

**NAMCHOW HOLDINGS CO., LTD.
AND SUBSIDIARIES**

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2021 and 2020**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Namchow Holdings Co., Ltd. ("the Company") and its subsidiaries ("the Group") as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$2,691,969 thousand and \$3,007,753 thousand, constituting 11% and 13% of the consolidated total assets; and the total liabilities amounting to \$2,460,607 thousand and \$2,490,920 thousand, constituting 13% and 14% of the consolidated total liabilities as of March 31, 2021 and 2020, respectively; as well as the total comprehensive income (loss) amounting to \$(65,900) thousand and \$(150,826) thousand, constituting (58)% and 72% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Po-Shu Huang and Chung-Shun Wu.

KPMG

Taipei, Taiwan (Republic of China)
May 13, 2021

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 review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The independent auditors’ review 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’ review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2021 and 2020

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2021, December 31 and March 31, 2020

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2021		December 31, 2020		March 31, 2020				March 31, 2021		December 31, 2020		March 31, 2020		
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%	
Assets																
Current assets:																
1100	Cash and cash equivalents (note 6(a))	\$ 5,771,787	23	5,721,627	23	4,344,659	18	2100		\$ 3,054,884	12	2,998,640	12	4,956,873	21	
1110	Financial assets at fair value through profit or loss – current (note 6(b))	-	-	227,426	1	214,640	1	2110		149,955	1	89,962	-	219,904	1	
1150	Notes receivable, net (note 6(d))	161,025	1	184,286	1	175,036	1	2322		3,985,671	16	3,980,298	16	-	-	
1170	Accounts receivable, net (note 6(d))	1,595,033	6	1,556,201	6	1,550,257	7	2130		292,646	1	214,175	1	434,726	2	
1200	Other receivables (note 6(e))	64,305	-	57,140	-	42,476	-	2170		597,616	2	574,384	2	472,408	2	
1220	Current income tax assets	200,213	1	200,582	1	228,444	1	2216		1,146,090	5	1,161,973	5	779,098	3	
130x	Inventories (note 6(f))	2,814,284	11	2,451,446	10	2,168,180	9	2219		496,506	2	-	-	495,022	2	
1410	Prepayments	337,792	2	331,887	1	381,544	2	2230		1,242,693	5	1,503,216	6	1,044,895	5	
1470	Other current assets	59,038	-	66,255	-	50,629	-	2280		355,401	1	267,772	1	182,839	1	
	Total current assets	11,003,477	44	10,796,850	43	9,155,865	39	2399		198,213	1	192,377	1	220,866	1	
Non-current assets:																
1517	Financial assets at fair value through other comprehensive income – non-current (note 6(c))	22,820	-	19,822	-	14,988	-	2530		37,943	-	61,141	-	55,593	-	
1600	Property, plant and equipment (notes 6(g), 8 and 9)	12,420,597	49	12,749,928	50	12,516,112	53	2540		11,557,618	46	11,043,938	44	8,862,224	38	
1755	Right-of-use assets (notes 6(h) and 7)	1,283,226	5	1,225,544	5	1,330,415	6	2550		Non-current liabilities:						
1760	Investment property (note 6(i))	38,705	-	39,813	-	41,078	-	2580		-	-	-	-	3,964,178	17	
1805	Goodwill (note 6(j))	105,417	-	105,417	-	105,417	-	2570		Long-term borrowings (notes 6(k) and 8)	4,605,075	18	4,859,016	19	2,652,146	11
1840	Deferred income tax assets	299,318	1	281,628	1	232,515	1	2640		Provision liabilities – non-current (note 6(m))	12,134	-	12,134	-	12,134	-
1915	Prepayments for equipment	13,459	-	16,234	-	38,918	-	2670		Lease liabilities – non-current (notes 6(n) and 7)	919,456	4	859,764	3	908,037	4
1990	Other non-current assets (note 8)	105,297	1	105,248	1	108,776	1			Deferred income tax liabilities	1,307,616	5	1,292,405	5	1,135,630	5
	Total non-current assets	14,288,839	56	14,543,634	57	14,388,219	61			Accrued pension liabilities – non-current	258,651	1	260,572	1	234,966	1
										Other non-current liabilities	56,396	-	57,266	-	59,207	-
										Total non-current liabilities	7,159,328	28	7,341,157	28	8,966,298	38
										Total liabilities	18,716,946	74	18,385,095	72	17,828,522	76
										Equity attributable to shareholders of parent (note 6(q)):						
								3100		Common stock	2,941,330	12	2,941,330	12	2,941,330	12
								3200		Capital surplus	1,307,878	5	1,214,039	5	1,229,087	5
										Retained earnings:						
								3310		Legal reserve	838,824	3	838,824	4	740,987	3
								3320		Special reserve	1,286,181	5	1,286,181	5	1,071,360	5
								3350		Unappropriated earnings	1,287,837	5	1,596,003	6	1,050,946	4
											3,412,842	13	3,721,008	15	2,863,293	12
										Other equity:						
								3410		Financial statement translation differences for foreign operations	(860,208)	(3)	(681,563)	(3)	(993,121)	(4)
								3420		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(42,157)	-	(45,154)	-	(51,250)	-
											(902,365)	(3)	(726,717)	(3)	(1,044,371)	(4)
								3500		Treasury stock	(530,114)	(2)	(530,114)	(2)	(576,860)	(2)
										Total equity attributable to shareholders of parent	6,229,571	25	6,619,546	27	5,412,479	23
								36xx		Non-controlling interests	345,799	1	335,843	1	303,083	1
										Total equity	6,575,370	26	6,955,389	28	5,715,562	24
										Total liabilities and equity	\$ 25,292,316	100	25,340,484	100	23,544,084	100
	Total assets	\$ 25,292,316	100	25,340,484	100	23,544,084	100									

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2021 and 2020

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

		For the three months ended March 31			
		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (note 6(s))	\$ 4,660,291	100	3,616,096	100
5000	Operating costs (notes 6(f), (g), (h), (n), (o) and 9)	3,091,848	66	2,501,341	69
5900	Gross profit	1,568,443	34	1,114,755	31
6000	Operating expenses (notes 6(d), (e), (g), (h), (n), (o), (t) and 7):				
6100	Selling expenses	627,970	13	575,335	16
6200	General and administrative expenses	359,164	8	328,910	9
6300	Research and development expenses	119,752	3	53,184	2
6450	Expected credit loss	7,382	-	9,122	-
	Total operating expenses	1,114,268	24	966,551	27
6900	Operating profit	454,175	10	148,204	4
7000	Non-operating income and expenses (notes 6(c), (i), (n), (u) and 7):				
7100	Interest income	30,284	-	16,658	-
7010	Other income	43,160	1	54,690	2
7020	Other gains and losses	9,231	-	(122)	-
7050	Finance costs	(64,907)	(1)	(64,450)	(2)
	Total non-operating income and expenses	17,768	-	6,776	-
7900	Profit from continuing operations before tax	471,943	10	154,980	4
7950	Less: Income tax expenses (note 6(p))	179,300	4	77,770	2
	Profit	292,643	6	77,210	2
8300	Other comprehensive income (note 6(q)):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	2,997	-	(2,734)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	2,997	-	(2,734)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(181,232)	(4)	(284,885)	(8)
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	(181,232)	(4)	(284,885)	(8)
8300	Other comprehensive income	(178,235)	(4)	(287,619)	(8)
	Total comprehensive income	\$ 114,408	2	(210,409)	(6)
	Net income attributable to:				
8610	Shareholders of the parent	\$ 280,100	6	75,705	2
8620	Non-controlling interests	12,543	-	1,505	-
	Total Comprehensive income attributable to:	\$ 292,643	6	77,210	2
8710	Shareholders of the parent	\$ 104,452	2	(194,991)	(6)
8720	Non-controlling interests	9,956	-	(15,418)	-
		\$ 114,408	2	(210,409)	(6)
9750	Basic earnings per share (in New Taiwan dollars) (note 6(r))	\$ 1.13		0.31	
9850	Diluted earnings per share (in New Taiwan dollars) (note 6(r))	\$ 1.13		0.31	

See accompanying notes to financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the three months ended March 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Retained earnings		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
					Unappropriated earnings	Total							
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:													
Cash dividends of common stock	-	91,760	-	-	(586,782)	(586,782)	-	-	-	-	(495,022)	-	(495,022)
Other changes in capital surplus	-	980	-	-	-	-	-	-	-	-	980	-	980
Net income	-	-	-	-	75,705	75,705	-	-	-	-	75,705	1,505	77,210
Other comprehensive income (loss)	-	-	-	-	-	-	(267,962)	(2,734)	(270,696)	-	(270,696)	(16,923)	(287,619)
Total comprehensive income (loss)	-	-	-	-	75,705	75,705	(267,962)	(2,734)	(270,696)	-	(194,991)	(15,418)	(210,409)
Balance at March 31, 2020	<u>\$ 2,941,330</u>	<u>1,229,087</u>	<u>740,987</u>	<u>1,071,360</u>	<u>1,050,946</u>	<u>2,863,293</u>	<u>(993,121)</u>	<u>(51,250)</u>	<u>(1,044,371)</u>	<u>(576,860)</u>	<u>5,412,479</u>	<u>303,083</u>	<u>5,715,562</u>
Balance at January 1, 2021	\$ 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:													
Cash dividends of common stock	-	91,760	-	-	(588,266)	(588,266)	-	-	-	-	(496,506)	-	(496,506)
Other changes in capital surplus	-	2,079	-	-	-	-	-	-	-	-	2,079	-	2,079
Net income	-	-	-	-	280,100	280,100	-	-	-	-	280,100	12,543	292,643
Other comprehensive income (loss)	-	-	-	-	-	-	(178,645)	2,997	(175,648)	-	(175,648)	(2,587)	(178,235)
Total comprehensive income (loss)	-	-	-	-	280,100	280,100	(178,645)	2,997	(175,648)	-	104,452	9,956	114,408
Balance at March 31, 2021	<u>\$ 2,941,330</u>	<u>1,307,878</u>	<u>838,824</u>	<u>1,286,181</u>	<u>1,287,837</u>	<u>3,412,842</u>	<u>(860,208)</u>	<u>(42,157)</u>	<u>(902,365)</u>	<u>(530,114)</u>	<u>6,229,571</u>	<u>345,799</u>	<u>6,575,370</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2021	2020
Cash flows from operating activities:		
Consolidated net income before tax	\$ 471,943	154,980
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	285,137	263,285
Expected credit loss	7,382	9,122
Gains on financial assets at fair value through profit or loss	-	(1,913)
Interest expense	64,907	64,450
Interest income	(30,284)	(16,658)
Dividend income	-	(7,831)
Losses (gains) on disposal of property, plant and equipment	65	(300)
Property, plant and equipment transferred to expenses	303	-
Gains on lease modification	(13)	-
Total adjustments to reconcile profit	327,497	310,155
Changes in assets / liabilities relating to operating activities:		
Changes in operating assets:		
Notes receivable	23,261	(8,922)
Accounts receivables	(45,979)	15,241
Other receivables	(7,198)	3,742
Inventories	(362,246)	54,251
Prepayments	(5,905)	22,271
Other current assets	7,217	18,195
Total changes in operating assets, net	(390,850)	104,778
Changes in operating liabilities:		
Contract liabilities	23,232	28,991
Accounts payable	(15,883)	(189,238)
Other payables	(235,564)	(325,462)
Provisions liabilities	-	(3,650)
Other current liabilities	(23,198)	(7,026)
Net defined benefit liabilities	(1,921)	(16,263)
Total changes in operating liabilities, net	(253,334)	(512,648)
Total changes in operating assets / liabilities, net	(644,184)	(407,870)
Total adjustments	(316,687)	(97,715)
Cash provided by operating activities	155,256	57,265
Interest income received	30,284	16,658
Interest paid	(46,566)	(46,247)
Income taxes paid	(93,781)	(129,178)
Net cash provided by (used in) operating activities	45,193	(101,502)
Cash flows from investing activities:		
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	5,841
Acquisition of property, plant and equipment	(149,157)	(534,162)
Proceeds from disposal of property, plant and equipment	312	2,530
Increase in other non-current assets	(49)	(1,657)
Net cash provided by (used in) investing activities	78,532	(494,038)
Cash flows from financing activities:		
Increase in short-term borrowings	1,702,376	4,706,284
Decrease in short-term borrowings	(1,595,604)	(3,361,518)
Increase in short term commercial paper payable	60,000	219,904
Proceeds from long-term borrowings	4,053,874	2,190,000
Repayments of long-term borrowings	(4,129,939)	(3,270,769)
Payment of lease liabilities	(63,845)	(40,865)
Increase (decrease) in other non-current liabilities	(870)	11,043
Interest paid	(12,975)	(12,279)
Overaging unclaimed dividends	2,079	980
Net cash provided by financing activities	15,096	442,780
Effect of exchange rate changes on cash and cash equivalents	(88,661)	(126,296)
Net increase (decrease) in cash and cash equivalents	50,160	(279,056)
Cash and cash equivalents at beginning of period	5,721,627	4,623,715
Cash and cash equivalents at end of period	\$ 5,771,787	4,344,659

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 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 reported to the Board of Directors and issued on May 13, 2021.

(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. (“FSC”) 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”

(Continued)

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

- (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 April 1, 2021, would not have a significant impact on its consolidated financial statements:

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

- (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”	<p>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.</p> <p>The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.</p>	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:

(Continued)

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

(4) Summary of significant accounting policies

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statement for the year ended December 31, 2020.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" ("the Regulations") and IAS 34 Interim Financial Reporting endorsed by the FSC, and do not present all the disclosures required for a complete set of annual consolidated financial statements prepared in accordance with the International Financial Reporting Standards, International Accounting Statements, IFRIC Interpretations, or SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

(b) Basis of consolidation

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
The Company	Namchow (Thailand) Ltd. (Namchow Thailand)	Manufacturing and selling of instant noodles and rice cracker	100.00 %	100.00 %	100.00 %	
The Company	Mostro (Thailand) Ltd. (Mostro)	Manufacturing and selling of food	100.00 %	100.00 %	100.00 %	Note 3
The Company	Nacia International Corp. (Nacia Co.)	Holding of investments	100.00 %	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 %	100.00 %	Note 3
The Company	Lucky Royal Co., Ltd. (Lucky Co.)	Manufacturing, selling and processing of various food and beverage products	99.65 %	99.65 %	99.65 %	
The Company	Nankyo Japan Co., Ltd. (Nankyo Japan Co.)	Catering services, Bistro and wine-selling	100.00 %	100.00 %	100.00 %	Note 3
The Company	Namchow Consulting Company, Ltd. (Namchow Consulting Co.)	Catering services, food and beverage retailing and other consulting services	100.00 %	100.00 %	100.00 %	Note 3
The Company	Chow Food Biotechnology Co., Ltd. (Chow Food Co.)	Development of biotechnology products	100.00 %	100.00 %	100.00 %	Note 3
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 %	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 %	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 %	89.97 %	Notes 1 and 3
Lucky Co.	Namchow (British Virgin Island) Ltd. (Namchow BVI Co.)	Holding of investments	90.39 %	90.39 %	90.39 %	Note 3
Lucky Co.	Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou Co.)	Liquor importing and retailing, and catering services	99.65 %	99.65 %	99.65 %	Notes 2 and 3
Lucky Co.	Namchow Gastronomy Consulting Company, Ltd. (Namchow Gastronomy Consulting Co.)	Catering services and food consulting services	99.65 %	99.65 %	99.65 %	Notes 2 and 3

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
Namchow BVI Co.	Shanghai Bao Lai Na Company Limited. (Bao Lai Na Co.)	Multinational eateries, and the promotion and management of craft beers	90.39 %	90.39 %	90.39 %	Note 3
Nacia Co.	Namchow (Cayman Islands) Holding Corp. (Namchow Cayman Co.)	Holding of investments	100.00 %	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 %	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 %	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 %	100.00 %	
Namchow Cayman Co.	Shanghai Qiaohao Trading Co., Ltd. (Shanghai Qiaohao Co.)	Holding of investments and international trade	100.00 %	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 %	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	96.15 %	96.15 %	96.15 %	
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.	96.15 %	96.15 %	96.15 %	
Namchow Food Co.	Tianjin Namchow Food Co., Ltd. (Tianjin Namchow Co.)	Manufacturing, and selling of edible fat	96.15 %	96.15 %	96.15 %	
Namchow Food Co.	Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow Co.)	Manufacturing, and selling of edible fat	96.15 %	96.15 %	96.15 %	
Namchow Food Co.	Chongqing Qiaoxing Co., Ltd. (Chongqing Qiaoxing Co.)	Food packaging, dairy product and product purchasing management and selling	96.15 %	96.15 %	96.15 %	
Namchow Food Co.	Wuhan Qiaoxing Co., Ltd. (Wuhan Qiaoxing Co.)	The technical service of baking oil and fat product	96.15 %	96.15 %	96.15 %	
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Food Co., Ltd. (Tianjin Yoshi Yoshi Co.)	Developing , manufacturing, and selling of dairy products and related services	96.15 %	96.15 %	96.15 %	
Tianjin Yoshi Yoshi Co.	Guangzhou Yoshi Yoshi Food Co., Ltd. (Guangzhou Yoshi Yoshi Co.)	Developing , manufacturing, and selling of dairy products and related services	96.15 %	96.15 %	96.15 %	

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: It is a non-significant subsidiary, and its financial statements have not been reviewed.

(c) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year plus any adjustments for significant post-market fluctuations, curtailments, settlements, or other one-time events.

(d) Income tax

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

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

Income tax expense for the period is best estimated by multiplying pretax income of the reporting period by the effective annual tax rate which was forecasted by the management. The outcome is then fully recognized as current tax expense or deferred income tax benefit.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

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

The preparation of the consolidated financial statements is in conformity with IAS 34 “Interim Financial Reporting” endorsed by FSC. The standard requires management to make judgments, estimations 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.

During the preparation of the consolidated financial statements, the management adopts similar method used in accounting policy judgments and assumptions which are in conformity with note 5 of the consolidated financial statement for the year ended December 31, 2020.

(6) Explanation of significant accounts

Except as explained in the following paragraphs, there are no significant differences in description of significant accounts from financial statements as of December 31, 2020. For related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2020.

(a) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand	\$ 12,127	11,862	13,513
Savings and checking deposits	5,211,908	5,075,741	3,956,724
Time deposits	526,032	599,008	353,147
Cash equivalents	21,720	35,016	21,275
Total	<u>\$ 5,771,787</u>	<u>5,721,627</u>	<u>4,344,659</u>

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Mandatorily measured at fair value through profit or loss:			
Structured deposits	<u>\$ -</u>	<u>227,426</u>	<u>214,640</u>

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

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

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	\$ 22,820	19,822	13,723
Stocks unlisted on domestic markets	<u>-</u>	<u>-</u>	<u>1,265</u>
Total	<u>\$ 22,820</u>	<u>19,822</u>	<u>14,988</u>

(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.

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 original capital cost is \$25,901 thousand, the amount exceeded the original capital cost amounting to \$7,509 is recorded under other income — dividend income, the aforementioned amount has been received by March 31, 2020.

No strategic investments were disposed for the three months ended March 31, 2021 and 2020, and there was no transfer of any cumulative gain or loss within equity relating to these investments.

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

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

(d) Notes and accounts receivable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Notes receivable	\$ 161,025	184,286	175,036
Accounts receivable	1,627,162	1,581,183	1,574,026
Less: allowance for impairment	<u>32,129</u>	<u>24,982</u>	<u>23,769</u>
	<u>\$ 1,756,058</u>	<u>1,740,487</u>	<u>1,725,293</u>

(Continued)

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

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:

March 31, 2021			
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance provision
Not overdue	\$ 1,600,609	0~0.70	5,371
Overdue 1~30 days	138,178	0.13~14.39	4,165
Overdue 31~60 days	18,921	0.42~62.26	2,466
Overdue 61~90 days	5,494	24.99~100.00	1,433
Overdue 91~180 days	12,784	27.53~100.00	7,377
Overdue 181~365 days	4,858	93.96	4,564
Overdue 365 days past due	7,343	100.00	7,343
	\$ 1,788,187		32,719
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

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

	March 31, 2020		
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance provision
Not overdue	\$ 1,416,591	0~0.80	2,489
Overdue 1~30 days	181,782	0.25~12.57	2,241
Overdue 31~60 days	99,654	0.13~60.49	3,186
Overdue 61~90 days	36,367	1.00~100.00	5,643
Overdue 91~180 days	7,356	1.25~100.00	5,164
Overdue 181~365 days	3,899	1.00~73.20	1,633
Overdue 365 days past due	3,413	100.00	3,413
	\$ 1,749,062		23,769

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

	For the three months ended March 31	
	2021	2020
Balance on January 1	\$ 24,982	14,913
Impairment losses recognized	7,344	9,109
Amounts written off	-	(19)
Effect of changes in exchange rates	(197)	(234)
Balance on March 31	\$ 32,129	23,769

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

(e) Other receivables

	March 31, 2021	December 31, 2020	March 31, 2020
Other receivables	\$ 64,881	57,683	42,869
Less: loss allowance	576	543	393
	\$ 64,305	57,140	42,476

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

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

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

	For the three months ended March 31	
	2021	2020
Balance on January 1	\$ 543	385
Impairment loss recognized	38	13
Effect of changes in exchange rates	(5)	(5)
Balance on March 31	<u><u>\$ 576</u></u>	<u><u>393</u></u>

(f) Inventories

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

	March 31, 2021	December 31, 2020	March 31, 2020
Merchandise	\$ 44,116	46,776	65,673
Finished goods	1,246,465	1,014,130	748,608
Work in progress	133,237	114,654	107,928
Raw materials	832,655	718,982	809,793
Supplies	380,639	377,610	270,955
Goods in transit	177,172	179,294	165,223
Total	<u><u>\$ 2,814,284</u></u>	<u><u>2,451,446</u></u>	<u><u>2,168,180</u></u>

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

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

	For the three months ended March 31	
	2021	2020
Loss on decline in market value of inventory	\$ 5,707	7,342
Loss on physical count, net	533	1,485
Loss on scrap of inventory	95	620
Income from sale of scrap	(3,050)	(2,577)
Total	<u><u>\$ 3,285</u></u>	<u><u>6,870</u></u>

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

(g) 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	-	5,470	11,964	33,325	73,234	123,993
Disposals	-	-	(191)	(1,375)	(231)	(1,797)
Reclassification	-	32,726	8,217	24,555	(61,108)	4,390
Effect of changes in exchange rates	(54,286)	(124,888)	(119,014)	(34,310)	(12,510)	(345,008)
Balance at March 31, 2021	<u>\$ 2,833,642</u>	<u>6,604,106</u>	<u>7,219,857</u>	<u>4,261,633</u>	<u>309,443</u>	<u>21,228,681</u>
Balance at January 1, 2020	\$ 2,895,069	5,570,522	6,590,667	3,984,357	1,444,485	20,485,100
Additions	-	23,799	6,890	23,591	425,947	480,227
Disposals	-	-	(1,799)	(4,553)	(1,936)	(8,288)
Reclassification	-	394,223	4,879	43,486	(439,576)	3,012
Effect of changes in exchange rates	(4,824)	(60,357)	(172,820)	(51,514)	(63,580)	(353,095)
Balance at March 31, 2020	<u>\$ 2,890,245</u>	<u>5,928,187</u>	<u>6,427,817</u>	<u>3,995,367</u>	<u>1,365,340</u>	<u>20,606,956</u>
Depreciation and impairment loss:						
Balance at January 1, 2021	\$ 31,953	1,660,692	4,219,386	2,785,144	-	8,697,175
Depreciation	-	52,642	80,478	81,938	-	215,058
Disposal	-	-	(167)	(1,253)	-	(1,420)
Reclassification	-	-	(24)	664	-	640
Effect of changes in exchange rates	-	(16,697)	(66,156)	(20,516)	-	(103,369)
Balance at March 31, 2021	<u>\$ 31,953</u>	<u>1,696,637</u>	<u>4,233,517</u>	<u>2,845,977</u>	<u>-</u>	<u>8,808,084</u>
Balance at January 1, 2020	\$ 31,953	1,462,396	3,985,497	2,597,007	-	8,076,853
Depreciation	-	42,949	70,912	78,782	-	192,643
Disposal	-	-	(1,799)	(4,259)	-	(6,058)
Effect of changes in exchange rates	-	(22,701)	(117,654)	(32,239)	-	(172,594)
Balance at March 31, 2020	<u>\$ 31,953</u>	<u>1,482,644</u>	<u>3,936,956</u>	<u>2,639,291</u>	<u>-</u>	<u>8,090,844</u>
Carrying value:						
January 1, 2021	<u>\$ 2,855,975</u>	<u>5,030,106</u>	<u>3,099,495</u>	<u>1,454,294</u>	<u>310,058</u>	<u>12,749,928</u>
March 31, 2021	<u>\$ 2,801,689</u>	<u>4,907,469</u>	<u>2,986,340</u>	<u>1,415,656</u>	<u>309,443</u>	<u>12,420,597</u>
January 1, 2020	<u>\$ 2,863,116</u>	<u>4,108,126</u>	<u>2,605,170</u>	<u>1,387,350</u>	<u>1,444,485</u>	<u>12,408,247</u>
March 31, 2020	<u>\$ 2,858,292</u>	<u>4,445,543</u>	<u>2,490,861</u>	<u>1,356,076</u>	<u>1,365,340</u>	<u>12,516,112</u>

(i) Impairment loss and subsequent reversal

For the three months ended March 31, 2021 and 2020, the Group did not have any significant impairment or reversal on property, plant and equipment. For other relative information, please refers to note 6(g) of the consolidated financial statements for the year ended December 31, 2020.

(ii) Collateral

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

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

(h) 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:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 331,660	1,371,586	83,425	1,786,671
Additions	-	133,471	4,412	137,883
Modification	-	(13,748)	(2,635)	(16,383)
Reclassification	-	-	(1,727)	(1,727)
Effect of changes in exchange rates	(2,500)	(10,266)	(487)	(13,253)
Balance at March 31, 2021	<u>\$ 329,160</u>	<u>1,481,043</u>	<u>82,988</u>	<u>1,893,191</u>
Balance at January 1, 2020	\$ 326,205	1,340,261	75,589	1,742,055
Additions	-	5,001	2,324	7,325
Modification	-	(19,127)	-	(19,127)
Effect of changes in exchange rates	(3,789)	(14,317)	(558)	(18,664)
Balance at March 31, 2020	<u>\$ 322,416</u>	<u>1,311,818</u>	<u>77,355</u>	<u>1,711,589</u>
Accumulated depreciation:				
Balance at January 1, 2021	\$ 85,663	447,082	28,382	561,127
Depreciation	1,747	61,087	6,431	69,265
Modification	-	(13,637)	(1,734)	(15,371)
Reclassification	-	-	(654)	(654)
Effect of changes in exchange rates	(658)	(3,661)	(83)	(4,402)
Balance at March 31, 2021	<u>\$ 86,752</u>	<u>490,871</u>	<u>32,342</u>	<u>609,965</u>
Balance at January 1, 2020	\$ 77,379	211,865	28,685	317,929
Depreciation	1,720	60,915	7,206	69,841
Modification	-	(2,454)	-	(2,454)
Effect of changes in exchange rates	(920)	(3,070)	(152)	(4,142)
Balance at March 31, 2020	<u>\$ 78,179</u>	<u>267,256</u>	<u>35,739</u>	<u>381,174</u>
Carrying value:				
January 1, 2021	<u>\$ 245,997</u>	<u>924,504</u>	<u>55,043</u>	<u>1,225,544</u>
March 31, 2021	<u>\$ 242,408</u>	<u>990,172</u>	<u>50,646</u>	<u>1,283,226</u>
January 1, 2020	<u>\$ 248,826</u>	<u>1,128,396</u>	<u>46,904</u>	<u>1,424,126</u>
March 31, 2020	<u>\$ 244,237</u>	<u>1,044,562</u>	<u>41,616</u>	<u>1,330,415</u>

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

(i) Investment property

	<u>Buildings</u>
Cost:	
Balance as at January 1, 2021	\$ 72,387
Effect of changes in exchange rates	(545)
Balance as at March 31, 2021	<u><u>\$ 71,842</u></u>
Balance as at January 1, 2020	\$ 71,197
Effect of changes in exchange rates	(827)
Balance as at March 31, 2020	<u><u>\$ 70,370</u></u>
Depreciation:	
Balance as at January 1, 2021	\$ 32,574
Depreciation	814
Effect of changes in exchange rates	(251)
Balance as at March 31, 2021	<u><u>\$ 33,137</u></u>
Balance as at January 1, 2020	\$ 28,835
Depreciation	801
Effect of changes in exchange rates	(344)
Balance as at March 31, 2020	<u><u>\$ 29,292</u></u>
Carrying value:	
Balance as at January 1, 2021	<u><u>\$ 39,813</u></u>
Balance as at March 31, 2021	<u><u>\$ 38,705</u></u>
Balance as at January 1, 2020	<u><u>\$ 42,362</u></u>
Balance as at March 31, 2020	<u><u>\$ 41,078</u></u>
Fair value:	
Balance as at January 1, 2021	<u><u>\$ 75,420</u></u>
Balance as at March 31, 2021	<u><u>\$ 75,285</u></u>
Balance as at January 1, 2020	<u><u>\$ 75,420</u></u>
Balance as at March 31, 2020	<u><u>\$ 74,544</u></u>

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(u) for further information.

The fair value of investment property is based on expected cash flow from the rental income, discounted at yields which reflect the specific level of risk associated with the cash flow.

<u>Region</u>	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Xuhui Dist., Shanghai	3.97%	4.27%

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Notes to the Consolidated Financial Statements

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

(j) Goodwill

Goodwill arising from the merger were as follows:

Fair value of consideration transferred	\$ 721,574
Less: Fair value of identifiable net assets	<u>571,794</u>
	<u><u>\$ 149,780</u></u>

The cost and accumulated amortization was as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cost	\$ 149,780	149,780	149,780
Less: Accumulated amortization	<u>44,363</u>	<u>44,363</u>	<u>44,363</u>
Carrying value	<u><u>\$ 105,417</u></u>	<u><u>105,417</u></u>	<u><u>105,417</u></u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2021 and 2020. For related information, please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2020.

(k) 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

	<u>March 31, 2021</u>		
	<u>Currency</u>	<u>Range of interest rates (%)</u>	<u>Year of maturity</u>
Unsecured loans	RMB	3.52~4.15	2021~2022
Unsecured loans	EUR	0.96~1.50	2021
Unsecured loans	USD	0.6035	2021
Unsecured loans	TWD	0.83~1.19	2021
Unsecured loans	JPY	0.58~0.98	2021~2022
Total			<u><u>\$ 3,054,884</u></u>

(Continued)

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

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				<u><u>\$ 2,998,640</u></u>

March 31, 2020				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	RMB	2.27~4.65	2020	\$ 2,208,003
Unsecured loans	EUR	0.84	2020	23,891
Unsecured loans	USD	3.40	2020	189,915
Unsecured loans	TWD	0.85~1.00	2020	1,689,550
Unsecured loans	JPY	0.58~0.98	2021	532,508
Unsecured loans	THB	0.7	2021	313,006
Total				<u><u>\$ 4,956,873</u></u>

As of March 31, 2021, December 31 and March 31, 2020, the unused credit facilities amounted to \$13,008,292 thousand, \$17,885,356 thousand and \$15,061,320 thousand, respectively.

(ii) Short-term commercial paper payable

March 31, 2021				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payable	TWD	0.39~0.94	2021	\$ 150,000
Discount				(45)
Total				<u><u>\$ 149,955</u></u>

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				<u><u>\$ 89,962</u></u>

(Continued)

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

March 31, 2020				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payable	TWD	0.73	2020	\$ 220,000
Discount				(96)
Total				\$ 219,904

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

As of March 31, 2021, December 31 and March 31, 2020, the unused credit facilities amounted to \$610,000 thousand, \$640,000 thousand and \$320,000 thousand, respectively.

(iii) Long-term borrowings

March 31, 2021				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.275	2038~2039	\$ 984,630
Secured loans	TWD	1.0000~1.0300	2022	500,000
Unsecured loans	JPY	0.97818	2021	25,770
Unsecured loans	THB	1.93	2025	548,940
Unsecured loans	TWD	0.8327~1.1400	2021~2023	2,580,000
Unsecured loans	RMB	3.8000~4.7500	2021~2023	258,381
Total				\$ 4,897,721
Current				\$ 292,646
Non-current				4,605,075
Total				\$ 4,897,721

December 31, 2020				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	TWD	1.0300~1.0500	2022	\$ 605,000
Secured loans	JPY	1.275	2038~2039	1,058,554
Unsecured loans	TWD	0.9000~1.1400	2021~2023	2,542,000
Unsecured loans	JPY	0.98818	2021	27,630
Unsecured loans	THB	1.93	2025	573,360
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

(Continued)

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

	March 31, 2020			
	<u>Currency</u>	<u>Range of interest rates (%)</u>	<u>Year of maturity</u>	<u>Amount</u>
Secured loans	TWD	1.04	2020~2022	\$ 100,000
Secured loans	JPY	1.275	2021~2039	1,103,624
Unsecured loans	TWD	0.9500~1.1400	2020~2022	1,470,000
Unsecured loans	RMB	4.2750~4.7500	2020~2023	413,248
Total				<u>\$ 3,086,872</u>
Current				\$ 434,726
Non-current				2,652,146
Total				<u>\$ 3,086,872</u>

As of March 31, 2021, December 31 and March 31, 2020, the unused credit facilities amounted to \$4,943,219 thousand, \$2,920,966 thousand and \$3,319,758 thousand, respectively.

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

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

(l) Bonds payable

The details of bonds payable were as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Secured bonds	\$ 4,000,000	4,000,000	4,000,000
Less: discounts on bonds payable	14,329	19,702	35,822
Less: current portion of bonds payable	3,985,671	3,980,298	-
Total	<u>\$ -</u>	<u>-</u>	<u>3,964,178</u>

The Group did not have any significant change on the information and regulation of its bonds payable. For other relative information, please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2020.

On March 12, 2021, the Company's Board of Directors resolved to issue the domestic secured bonds within the limit of \$5 billion.

(m) Provisions

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Site restoration	<u>\$ 12,134</u>	<u>12,134</u>	<u>12,134</u>

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

For the three months ended March 31, 2021 and 2020, the Group did not have any significant change on the provisions. For other relative information, please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2020.

(n) Lease liabilities

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

	March 31, 2021	December 31, 2020	March 31, 2020
Current	\$ <u>198,213</u>	<u>192,377</u>	<u>220,866</u>
Non-current	\$ <u>919,456</u>	<u>859,764</u>	<u>908,037</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2021	2020
Interest on lease liabilities	\$ <u>12,643</u>	<u>12,829</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>12,851</u>	<u>12,537</u>
Income from sub-leasing right-of-use assets	\$ <u>(309)</u>	<u>(365)</u>
Expenses relating to short-term leases	\$ <u>23,008</u>	<u>32,878</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,587</u>	<u>1,633</u>

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

	For the three months ended March 31	
	2021	2020
Total cash outflow for leases	\$ <u>113,625</u>	<u>100,377</u>

(o) Employee benefits

(i) Defined benefit plans

In the prior fiscal year, there was no material volatility of the market, material reimbursement and settlement or other material one-time events. As a result, pension cost in the condensed consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2020 and 2019.

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

The Group's expenses recognized in profit or loss were as follows:

	For the three months ended March 31	
	2021	2020
Operating costs	\$ 1,344	1,079
Operating expenses	1,215	1,136
Total	<u><u>\$ 2,559</u></u>	<u><u>2,215</u></u>

(ii) Defined contribution plans

The Group's expenses (under pension plan cost) to the Bureau of Labor Insurance and the local government were as follows:

	For the three months ended March 31	
	2021	2020
Operating costs	\$ 15,032	10,803
Operating expenses	26,593	21,224
Total	<u><u>\$ 41,625</u></u>	<u><u>32,027</u></u>

(p) Income tax

i) Income tax expense was best estimated by multiplying pretax income for the interim reporting period by the effective tax rate which was forecasted by the management.

ii) Income tax expenses

The components of income tax are as follows:

	For the three months ended March 31	
	2021	2020
Current tax expenses		
Current period	\$ 181,779	135,564
Deferred tax benefit		
Origination and reversal of temporary differences	(2,479)	(57,794)
Income tax on continuing operations	<u><u>\$ 179,300</u></u>	<u><u>77,770</u></u>

iii) Examination and approval

The tax returns of the Company have been examined and approved by the tax authorities through 2017.

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

(q) Capital and other equity

Except for those mentioned below, there were no significant changes in capital for the three months ended March 31, 2021 and 2020. Please refer to note 6(r) to the consolidated financial statements for the year ended December 31, 2020, for related information.

(i) Capital surplus

The components of capital surplus were as follows:

	March 31, 2021	December 31, 2020	March 31, 2020
Share premium	\$ 1,280	1,280	1,280
Overaging unclaimed dividends	4,886	2,807	2,819
Treasury stock	1,183,820	1,092,060	1,107,096
Recognize changes in all equity in subsidiaries	117,892	117,892	117,892
	<u><u>\$ 1,307,878</u></u>	<u><u>1,214,039</u></u>	<u><u>1,229,087</u></u>

(ii) 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.

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

1) 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. In accordance with Regulatory Permit No.1010012865 as issued by the FSC on April 6, 2012, 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 March 31, 2021, December 31 and March 31, 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.

2) Distribution of retained earnings

On March 12, 2021 and March 26, 2020, the Company's board of directors resolved to appropriate the 2020 and 2019 earnings, respectively. These earnings were appropriated as follows:

	<u>2020</u>	<u>2019</u>
Dividends distributed to common shareholders:		
Cash	\$ <u><u>588,266</u></u>	<u><u>586,782</u></u>

(iii) Treasury stock

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

March 31, 2021					
<u>Subsidiary name</u>	<u>Number of shares (in thousand)</u>	<u>Market price per share</u>	<u>Adjusted cost per share</u>	<u>Total market value</u>	<u>Total treasury stock</u>
Lucky Co.	46,041	47.55	11.51	\$ <u><u>2,189,262</u></u>	<u><u>530,114</u></u>

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

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

Subsidiary name	March 31, 2020				
	Number of shares (in thousand)	Market price per share	Adjusted cost per share	Total market value	Total treasury stock
Lucky Co.	46,041	40.40	11.51	<u>\$ 1,860,067</u>	<u>530,114</u>

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 March 31, 2021, the above mentioned treasury stocks had been fully disposed, wherein the proceeds from disposal amounted to \$31,710 thousand. The difference which had been fully offset against the capital surplus arising from the same type of treasury stocks amounting to \$15,036 thousand was due to the selling price being lower than the book value.

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

(iv) 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	(110,181)	-	(2,587)	(112,768)
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	(68,464)	-	-	(68,464)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,430	-	2,430
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	567	-	567
Balance as of March 31, 2021	<u>\$ (860,208)</u>	<u>(42,157)</u>	<u>159,513</u>	<u>(742,852)</u>
Balance as of January 1, 2020	\$ (725,159)	(48,516)	189,614	(584,061)
Foreign exchange differences arising from foreign operations	(267,962)	-	(16,923)	(284,885)
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	(2,217)	-	(2,217)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(517)	-	(517)
Balance as of March 31, 2020	<u>\$ (993,121)</u>	<u>(51,250)</u>	<u>172,691</u>	<u>(871,680)</u>

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

(r) Earnings per share

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

(i) Basic earnings per share

	Unit: thousand of shares	
	For the three months ended	
	March 31	
	2021	2020
Net income attributable to common shareholders of the Company	\$ <u>280,100</u>	<u>75,705</u>
Weighted-average number of common shares	<u>248,092</u>	<u>247,350</u>
Basic earnings per share (in NT dollars)	\$ <u>1.13</u>	<u>0.31</u>

ii) Diluted earnings per share

	Unit: thousand of shares	
	For the three months ended	
	March 31	
	2021	2020
Net income attributable to common shareholders of the Company (diluted)	\$ <u>280,100</u>	<u>75,705</u>
Weighted-average number of common shares (basic)	248,092	247,350
Impact of potential common shares:		
Effect of employees' remuneration	253	318
Weighted-average number of shares outstanding (diluted)	<u>248,345</u>	<u>247,668</u>
Diluted earnings per share (in NT dollars)	\$ <u>1.13</u>	<u>0.31</u>

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended March 31, 2021								
Area of distribution:	Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
China	\$ 2,647,037	-	192,425	-	2,913	118,601	7,481	2,968,457
Taiwan	280,985	118,587	124,079	215,848	114,806	112,050	2,713	969,068
Thailand	-	-	-	-	42,473	-	196	42,669
New Zealand and Australia	-	-	-	-	286,820	-	-	286,820
United states	-	-	-	-	171,569	-	-	171,569
Europe	-	-	-	-	152,897	-	-	152,897
Others	3,285	-	-	-	63,513	2,013	-	68,811
	<u>\$ 2,931,307</u>	<u>118,587</u>	<u>316,504</u>	<u>215,848</u>	<u>834,991</u>	<u>232,664</u>	<u>10,390</u>	<u>4,660,291</u>

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 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	\$ 1,767,382	-	93,364	-	3,020	48,147	5,385	1,917,298
Taiwan	281,638	154,351	136,454	197,181	120,648	128,551	2,362	1,021,185
Thailand	-	-	-	-	56,599	-	188	56,787
New Zealand and Australia	-	-	-	-	239,668	-	313	239,981
United states	-	-	-	-	166,685	-	212	166,897
Europe	-	-	-	-	120,406	-	-	120,406
Others	5,890	-	-	-	83,897	3,662	93	93,542
	\$ 2,054,910	154,351	229,818	197,181	790,923	180,360	8,553	3,616,096

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

(ii) Contract balance

	March 31, 2021	December 31, 2020	March 31, 2020
Contract liability	<u>\$ 597,616</u>	<u>574,383</u>	<u>472,408</u>

The amount of revenue recognized (reversed) for the three months ended March 31, 2021 and 2020, that was included in the contract liability balance at the beginning of the period was \$214,740 thousand and \$165,441 thousand, respectively.

(t) 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.

For the three months ended March 31, 2021 and 2020, the estimated amounts of employees' compensation were \$3,337 thousand and \$912 thousand, respectively, and the estimated amounts of directors' remuneration were \$15,015 thousand and \$4,104 thousand, respectively. The estimated amounts mentioned above are based on the net profit before tax, excluding employee compensation and directors' remuneration, of each respective ending period, multiplied by the percentage of the employee compensation, and the directors' remuneration, as specified in the Company's article. The estimations are recorded under operating expenses and cost.

The Company estimated its remuneration to employees amounting to \$11,065 thousand and \$11,812 thousand, as well as its directors' \$44,261 thousand and \$47,248 thousand for the years 2020 and 2019, 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 2020 and 2019. The aforementioned remuneration to employees and directors is consistent to the estimated amounts disclosed in the Company's consolidated financial statements for the years ended December 31, 2020 and 2019.

(u) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31	
	2021	2020
Interest income from bank deposits	<u>\$ 30,284</u>	<u>16,658</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(ii) Other income

		For the three months ended March 31	
		2021	2020
Rental income	\$	2,584	4,634
Dividend income		-	7,831
Other income—other			
Government grants		27,080	35,654
Others		13,496	6,571
Total other income—Other		40,576	42,225
Total other income	\$	<u>43,160</u>	<u>54,690</u>

(iii) Other gains and losses

		For the three months ended March 31	
		2021	2020
Gains (losses) on disposal of property, plant and equipment	\$	(65)	300
Gains on lease modification		13	-
Gains (losses) foreign exchange		18,133	(1,870)
Gains on financial assets at fair value through profit or loss		-	1,913
Others		(8,850)	(465)
Net other gains and losses	\$	<u>9,231</u>	<u>(122)</u>

(iv) Finance costs

		For the three months ended March 31	
		2021	2020
Interest expense	\$	<u>64,907</u>	<u>64,450</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and in the degree of exposure to credit risk, liquidity risk— interest rate risk and market risk arising from financial instruments. For the related information, please refer to note 6(w) of the consolidated financial statements for the year ended December 31, 2020.

(i) 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
March 31, 2021						
Non-derivative financial liabilities						
Secured loans	\$ 1,484,630	1,605,874	58,456	624,194	184,410	738,814
Unsecured loans	6,467,975	6,623,267	3,302,778	2,524,003	796,486	-
Short-term commercial paper payable	149,955	150,000	150,000	-	-	-
Accounts payable	1,146,090	1,146,090	1,146,090	-	-	-
Dividends payable	496,506	496,506	496,506	-	-	-
Other payables	1,242,693	1,242,693	1,242,693	-	-	-
Bonds payable(including related parties)	3,985,671	4,000,000	4,000,000	-	-	-
Lease liabilities	1,117,669	1,301,772	240,290	239,749	460,508	361,225
Guarantee deposits received	50	50	50	-	-	-
	<u>\$ 16,091,239</u>	<u>16,566,252</u>	<u>10,636,863</u>	<u>3,387,946</u>	<u>1,441,404</u>	<u>1,100,039</u>
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	-	-	-
	<u>\$ 15,859,471</u>	<u>16,352,224</u>	<u>10,255,540</u>	<u>2,919,553</u>	<u>2,001,068</u>	<u>1,176,063</u>
March 31, 2020						
Non-derivative financial liabilities						
Secured loans	\$ 1,203,624	1,393,810	14,773	113,933	39,081	1,226,023
Unsecured loans	6,840,121	6,920,749	5,396,815	1,213,042	310,892	-
Short-term commercial paper payable	219,904	220,000	220,000	-	-	-
Accounts payable	779,098	779,098	779,098	-	-	-
Other payables	495,022	495,022	495,022	-	-	-
Other payables	1,044,895	1,044,895	1,044,895	-	-	-
Bonds payable	3,964,178	4,000,000	4,000,000	-	-	-
Lease liabilities	1,128,903	1,338,750	265,952	209,669	437,732	425,397
Guarantee deposits received	50	50	50	-	-	-
	<u>\$ 15,675,795</u>	<u>16,192,374</u>	<u>12,216,605</u>	<u>1,536,644</u>	<u>787,705</u>	<u>1,651,420</u>

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

(Continued)

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

(ii) Liquidity risk—Currency risk

	Foreign currency	Exchange rate	TWD
March 31, 2021			
Financial assets:			
Monetary assets:			
USD	\$	4,012	28.54
			114,490
Financial liabilities:			
Monetary liabilities:			
USD	\$	7,606	28.54
			217,043
EUR	\$	7,977	33.48
			267,083
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
March 31, 2020			
Financial assets:			
Monetary assets:			
USD	\$	3,817	30.23
			115,365
Financial liabilities:			
Monetary liabilities:			
USD	\$	8,936	30.23
			270,078
EUR	\$	3,343	33.24
			111,134

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 March 31, 2021 and 2020 would have increased (decreased) the net income after tax for the three months ended March 31, 2021 and 2020 by \$3,696 thousand and \$2,658 thousand, respectively. The analysis was performed on the same basis for both periods.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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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 three months ended March 31, 2021 and 2020, foreign exchange gains (losses) (including realized and unrealized abortions) amounted to \$18,133 thousand and \$(1,870) thousand, respectively.

(iii) 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 \$18,566 thousand and \$19,226 thousand for the three months ended March 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.

(iv) Fair value and carrying amount

1) Categories and fair value of financial instruments

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 :

	March 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ <u>22,820</u>	<u>22,820</u>	<u>-</u>	<u>-</u>	<u>22,820</u>

(Continued)

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

		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
		March 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						
	\$	214,640	-	214,640	-	214,640
Financial assets at fair value through other comprehensive income						
Stocks listed on domestic markets						
		13,723	13,723	-	-	13,723
Stocks unlisted on domestic markets						
		1,265	-	-	1,265	1,265
Subtotal		14,988	13,723	-	1,265	14,988
Total	\$	229,628	13,723	214,640	1,265	229,628

(Continued)

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

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.

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

4) Transferring between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 for the three months ended March 31, 2021 and 2020.

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
March 31, 2021 (same as January 1, 2021)	\$ -
January 1, 2020	27,166
Return from capital reduction and liquidation	(25,901)
March 31, 2020	\$ <u><u>1,265</u></u>

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparative listed company	<ul style="list-style-type: none"> · Multiplier of price-to-earnings ratio (As of March 31, 2020 was 0.93) · Market illiquidity discount rate (As of March 31, 2020 was 20%) 	<p>The estimated fair value would increase (decrease) if</p> <ul style="list-style-type: none"> · the multiplier were higher (lower) · the market illiquidity discount were lower (higher)

(Continued)

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

- 7) Fair value measurements in Level 3— sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

			Other comprehensive income	
	Input	Assumptions	Favorable	Unfavorable
March 31, 2020				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	81	(81)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique.

- (w) Financial risk management

The objective and policies of the consolidated company are identical to those disclosed in note 6(w) of the consolidated financial statement for the year ended 2020.

- (x) Capital management

The disclosure of objectives, policies and procedures of the Group's capital management are the same as those specified in the consolidated financial statements for the year ended December 31, 2020; and there were no significant changes in the Group's collective quantitative information from those disclosed in the consolidated financial statements for the year ended December 31, 2020. For related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2020.

- (y) 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 three months ended March 31, 2021 and 2020.

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

(z) The reconciliation of liabilities arising from financing activities

For the three months ended March 31, 2021 and 2020, the reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2021	Cash flows	Non-cash changes		March 31, 2021
			Foreign exchange movement	Others	
Short-term borrowings	\$ 2,998,640	106,772	(50,528)	-	3,054,884
Short-term commercial paper payable	89,962	60,000	-	(7)	149,955
	3,980,298	-	-	5,373	3,985,671
Long-term borrowings (including current portion)	5,073,191	(76,065)	(99,405)	-	4,897,721
Lease liabilities	1,052,141	(76,820)	(7,485)	149,833	1,117,669
Total liabilities from financing activities	<u>\$ 13,194,232</u>	<u>13,887</u>	<u>(157,418)</u>	<u>155,199</u>	<u>13,205,900</u>

	January 1, 2020	Cash flows	Non-cash changes		March 31, 2020
			Foreign exchange movement	Others	
Short-term borrowings	\$ 3,642,940	1,344,766	(30,833)	-	4,956,873
Short-term commercial paper payable	-	219,904	-	-	219,904
	3,958,804	-	-	5,374	3,964,178
Long-term borrowings (including current portion)	4,161,407	(1,080,769)	6,234	-	3,086,872
Lease liabilities	1,190,645	(40,865)	(12,079)	(8,798)	1,128,903
Total liabilities from financing activities	<u>\$ 12,953,796</u>	<u>443,036</u>	<u>(36,678)</u>	<u>(3,424)</u>	<u>13,356,730</u>

(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. The Group applied IFRS 16, with a date of initial application on January 1, 2019. This lease transaction both recognized an additional amount of \$0 thousand of right-of-use assets and lease liabilities. For the three months ended March 31, 2021 and 2020, the Group recognized the amount of \$40 thousand and \$10 thousand as interest expense, respectively. As of March 31, 2021, December 31 and March 31, 2020, the balance of lease liabilities amounted to \$14,514 thousand, \$0 thousand and \$6,254 thousand, respectively.

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

(c) Personnel transactions from key management

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

	For the three months ended March 31	
	2021	2020
Short-term employee benefits	\$ 62,705	51,906
Post-employments benefits	465	465
	<u>\$ 63,170</u>	<u>52,371</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2021	December 31, 2020	March 31, 2020
Other non-current assets:				
Time deposits	Operating lease deposits	\$ -	-	124
Property, plant and equipment:				
Land	Long-term borrowings	1,741,235	1,802,421	1,795,018
Buildings	Long-term borrowings	767,815	805,826	852,257
		<u>\$ 2,509,050</u>	<u>2,608,247</u>	<u>2,647,399</u>

(9) Commitments and contingencies

(a) Major contracts not recognized the commitment:

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

	March 31, 2021	December 31, 2020	March 31, 2020
Acquisition of property, plant and equipment	<u>\$ 48,858</u>	<u>26,139</u>	<u>40,192</u>

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

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

	March 31, 2021	December 31, 2020	March 31, 2020
Unused letters of credit for purchases of materials	<u>\$ 770,487</u>	<u>966,951</u>	<u>500,102</u>

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

	March 31, 2021	December 31, 2020	March 31, 2020
Long-term letters of credit guarantee bill	<u>\$ 392,000</u>	<u>392,000</u>	<u>392,000</u>

- (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.

	March 31, 2021
One year	\$ 804
Less than five years	3,214
More than five years	<u>2,812</u>
	<u>\$ 6,830</u>

- (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

The subsidiary of the Group, 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's cash capital increase on April 28, 2021, and the Company's ownership percentage to the subsidiary is expected to decrease from 96.15% to 81.73%.

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

(12) Other

- (a) The employee benefit expenses, depreciation and amortization, categorized by function, were as follows:

By nature	By function Three months ended March 31, 2021			Three months ended March 31, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	251,713	374,536	626,249	223,778	340,548	564,326
Labor and health insurance	80,114	40,632	120,746	75,646	29,639	105,285
Pension	16,376	27,808	44,184	11,882	22,360	34,242
Remuneration of directors	-	16,336	16,336	-	5,177	5,177
Others	15,341	23,809	39,150	16,100	27,993	44,093
Depreciation (note 1)	185,434	98,889	284,323	167,587	94,897	262,484
Amortization	-	-	-	-	-	-

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses — other gains and losses amounting to \$814 thousand and \$801 thousand for the three months ended March 31, 2021 and 2020 were not excluded, respectively.

(b) Operating and seasonality

The ice cream department of the Group's operation is affected by the weather conditions and the impact of seasonal fluctuations. In which ice cream sales at the main areas are easily adversely impacted due to the winter weather conditions from November to the following February each year. The Group's attempts satisfy supply needs by inventory management during this period to reduce the seasonal effects. Generally, revenue and operating profit in the first quarter of ice cream department is relatively low.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 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		
2	Lucky Co.	Namchow BVI Co.	Other accounts receivable—related parties	Yes	57,783	57,783	57,783	(Note 3)	Short term financing	-	(Note 3)	-	-	-	1,139,728 (Note 2)	1,139,728 (Note 2)

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

Note 2: 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.

(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	6,229,571	1,638,995	1,532,834	699,872	-	24.61 %	6,229,571	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				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	18,492	0.05 %	18,492	
Lucky Co.	Stock: The Company	The Company	Financial assets at fair value through comprehensive income—non-current	46,041	2,189,262	15.65 %	2,189,262	Note 1
Lucky Co.	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income—non-current	277	4,328	0.01 %	4,328	

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

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

- (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)	
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	464,405	(27) %	Note 1	-	-	(244,607)	24 %	Note 2
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(464,405)	(76) %	Note 1	-	-	244,607	53 %	Note 2
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	285,777	(17) %	Note 1	-	-	(315,271)	31 %	Note 2
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(285,777)	(47) %	Note 1	-	-	315,271	70 %	Note 2
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	118,836	(7) %	Note 1	-	-	-	- %	Note 2
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(118,836)	(77) %	Note 1	-	-	-	- %	Note 2
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	711,086	(42) %	Note 1	-	-	(317,260)	31 %	Note 2
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(711,086)	(85) %	Note 1	-	-	317,260	100 %	Note 2
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	117,601	(14) %	Note 1	-	-	-	- %	Note 2
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(117,601)	(14) %	Note 1	-	-	-	- %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	202,441	(24) %	Note 1	-	-	(63,267)	16 %	Note 2
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(202,441)	(33) %	Note 1	-	-	63,267	14 %	Note 2
Guangzhou Yoshi Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	107,139	(75) %	Note 1	-	-	(66,922)	83 %	Note 2
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	(Sales)	(107,139)	(18) %	Note 1	-	-	66,922	15 %	Note 2
Namchow Food Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	119,185	(7) %	Note 1	-	-	(130,057)	13 %	Note 2
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(119,185)	(62) %	Note 1	-	-	130,057	84 %	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)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	315,271	0.85	-		183,742 (As of May 13, 2021)	-
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	244,607	1.73	-		131,244 (As of May 13, 2021)	-
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	179,498	0.44	-		- (As of May 13, 2021)	-
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	130,057	0.71	-		56,872 (As of May 13, 2021)	-
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	317,260	2.06	-		87,496 (As of May 13, 2021)	-

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

- (ix) Trading in derivative instruments: None.

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(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	71,615	No significant differences	1.54 %
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Accounts receivable	179,498	No significant differences	0.71 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Sales revenue	464,405	No significant differences	9.97 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Accounts receivable	244,607	No significant differences	0.97 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Sales revenue	285,777	No significant differences	6.13 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Accounts receivable	315,271	No significant differences	1.25 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	202,441	No significant differences	4.34 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	63,267	No significant differences	0.25 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Sales revenue	107,139	No significant differences	2.30 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Accounts receivable	66,922	No significant differences	0.26 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	118,836	No significant differences	2.55 %
4	Shanghai Namchow Co.	Namchow Food Co.	3	Sales revenue	711,086	No significant differences	15.26%
4	Shanghai Namchow Co.	Namchow Food Co.	3	Accounts receivable	317,260	Determined capital demand	1.25 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	117,601	No significant differences	2.52 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	119,185	No significant differences	2.56 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	130,057	No significant differences	0.51 %
6	Namchow Oil and Fat Co.	Huaciang Co.	3	Accounts receivable	21,222	No significant differences	0.08 %
7	Huaciang Co.	Lucky Co.	3	Sales revenue	74,971	No significant differences	1.61 %
7	Huaciang Co.	Accounts receivable	3	Accounts receivable	48,825	No significant differences	0.19 %
8	Lucky Co.	Namchow BVI Co.	3	Other accounts receivable-related parties	57,783	Dividend receivable transferred to the loan extended with no cash outflow	0.23 %

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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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				March 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 %	2,328,886	91,487	91,487	Note 3
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	31,820	340	340	Note 3
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	9,140,191	343,339	343,339	Note 3
The Company	Chow Ho Co.	Taipei, Taiwan	Catering services, food and beverage retailing, and frozen food manufacturing	119,000	119,000	2,500	100.00 %	8,686	(2,261)	(2,254)	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 %	618,178	51,505	(40,345)	Note 3
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	763	763	80	80.00 %	172	(1)	(1)	Note 3
The Company	Nankyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	446,180	446,180	- (Note 2)	100.00 %	90,148	(27,257)	(27,257)	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 %	770	(180)	(180)	Note 3
The Company	Chow Food Co.	Taipei, Taiwan	Development of biotechnology products	49,000	39,000	1,300	100.00 %	8,221	(2,989)	(2,984)	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 %	516,980	32,879	33,076	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 %	263,277	836	314	Note 3
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	228,970	228,970	4,680	90.70 %	13,545	(40,519)	(36,750)	Notes 1 and 3
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	222,000	222,000	10,400	100.00 %	23,609	(11,766)	(11,744)	Notes 1 and 3
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	14,000	14,000	500	100.00 %	1,940	(701)	(700)	Note 3
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	100	100	10	10.00 %	22	(1)	-	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 %	9,132,468	343,977	343,977	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 3 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:

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 March 31, 2021	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Unit: thousand dollars	
					Remittance amount	Repatriation amount					Book value as of March 31, 2021	Accumulated remittance of earnings in current period
Shanghai Qiaohao Co.	Holding of investments and international trade	669,270	(3)	-	-	-	-	(32,036)	100.00 %	(32,060) ((2)b.)	250,800	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	- ((2)b.)	869	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	704,181	(3)	-	-	-	-	(19,731)	100.00 %	(19,731) ((2)b.)	432,358	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(2,746)	100.00 %	(2,746) ((2)b.)	41,568	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	856,481	(3)	-	-	-	-	419,433	96.15 %	403,301 ((2)a.)	8,500,914	506,146
Tianjin Namchow Co.	Manufacturing and selling of edible fat	756,875	(3)	372,813	-	-	372,813	105,740	96.15 %	101,669 ((2)a.)	1,985,385	45,974
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	121,100	(3)	-	-	-	-	33,315	96.15 %	32,032 ((2)a.)	715,313	-
Guangzhou Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	28,010	96.15 %	26,931 ((2)a.)	655,531	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	77,358	96.15 %	74,380 ((2)a.)	2,258,262	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	676,597	(3)	-	-	-	-	71,833	96.15 %	69,067 ((2)a.)	863,059	-
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	61,349	96.15 %	58,987 ((2)a.)	650,191	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	2,786	96.15 %	2,679 ((2)a.)	202,411	-
Shanghai Qizhi Co.	Business management and investment consulting services	4,541	(3)	-	-	-	-	121	100.00 %	(2)b.)	121	7,918
Bao Lai Na Co.	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	(40,041)	90.39 %	(36,193) ((2)c.)	60,085	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.

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

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 were reviewed by an international accounting firm that has a cooperative relationship with accounting firms of the Republic of China.
 - b. The financial statements were reviewed by the auditors of the parent company and were recognized as investment income (loss) under the equity method.
 - c. Others: the financial statements were not reviewed by the auditors of the parent company and were recognized as investment income (loss) under the equity method.

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 March 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	3,737,743
Lucky Co.	226,649	194,406	1,709,591

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

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Lucky Royal Co., Ltd.		46,041,259	15.65 %
Chen Fei Peng		37,537,995	12.76 %
Chen Fei Lung		33,814,934	11.49 %

(14) Segment 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.

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Adjustments or elimination	Total
Three months ended March 31, 2021									
Revenue:									
Revenue from external customers	\$ 2,931,307	118,587	316,504	215,848	834,991	232,664	10,390	-	4,660,291
Inter-segment revenues	36,703	-	1,225	6,594	80,204	3,469	50,431	(178,626)	-
Total revenue	\$ 2,968,010	118,587	317,729	222,442	915,195	236,133	60,821	(178,626)	4,660,291
Reportable segment profit or loss	\$ 362,558	8,938	124,680	(4,448)	89,932	(71,354)	(53,103)	(3,028)	454,175
Interest income and other income									73,444
Other gains and losses									9,231
Finance costs									(64,907)
Net income before tax									\$ 471,943
Three months ended March 31, 2020									
Revenue:									
Revenue from external customers	\$ 2,054,910	154,351	229,818	197,181	790,923	180,360	8,553	-	3,616,096
Inter-segment revenues	34,522	-	722	7,852	80,909	7,489	56,021	(187,515)	-
Total revenue	\$ 2,089,432	154,351	230,540	205,033	871,832	187,849	64,574	(187,515)	3,616,096
Reportable segment profit or loss	\$ 229,729	13,101	4,800	11,832	80,726	(114,848)	(35,650)	(41,486)	148,204
Interest income and other income									71,348
Other gains and losses									(122)
Finance costs									(64,450)
Net income before tax									\$ 154,980

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

- (a) For the three months ended March 31, 2021 and 2020, inter-segment revenues amounted to \$178,626 thousand and \$187,515 thousand, respectively, should be eliminated from total revenue.
- (b) For the three months ended March 31, 2021 and 2020, share of associate profit (loss) under equity method amounted to \$(3,028) thousand and \$(41,486) thousand, respectively, should be eliminated.