0.27 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Sales revenue	1,953,201	No significant differences	9.83 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Accounts receivable	256,618	No significant differences	0.87 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	298,738	No significant differences	1.50 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	37,606	No significant differences	0.13 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Sales revenue	1,376,176	No significant differences	6.93 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Accounts receivable	185,497	No significant differences	0.63 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	879,731	No significant differences	4.43 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	127,606	No significant differences	0.43 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Sales revenue	455,074	No significant differences	2.29 %

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Accounts receivable	116,835	No significant differences	0.40 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	549,824	No significant differences	2.77 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	69,383	No significant differences	0.24 %
3	Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Sales revenue	151,167	No significant differences	0.76 %
3	Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	19,277	No significant differences	0.07 %
4	Mostro (Thailand) Ltd.	Namchow (Thailand) Ltd.	3	Sales revenue	56,347	No significant differences	0.28 %
5	Shanghai Namchow Co.	Namchow Food Co.	3	Sales revenue	2,772,379	No significant differences	13.96%
5	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	538,599	No significant differences	2.71 %
5	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	75,436	No significant differences	0.26 %
6	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	552,345	No significant differences	2.78 %
6	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	82,367	No significant differences	0.28 %
6	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Sales revenue	332,925	No significant differences	1.68 %
6	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	58,934	No significant differences	0.20 %
7	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Sales revenue	512,333	No significant differences	2.58 %
7	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Accounts receivable	182,334	No significant differences	0.62 %
7	Chongqing Qiaoxing Co.	Shanghai Namchow Co.	3	Sales revenue	759,115	No significant differences	3.82 %
8	Namchow Oil and Fat Co.	Huaciang Co.	3	Sales revenue	144,731	No significant differences	0.73 %
8	Namchow Oil and Fat Co.	Huaciang Co.	3	Accounts receivable	22,522	No significant differences	0.08 %
9	Huaciang Co.	Lucky Co.	3	Sales revenue	311,474	No significant differences	1.57 %
9	Huaciang Co.	Lucky Co.	3	Accounts receivable	60,156	No significant differences	0.20 %
10	Namchow Food Co.	Tianjin Namchow Co.	3	Other receivable-related parties	1,654,699	Determined capital demand	5.63 %
10	Namchow Food Co.	Guangzhou Namchow Co.	3	Other receivable-related parties	323,411	Determined capital demand	1.10 %
10	Namchow Food Co.	Shanghai Namchow Co.	3	Other receivable-related parties	1,420,103	Determined capital demand	4.83 %

Note 1: Company numbering is as follows:
- (1) Parent company - 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:
- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents sidestream transactions.

Note 3: Disclose that the individual amount record under the assets and liabilities are greater than $20,000 thousand; profit and loss are greater than $50,000 thousand.

Note 4: The transactions within the Group were eliminated in the consolidated financial statements.

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(b) Information on investees:

The following is the information on investees for the years ended December 31, 2021 (excluding information on investees in Mainland China):

Unit: thousand dollars/thousand of shares

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Maximum investment amount in 2021	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	100.00 %	2,394,510	1,027,405	368,492	368,492	Note 3
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	29,954	10,201	1,292	1,292	Note 3
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	11,968,789	343,443	1,206,186	1,206,186	Note 3
The Company	Chow Ho Co.	Taipei, Taiwan	Catering services, food and beverage retailing, and frozen food manufacturing	137,000	119,000	2,900	100.00 %	21,233	137,000	(7,674)	(7,653)	Note 3
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	938,438	74,200	(17,753)	Note 3
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	763	763	80	80.00 %	211	763	47	38	Note 3
The Company	Nankyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	690,580	446,180	- (Note 2)	100.00 %	289,946	690,580	(62,760)	(62,760)	Notes 3
The Company	Namchow Consulting Co.	Taipei, Taiwan	Catering services, food and beverage retailing and other consulting	5,000	5,000	500	100.00 %	762	5,000	(189)	(188)	Note 3
The Company	Chow Food Co.	Taipei, Taiwan	Development of biotechnology products	49,000	39,000	1,300	100.00 %	6,501	49,000	(4,720)	(4,704)	Note 3
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	100.00 %	607,273	411,731	122,327	123,027	Note 3
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	100.00 %	258,177	392,341	(4,880)	(4,940)	Note 3
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	293,793	228,970	6,705	93.32 %	68,358	293,793	(42,061)	(37,911)	Notes 1 and 3
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	352,000	222,000	13,100	100.00 %	55,971	352,000	(109,468)	(109,382)	Notes 1 and 3
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	18,300	14,000	500	100.00 %	4,647	18,300	(2,295)	(2,294)	Note 3
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	100	100	10	10.00 %	26	100	47	5	Note 3
Nacia Co.	Namchow Cayman Co.	Gayman Islands British West Indies.	Holding of investments	2,522,207	2,522,207	35,378	100.00 %	11,958,120	2,522,207	1,207,111	1,207,111	Note 3

Note 1: Its investment gain and loss are also recognized by parent company.

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

Note 3: All intercompany accounts and transactions are eliminated.

(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	Maximum investment in 2021	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 %	669,270	(131,686) ((2)b.)	150,833	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	961	- ((2)b.)	869	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	704,181	(3)	-	-	-	-	(84,920)	100.00 %	704,181	(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 %	90,836	(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 %	1,149,800	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 %	756,875	363,526 ((2)a.)	1,812,905	45,974
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	121,100	(3)	-	-	-	-	142,008	80.94 %	121,100	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 %	452,150	97,606 ((2)a.)	477,825	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	298,262	80.94 %	544,950	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 %	676,597	249,013 ((2)a.)	893,611	-

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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	Maximum investment in 2021	Investment income (loss) (note 2)	Book value as of December 31, 2021	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	242,474	80.94 %	94,200	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 %	215,250	1,484 ((2)a.)	169,971	-
Shanghai Qizhi Co.	Business management and investment consulting services	4,541	(3)	-	-	-	-	474	100.00 %	4,541	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 %	112,018	(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 Group 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	5,464,177
Lucky Co.	226,649	194,406	1,788,191

(iii) Significant transactions with investees in Mainland China: None.

(d) Major shareholders:

Unit: Share

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

(a) General information

There are seven service departments which should be reported: Edible and non-edible oil department, frozen dough department, detergent department, ice cream department, food department, catering department and management and rental revenue department and other departments. The Edible and non-edible oil department provides manufacturing and selling of edible oil; frozen dough department provides manufacturing and selling of frozen dough; detergent department provides manufacturing and selling of detergent; ice cream department provides manufacturing and selling of variant ice cream; food department provides manufacturing and selling of instant noodles and rice cracker; catering department provides liquor importing and retailing and management and rental revenue department and other department provides business management and investment consulting services.

A reportable department is a strategic business unit providing different products and services. Because each strategic business unit requires different kinds of techniques and marketing tactics, it should be separately managed.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Group uses the internal management report and the chief operating decision maker reviews the basis to determine allocation of resource and makes a performance evaluation. The internal management report includes profit before taxation, but not includes any extraordinary activity. Because taxation and extraordinary activity are managed on a group basis, they are not able to be allocated to each reportable segment. In addition, not all profit or loss from reportable segments includes significant non-cash items such as depreciation and amortization. The reportable amount is consistent with the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Significant Accounting Policies".

The Group treated intersegment sales and transfers as third-party transactions and are measured at market price.

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Information on reportable segments and reconciliation for the Group is as follows:

	Years ended December 31, 2021								
	Edible and non-edible oil products	**Detergent products**	**Frozen dough**	**Ice cream products**	**Foods**	**Catering**	**Management, rental revenue and others**	**Adjustments or elimination**	**Total**
Revenue:									
Revenue from external customers	$ 12,686,051	502,638	1,341,036	1,186,805	3,237,016	812,448	95,776	-	19,861,770
Inter-segment revenues	204,362	-	4,597	27,771	334,340	12,875	200,957	(784,902)	-
Total revenue	**$ 12,890,413**	**502,638**	**1,345,633**	**1,214,576**	**3,571,356**	**825,323**	**296,733**	**(784,902)**	**19,861,770**
Reportable segment profit or loss	**$ 1,726,506**	**15,478**	**68,055**	**57,840**	**321,695**	**(228,045)**	**(165,423)**	**(7,622)**	1,788,484
Interest income and other income									386,381
Other gains and losses									20,591
Finance costs									(257,548)
Net income before tax									**$ 1,937,908**

	Years ended December 31, 2020								
	Edible and non-edible oil products	**Detergent products**	**Frozen dough**	**Ice cream products**	**Foods**	**Catering**	**Management, rental revenue and others**	**Adjustments or elimination**	**Total**
Revenue:									
Revenue from external customers	$ 10,601,537	555,060	1,008,825	1,065,465	3,401,964	956,976	31,936	-	17,621,763
Inter-segment revenues	160,914	-	5,339	27,534	320,519	14,685	228,803	(757,794)	-
Total revenue	**$ 10,762,451**	**555,060**	**1,014,164**	**1,092,999**	**3,722,483**	**971,661**	**260,739**	**(757,794)**	**17,621,763**
Reportable segment profit or loss	**$ 1,590,155**	**42,123**	**70,888**	**44,926**	**419,157**	**(296,737)**	**(180,525)**	**(12,242)**	1,677,745
Interest income and other income									237,696
Other gains and losses									816
Finance costs									(259,606)
Net income before tax									**$ 1,656,651**

(Continued)

(i) In 2021 and 2020, inter-segment revenues of $784,902 thousand and $757,794 thousand respectively, should be eliminated from total revenue.

(ii) Share of associate profit under equity method amounting to $7,622 thousand and $12,242 thousand, respectively, should be eliminated.

(c) Information about the products and services

Revenue from the external customers of the Group was as follows:

Products and services		2021	2020
Baking oil, cooking oil and industrial oil	$	12,686,051	10,601,537
Frozen dough, noodles and cooked rice		4,578,052	4,410,789
Restaurant Business		812,448	956,976
Ice cream products		1,186,805	1,065,465
Others		598,414	586,996
Total	$	19,861,770	17,621,763

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

Geographical information		2021	2020
Revenue from external customers:			
China	$	12,105,286	9,997,542
Taiwan		5,099,857	4,762,555
Thailand		2,656,627	2,861,666
Total	$	19,861,770	17,621,763

Geographical information		December 31, 2021	December 31, 2020
Non-current assets:			
Taiwan	$	3,455,032	4,075,149
China		6,502,994	6,423,107
Thailand		1,726,136	2,064,981
Japan		1,435,103	1,678,947
Total	$	13,119,265	14,242,184

Non-current assets include investment accounted for under the equity method, property, plant and equipment, investment property.

(e) Information about major customers

For the years 2021 and 2020, the Group had no major customer who constituted 10% or more of net sales.