

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

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Six Months Ended June 30, 2021 and 2020**

**Address: No. 100, Yanping N. Rd., Sec 4., Taipei, Taiwan R.O.C**  
**Telephone: (02)2535-1251**

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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安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666  
Fax 傳真 + 886 2 8101 6667  
Internet 網址 home.kpmg/tw

## 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 June 30, 2021 and 2020, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2021 and 2020, as well as the changes in equity and cash flows for the six 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 \$2,547,044 thousand and \$2,894,510 thousand, constituting 9% and 12% of the consolidated total assets; and the total liabilities amounting to \$2,376,771 thousand and \$2,601,188 thousand, constituting 13% and 14% of the consolidated total liabilities as of June 30, 2021 and 2020, respectively; as well as the total comprehensive income (loss) amounting to \$37,577 thousand, \$110,000 thousand, \$(28,323) thousand and \$(40,826) thousand, constituting 52%, 56%, (15)% and 281% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 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 June 30, 2021 and 2020, and of its consolidated financial performance for the three months and six months ended June 30, 2021 and 2020, as well as its consolidated cash flows for the six months ended June 30, 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)  
August 12, 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 June 30, 2021 and 2020**

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

**Consolidated Balance Sheets**

**June 30, 2021, December 31 and June 30, 2020**

(Expressed in Thousands of New Taiwan Dollars)

Assets		June 30, 2021		December 31, 2020		June 30, 2020		Liabilities and Equity		June 30, 2021		December 31, 2020		June 30, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:									Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 10,496,262	35	5,721,627	23	5,084,039	21	2100	Short-term borrowings (note 6(l))	\$ 3,842,561	13	2,998,640	12	4,857,352	20
1110	Financial assets at fair value through profit or loss – current (note 6(b))	-	-	227,426	1	213,477	1	2110	Short-term commercial paper payable (note 6(l))	339,860	1	89,962	-	224,851	1
								2321	Bonds payable current portion (note 6(m))	3,991,044	13	3,980,298	16	-	-
1150	Notes receivable, net (note 6(d))	165,003	1	184,286	1	150,144	1	2322	Current portion of long-term borrowings (notes 6(l) and 8)	345,068	1	214,175	1	291,735	1
1170	Accounts receivable, net (note 6(d))	1,589,245	5	1,556,201	6	1,680,738	7	2130	Contract liabilities (note 6(t))	523,314	2	574,384	2	393,740	2
1200	Other receivables (note 6(e))	86,402	-	57,140	-	28,550	-	2170	Accounts payable	1,331,610	5	1,161,973	5	992,710	4
1220	Current income tax assets	203,232	1	200,582	1	247,285	1	2216	Dividend payables (note 6(r))	-	-	-	-	495,022	2
130x	Inventories (note 6(f))	3,070,712	10	2,451,446	10	2,318,040	9	2219	Other payables (notes 6(u) and 9)	1,205,983	4	1,503,216	6	1,147,418	4
1410	Prepayments	236,411	1	331,887	1	413,841	2	2230	Current income tax liabilities	263,671	1	267,772	1	269,329	1
1470	Other current assets	53,139	-	66,255	-	96,628	-	2280	Current lease liabilities (notes 6(o) and 7)	208,614	1	192,377	1	205,652	1
	Total current assets	15,900,406	53	10,796,850	43	10,232,742	42	2399	Other current liabilities	33,795	-	61,141	-	68,419	-
									Total current liabilities	12,085,520	41	11,043,938	44	8,946,228	36
Non-current assets:									Non-Current liabilities:						
1517	Financial assets at fair value through other comprehensive income – non-current (note 6(c))	24,795	-	19,822	-	16,405	-	2530	Bonds payable (note 6(m))	-	-	-	-	3,969,551	16
1600	Property, plant and equipment (notes 6(h), 8 and 9)	12,110,834	41	12,749,928	50	12,543,761	51	2540	Long-term borrowings (notes 6(l) and 8)	4,320,840	14	4,859,016	19	3,355,322	14
1755	Right-of-use assets (notes 6(i) and 7)	1,217,987	4	1,225,544	5	1,274,340	5	2550	Provision liabilities – non-current (note 6(n))	12,134	-	12,134	-	12,719	-
1760	Investment property (note 6(j))	37,591	-	39,813	-	39,681	-	2580	Lease liabilities – non-current (notes 6(o) and 7)	852,092	3	859,764	3	881,950	4
1805	Goodwill (note 6(k))	105,417	-	105,417	-	105,417	-	2570	Deferred income tax liabilities	1,321,851	4	1,292,405	5	1,146,253	5
1840	Deferred income tax assets	292,956	1	281,628	1	180,742	1	2640	Accrued pension liabilities – non-current	253,090	1	260,572	1	248,911	1
1915	Prepayments for equipment	43,897	-	16,234	-	31,339	-	2670	Other non-current liabilities	55,517	-	57,266	-	57,513	-
1990	Other non-current assets (note 8)	106,221	1	105,248	1	105,480	1		Total non-current liabilities	6,815,524	22	7,341,157	28	9,672,219	40
	Total non-current assets	13,939,698	47	14,543,634	57	14,297,165	58		Total liabilities	18,901,044	63	18,385,095	72	18,618,447	76
								3100	Equity attributable to shareholders of parent (note 6(r)):						
								3200	Common stock	2,941,330	10	2,941,330	12	2,941,330	12
									Capital surplus	3,472,034	12	1,214,039	5	1,229,087	5
									Retained earnings:						
								3310	Legal reserve	838,824	3	838,824	4	838,824	3
								3320	Special reserve	1,286,181	4	1,286,181	5	1,286,181	5
								3350	Unappropriated earnings	1,547,272	5	1,596,003	6	969,112	4
										3,672,277	12	3,721,008	15	3,094,117	12
									Other equity:						
								3410	Financial statement translation differences for foreign operations	(1,042,315)	(3)	(681,563)	(3)	(1,034,009)	(4)
								3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(40,184)	-	(45,154)	-	(49,832)	-
										(1,082,499)	(3)	(726,717)	(3)	(1,083,841)	(4)
								3500	Treasury stock	(530,114)	(2)	(530,114)	(2)	(576,860)	(2)
									Total equity attributable to shareholders of parent	8,473,028	29	6,619,546	27	5,603,833	23
								36xx	Non-controlling interests (note 6(g))	2,466,032	8	335,843	1	307,627	1
									Total equity	10,939,060	37	6,955,389	28	5,911,460	24
									Total liabilities and equity	\$ 29,840,104	100	25,340,484	100	24,529,907	100
Total assets		\$ 29,840,104	100	25,340,484	100	24,529,907	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 and six months ended June 30, 2021 and 2020

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

		For the three months ended June 30				For the six months ended June 30			
		2021		2020		2021		2020	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6(s))	\$ 4,926,650	100	4,266,685	100	9,586,941	100	7,882,781	100
5000	Operating costs (notes 6(f), (g), (h), (i), (o), (p) and 9)	3,334,570	68	2,852,929	67	6,426,418	67	5,354,270	68
5900	Gross profit	1,592,080	32	1,413,756	33	3,160,523	33	2,528,511	32
6000	Operating expenses (notes 6(d), (e), (g), (h), (i), (o), (p), (u) and 7):								
6100	Selling expenses	650,306	13	581,493	13	1,278,276	13	1,156,828	15
6200	General and administrative expenses	372,926	8	333,430	8	732,090	8	662,340	8
6300	Research and development expenses	82,394	1	88,490	2	202,146	2	141,674	2
6450	Expected credit loss	(3,827)	-	(1,243)	-	3,555	-	7,879	-
	Total operating expenses	1,101,799	22	1,002,170	23	2,216,067	23	1,968,721	25
6900	Operating profit	490,281	10	411,586	10	944,456	10	559,790	7
7000	Non-operating income and expenses (notes 6(c), (j), (o), (v) and 7):								
7100	Interest income	43,197	-	19,718	-	73,481	1	36,376	1
7010	Other income	17,739	-	28,007	1	60,899	1	82,697	1
7020	Other gains and losses	(24,236)	-	(3,095)	-	(15,005)	-	(3,217)	-
7050	Finance costs	(64,278)	(1)	(66,913)	(2)	(129,185)	(2)	(131,363)	(2)
	Total non-operating income and expenses	(27,578)	(1)	(22,283)	(1)	(9,810)	-	(15,507)	-
7900	Profit from continuing operations before tax	462,703	9	389,303	9	934,646	10	544,283	7
7950	Less: Income tax expenses (note 6(q))	187,445	4	148,652	3	366,745	4	226,422	3
	Profit	275,258	5	240,651	6	567,901	6	317,861	4
8300	Other comprehensive income (note 6(r)):								
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	1,973	-	1,418	-	4,970	-	(1,316)	-
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	1,973	-	1,418	-	4,970	-	(1,316)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(205,202)	(4)	(46,171)	(1)	(386,434)	(4)	(331,056)	(4)
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	(205,202)	(4)	(46,171)	(1)	(386,434)	(4)	(331,056)	(4)
8300	Other comprehensive income	(203,229)	(4)	(44,753)	(1)	(381,464)	(4)	(332,372)	(4)
	Total comprehensive income	\$ 72,029	1	\$ 195,898	5	\$ 186,437	2	\$ (14,511)	-
	Net income attributable to:								
8610	Shareholders of the parent	\$ 259,435	5	230,824	6	539,535	6	306,529	4
8620	Non-controlling interests	15,823	-	9,827	-	28,366	-	11,332	-
	Total Comprehensive income attributable to:	\$ 275,258	5	\$ 240,651	6	\$ 567,901	6	\$ 317,861	4
8710	Shareholders of the parent	\$ 79,301	1	191,354	5	183,753	2	(3,637)	-
8720	Non-controlling interests	(7,272)	-	4,544	-	2,684	-	(10,874)	-
		\$ 72,029	1	\$ 195,898	5	\$ 186,437	2	\$ (14,511)	-
9750	Basic earnings per share (in New Taiwan dollars) (note 6(s))	\$ 1.05		\$ 0.93		\$ 2.17		\$ 1.24	
9850	Diluted earnings per share (in New Taiwan dollars) (note 6(s))	\$ 1.05		\$ 0.93		\$ 2.17		\$ 1.24	

See accompanying notes to financial statements.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest						
	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
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total							
<b>Balance at January 1, 2020</b>	\$ 2,941,330	1,136,347	740,987	1,071,360	1,562,023	3,374,370	(725,159)	(48,516)	(773,675)	(576,860)	6,101,512	318,501	6,420,013
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	97,837	-	(97,837)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	214,821	(214,821)	-	-	-	-	-	-	-	-
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	-	-	-	-	306,529	306,529	-	-	-	-	306,529	11,332	317,861
Other comprehensive income (loss)	-	-	-	-	-	-	(308,850)	(1,316)	(310,166)	-	(310,166)	(22,206)	(332,372)
Total comprehensive income (loss)	-	-	-	-	306,529	306,529	(308,850)	(1,316)	(310,166)	-	(3,637)	(10,874)	(14,511)
<b>Balance at June 30, 2020</b>	<b>\$ 2,941,330</b>	<b>1,229,087</b>	<b>838,824</b>	<b>1,286,181</b>	<b>969,112</b>	<b>3,094,117</b>	<b>(1,034,009)</b>	<b>(49,832)</b>	<b>(1,083,841)</b>	<b>(576,860)</b>	<b>5,603,833</b>	<b>307,627</b>	<b>5,911,460</b>
<b>Balance at January 1, 2021</b>	\$ 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	-	-	-	-	539,535	539,535	-	-	-	-	539,535	28,366	567,901
Other comprehensive income (loss)	-	-	-	-	-	-	(360,752)	4,970	(355,782)	-	(355,782)	(25,682)	(381,464)
Total comprehensive income (loss)	-	-	-	-	539,535	539,535	(360,752)	4,970	(355,782)	-	183,753	2,684	186,437
Changes in non-controlling interests	-	2,164,156	-	-	-	-	-	-	-	-	2,164,156	2,127,505	4,291,661
<b>Balance at June 30, 2021</b>	<b>\$ 2,941,330</b>	<b>3,472,034</b>	<b>838,824</b>	<b>1,286,181</b>	<b>1,547,272</b>	<b>3,672,277</b>	<b>(1,042,315)</b>	<b>(40,184)</b>	<b>(1,082,499)</b>	<b>(530,114)</b>	<b>8,473,028</b>	<b>2,466,032</b>	<b>10,939,060</b>

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

Consolidated Statements of Cash Flows

For the six months ended June 30, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2021	2020
<b>Cash flows from operating activities:</b>		
Consolidated net income before tax	\$ 934,646	544,283
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	555,579	530,007
Expected credit loss	3,555	7,879
Gains on financial assets at fair value through profit or loss	-	(3,991)
Interest expense	129,185	131,363
Interest income	(73,481)	(36,376)
Dividend income	-	(8,020)
Losses on disposal of property, plant and equipment	28,469	1,240
Property, plant and equipment transferred to expenses	565	-
Impairment loss on non-financial assets	-	1,956
Gains on lease modification	(13)	(960)
Total adjustments to reconcile profit	643,859	623,098
Changes in assets / liabilities relating to operating activities:		
Changes in operating assets:		
Notes receivable	19,283	15,970
Accounts receivables	(35,864)	(114,088)
Other receivables	(29,642)	17,498
Inventories	(618,095)	(95,287)
Prepayments	95,476	(10,026)
Other current assets	13,116	(27,804)
Total changes in operating assets, net	(555,726)	(213,737)
Changes in operating liabilities:		
Contract liabilities	(51,070)	(49,677)
Accounts payable	169,637	24,374
Other payables	(249,288)	(231,616)
Provisions liabilities	-	(3,065)
Other current liabilities	(27,346)	5,800
Net defined benefit liabilities	(7,482)	(2,318)
Total changes in operating liabilities, net	(165,549)	(256,502)
Total changes in operating assets / liabilities, net	(721,275)	(470,239)
Total adjustments	(77,416)	152,859
Cash provided by operating activities	857,230	697,142
Interest income received	73,481	36,376
Dividends received	-	189
Interest paid	(93,931)	(94,703)
Income taxes paid	(355,378)	(147,785)
<b>Net cash provided by operating activities</b>	<b>481,402</b>	<b>491,219</b>
<b>Cash flows from investing activities:</b>		
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	9,082
Acquisition of property, plant and equipment	(296,372)	(787,974)
Proceeds from disposal of property, plant and equipment	817	2,638
Decrease (increase) in other non-current assets	(973)	1,639
<b>Net cash used in investing activities</b>	<b>(69,102)</b>	<b>(741,205)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	5,277,506	7,480,285
Decrease in short-term borrowings	(4,354,681)	(6,190,068)
Increase in short term commercial paper payable	250,000	224,851
Proceeds from long-term borrowings	8,938,762	4,168,611
Repayments of long-term borrowings	(9,198,696)	(4,670,146)
Payment of lease liabilities	(115,259)	(101,013)
Increase (decrease) in other non-current liabilities	(1,749)	9,349
Cash dividends paid	(496,506)	-
Interest paid	(24,610)	(26,094)
Change in non-controlling interests	4,291,661	-
Overaging unclaimed dividends	2,079	980
<b>Net cash provided by financing activities</b>	<b>4,568,507</b>	<b>896,755</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(206,172)</b>	<b>(186,445)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,774,635</b>	<b>460,324</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>5,721,627</b>	<b>4,623,715</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 10,496,262</b>	<b>5,084,039</b>

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**

### **Notes to the Consolidated Financial Statements**

**For the six months ended June 30, 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 August 12, 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. which have already been adopted.

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

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

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

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

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

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

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

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

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

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

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

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

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**NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**  
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**(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
			June 30, 2021	December 31, 2020	June 30, 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

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## NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			June 30, 2021	December 31, 2020	June 30, 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	81.73 %	96.15 %	96.15 %	Note 4
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.	81.73 %	96.15 %	96.15 %	Note 4
Namchow Food Co.	Tianjin Namchow Food Co., Ltd. (Tianjin Namchow Co.)	Manufacturing, and selling of edible fat	81.73 %	96.15 %	96.15 %	Note 4
Namchow Food Co.	Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow Co.)	Manufacturing, and selling of edible fat	81.73 %	96.15 %	96.15 %	Note 4
Namchow Food Co.	Chongqing Qiaoxing Co., Ltd. (Chongqing Qiaoxing Co.)	Food packaging, dairy product and product purchasing management and selling	81.73 %	96.15 %	96.15 %	Note 4
Namchow Food Co.	Wuhan Qiaoxing Co., Ltd. (Wuhan Qiaoxing Co.)	The technical service of baking oil and fat product	81.73 %	96.15 %	96.15 %	Note 4
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Food Co., Ltd. (Tianjin Yoshi Yoshi Co.)	Developing , manufacturing, and selling of dairy products and related services	81.73 %	96.15 %	96.15 %	Note 4
Tianjin Yoshi Yoshi Co.	Guangzhou Yoshi Yoshi Food Co., Ltd. (Guangzhou Yoshi Yoshi Co.)	Developing , manufacturing, and selling of dairy products and related services	81.73 %	96.15 %	96.15 %	Note 4

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.

Note 4: Namchow Food CO., has submitted the application for A-share listing of the securities market of China, thus the board of directors of the Company has approved the resolution for the subsidiary cash capital increase on April 28, 2021, and the Company ownership percentage to the subsidiary decrease from 96.15% to 81.73%.

#### (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**

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Cash on hand	\$ 11,070	11,862	13,634
Savings and checking deposits	9,879,059	5,075,741	4,629,630
Time deposits	584,588	599,008	419,820
Cash equivalents	21,545	35,016	20,955
Total	<u>\$ 10,496,262</u>	<u>5,721,627</u>	<u>5,084,039</u>

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Mandatorily measured at fair value through profit or loss:			
Structured deposits	<u>\$ -</u>	<u>227,426</u>	<u>213,477</u>

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

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**NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**  
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(c) Financial assets at fair value through other comprehensive income — non-current

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	\$ 24,795	19,822	15,140
Stocks unlisted on domestic markets	<u>-</u>	<u>-</u>	<u>1,265</u>
Total	<u>\$ 24,795</u>	<u>19,822</u>	<u>16,405</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 six months ended June 30, 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(w).

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

(d) Notes and accounts receivable

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Notes receivable	\$ 165,003	184,286	150,144
Accounts receivable	1,617,047	1,581,183	1,702,748
Less: allowance for impairment	<u>27,802</u>	<u>24,982</u>	<u>22,010</u>
	<u>\$ 1,754,248</u>	<u>1,740,487</u>	<u>1,830,882</u>

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

	<b>June 30, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate (%)</b>	<b>Loss allowance provision</b>
Not overdue	\$ 1,666,756	0~0.78	5,570
Overdue 1~30 days	81,741	0.36~14.53	2,532
Overdue 31~60 days	12,236	1.67~61.84	1,837
Overdue 61~90 days	682	24.52~100.00	516
Overdue 91~180 days	8,979	48.79~100.00	6,399
Overdue 181~365 days	2,789	93.96	2,584
Overdue 365 days past due	8,867	100.00	8,867
	<b>\$ 1,782,050</b>		<b>28,305</b>
	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate (%)</b>	<b>Loss allowance provision</b>
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
	<b>\$ 1,765,469</b>		<b>25,519</b>

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

	<b>June 30, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate (%)</b>	<b>Loss allowance provision</b>
Not overdue	\$ 1,692,942	0~0.73	4,122
Overdue 1~30 days	121,375	0.13~12.03	2,553
Overdue 31~60 days	17,166	0.41~35.70	1,506
Overdue 61~90 days	5,610	1.00~84.79	2,258
Overdue 91~180 days	11,953	0.96~100.00	7,728
Overdue 181~365 days	59	94.76	56
Overdue 365 days past due	3,787	100.00	3,787
	<b>\$ 1,852,892</b>		<b>22,010</b>

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

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance on January 1	\$ 24,982	14,913
Impairment losses recognized	3,163	8,015
Amounts written off	-	(626)
Effect of changes in exchange rates	(343)	(292)
Balance on June 30	<b>\$ 27,802</b>	<b>22,010</b>

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

(e) Other receivables

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Other receivables	\$ 87,325	57,683	28,791
Less: loss allowance	923	543	241
	<b>\$ 86,402</b>	<b>57,140</b>	<b>28,550</b>

The Group's other receivables which were overdue on June 30, 2021, December 31 and June 30, 2020, have been assessed for impairment losses.

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**NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**  
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The movement in the allowance for other receivables were as follows:

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Balance on January 1	\$ 543	385
Impairment loss recognized	392	-
Impairment loss reversed	-	(136)
Effect of changes in exchange rates	(12)	(8)
Balance on June 30	<u><u>\$ 923</u></u>	<u><u>241</u></u>

(f) Inventories

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Merchandise	\$ 56,302	46,776	65,508
Finished goods	1,295,675	1,014,130	873,735
Work in progress	150,354	114,654	116,861
Raw materials	842,528	718,982	732,571
Supplies	443,244	377,610	405,132
Goods in transit	282,609	179,294	124,233
Total	<u><u>\$ 3,070,712</u></u>	<u><u>2,451,446</u></u>	<u><u>2,318,040</u></u>

As of June 30, 2021, December 31 and June 30, 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:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Loss on decline in market value of inventory	\$ 1,198	4,923	6,905	12,265
Loss on physical count, net	861	224	1,394	1,709
Loss on scrap of inventory	291	1,082	386	1,702
Income from sale of scrap	(4,930)	(4,273)	(7,980)	(6,850)
Total	<u><u>\$ (2,580)</u></u>	<u><u>1,956</u></u>	<u><u>705</u></u>	<u><u>8,826</u></u>

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**NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**  
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(g) Material non-controlling interests of subsidiaries

Name of subsidiary	The main operating place / register country	Proportion of Non-controlling interests		
		June 30, 2021	December 31, 2020	June 30, 2020
Namchow Food CO.	China	18.27 %	3.85 %	3.85 %

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

Summary of financial information of Namchow Food CO.

	June 30, 2021	December 31, 2020	June 30, 2020
Current assets	\$ 12,017,353	7,382,593	6,437,914
Non-current assets	5,433,629	5,580,568	5,349,104
Current liabilities	(3,646,447)	(4,118,873)	(3,680,025)
Non-current liabilities	(333,488)	(350,955)	(352,265)
Net assets	<u>\$ 13,471,047</u>	<u>8,493,333</u>	<u>7,754,728</u>
Non-controlling interests	<u>\$ 2,461,057</u>	<u>326,667</u>	<u>298,259</u>
	For the three months ended June 30	For the six months ended June 30	
	2021	2020	2021
Revenue	<u>\$ 3,085,408</u>	<u>2,312,838</u>	<u>5,909,939</u>
Net income	\$ 427,241	314,319	846,674
Other comprehensive income (loss)	-	-	-
Total comprehensive income (loss)	<u>\$ 427,241</u>	<u>314,319</u>	<u>846,674</u>
Total net income attributable to non-controlling interests	<u>\$ 16,532</u>	<u>12,090</u>	<u>32,564</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 16,532</u>	<u>12,090</u>	<u>18,753</u>
	For the six months ended June 30		
	2021	2020	
Net Cash flow from operating activities	\$ 483,955	332,801	
Net Cash flow used in investing activities	(99,341)	(96,924)	
Cash flow from financing activities	4,209,903	350,260	
Effect of exchange rate changes on cash and cash equivalents	37	(118)	
Increase in cash and cash equivalents	<u>\$ 4,594,554</u>	<u>586,019</u>	

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**NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**  
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(h) Property, plant and equipment

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

	Land	Buildings	Machinery	Other equipment	Unfinished construction	Total
Cost and revaluation:						
Balance at January 1, 2021	\$ 2,887,928	6,690,798	7,318,881	4,239,438	310,058	21,447,103
Additions	-	10,610	18,801	71,121	108,407	208,939
Disposals	-	-	(1,359)	(70,369)	(230)	(71,958)
Reclassification	-	32,379	47,309	72,624	(139,101)	13,211
Effect of changes in exchange rates	(74,758)	(208,669)	(240,671)	(68,548)	(20,727)	(613,373)
Balance at June 30, 2021	<u>\$ 2,813,170</u>	<u>6,525,118</u>	<u>7,142,961</u>	<u>4,244,266</u>	<u>258,407</u>	<u>20,983,922</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	-	4,412	12,753	39,840	685,284	742,289
Disposals	-	-	(7,446)	(51,626)	(1,914)	(60,986)
Reclassification	-	524,427	54,724	89,128	(654,616)	13,663
Effect of changes in exchange rates	(8,959)	(114,424)	(163,321)	(72,576)	(42,564)	(401,844)
Balance at June 30, 2020	<u>\$ 2,886,110</u>	<u>5,984,937</u>	<u>6,487,377</u>	<u>3,989,123</u>	<u>1,430,675</u>	<u>20,778,222</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	-	104,304	158,773	163,597	-	426,674
Disposal	-	-	(1,151)	(41,521)	-	(42,672)
Reclassification	-	-	(23)	647	-	624
Effect of changes in exchange rates	-	(32,712)	(134,216)	(41,785)	-	(208,713)
Balance at June 30, 2021	<u>\$ 31,953</u>	<u>1,732,284</u>	<u>4,242,769</u>	<u>2,866,082</u>	<u>-</u>	<u>8,873,088</u>
Balance at January 1, 2020	\$ 31,953	1,462,396	3,985,497	2,597,007	-	8,076,853
Depreciation	-	89,962	140,840	155,267	-	386,069
Disposal	-	-	(7,284)	(49,824)	-	(57,108)
Reclassification	-	-	-	497	-	497
Impairment loss	-	-	1,779	177	-	1,956
Effect of changes in exchange rates	-	(29,142)	(99,484)	(45,180)	-	(173,806)
Balance at June 30, 2020	<u>\$ 31,953</u>	<u>1,523,216</u>	<u>4,021,348</u>	<u>2,657,944</u>	<u>-</u>	<u>8,234,461</u>
Carrying value:						
January 1, 2021	\$ 2,855,975	5,030,106	3,099,495	1,454,294	310,058	12,749,928
June 30, 2021	<u>\$ 2,781,217</u>	<u>4,792,834</u>	<u>2,900,192</u>	<u>1,378,184</u>	<u>258,407</u>	<u>12,110,834</u>
January 1, 2020	\$ 2,863,116	4,108,126	2,605,170	1,387,350	1,444,485	12,408,247
June 30, 2020	<u>\$ 2,854,157</u>	<u>4,461,721</u>	<u>2,466,029</u>	<u>1,331,179</u>	<u>1,430,675</u>	<u>12,543,761</u>

(i) Impairment loss and subsequent reversal

For the six months ended June 30, 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 June 30, 2021, December 31 and June 30, 2020.

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

(i) Right-of-use assets

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

	<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	-	133,935	5,544	139,479
Modification	-	(13,726)	(2,635)	(16,361)
Reclassification	-	-	(1,966)	(1,966)
Effect of changes in exchange rates	(5,152)	(20,587)	(983)	(26,722)
Balance at June 30, 2021	<u>\$ 326,508</u>	<u>1,471,208</u>	<u>83,385</u>	<u>1,881,101</u>
Balance at January 1, 2020	\$ 326,205	1,340,261	75,589	1,742,055
Additions	-	46,928	11,948	58,876
Modification	-	(38,314)	(6,716)	(45,030)
Reclassification	-	-	(3,047)	(3,047)
Effect of changes in exchange rates	(8,639)	(30,842)	(580)	(40,061)
Balance at June 30, 2020	<u>\$ 317,566</u>	<u>1,318,033</u>	<u>77,194</u>	<u>1,712,793</u>
Accumulated depreciation:				
Balance at January 1, 2021	\$ 85,663	447,082	28,382	561,127
Depreciation	3,475	111,051	12,759	127,285
Modification	-	(13,615)	(1,734)	(15,349)
Reclassification	-	-	(639)	(639)
Effect of changes in exchange rates	(1,364)	(7,758)	(188)	(9,310)
Balance at June 30, 2021	<u>\$ 87,774</u>	<u>536,760</u>	<u>38,580</u>	<u>663,114</u>
Balance at January 1, 2020	\$ 77,379	211,865	28,685	317,929
Depreciation	3,401	124,696	14,256	142,353
Modification	-	(5,831)	(6,292)	(12,123)
Reclassification	-	-	(899)	(899)
Effect of changes in exchange rates	(2,104)	(6,528)	(175)	(8,807)
Balance at June 30, 2020	<u>\$ 78,676</u>	<u>324,202</u>	<u>35,575</u>	<u>438,453</u>
Carrying value:				
January 1, 2021	<u>\$ 245,997</u>	<u>924,504</u>	<u>55,043</u>	<u>1,225,544</u>
June 30, 2021	<u>\$ 238,734</u>	<u>934,448</u>	<u>44,805</u>	<u>1,217,987</u>
January 1, 2020	<u>\$ 248,826</u>	<u>1,128,396</u>	<u>46,904</u>	<u>1,424,126</u>
June 30, 2020	<u>\$ 238,890</u>	<u>993,831</u>	<u>41,619</u>	<u>1,274,340</u>

(j) Investment property

	<u>Buildings</u>
Cost:	
Balance as at January 1, 2021	\$ 72,387
Effect of changes in exchange rates	(1,124)
Balance as at June 30, 2021	<u>\$ 71,263</u>
Balance as at January 1, 2020	\$ 71,197
Effect of changes in exchange rates	(1,886)
Balance as at June 30, 2020	<u>\$ 69,311</u>

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

	<u><b>Buildings</b></u>
Depreciation:	
Balance as at January 1, 2021	\$ 32,574
Depreciation	1,620
Effect of changes in exchange rates	(522)
Balance as at June 30, 2021	<u><u>\$ 33,672</u></u>
Balance as at January 1, 2020	\$ 28,835
Depreciation	1,585
Effect of changes in exchange rates	(790)
Balance as at June 30, 2020	<u><u>\$ 29,630</u></u>
Carrying value:	
Balance as at January 1, 2021	<u><u>\$ 39,813</u></u>
Balance as at June 30, 2021	<u><u>\$ 37,591</u></u>
Balance as at January 1, 2020	<u><u>\$ 42,362</u></u>
Balance as at June 30, 2020	<u><u>\$ 39,681</u></u>
Fair value:	
Balance as at January 1, 2021	<u><u>\$ 75,420</u></u>
Balance as at June 30, 2021	<u><u>\$ 74,422</u></u>
Balance as at January 1, 2020	<u><u>\$ 75,420</u></u>
Balance as at June 30, 2020	<u><u>\$ 73,184</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(v) 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><b>Region</b></u>	<u><b>June 30, 2021</b></u>	<u><b>June 30, 2020</b></u>
Xuhui Dist., Shanghai	3.97%	4.27%

As of June 30, 2021, December 31 and June 30, 2020, the Group's investment properties were not provided as pledged assets.

(k) 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>

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

The cost and accumulated amortization was as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
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><b>\$ 105,417</b></u>	<u><b>105,417</b></u>	<u><b>105,417</b></u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2021 and 2020. For related information, please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2020.

(l) Short-term and long-term borrowings

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

(i) Short-term borrowings

<b>June 30, 2021</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Unsecured loans	RMB	3.52~4.15	2021~2022	\$ 2,069,958
Unsecured loans	USD	0.57	2021	16,188
Unsecured loans	TWD	0.65~0.95	2021	1,281,207
Unsecured loans	JPY	0.58~0.98	2021~2022	<u>475,208</u>
Total				<u><b>\$ 3,842,561</b></u>

  

<b>December 31, 2020</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
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	<u>343,994</u>
Total				<u><b>\$ 2,998,640</b></u>

(Continued)

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

<b>June 30, 2020</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Unsecured loans	RMB	1.05~4.75	2020	\$ 2,681,484
Unsecured loans	EUR	0.48	2020	31,444
Unsecured loans	USD	0.68~4.22	2020	313,388
Unsecured loans	TWD	0.89~1.00	2020	1,416,910
Unsecured loans	JPY	0.58~0.98	2020~2021	411,274
Unsecured loans	THB	0	2020	2,852
Total				<u><u>\$ 4,857,352</u></u>

As of June 30, 2021, December 31 and June 30, 2020, the unused credit facilities amounted to \$13,013,743 thousand, \$17,885,356 thousand and \$14,070,142 thousand, respectively.

(ii) Short-term commercial paper payable

<b>June 30, 2021</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Commercial paper payable	TWD	0.39~0.73	2021	\$ 340,000
Discount				(140)
Total				<u><u>\$ 339,860</u></u>

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

<b>June 30, 2020</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Commercial paper payable	TWD	0.49~0.74	2020	\$ 225,000
Discount				(149)
Total				<u><u>\$ 224,851</u></u>

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

As of June 30, 2021, December 31 and June 30, 2020, the unused credit facilities amounted to \$360,000 thousand, \$640,000 thousand and \$500,000 thousand, respectively.

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

(iii) Long-term borrowings

<b>June 30, 2021</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	JPY	1.275	2038~2039	\$ 957,509
Secured loans	TWD	0.98	2024	500,000
Unsecured loans	JPY	0.97818	2021	25,210
Unsecured loans	THB	1.93	2025	524,640
Unsecured loans	TWD	0.8322~1.0900	2021~2023	2,430,000
Unsecured loans	RMB	3.8000~4.7500	2021~2023	228,549
Total				<b>\$ 4,665,908</b>
Current				\$ 345,068
Non-current				4,320,840
Total				<b>\$ 4,665,908</b>

  

<b>December 31, 2020</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
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				<b>\$ 5,073,191</b>
Current				\$ 214,175
Non-current				4,859,016
Total				<b>\$ 5,073,191</b>

(Continued)



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

<b>June 30, 2020</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	JPY	1.275	2038~2039	\$ 1,059,596
Secured loans	TWD	1.0300~1.0400	2022	200,000
Unsecured loans	JPY	0.96	2021	27,510
Unsecured loans	THB	1.9300~2.1800	2025	369,611
Unsecured loans	TWD	0.9800~1.1400	2020~2023	1,702,000
Unsecured loans	RMB	4.2750~4.7500	2023	288,340
Total				<b>\$ 3,647,057</b>
Current				\$ 291,735
Non-current				3,355,322
Total				<b>\$ 3,647,057</b>

As of June 30, 2021, December 31 and June 30, 2020, the unused credit facilities amounted to \$2,927,128 thousand, \$2,920,966 thousand and \$4,079,085 thousand, respectively.

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

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

(m) Bonds payable

The details of bonds payable were as follows:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Secured bonds	\$ 4,000,000	4,000,000	4,000,000
Less: discounts on bonds payable	8,956	19,702	30,449
Less: current portion of bonds payable	3,991,044	3,980,298	-
Total	<b>\$ -</b>	<b>-</b>	<b>3,969,551</b>

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.

(n) Provisions

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Site restoration	<b>\$ 12,134</b>	<b>12,134</b>	<b>12,719</b>

For the six months ended June 30, 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.

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

(o) Lease liabilities

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

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Current	\$ <u>208,614</u>	<u>192,377</u>	<u>205,652</u>
Non-current	\$ <u>852,092</u>	<u>859,764</u>	<u>881,950</u>

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest on lease liabilities	\$ <u>11,967</u>	<u>13,084</u>	<u>24,610</u>	<u>25,913</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>10,611</u>	<u>8,669</u>	<u>23,462</u>	<u>21,206</u>
Income from sub-leasing right-of-use assets	\$ <u>(308)</u>	<u>(248)</u>	<u>(617)</u>	<u>(613)</u>
Expenses relating to short-term leases	\$ <u>19,798</u>	<u>30,336</u>	<u>42,806</u>	<u>63,214</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,784</u>	<u>2,207</u>	<u>3,371</u>	<u>3,840</u>

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

	<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>
Total cash outflow for leases	\$ <u>208,891</u>	<u>214,573</u>

(p) 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:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating costs	\$ 1,300	1,072	2,644	2,151
Operating expenses	1,188	13,021	2,403	14,157
Total	<u>\$ 2,488</u>	<u>14,093</u>	<u>5,047</u>	<u>16,308</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:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating costs	\$ 14,971	7,722	30,003	18,525
Operating expenses	26,989	13,156	53,582	34,380
Total	<u>\$ 41,960</u>	<u>20,878</u>	<u>83,585</u>	<u>52,905</u>

(q) 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:

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current tax expenses				
Current period	\$ 169,984	122,872	351,763	258,436
Adjustment for prior period	(3,136)	(37,664)	(3,136)	(37,664)
	<u>166,848</u>	<u>85,208</u>	<u>348,627</u>	<u>220,772</u>
Deferred tax benefit				
Origination and reversal of temporary differences	20,597	63,444	18,118	5,650
Income tax on continuing operations	<u>\$ 187,445</u>	<u>148,652</u>	<u>366,745</u>	<u>226,422</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**

(r) Capital and other equity

Except for those mentioned below, there were no significant changes in capital for the six months ended June 30, 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:

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
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	2,282,048	117,892	117,892
	<u><u>\$ 3,472,034</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 June 30, 2021, December 31 and June 30, 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 July 15, 2021 and June 30, 2020, the Company's shareholder meeting resolved to appropriate the 2020 and 2019 other earnings, respectively. These other earnings were appropriated as follows:

	2020	2019
Legal reserve	\$ <u>93,342</u>	<u>97,837</u>
Special reserve	\$ <u>(46,957)</u>	<u>214,821</u>

Cash dividends distributed by earnings distribution were as follows:

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

(iii) Treasury stock

None shares were purchased by the Company and its subsidiaries during the six months ended June 30, 2021 and 2020. The reason is that the subsidiaries held by long-term of the Company shares previous years. As of June 30, 2021, December 31 and June 30, 2020, the subsidiaries held the Company's shares as follows:

	June 30, 2021				
Subsidiary name	Number of shares (in thousand)	Market price per share	Adjusted cost per share	Total market value	Total treasury stock
Lucky Co.	46,041	51.10	11.51	\$ <u>2,352,708</u>	<u>530,114</u>

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

<u>Subsidiary name</u>	<u>December 31, 2020</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>\$ 2,163,939</u>	<u>530,114</u>

  

<u>Subsidiary name</u>	<u>June 30, 2020</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	46.00	11.51	<u>\$ 2,117,898</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 June 30, 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)

	<u>Foreign exchange differences arising from foreign operations</u>	<u>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</u>	<u>Non-controlling interests</u>	<u>Total</u>
Balance as of January 1, 2021	\$ (681,563)	(45,154)	162,100	(564,617)
Foreign exchange differences arising from foreign operations	(217,629)	-	(25,682)	(243,311)
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	(143,123)	-	-	(143,123)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	4,030	-	4,030
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	940	-	940
Balance as of June 30, 2021	<u>\$ (1,042,315)</u>	<u>(40,184)</u>	<u>136,418</u>	<u>(946,081)</u>
Balance as of January 1, 2020	\$ (725,159)	(48,516)	189,614	(584,061)
Foreign exchange differences arising from foreign operations	(308,850)	-	(22,206)	(331,056)
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	(1,067)	-	(1,067)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(249)	-	(249)
Balance as of June 30, 2020	<u>\$ (1,034,009)</u>	<u>(49,832)</u>	<u>167,408</u>	<u>(916,433)</u>

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

(s) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for the six months ended June 30, 2021 and 2020, were as follows:

(i) Basic earnings per share

	For the three months ended June 30		Unit: thousand of shares For the six months ended June 30	
	2021	2020	2021	2020
Net income attributable to common shareholders of the Company	\$ <u>259,435</u>	<u>230,824</u>	<u>539,535</u>	<u>306,529</u>
Weighted-average number of common shares	<u>248,092</u>	<u>247,350</u>	<u>248,092</u>	<u>247,350</u>
Basic earnings per share (in NT dollars)	\$ <u>1.05</u>	<u>0.93</u>	<u>2.17</u>	<u>1.24</u>

ii) Diluted earnings per share

	For the three months ended June 30		Unit: thousand of shares For the six months ended June 30	
	2021	2020	2021	2020
Net income attributable to common shareholders of the Company (diluted)	\$ <u>259,435</u>	<u>230,824</u>	<u>539,535</u>	<u>306,529</u>
Weighted-average number of common shares (basic)	248,092	247,350	248,092	247,350
Impact of potential common shares:				
Effect of employees' remuneration	<u>128</u>	<u>78</u>	<u>219</u>	<u>218</u>
Weighted-average number of shares outstanding (diluted)	<u>248,220</u>	<u>247,428</u>	<u>248,311</u>	<u>247,568</u>
Diluted earnings per share (in NT dollars)	\$ <u>1.05</u>	<u>0.93</u>	<u>2.17</u>	<u>1.24</u>

(Continued)

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

**Notes to the Consolidated Financial Statements**

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended June 30, 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	\$ 2,885,885	-	211,332	-	2,767	161,766	8,593	3,270,343
Taiwan	261,058	121,001	109,883	333,501	112,999	60,162	6,119	1,004,723
Thailand	-	-	-	-	49,778	-	493	50,271
New Zealand and Australia	-	-	-	-	205,923	-	-	205,923
United states	-	-	-	-	176,875	-	250	177,125
Europe	-	-	-	-	141,609	-	-	141,609
Others	5,767	-	-	-	67,309	3,580	-	76,656
	<u>\$ 3,152,710</u>	<u>121,001</u>	<u>321,215</u>	<u>333,501</u>	<u>757,260</u>	<u>225,508</u>	<u>15,455</u>	<u>4,926,650</u>

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

**Notes to the Consolidated Financial Statements**

For the three months ended June 30, 2020								
	<b>Edible and non- edible oil products</b>	<b>Detergent products</b>	<b>Frozen dough</b>	<b>Ice cream products</b>	<b>Foods</b>	<b>Catering</b>	<b>Management, rental revenue and others</b>	<b>Total</b>
Area of distribution:								
China	\$ 2,210,266	-	106,162	-	3,420	112,099	5,450	2,437,397
Taiwan	246,760	157,015	114,984	303,309	79,682	84,467	3,962	990,179
Thailand	-	-	-	-	54,321	-	146	54,467
New Zealand and Australia	-	-	-	-	369,430	-	131	369,561
United states	-	-	-	-	194,249	-	-	194,249
Europe	-	-	-	-	139,515	-	-	139,515
Others	4,264	-	-	-	73,329	3,690	34	81,317
	<b>\$ 2,461,290</b>	<b>157,015</b>	<b>221,146</b>	<b>303,309</b>	<b>913,946</b>	<b>200,256</b>	<b>9,723</b>	<b>4,266,685</b>

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

**Notes to the Consolidated Financial Statements**

For the six months ended June 30, 2021								
	<b>Edible and non- edible oil products</b>	<b>Detergent products</b>	<b>Frozen dough</b>	<b>Ice cream products</b>	<b>Foods</b>	<b>Catering</b>	<b>Management, rental revenue and others</b>	<b>Total</b>
Area of distribution:								
China	\$ 5,532,922	-	403,757	-	5,680	280,367	16,074	6,238,800
Taiwan	542,043	239,588	233,962	549,349	227,805	172,212	8,832	1,973,791
Thailand	-	-	-	-	92,251	-	689	92,940
New Zealand and Australia	-	-	-	-	492,743	-	-	492,743
United states	-	-	-	-	348,444	-	250	348,694
Europe	-	-	-	-	294,506	-	-	294,506
Others	9,052	-	-	-	130,822	5,593	-	145,467
	<u><u>\$ 6,084,017</u></u>	<u><u>239,588</u></u>	<u><u>637,719</u></u>	<u><u>549,349</u></u>	<u><u>1,592,251</u></u>	<u><u>458,172</u></u>	<u><u>25,845</u></u>	<u><u>9,586,941</u></u>

(Continued)

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

**Notes to the Consolidated Financial Statements**

For the six months ended June 30, 2020								
	<b>Edible and non- edible oil products</b>	<b>Detergent products</b>	<b>Frozen dough</b>	<b>Ice cream products</b>	<b>Foods</b>	<b>Catering</b>	<b>Management, rental revenue and others</b>	<b>Total</b>
Area of distribution:								
China	\$ 3,977,648	-	199,526	-	6,440	160,246	10,835	4,354,695
Taiwan	528,398	311,366	251,438	500,490	200,330	213,018	6,324	2,011,364
Thailand	-	-	-	-	110,920	-	334	111,254
New Zealand and Australia	-	-	-	-	609,098	-	444	609,542
United states	-	-	-	-	360,934	-	212	361,146
Europe	-	-	-	-	259,921	-	-	259,921
Others	10,154	-	-	-	157,226	7,352	127	174,859
	<b>\$ 4,516,200</b>	<b>311,366</b>	<b>450,964</b>	<b>500,490</b>	<b>1,704,869</b>	<b>380,616</b>	<b>18,276</b>	<b>7,882,781</b>

(Continued)

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

(ii) Contract balance

	<b>June 30, 2021</b>	<b>December 31, 2020</b>	<b>June 30, 2020</b>
Contract liability	<u>\$ 523,314</u>	<u>574,383</u>	<u>393,740</u>

The amount of revenue recognized (reversed) for the six months ended June 30, 2021 and 2020, that was included in the contract liability balance at the beginning of the period was \$408,249 thousand and \$223,279 thousand, respectively.

(u) 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 and six months ended June 30, 2021 and 2020, the estimated amounts of employees' compensation were \$3,206 thousand, \$2,679 thousand, \$6,543 thousand and \$3,591 thousand, respectively, and the estimated amounts of directors' remuneration were \$14,428 thousand, \$12,056 thousand, \$29,443 thousand and \$16,160 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.

(v) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended June 30</b>		<b>For the six months ended June 30</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	<u>\$ 43,197</u>	<u>19,718</u>	<u>73,481</u>	<u>36,376</u>

(Continued)

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

(ii) Other income

	For the three months ended June 30		For the three months ended June 30	
	2021	2020	2021	2020
Rental income	\$ 2,107	(296)	4,691	4,338
Dividend income	-	189	-	8,020
Other income—other				
Government grants	5,017	4,837	32,097	40,491
Others	10,615	23,277	24,111	29,848
Total other income—Other	15,632	28,114	56,208	70,339
Total other income	<u>\$ 17,739</u>	<u>28,007</u>	<u>60,899</u>	<u>82,697</u>

(iii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Gains on disposal of property, plant and equipment	\$ (28,404)	(1,541)	(28,469)	(1,240)
Gains on lease modification	-	960	13	960
Gains (losses) foreign exchange	11,560	(1,400)	29,693	(3,270)
Gains on financial assets at fair value through profit or loss	-	2,078	-	3,991
Recognize impairment loss	-	(1,956)	-	(1,956)
Others	(7,392)	(1,236)	(16,242)	(1,702)
Net other gains and losses	<u>\$ (24,236)</u>	<u>(3,095)</u>	<u>(15,005)</u>	<u>(3,217)</u>

(iv) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Interest expense	<u>\$ 64,278</u>	<u>66,913</u>	<u>129,185</u>	<u>131,363</u>

(w) 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.

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

(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
<b>June 30, 2021</b>						
Non-derivative financial liabilities						
Secured loans	\$ 1,457,509	2,085,178	65,034	628,592	683,826	707,726
Unsecured loans	7,050,960	7,486,671	4,148,929	2,290,416	1,047,326	-
Short-term commercial paper payable	339,860	340,000	340,000	-	-	-
Accounts payable	1,331,610	1,331,610	1,331,610	-	-	-
Other payables	1,205,983	1,205,983	1,205,983	-	-	-
Bonds payable(including related parties)	3,991,044	4,000,000	4,000,000	-	-	-
Lease liabilities	1,060,706	1,231,440	251,157	245,441	415,248	319,594
Guarantee deposits received	50	50	50	-	-	-
	<u>\$ 16,437,722</u>	<u>17,680,932</u>	<u>11,342,763</u>	<u>3,164,449</u>	<u>2,146,400</u>	<u>1,027,320</u>
<b>December 31, 2020</b>						
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(including related parties)	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>
<b>June 30, 2020</b>						
Non-derivative financial liabilities						
Secured loans	\$ 1,259,596	1,511,600	15,328	215,328	39,775	1,241,169
Unsecured loans	7,244,813	7,527,020	5,272,097	1,171,780	712,922	370,221
Short-term commercial paper payable	224,851	225,000	225,000	-	-	-
Accounts payable	992,710	992,710	992,710	-	-	-
Other payables	495,022	495,022	495,022	-	-	-
Other payables	1,147,418	1,147,418	1,147,418	-	-	-
Bonds payable	3,969,551	4,000,000	-	4,000,000	-	-
Lease liabilities	1,087,602	1,284,710	249,299	214,929	426,747	393,735
Guarantee deposits received	50	50	50	-	-	-
	<u>\$ 16,421,613</u>	<u>17,183,530</u>	<u>8,396,924</u>	<u>5,602,037</u>	<u>1,179,444</u>	<u>2,005,125</u>

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

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

(ii) Liquidity risk—Currency risk

	<b>Foreign currency</b>	<b>Exchange rate</b>	<b>TWD</b>
<b>June 30, 2021</b>			
Financial assets:			
Monetary assets:			
USD	\$	3,745	27.86
			104,334
Financial liabilities:			
Monetary liabilities:			
USD	\$	6,733	27.86
			187,580
EUR	\$	8,935	33.15
			296,206
<b>December 31, 2020</b>			
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
<b>June 30, 2020</b>			
Financial assets:			
Monetary assets:			
USD	\$	5,850	29.63
			173,340
Financial liabilities:			
Monetary liabilities:			
USD	\$	9,591	29.63
			284,179
EUR	\$	5,848	33.27
			194,577

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 June 30, 2021 and 2020 would have increased (decreased) the net income after tax for the six months ended June 30, 2021 and 2020 by \$3,795 thousand and \$3,054 thousand, respectively. The analysis was performed on the same basis for both periods.

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 and six months ended June 30, 2021 and 2020, foreign exchange gains (losses) (including realized and unrealized abortions) amounted to \$11,560 thousand, \$(1,400) thousand, \$29,693 thousand and \$(3,270) thousand, respectively.

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

(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 \$39,619 thousand and \$40,423 thousand for the six months ended June 30, 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 :

	June 30, 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>24,795</u>	<u>24,795</u>	<u>-</u>	<u>-</u>	<u>24,795</u>

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**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
		June 30, 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						
	\$	213,477	-	213,477	-	213,477
Financial assets at fair value through other comprehensive income						
Stocks listed on domestic markets						
		15,140	15,140	-	-	15,140
Stocks unlisted on domestic markets						
		1,265	-	-	1,265	1,265
Subtotal						
		16,405	15,140	-	1,265	16,405
Total	\$	229,882	15,140	213,477	1,265	229,882

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.

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

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

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

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

3) Fair value hierarchy

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

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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

4) Transferring between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 for the six months ended June 30, 2021 and 2020.

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

5) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instruments
January 1, 2020	27,166
Return from capital reduction and liquidation	(25,901)
June 30, 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"> <li>Multiplier of price-to-earnings ratio (As of June 30, 2020 was 0.93)</li> <li>Market illiquidity discount rate (As of June 30, 2020 was 20%)</li> </ul>	<p>The estimated fair value would increase (decrease) if</p> <ul style="list-style-type: none"> <li>the multiplier were higher (lower)</li> <li>the market illiquidity discount were lower (higher)</li> </ul>

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:

	Input	Assumptions	Other comprehensive income	
			Favorable	Unfavorable
<b>June 30, 2020</b>				
Financial assets fair value through other comprehensive income				
Equity investments without an active market	Liquidity discount at 20%	5%	81	(81)

(Continued)

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

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.

(x) 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.

(y) 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.

(z) 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 six months ended June 30, 2021 and 2020.

(aa) The reconciliation of liabilities arising from financing activities

For the six months ended June 30, 2021 and 2020, the reconciliation of liabilities arising from financing activities were as follows:

			<b>Non-cash changes</b>		
	<b>January 1, 2021</b>	<b>Cash flows</b>	<b>Foreign exchange movement</b>	<b>Others</b>	<b>June 30, 2021</b>
Short-term borrowings	\$ 2,998,640	922,825	(78,904)	-	3,842,561
Short-term commercial paper payable	89,962	250,000	-	(102)	339,860
	3,980,298	-	-	10,746	3,991,044
Long-term borrowings (including current portion)	5,073,191	(259,934)	(147,349)	-	4,665,908
Lease liabilities	1,052,141	(139,869)	(14,630)	163,064	1,060,706
Total liabilities from financing activities	<u>\$ 13,194,232</u>	<u>773,022</u>	<u>(240,883)</u>	<u>173,708</u>	<u>13,900,079</u>
			<b>Non-cash changes</b>		
	<b>January 1, 2020</b>	<b>Cash flows</b>	<b>Foreign exchange movement</b>	<b>Others</b>	<b>June 30, 2020</b>
Short-term borrowings	\$ 3,642,940	1,290,217	(75,805)	-	4,857,352
Short-term commercial paper payable	-	224,851	-	-	224,851
Long-term borrowings (including current portion)	4,161,407	(501,535)	(12,815)	-	3,647,057
Lease liabilities	1,190,645	(127,107)	(26,859)	50,923	1,087,602
Total liabilities from financing activities	<u>\$ 8,994,992</u>	<u>886,426</u>	<u>(115,479)</u>	<u>50,923</u>	<u>9,816,862</u>

(Continued)

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

**(7) Related-party transactions**

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties — leases

The Group entered into a two-year lease agreement with its key management personnel for a building to be used for its business operation, with a rental fee based on the rental rates within the vicinity. For the six months ended June 30, 2021 and 2020, the Group recognized the amount of \$34 thousand, \$20 thousand, \$74 thousand and \$30 thousand as interest expense, respectively. As of June 30, 2021, December 31 and June 30, 2020, the balance of lease liabilities amounted to \$12,457 thousand, \$0 thousand and \$4,175 thousand, respectively.

(c) Personnel transactions from key management

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

	For the three months ended June 30		For the six months ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	\$ 32,616	59,350	95,321	81,705
Post-employments benefits	396	722	861	994
	<u>\$ 33,012</u>	<u>60,072</u>	<u>96,182</u>	<u>82,699</u>

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2021	December 31, 2020	June 30, 2020
Other non-current assets:				
Time deposits	Operating lease deposits	\$ -	-	124
Property, plant and equipment:				
Land	Long-term borrowings	1,726,961	1,802,421	1,785,587
Buildings	Long-term borrowings	746,399	805,826	835,608
		<u>\$ 2,473,360</u>	<u>2,608,247</u>	<u>2,621,319</u>

(Continued)

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

**(9) Commitments and contingencies**

(a) Major contracts not recognized the commitment:

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Acquisition of property, plant and equipment	\$ <u>106,902</u>	<u>26,139</u>	<u>139,423</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
Unused letters of credit for purchases of materials	\$ <u>900,574</u>	<u>966,951</u>	<u>1,020,294</u>

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

	<u>June 30, 2021</u>	<u>December 31, 2020</u>	<u>June 30, 2020</u>
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.

	<u>June 30, 2021</u>
One year	\$ 796
Less than five years	3,182
More than five years	<u>2,652</u>
	<u>\$ 6,630</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**

On August 11, 2021, the Company issued the first 2021 straight bonds totaling \$5,000,000 thousand and issuance application has been filed to the authority and became effective.

(Continued)

**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 function By nature	Three months ended June 30, 2021			Three months ended June 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	255,314	386,095	641,409	224,033	366,437	590,470
Labor and health insurance	72,593	44,914	117,507	81,919	22,773	104,692
Pension	16,271	28,177	44,448	8,794	26,177	34,971
Remuneration of directors	-	15,743	15,743	-	13,090	13,090
Others	14,810	23,134	37,944	18,058	24,345	42,403
Depreciation (note 1)	173,576	96,060	269,636	176,665	89,274	265,939
Amortization	-	-	-	-	-	-

By function By nature	Six months ended June 30, 2021			Six months ended June 30, 2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	507,027	760,631	1,267,658	447,811	706,985	1,154,796
Labor and health insurance	152,707	85,546	238,253	157,565	52,412	209,977
Pension	32,647	55,985	88,632	20,676	48,537	69,213
Remuneration of directors	-	32,079	32,079	-	18,267	18,267
Others	30,151	46,943	77,094	34,158	52,338	86,496
Depreciation (note 1)	359,010	194,949	553,959	344,252	184,170	528,422
Amortization	-	-	-	-	-	-

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses — other gains and losses amounting to \$806 thousand, \$784 thousand, \$1,620 thousand and \$1,585 thousand for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 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.

(Continued)

## 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 six months ended June 30, 2021:

##### (i) Loans extended to other parties:

Unit: thousand dollars

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 2)	Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
1	Lucky Co.	Namchow BVI Co.	Other accounts receivable—related parties	Yes	57,783	56,417	56,417	(Note 3)	Short term financing	-	(Note 3)	-	-	-	1,192,269 (Note 1)	1,192,269 (Note 1)
2	Namchow Food Co.	Tianjin Namchow Co.	Other receivable—related parties	Yes	1,655,080	1,641,367	1,641,367	-	Short term financing	-	Capital for operation	-	-	-	5,384,525 (Note 4)	5,384,525 (Note 4)
2	Namchow Food Co.	Guangzhou Namchow Co.	Other receivable—related parties	Yes	323,485	320,805	320,805	-	Short term financing	-	Capital for operation	-	-	-	5,384,525 (Note 4)	5,384,525 (Note 4)
2	Namchow Food Co.	Shanghai Namchow Co.	Other receivable—related parties	Yes	1,420,429	1,408,661	1,408,661	-	Short term financing	-	Capital for operation	-	-	-	5,384,525 (Note 4)	5,384,525 (Note 4)

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

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

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

Note 4: Base on the Namchow Food CO's guidelines, the allowable aggregate amount of financing provided to others and the maximum financing provided to an individual company cannot exceed 40% of the Namchow Food Co.'s stockholder's equity.

##### (ii) Guarantees and endorsements for other parties:

Unit: thousand dollars

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the period	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company										
0	The Company	Nankyo Japan Co.	2	8,473,028	1,638,995	1,496,375	697,188	-	17.66 %	8,473,028	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	20,092	0.05 %	20,092	
Lucky Co.	Stock: The Company	The Company	Financial assets at fair value through comprehensive income — non-current	46,041	2,352,708	15.65 %	2,352,708	Note 1
Lucky Co.	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income — non-current	277	4,703	0.01 %	4,703	

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.

(Continued)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the Consolidated Financial Statements

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts / notes receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Lucky Co.	Huaciang Co.	Subsidiary	Purchase	(149,549)	(33) %	Note 1	-	-	(54,256)	(30) %	Note 2
Huaciang Co.	Lucky Co.	Subsidiary	(Sales)	149,549	30 %	Note 1	-	-	54,256	30 %	Note 2
Tianjin Yoshi Yoshi Co.	Tianjin Namchow Co.	Subsidiary	Purchase	140,224	(61) %	Note 1	-	-	(82,247)	77 %	Note 2
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	(Sales)	(140,224)	(11) %	Note 1	-	-	82,247	31 %	Note 2
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	942,466	(26) %	Note 1	-	-	(132,636)	13 %	Note 2
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(942,466)	(75) %	Note 1	-	-	132,636	51 %	Note 2
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	608,718	(17) %	Note 1	-	-	(359,418)	35 %	Note 2
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(608,718)	(48) %	Note 1	-	-	359,418	68 %	Note 2
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	251,786	(7) %	Note 1	-	-	-	- %	Note 2
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(251,786)	(77) %	Note 1	-	-	-	- %	Note 2
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	1,504,328	(42) %	Note 1	-	-	(385,413)	38 %	Note 2
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,504,328)	(85) %	Note 1	-	-	385,413	100 %	Note 2
Chongqing Qiaoxing Co.	Tianjin Namchow Co.	Subsidiary	Purchase	129,932	(7) %	Note 1	-	-	(30,191)	7 %	Note 2
Tianjin Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(129,932)	(10) %	Note 1	-	-	30,191	12 %	Note 2
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	245,609	(14) %	Note 1	-	-	-	- %	Note 2
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(245,609)	(14) %	Note 1	-	-	-	- %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	411,349	(23) %	Note 1	-	-	(81,827)	19 %	Note 2
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(411,349)	(33) %	Note 1	-	-	81,827	15 %	Note 2
Guangzhou Yoshi Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	213,461	(67) %	Note 1	-	-	(90,231)	67 %	Note 2
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	(Sales)	(213,461)	(17) %	Note 1	-	-	90,231	17 %	Note 2
Namchow Food Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	247,315	(7) %	Note 1	-	-	(143,772)	14 %	Note 2
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(247,315)	(61) %	Note 1	-	-	143,772	81 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	158,105	(9) %	Note 1	-	-	(33,809)	8 %	Note 2
Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(158,105)	(39) %	Note 1	-	-	33,809	19 %	Note 2
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	520,829	(61) %	Note 1	-	-	(151,635)	50 %	Note 2
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	(Sales)	(520,829)	(26) %	Note 1	-	-	151,635	46 %	Note 2

Note 1: Depending on capital movement motor adjustment.

Note 2: All intercompany accounts and transactions are eliminated.

(Continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the Consolidated Financial Statements

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

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	359,418	1.70	-		43,523 (As of August 12, 2021)	-
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	132,636	4.45	-		87,046 (As of August 12, 2021)	-
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	143,772	1.41	-		- (As of August 12, 2021)	-
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	385,413	3.97	-		226,320 (As of August 12, 2021)	-
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	151,635	2.95	-		- (As of August 12, 2021)	-
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	1,641,367 (Note 2)	-	-		- (As of August 12, 2021)	-
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	320,805 (Note 2)	-	-		- (As of August 12, 2021)	-
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	1,408,661 (Note 2)	-	-		- (As of August 12, 2021)	-

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

Note2: Loan to the subsidiary.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

Unit: thousand dollars

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Sales revenue	140,224	No significant differences	1.46 %
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Accounts receivable	82,247	No significant differences	0.28 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Sales revenue	942,466	No significant differences	9.83 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Accounts receivable	132,636	No significant differences	0.44 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	129,932	No significant differences	1.36 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	30,191	No significant differences	0.10 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Sales revenue	608,718	No significant differences	6.35 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Accounts receivable	359,418	No significant differences	1.20 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	411,349	No significant differences	4.29 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	81,827	No significant differences	0.27 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Sales revenue	213,461	No significant differences	2.23 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Accounts receivable	90,231	No significant differences	0.30 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	251,786	No significant differences	2.63 %

(Continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the Consolidated Financial Statements

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
4	Shanghai Namchow Co.	Namchow Food Co.	3	Sales revenue	1,504,328	No significant differences	15.69%
4	Shanghai Namchow Co.	Namchow Food Co.	3	Accounts receivable	385,413	Determined capital demand	1.29 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	245,609	No significant differences	2.56 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	247,315	No significant differences	2.58 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	143,772	No significant differences	0.48 %
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Sales revenue	158,105	No significant differences	1.65 %
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	33,809	No significant differences	0.11 %
6	Namchow Oil and Fat Co.	Huaciang Co.	3	Sales revenue	60,612	No significant differences	0.63 %
6	Namchow Oil and Fat Co.	Huaciang Co.	3	Accounts receivable	22,003	No significant differences	0.07 %
7	Huaciang Co.	Lucky Co.	3	Sales revenue	149,549	No significant differences	1.56 %
7	Huaciang Co.	Accounts receivable	3	Accounts receivable	54,256	No significant differences	0.18 %
8	Lucky Co.	Namchow BVI Co.	3	Other accounts receivable-related parties	56,417	Dividend receivable transferred to the loan extended with no cash outflow	0.19 %
9	Namchow Food Co.	Tianjin Namchow Co.	3	Other accounts receivable-related parties	1,641,367	Determined capital demand	5.50 %
9	Namchow Food Co.	Guangzhou Namchow Co.	3	Other accounts receivable-related parties	320,805	Determined capital demand	1.08 %
9	Namchow Food Co.	Shanghai Namchow Co.	3	Other accounts receivable-related parties	1,408,661	Determined capital demand	4.72 %

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.

(Continued)

## 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 six months ended June 30, 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
				June 30, 2021	December 31, 2020	Shares	Percentage of ownership			
The Company	Namchow Thailand	Bangkok, Thailand	Manufacturing and selling instant noodles and rice crackers	1,027,405	1,027,405	9,245	100.00 %	2,310,448	177,374	Note 3
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	30,917	863	Note 3
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	11,581,268	694,668	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 %	7,048	(3,906)	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 %	586,055	19,288	Note 3
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	763	763	80	80.00 %	181	9	Note 3
The Company	Nankyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	446,180	446,180	- (Note 2)	100.00 %	64,294	(51,412)	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 %	771	(179)	Note 3
The Company	Chow Food Co.	Taipei, Taiwan	Development of biotechnology products	49,000	39,000	1,300	100.00 %	5,701	(5,513)	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 %	528,920	44,636	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 %	262,942	334	Note 3
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	228,970	228,970	4,680	90.70 %	8,767	(45,510)	Notes 1 and 3
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	222,000	222,000	10,400	100.00 %	(44,084)	(79,481)	Notes 1 and 3
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	14,000	14,000	500	100.00 %	1,378	(1,263)	Note 3
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	100	100	10	10.00 %	23	9	Note 3
Nacia Co.	Namchow Cayman Co.	Gayman Islands British West Indies	Holding of investments	2,522,207	2,522,207	35,378	100.00 %	11,573,131	694,808	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 4 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 June 30, 2021	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of June 30, 2021	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Shanghai Qiaohao Co.	Holding of investments and international trade	669,270	(3)	-	-	-	-	(63,886)	100.00 %	(63,944) ((2)b.)	217,049	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	- ((2)b.)	862	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	704,181	(3)	-	-	-	-	(40,888)	100.00 %	(40,888) ((2)b.)	407,827	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(5,431)	100.00 %	(5,431) ((2)b.)	38,561	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	1,131,881	(3)	-	-	-	-	846,674	81.73 %	814,110 ((2)a.)	11,005,299	506,146
Tianjin Namchow Co.	Manufacturing and selling of edible fat	756,875	(3)	372,813	-	-	372,813	206,680	81.73 %	198,731 ((2)a.)	1,756,166	45,974
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	121,100	(3)	-	-	-	-	62,291	81.73 %	59,895 ((2)a.)	626,726	-
Guangzhou Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	52,442	81.73 %	50,425 ((2)a.)	572,621	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	156,736	81.73 %	150,708 ((2)a.)	1,968,686	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	676,597	(3)	-	-	-	-	155,286	81.73 %	149,313 ((2)a.)	795,546	-
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	114,052	81.73 %	109,665 ((2)a.)	591,133	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	2,881	81.73 %	2,770 ((2)a.)	170,758	-
Shanghai Qizhi Co.	Business management and investment consulting services	4,541	(3)	-	-	-	-	189	100.00 %	(2)b.) 189	7,921	-
Bao Lai Na Co.	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	(45,985)	90.39 %	(41,566) ((2)c.)	54,098	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.

(Continued)

**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:

<b>Company name</b>	<b>Accumulated investment amount in Mainland China as of June 30, 2021</b>	<b>Investment (amount) approved by Investment Commission, Ministry of Economic Affairs</b>	<b>Maximum investment amount set by Investment Commission, Ministry of Economic Affairs</b>
The Company	372,813	3,373,763	5,083,817
Lucky Co.	226,649	194,406	1,788,403

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

(d) Major shareholders:

Unit: Share

<b>Shareholder's Name</b>	<b>Shareholding</b>	<b>Shares</b>	<b>Percentage</b>
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.

(Continued)

# **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:

	<u>Edible and non-edible oil products</u>	<u>Detergent products</u>	<u>Frozen dough</u>	<u>Ice cream products</u>	<u>Foods</u>	<u>Catering</u>	<u>Management, rental revenue and others</u>	<u>Adjustments elimination</u>	<u>Total</u>
<b>Three months ended June 30, 2021</b>									
Revenue:									
Revenue from external customers	\$ 3,152,710	121,001	321,215	333,501	757,260	225,508	15,455	-	4,926,650
Inter-segment revenues	52,121	-	995	5,728	81,096	4,195	53,937	(198,072)	-
<b>Total revenue</b>	<b>\$ 3,204,831</b>	<b>121,001</b>	<b>322,210</b>	<b>339,229</b>	<b>838,356</b>	<b>229,703</b>	<b>69,392</b>	<b>(198,072)</b>	<b>4,926,650</b>
Reportable segment profit or loss	\$ 523,850	6,100	(44,957)	33,876	81,887	(61,333)	(50,702)	1,560	490,281
Interest income and other income									60,936
Other gains and losses									(24,236)
Finance costs									(64,278)
Net income before tax									<b>\$ 462,703</b>
	<u>Edible and non-edible oil products</u>	<u>Detergent products</u>	<u>Frozen dough</u>	<u>Ice cream products</u>	<u>Foods</u>	<u>Catering</u>	<u>Management, rental revenue and others</u>	<u>Adjustments or elimination</u>	<u>Total</u>
<b>Three months ended June 30, 2020</b>									
Revenue from external customers	\$ 2,461,290	157,015	221,146	303,309	913,946	200,256	9,723	-	4,266,685
Inter-segment revenues	43,319	-	1,831	5,041	73,726	1,574	53,074	(178,295)	270
<b>Total revenue</b>	<b>\$ 2,504,609</b>	<b>157,015</b>	<b>222,977</b>	<b>308,350</b>	<b>987,672</b>	<b>201,830</b>	<b>62,797</b>	<b>(178,295)</b>	<b>4,266,955</b>
Reportable segment profit or loss	\$ 356,132	19,929	4,567	35,877	97,474	(88,960)	(43,610)	30,177	411,586
Interest income and other income									47,725
Other gains and losses									(3,095)
Finance costs									(66,913)
Net income before tax									<b>\$ 389,303</b>

(Continued)

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

## **Notes to the Consolidated Financial Statements**

	<b>Edible and non-edible oil products</b>	<b>Detergent products</b>	<b>Frozen dough</b>	<b>Ice cream products</b>	<b>Foods</b>	<b>Catering</b>	<b>Management, rental revenue and others</b>	<b>Adjustments or elimination</b>	<b>Total</b>
<b>Six months ended June 30, 2021</b>									
Revenue:									
Revenue from external customers	\$ 6,084,017	239,588	637,719	549,349	1,592,251	458,172	25,845	-	9,586,941
Inter-segment revenues	88,824	-	2,220	12,322	161,300	7,664	104,368	(376,698)	-
<b>Total revenue</b>	<b>\$ 6,172,841</b>	<b>239,588</b>	<b>639,939</b>	<b>561,671</b>	<b>1,753,551</b>	<b>465,836</b>	<b>130,213</b>	<b>(376,698)</b>	<b>9,586,941</b>
Reportable segment profit or loss	<u>\$ 886,408</u>	<u>15,038</u>	<u>79,723</u>	<u>29,428</u>	<u>171,819</u>	<u>(132,687)</u>	<u>(103,805)</u>	<u>(1,468)</u>	944,456
Interest income and other income									134,380
Other gains and losses									(15,005)
Finance costs									(129,185)
Net income before tax									<u><u>\$ 934,646</u></u>
	<b>Edible and non-edible oil products</b>	<b>Detergent products</b>	<b>Frozen dough</b>	<b>Ice cream products</b>	<b>Foods</b>	<b>Catering</b>	<b>Management, rental revenue and others</b>	<b>Adjustments or elimination</b>	<b>Total</b>
<b>Six months ended June 30, 2020</b>									
Revenue:									
Revenue from external customers	\$ 4,516,200	311,366	450,964	500,490	1,704,869	380,616	18,276	-	7,882,781
Inter-segment revenues	77,841	-	2,553	12,623	154,635	9,063	109,095	(365,810)	-
<b>Total revenue</b>	<b>\$ 4,594,041</b>	<b>311,366</b>	<b>453,517</b>	<b>513,113</b>	<b>1,859,504</b>	<b>389,679</b>	<b>127,371</b>	<b>(365,810)</b>	<b>7,882,781</b>
Reportable segment profit or loss	<u>\$ 585,861</u>	<u>33,030</u>	<u>9,367</u>	<u>47,709</u>	<u>178,200</u>	<u>(203,808)</u>	<u>(79,260)</u>	<u>(11,309)</u>	559,790
Interest income and other income									119,073
Other gains and losses									(3,217)
Finance costs									(131,363)
Net income before tax									<u><u>\$ 544,283</u></u>

(Continued)

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

- (a) For the three months and six months ended June 30, 2021 and 2020, inter-segment revenues amounted to \$198,072 thousand, \$178,295 thousand, \$376,698 thousand and \$365,810 thousand, respectively, should be eliminated from total revenue.
- (b) For the three months and six months ended June 30, 2021 and 2020, share of associate profit (loss) under equity method amounted to \$1,560 thousand, \$30,177 thousand, \$(1,468) thousand and \$(11,309) thousand, respectively, should be eliminated.