

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

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2022 and 2021**

**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.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~11
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	12~40
(7) Related-party transactions	41
(8) Pledged assets	41
(9) Commitments and contingencies	42
(10) Losses Due to Major Disasters	42
(11) Subsequent Events	42
(12) Other	43
(13) Other disclosures	
(a) Information on significant transactions	44~47
(b) Information on investees	47
(c) Information on investment in mainland China	47~48
(d) Major shareholders	48
(14) Segment information	48~50



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.)

電話 Tel	+ 886 2 8101 6666
傳真 Fax	+ 886 2 8101 6667
網址 Web	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 March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

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

### Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$2,114,103 thousand and \$2,691,969 thousand, constituting 7% and 11% of the consolidated total assets; and the total liabilities amounting to \$1,592,153 thousand and \$2,460,607 thousand, constituting 9% and 13% of the consolidated total liabilities as of March 31, 2022 and 2021, respectively; as well as the total comprehensive income (loss) amounting to \$147,940 thousand and \$(65,900) thousand, constituting 17% and (58)% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2022 and 2021, respectively.

**Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)  
May 12, 2022

**Notes to Readers**

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2022 and 2021

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

**Consolidated Balance Sheets**

**March 31, 2022, December 31 and March 31, 2021**

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2022		December 31, 2021		March 31, 2021				March 31, 2022		December 31, 2021		March 31, 2021	
Assets		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11XX	Current assets:							21XX	Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 10,299,879	34	9,729,803	33	5,771,787	23	2100	Short-term borrowings (note 6(k))	\$ 2,831,173	9	2,460,970	8	3,054,884	12
1150	Notes receivable, net (note 6(c))	153,584	1	182,401	1	161,025	1	2110	Short-term commercial paper payable (note 6(k))	259,950	1	89,983	-	149,955	1
1170	Accounts receivable, net (note 6(c))	1,667,343	5	1,918,571	7	1,595,033	6	2321	Bonds payable current portion (note 6(l))	-	-	-	-	3,985,671	16
1200	Other receivables (note 6(d))	166,125	1	133,118	-	64,305	-	2322	Current portion of long-term borrowings (notes 6(k) and 8)	569,057	2	237,893	1	292,646	1
1220	Current income tax assets	209,674	1	198,929	1	200,213	1	2130	Contract liabilities (note 6(t))	686,462	2	540,585	2	597,616	2
130x	Inventories (note 6(e))	3,695,002	12	3,474,419	12	2,814,284	11	2170	Accounts payable	1,405,984	4	1,347,326	4	1,146,090	5
1410	Prepayments	360,135	1	315,045	1	337,792	2	2216	Dividend payables (note 6(q))	546,156	2	-	-	496,506	2
1470	Other current assets	55,782	-	58,896	-	59,038	-	2219	Other payables (notes 6(o), (u) and 9)	1,122,422	4	1,483,345	5	1,242,693	5
	Total current assets	16,607,524	55	16,011,182	55	11,003,477	44	2230	Current income tax liabilities	198,557	1	199,110	1	355,401	1
15XX	Non-current assets:							2280	Current lease liabilities (notes 6(n) and 7)	161,704	1	158,142	1	198,213	1
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(b))	24,064	-	24,795	-	22,820	-	2399	Other current liabilities	56,026	-	43,794	-	37,943	-
									Total current liabilities	7,837,491	26	6,561,148	22	11,557,618	46
1600	Property, plant and equipment (notes 6(g), 8 and 9)	12,126,197	40	11,887,111	41	12,420,597	49	25XX	Non-Current liabilities:						
1755	Right-of-use assets (notes 6(h) and 7)	950,981	3	945,901	3	1,283,226	5	2530	Bonds payable (note 6(l))	4,860,295	16	4,853,527	16	-	-
1760	Investment property (note 6(i))	36,795	-	36,280	-	38,705	-	2540	Long-term borrowings (notes 6(k) and 8)	2,898,322	9	3,684,829	13	4,605,075	18
1805	Goodwill (note 6(j))	105,417	1	105,417	-	105,417	-	2550	Provision liabilities—non-current (note 6(m))	10,264	-	10,264	-	12,134	-
1840	Deferred income tax assets	260,593	1	258,626	1	299,318	1	2580	Lease liabilities—non-current (notes 6(n) and 7)	603,674	2	603,722	2	919,456	4
1915	Prepayments for equipment	55,794	-	59,513	-	13,459	-	2570	Deferred income tax liabilities	1,467,695	5	1,451,850	5	1,307,616	5
1990	Other non-current assets	86,209	-	85,043	-	105,297	1	2640	Net defined benefit liabilities-non-current	229,386	1	247,031	1	258,651	1
	Total non-current assets	13,646,050	45	13,402,686	45	14,288,839	56	2670	Other non-current liabilities	153,864	1	165,839	1	56,396	-
									Total non-current liabilities	10,223,500	34	11,017,062	38	7,159,328	28
								2XXX	Total liabilities	18,060,991	60	17,578,210	60	18,716,946	74
									Equity attributable to shareholders of parent (notes 6(b),(q)and (r)):						
								3100	Common stock	2,941,330	10	2,941,330	10	2,941,330	12
								3200	Capital surplus	3,694,035	12	3,590,865	12	1,307,878	5
								3300	Retained earnings:						
								3310	Legal reserve	932,166	3	932,166	3	838,824	3
								3320	Special reserve	1,239,224	4	1,239,224	4	1,286,181	5
								3350	Unappropriated earnings	1,572,857	5	2,033,250	7	1,287,837	5
										3,744,247	12	4,204,640	14	3,412,842	13
								3400	Other equity:						
								3410	Financial statement translation differences for foreign operations	(529,195)	(2)	(1,059,576)	(3)	(860,208)	(3)
								3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(40,914)	-	(40,183)	-	(42,157)	-
										(570,109)	(2)	(1,099,759)	(3)	(902,365)	(3)
								3500	Treasury stock	(530,114)	(2)	(530,114)	(2)	(530,114)	(2)
									Total equity attributable to shareholders of parent	9,279,389	30	9,106,962	31	6,229,571	25
								36xx	Non-controlling interests (note 6(f))	2,913,194	10	2,728,696	9	345,799	1
								3XXX	Total equity	12,192,583	40	11,835,658	40	6,575,370	26
Total assets		\$ 30,253,574	100	29,413,868	100	25,292,316	100	2-3XXX	Total liabilities and equity	\$ 30,253,574	100	29,413,868	100	25,292,316	100

See accompanying notes to consolidated financial statements.

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

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

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2022 and 2021**

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

		For the three months ended March 31			
		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (note 6(t))	\$ 4,758,074	100	4,660,291	100
5000	Operating costs (notes 6(e), (g), (h), (n), (o) and 9)	3,388,982	71	3,091,848	66
5900	Gross profit	1,369,092	29	1,568,443	34
6000	Operating expenses (notes 6(c), (d), (g), (h), (n), (o), (r), (u) and 7):				
6100	Selling expenses	591,701	12	627,970	13
6200	General and administrative expenses	363,354	8	359,164	8
6300	Research and development expenses	87,804	2	119,752	3
6450	Expected credit loss	1,110	-	7,382	-
	Total operating expenses	1,043,969	22	1,114,268	24
6900	Operating profit	325,123	7	454,175	10
7000	Non-operating income and expenses (notes 6 (i), (n), (v) and 7):				
7100	Interest income	56,671	1	30,284	-
7010	Other income	19,737	-	43,160	1
7020	Other gains and losses	6,207	-	9,231	-
7050	Finance costs	(50,774)	(1)	(64,907)	(1)
	Total non-operating income and expenses	31,841	-	17,768	-
7900	Profit from continuing operations before tax	356,964	7	471,943	10
7950	Less: Income tax expenses (note 6(p))	127,465	2	179,300	4
	Profit	229,499	5	292,643	6
8300	Other comprehensive income (note 6(q)):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(731)	-	2,997	-
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	(731)	-	2,997	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	632,913	13	(181,232)	(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	632,913	13	(181,232)	(4)
8300	Other comprehensive income	632,182	13	(178,235)	(4)
	Total comprehensive income	\$ 861,681	18	114,408	2
	Net income attributable to:				
8610	Shareholders of the parent	\$ 186,700	4	280,100	6
8620	Non-controlling interests	42,799	1	12,543	-
	Total Comprehensive income attributable to:	\$ 229,499	5	292,643	6
8710	Shareholders of the parent	\$ 716,350	15	104,452	2
8720	Non-controlling interests	145,331	3	9,956	-
		\$ 861,681	18	114,408	2
9750	Basic earnings per share (in New Taiwan dollars) (note 6(s))	\$ 0.75		1.13	
9850	Diluted earnings per share (in New Taiwan dollars) (note 6(s))	\$ 0.75		1.13	

See accompanying notes to 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 Changes in Equity  
For the three months ended March 31, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest						
							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, 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	-	-	-	-	280,100	280,100	-	-	-	-	280,100	12,543	292,643
Other comprehensive income (loss)	-	-	-	-	-	-	(178,645)	2,997	(175,648)	-	(175,648)	(2,587)	(178,235)
Total comprehensive income (loss)	-	-	-	-	280,100	280,100	(178,645)	2,997	(175,648)	-	104,452	9,956	114,408
<b>Balance at March 31, 2021</b>	<u>\$ 2,941,330</u>	<u>1,307,878</u>	<u>838,824</u>	<u>1,286,181</u>	<u>1,287,837</u>	<u>3,412,842</u>	<u>(860,208)</u>	<u>(42,157)</u>	<u>(902,365)</u>	<u>(530,114)</u>	<u>6,229,571</u>	<u>345,799</u>	<u>6,575,370</u>
<b>Balance at January 1, 2022</b>	\$ 2,941,330	3,590,865	932,166	1,239,224	2,033,250	4,204,640	(1,059,576)	(40,183)	(1,099,759)	(530,114)	9,106,962	2,728,696	11,835,658
Appropriation and distribution of retained earnings:													
Cash dividends of common stock	-	100,937	-	-	(647,093)	(647,093)	-	-	-	-	(546,156)	-	(546,156)
Other changes in capital surplus	-	2,233	-	-	-	-	-	-	-	-	2,233	-	2,233
Net income	-	-	-	-	186,700	186,700	-	-	-	-	186,700	42,799	229,499
Other comprehensive income (loss)	-	-	-	-	-	-	530,381	(731)	529,650	-	529,650	102,532	632,182
Total comprehensive income (loss)	-	-	-	-	186,700	186,700	530,381	(731)	529,650	-	716,350	145,331	861,681
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	39,167	39,167
<b>Balance at March 31, 2022</b>	<u>\$ 2,941,330</u>	<u>3,694,035</u>	<u>932,166</u>	<u>1,239,224</u>	<u>1,572,857</u>	<u>3,744,247</u>	<u>(529,195)</u>	<u>(40,914)</u>	<u>(570,109)</u>	<u>(530,114)</u>	<u>9,279,389</u>	<u>2,913,194</u>	<u>12,192,583</u>

See accompanying notes to consolidated financial statements.

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

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2022	2021
<b>Cash flows from operating activities:</b>		
Consolidated net income before tax	\$ 356,964	471,943
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	253,843	285,137
Expected credit loss	1,110	7,382
Interest expense	50,774	64,907
Interest income	(56,671)	(30,284)
Share-based payments	39,167	-
Losses (gains) on disposal of property, plant and equipment	(321)	65
Property, plant and equipment transferred to expenses	-	303
Gains on lease modification	(4)	(13)
Total adjustments to reconcile profit	287,898	327,497
Changes in assets / liabilities relating to operating activities:		
Changes in operating assets:		
Notes receivable	28,817	23,261
Accounts receivables	249,786	(45,979)
Other receivables	(33,385)	(7,198)
Inventories	(221,230)	(362,246)
Prepayments	(45,090)	(5,905)
Other current assets	3,114	7,217
Total changes in operating assets, net	(17,988)	(390,850)
Changes in operating liabilities:		
Contract liabilities	145,877	23,232
Accounts payable	58,658	(15,883)
Other payables	(377,366)	(235,564)
Other current liabilities	12,232	(23,198)
Net defined benefit liabilities	(17,645)	(1,921)
Total changes in operating liabilities, net	(178,244)	(253,334)
Total changes in operating assets / liabilities, net	(196,232)	(644,184)
Total adjustments	91,666	(316,687)
Cash provided by operating activities	448,630	155,256
Interest income received	56,671	30,284
Interest paid	(35,778)	(46,566)
Income taxes paid	(124,885)	(93,781)
<b>Net cash provided by operating activities</b>	<b>344,638</b>	<b>45,193</b>
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	227,426
Acquisition of property, plant and equipment	(189,421)	(149,157)
Proceeds from disposal of property, plant and equipment	1,801	312
Decrease in other non-current assets	(1,166)	(49)
<b>Net cash (used in) provided by investing activities</b>	<b>(188,786)</b>	<b>78,532</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	1,748,495	1,702,376
Decrease in short-term borrowings	(1,437,403)	(1,595,604)
Increase in short term commercial paper payable	170,000	60,000
Proceeds from long-term borrowings	3,059,000	4,053,874
Repayments of long-term borrowings	(3,473,573)	(4,129,939)
Payment of lease liabilities	(42,482)	(63,845)
Decrease in other non-current liabilities	(11,975)	(870)
Interest paid	(8,261)	(12,975)
Overaging unclaimed dividends	2,233	2,079
<b>Net cash provided by financing activities</b>	<b>6,034</b>	<b>15,096</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>408,190</b>	<b>(88,661)</b>
<b>Net increase in cash and cash equivalents</b>	<b>570,076</b>	<b>50,160</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>9,729,803</b>	<b>5,721,627</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 10,299,879</b>	<b>5,771,787</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 three months ended March 31, 2022 and 2021**

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

#### **(1) Company history**

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

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

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

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

The consolidated financial statements were reported to the Board of Directors and issued on May 12, 2022.

#### **(3) New standards, amendments and interpretations adopted**

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- 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”

(Continued)

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

- (b) 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.

**(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, 2021. For the related information, please refer to note 4 of the consolidated financial statement for the year ended December 31, 2021.

- (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.

(Continued)

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

(b) Basis of consolidation

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
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	93.00 %	93.00 %	90.39 %	Notes 3 and 5
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
Namchow BVI Co.	Shanghai Bao Lai Na Company Limited. (Bao Lai Na Co.)	Multinational eateries, and the promotion and management of craft beers	93.00 %	93.00 %	90.39 %	Notes 3 and 5
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 %	

(Continued)

## NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			March 31, 2022	December 31, 2021	March 31, 2021	
Namchow Cayman Co. and Shanghai Qizhi Co.	Namchow Food Group (Shanghai) Co., Ltd. (Namchow Food Co.)	Food packaging, dairy product and product purchasing management and selling	80.94 %	80.94 %	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.	80.94 %	80.94 %	96.15 %	Note 4
Namchow Food Co.	Tianjin Namchow Food Co., Ltd. (Tianjin Namchow Co.)	Manufacturing, and selling of edible fat	80.94 %	80.94 %	96.15 %	Note 4
Namchow Food Co.	Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow Co.)	Manufacturing, and selling of edible fat	80.94 %	80.94 %	96.15 %	Note 4
Namchow Food Co.	Chongqing Qiaoxing Co., Ltd. (Chongqing Qiaoxing Co.)	Food packaging, dairy product and product purchasing management and selling	80.94 %	80.94 %	96.15 %	Note 4
Namchow Food Co.	Wuhan Qiaoxing Co., Ltd. (Wuhan Qiaoxing Co.)	The technical service of baking oil and fat product	80.94 %	80.94 %	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	80.94 %	80.94 %	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	80.94 %	80.94 %	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 and award new shares of restricted stock on April 28, 2021 and on November 12, 2021, and the Company ownership percentage to the subsidiary decrease from 96.15% to 81.73% and then to 80.94%.

Note 5: Namchow BVI Co. has approved the resolution to transfer dividends payable \$64,823 thousand for Lucky Co., to the capital increase on September 28, 2021, and Lucky Co., ownership percentage to the subsidiary increased from 90.39% to 93.00%

#### (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".

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.

(Continued)

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

**(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, 2021.

**(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, 2021. For related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2021.

**(a) Cash and cash equivalents**

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Cash on hand	\$ 11,683	11,499	12,127
Savings and checking deposits	9,734,933	9,297,381	5,211,908
Time deposits	543,804	402,296	526,032
Cash equivalents	9,459	18,627	21,720
Total	<u>\$ 10,299,879</u>	<u>9,729,803</u>	<u>5,771,787</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	<u>\$ 24,064</u>	<u>24,795</u>	<u>22,820</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.

No strategic investments were disposed for the three months ended March 31, 2022, 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.**

(Continued)

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

(c) Notes and accounts receivable

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Notes receivable	\$ 153,584	182,401	161,025
Accounts receivable	1,696,499	1,946,285	1,627,162
Less: allowance for impairment	29,156	27,714	32,129
	<b><u>\$ 1,820,927</u></b>	<b><u>2,100,972</u></b>	<b><u>1,756,058</u></b>

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>March 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average expected credit loss rate (%)</b>	<b>Loss allowance provision</b>
Not overdue	\$ 1,653,998	0~1.13	3,858
Overdue 1~30 days	135,545	0.12~14.94	2,677
Overdue 31~60 days	18,918	0.61~62.08	1,291
Overdue 61~90 days	18,898	1.39~100.00	2,936
Overdue 91~180 days	5,915	1.29~100.00	4,758
Overdue 181~365 days	4,714	1.29~67.01	2,475
Overdue 365 days past due	12,095	100.00	12,095
	<b><u>\$ 1,850,083</u></b>		<b><u>30,090</u></b>

  

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

(Continued)

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

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

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	\$ 27,714	24,982
Impairment losses recognized	789	7,344
Effect of changes in exchange rates	653	(197)
Balance on March 31	<b>\$ 29,156</b>	<b>32,129</b>

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

(d) Other receivables

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Other receivables	\$ 167,835	134,450	64,881
Less: loss allowance	1,710	1,332	576
	<b>\$ 166,125</b>	<b>133,118</b>	<b>64,305</b>

The Group's other receivables which were overdue on March 31, 2022, December 31 and March 31, 2021, have been assessed for impairment losses.

(Continued)

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

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	\$ 1,332	543
Impairment loss recognized	321	38
Effect of changes in exchange rates	57	(5)
Balance on March 31	<u><u>\$ 1,710</u></u>	<u><u>576</u></u>

(e) Inventories

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Merchandise	\$ 33,419	39,897	44,116
Finished goods	1,647,634	1,581,786	1,246,465
Work in progress	170,677	147,404	133,237
Raw materials	1,164,771	821,742	832,655
Supplies	338,700	516,007	380,639
Goods in transit	339,801	367,583	177,172
Total	<u><u>\$ 3,695,002</u></u>	<u><u>3,474,419</u></u>	<u><u>2,814,284</u></u>

As of March 31, 2022, December 31 and March 31, 2021, 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 March 31</b>	
	<b>2022</b>	<b>2021</b>
Loss on decline in market value of inventory	\$ 3,418	5,707
Loss on physical count, net	739	533
Loss on scrap of inventory	104	95
Income from sale of scrap	(3,557)	(3,050)
Total	<u><u>\$ 704</u></u>	<u><u>3,285</u></u>

(Continued)



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

(f) Material non-controlling interests of subsidiaries

Name of subsidiary	The main operating place / register country	Proportion of Non-controlling interests		
		March 31, 2022	December 31, 2021	March 31, 2021
Namchow Food CO.	China	19.06 %	19.06 %	3.85 %

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

Summary of financial information of Namchow Food CO.

	March 31, 2022	December 31, 2021	March 31, 2021
Current assets	\$ 12,784,957	12,350,678	7,593,354
Non-current assets	5,723,616	5,517,527	5,506,735
Current liabilities	(3,154,306)	(3,331,861)	(3,910,212)
Non-current liabilities	(369,434)	(355,111)	(344,099)
Net assets	<u>\$ 14,984,833</u>	<u>14,181,233</u>	<u>8,845,778</u>
Non-controlling interests	<u>\$ 2,905,061</u>	<u>2,719,579</u>	<u>340,222</u>

	For the three months ended March 31	
	2022	2021
Revenue	<u>\$ 2,902,874</u>	<u>2,824,531</u>
Net income	\$ 230,556	419,433
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	<u>\$ 230,556</u>	<u>419,433</u>
Total net income attributable to non-controlling interests	<u>\$ 44,014</u>	<u>16,132</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 44,014</u>	<u>16,132</u>

	For the three months ended March 31	
	2022	2021
Net Cash flow from operating activities	\$ 357,261	299,180
Net Cash flow used in investing activities	(106,743)	(73,454)
Net Cash flow used in financing activities	(174,379)	(70,376)
Effect of exchange rate changes on cash and cash equivalents	49	154
Increase in cash and cash equivalents	<u>\$ 76,188</u>	<u>155,504</u>

(Continued)

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

(g) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
Cost and revaluation:						
Balance at January 1, 2022	\$ 2,777,223	6,493,094	7,108,275	4,157,325	407,726	20,943,643
Additions	-	4,905	3,528	18,213	171,090	197,736
Disposals	-	-	(13,003)	(2,402)	(1,165)	(16,570)
Reclassification	-	6,190	25,185	3,646	(23,174)	11,847
Effect of changes in exchange rates	(9,072)	156,856	203,234	105,107	14,714	470,839
Balance at March 31, 2022	<u>\$ 2,768,151</u>	<u>6,661,045</u>	<u>7,327,219</u>	<u>4,281,889</u>	<u>569,191</u>	<u>21,607,495</u>
Balance at January 1, 2021	\$ 2,887,928	6,690,798	7,318,881	4,239,438	310,058	21,447,103
Additions	-	5,470	11,964	33,325	73,234	123,993
Disposals	-	-	(191)	(1,375)	(231)	(1,797)
Reclassification	-	32,726	8,217	24,555	(61,108)	4,390
Effect of changes in exchange rates	(54,286)	(124,888)	(119,014)	(34,310)	(12,510)	(345,008)
Balance at March 31, 2021	<u>\$ 2,833,642</u>	<u>6,604,106</u>	<u>7,219,857</u>	<u>4,261,633</u>	<u>309,443</u>	<u>21,228,681</u>
Depreciation and impairment loss:						
Balance at January 1, 2022	\$ 31,953	1,833,166	4,353,862	2,837,551	-	9,056,532
Depreciation	-	51,660	75,672	77,992	-	205,324
Disposal	-	-	(12,958)	(2,132)	-	(15,090)
Effect of changes in exchange rates	-	44,878	119,468	70,186	-	234,532
Balance at March 31, 2022	<u>\$ 31,953</u>	<u>1,929,704</u>	<u>4,536,044</u>	<u>2,983,597</u>	<u>-</u>	<u>9,481,298</u>
Balance at January 1, 2021	\$ 31,953	1,660,692	4,219,386	2,785,144	-	8,697,175
Depreciation	-	52,642	80,478	81,938	-	215,058
Disposal	-	-	(167)	(1,253)	-	(1,420)
Reclassification	-	-	(24)	664	-	640
Effect of changes in exchange rates	-	(16,697)	(66,156)	(20,516)	-	(103,369)
Balance at March 31, 2021	<u>\$ 31,953</u>	<u>1,696,637</u>	<u>4,233,517</u>	<u>2,845,977</u>	<u>-</u>	<u>8,808,084</u>
Carrying value:						
January 1, 2022	<u>\$ 2,745,270</u>	<u>4,659,928</u>	<u>2,754,413</u>	<u>1,319,774</u>	<u>407,726</u>	<u>11,887,111</u>
March 31, 2022	<u>\$ 2,736,198</u>	<u>4,731,341</u>	<u>2,791,175</u>	<u>1,298,292</u>	<u>569,191</u>	<u>12,126,197</u>
January 1, 2021	<u>\$ 2,855,975</u>	<u>5,030,106</u>	<u>3,099,495</u>	<u>1,454,294</u>	<u>310,058</u>	<u>12,749,928</u>
March 31, 2021	<u>\$ 2,801,689</u>	<u>4,907,469</u>	<u>2,986,340</u>	<u>1,415,656</u>	<u>309,443</u>	<u>12,420,597</u>

(i) Impairment loss and subsequent reversal

For the three months ended March 31, 2022 and 2021, the Group did not have any significant impairment or reversal on property, plant and equipment. For other relative information, please refers to note 6(h) of the consolidated financial statements for the year ended December 31, 2021.

(ii) Collateral

Please refer to note 8 for information on pledged property, plant and equipment as of March 31, 2022, December 31 and March 31, 2021.

(Continued)

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

(h) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2022	\$ 329,160	1,138,057	86,659	1,553,876
Additions	-	17,974	6,207	24,181
Modification	-	(661)	(6,123)	(6,784)
Effect of changes in exchange rates	12,275	35,331	653	48,259
Balance at March 31, 2022	<u>\$ 341,435</u>	<u>1,190,701</u>	<u>87,396</u>	<u>1,619,532</u>
Balance at January 1, 2021	\$ 331,660	1,371,586	83,425	1,786,671
Additions	-	133,471	4,412	137,883
Modification	-	(13,748)	(2,635)	(16,383)
Reclassification	-	-	(1,727)	(1,727)
Effect of changes in exchange rates	(2,500)	(10,266)	(487)	(13,253)
Balance at March 31, 2021	<u>\$ 329,160</u>	<u>1,481,043</u>	<u>82,988</u>	<u>1,893,191</u>
Accumulated depreciation:				
Balance at January 1, 2022	\$ 91,954	466,630	49,391	607,975
Depreciation	1,712	39,376	6,611	47,699
Modification	-	(661)	(5,699)	(6,360)
Effect of changes in exchange rates	3,468	15,422	347	19,237
Balance at March 31, 2022	<u>\$ 97,134</u>	<u>520,767</u>	<u>50,650</u>	<u>668,551</u>
Balance at January 1, 2021	\$ 85,663	447,082	28,382	561,127
Depreciation	1,747	61,087	6,431	69,265
Modification	-	(13,637)	(1,734)	(15,371)
Reclassification	-	-	(654)	(654)
Effect of changes in exchange rates	(658)	(3,661)	(83)	(4,402)
Balance at March 31, 2021	<u>\$ 86,752</u>	<u>490,871</u>	<u>32,342</u>	<u>609,965</u>
Carrying value:				
January 1, 2022	<u>\$ 237,206</u>	<u>671,427</u>	<u>37,268</u>	<u>945,901</u>
March 31, 2022	<u>\$ 244,301</u>	<u>669,934</u>	<u>36,746</u>	<u>950,981</u>
January 1, 2021	<u>\$ 245,997</u>	<u>924,504</u>	<u>55,043</u>	<u>1,225,544</u>
March 31, 2021	<u>\$ 242,408</u>	<u>990,172</u>	<u>50,646</u>	<u>1,283,226</u>

(i) Investment property

	<u>Buildings</u>
Cost:	
Balance as at January 1, 2022	\$ 71,842
Effect of changes in exchange rates	2,679
Balance as at March 31, 2022	<u>\$ 74,521</u>
Balance as at January 1, 2021	\$ 72,387
Effect of changes in exchange rates	(545)
Balance as at March 31, 2021	<u>\$ 71,842</u>

(Continued)

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

	<u><b>Buildings</b></u>
Depreciation:	
Balance as at January 1, 2022	\$ 35,562
Depreciation	820
Effect of changes in exchange rates	1,344
Balance as at March 31, 2022	<u><u>\$ 37,726</u></u>
Balance as at January 1, 2021	\$ 32,574
Depreciation	814
Effect of changes in exchange rates	(251)
Balance as at March 31, 2021	<u><u>\$ 33,137</u></u>
Carrying value:	
Balance as at January 1, 2022	<u><u>\$ 36,280</u></u>
Balance as at March 31, 2022	<u><u>\$ 36,795</u></u>
Balance as at January 1, 2021	<u><u>\$ 39,813</u></u>
Balance as at March 31, 2021	<u><u>\$ 38,705</u></u>
Fair value:	
Balance as at January 1, 2022	<u><u>\$ 76,103</u></u>
Balance as at March 31, 2022	<u><u>\$ 78,941</u></u>
Balance as at January 1, 2021	<u><u>\$ 75,420</u></u>
Balance as at March 31, 2021	<u><u>\$ 75,285</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>March 31, 2022</b></u>	<u><b>March 31, 2021</b></u>
Xuhui Dist., Shanghai	3.52%	3.97%

As of March 31, 2022, December 31 and March 31, 2021, the Group's investment properties were not provided as pledged assets.

(j) Goodwill

Goodwill arising from the merger were as follows:

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

(Continued)

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

The cost and accumulated amortization was as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</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 three months ended March 31, 2022 and 2021. For related information, please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2021.

(k) Short-term and long-term borrowings

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

(i) Short-term borrowings

<b>March 31, 2022</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Unsecured loans	RMB	2.95~3.95	2022~2023	\$ 1,870,693
Unsecured loans	TWD	0.65~0.95	2022	584,000
Unsecured loans	JPY	0.57~0.92	2022~2023	<u>376,480</u>
Total				<u><b>\$ 2,831,173</b></u>

  

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

  

<b>March 31, 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	\$ 2,102,583
Unsecured loans	EUR	0.96~1.50	2021	59,952
Unsecured loans	USD	0.6035	2021	16,600
Unsecured loans	TWD	0.83~1.19	2021	405,447
Unsecured loans	JPY	0.58~0.98	2021~2022	<u>470,302</u>
Total				<u><b>\$ 3,054,884</b></u>

(Continued)

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

As of March 31, 2022, December 31 and March 31, 2021, the unused credit facilities amounted to \$16,802,488 thousand, \$16,394,866 thousand and \$13,008,292 thousand, respectively.

(ii) Short-term commercial paper payable

<b>March 31, 2022</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Commercial paper payable	TWD	0.34~0.92	2022	\$ 260,000
Discount				(50)
Total				<u><u>\$ 259,950</u></u>

  

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

  

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

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

As of March 31, 2022, December 31 and March 31, 2021, the unused credit facilities amounted to \$660,000 thousand, \$680,000 thousand and \$610,000 thousand, respectively.

(iii) Long-term borrowings

<b>March 31, 2022</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	JPY	1.250~1.275	2038~2039	\$ 732,009
Unsecured loans	JPY	0.93545	2023	35,295
Unsecured loans	THB	1.92	2023	138,416
Unsecured loans	TWD	0.8359~1.1000	2023~2024	2,450,000
Unsecured loans	RMB	4.2750~4.7500	2022~2023	111,659
Total				<u><u>\$ 3,467,379</u></u>
Current				\$ 569,057
Non-current				2,898,322
Total				<u><u>\$ 3,467,379</u></u>

(Continued)

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

<b>December 31, 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	\$ 757,972
Secured loans	TWD	0.95	2024	359,000
Unsecured loans	JPY	0.93545	2023	36,075
Unsecured loans	THB	1.92	2025	166,940
Unsecured loans	TWD	0.8400~1.0500	2023~2024	2,450,000
Unsecured loans	RMB	4.2250~4.7000	2022~2023	152,735
Total				<b>\$ 3,922,722</b>
Current				\$ 237,893
Non-current				3,684,829
Total				<b>\$ 3,922,722</b>

  

<b>March 31, 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	\$ 984,630
Secured loans	TWD	1.0000~1.0300	2022	500,000
Unsecured loans	JPY	0.97818	2021	25,770
Unsecured loans	THB	1.93	2025	548,940
Unsecured loans	TWD	0.8327~1.1400	2021~2023	2,580,000
Unsecured loans	RMB	3.8000~4.7500	2021~2023	258,381
Total				<b>\$ 4,897,721</b>
Current				\$ 292,646
Non-current				4,605,075
Total				<b>\$ 4,897,721</b>

As of March 31, 2022, December 31 and March 31, 2021, the unused credit facilities amounted to \$6,618,976 thousand, \$6,034,461 thousand and \$4,943,219 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.

(Continued)

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

(l) Bonds payable

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Secured bonds	\$ 5,000,000	5,000,000	4,000,000
Less: discounts on bonds payable	139,705	146,473	14,329
Less: current portion of bonds payable	-	-	3,985,671
Total	<u>\$ 4,860,295</u>	<u>4,853,527</u>	<u>-</u>

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

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

  

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

(Continued)



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

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

<b>Item</b>	<b>105-1 Secured Bonds</b>
1) Issue date	November 29, 2016
2) Issue period	5 years, commencing from November 29, 2016 and matured on November 29, 2021.
3) Offering amount	4,000,000 thousand
4) Denomination	Issued by par value, each value at 10 million, and total of 400 bonds
5) Coupon Rate	Annual interest rate 0.75%
6) Repayment	Bullet repayment at an amount equal to the principal amount of the Bonds
7) Interest Payment	According to coupon rate. Interest is payable annually.
8) Way of guarantee	Commissioned by the First Commercial Bank Co., Ltd. as a guarantee institution

- (m) Provisions

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Site restoration	\$ <u>10,264</u>	<u>10,264</u>	<u>12,134</u>

For the three months ended March 31, 2022 and 2021, the Group did not have any significant change on the provisions. For other relative information, please refer to note 6(n) of the consolidated financial statements for the year ended December 31, 2021.

- (n) Lease liabilities

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

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Current	\$ <u>161,704</u>	<u>158,142</u>	<u>198,213</u>
Non-current	\$ <u>603,674</u>	<u>603,722</u>	<u>919,456</u>

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	\$ <u>8,261</u>	<u>12,643</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>12,291</u>	<u>12,851</u>
Income from sub-leasing right-of-use assets	\$ <u>(309)</u>	<u>(309)</u>
Expenses relating to short-term leases	\$ <u>21,446</u>	<u>23,008</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,775</u>	<u>1,587</u>

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	\$ <u>85,946</u>	<u>113,625</u>

(o) Employee benefits

(i) Defined benefit plans

In the prior fiscal year, there was no material volatility of the market, material reimbursement and settlement or other material one-time events. As a result, pension cost in the condensed consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2021 and 2020.

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

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 1,268	1,344
Operating expenses	1,105	1,215
Total	\$ <u>2,373</u>	<u>2,559</u>

(Continued)

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

(ii) Defined contribution plans

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

	For the three months ended March 31	
	2022	2021
Operating costs	\$ 15,191	15,032
Operating expenses	29,195	26,593
Total	<u>\$ 44,386</u>	<u>41,625</u>

(iii) Short-term employee benefit

	March 31, 2022	December 31, 2021	March 31, 2021
Compensated absence liabilities (recorded under other payables)	<u>\$ 26,602</u>	<u>26,788</u>	<u>26,761</u>

(p) Income tax

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

ii) Income tax expenses

The components of income tax are as follows:

	For the three months ended March 31	
	2022	2021
Current tax expenses		
Current period	\$ 113,587	181,779
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	13,878	(2,479)
Income tax on continuing operations	<u>\$ 127,465</u>	<u>179,300</u>

iii) Examination and approval

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

(Continued)

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

(q) Capital and other equity

Except for those mentioned below, there were no significant changes in capital for the three months ended March 31, 2022 and 2021. Please refer to note 6(r) to the consolidated financial statements for the year ended December 31, 2021, for related information.

(i) Capital surplus

The components of capital surplus were as follows:

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Share premium	\$ 1,280	1,280	1,280
Overaging unclaimed dividends	7,101	4,868	4,886
Treasury stock	1,284,757	1,183,820	1,183,820
Recognize changes in all equity in subsidiaries	2,400,897	2,400,897	117,892
	<u><u>\$ 3,694,035</u></u>	<u><u>3,590,865</u></u>	<u><u>1,307,878</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.

(Continued)

**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. A special reserve is appropriated from retained earnings for the aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately. The carrying amount of above mentioned special reserve amounted to \$512,508 thousand as of March 31, 2022, December 31 and March 31, 2021.

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

The Company's Board of Directors resolved to appropriate the 2021 and 2020 other earnings, respectively. These other earnings were appropriated as follows:

	<b>2021</b>	<b>2020</b>
	<b>March 15, 2022</b>	<b>March 12, 2021</b>
Date resolved by Board of Directors		
Dividends distributed to common shareholders:		
Cash	\$ <b>647,093</b>	<b>588,266</b>
Dividend Payout (dollars)	\$ <b>2.2</b>	<b>2</b>

(iii) Treasury stock

None shares were purchased by the Company and its subsidiaries during for the three months ended March 31, 2022 and 2021. The reason is that the subsidiaries held by long-term of the Company shares previous years. As of March 31, 2022, December 31 and March 31, 2021, the subsidiaries held the Company's shares as follows:

<b>March 31, 2022</b>					
<b>Subsidiary name</b>	<b>Number of shares (in thousand)</b>	<b>Market price per share</b>	<b>Adjusted cost per share</b>	<b>Total market value</b>	<b>Total treasury stock</b>
Lucky Co.	46,041	48.70	11.51	\$ <b>2,242,209</b>	<b>530,114</b>

  

<b>December 31, 2021</b>					
<b>Subsidiary name</b>	<b>Number of shares (in thousand)</b>	<b>Market price per share</b>	<b>Adjusted cost per share</b>	<b>Total market value</b>	<b>Total treasury stock</b>
Lucky Co.	46,041	49.05	11.51	\$ <b>2,311,271</b>	<b>530,114</b>

(Continued)

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

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

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)

	<b>Foreign exchange differences arising from foreign operations</b>	<b>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</b>	<b>Non-controlling interests</b>	<b>Total</b>
Balance as of January 1, 2022	\$ (1,059,576)	(40,183)	207,069	(892,690)
Foreign exchange differences arising from foreign operations	83,626	-	102,532	186,158
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	446,755	-	-	446,755
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(593)	-	(593)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(138)	-	(138)
Balance as of March 31, 2022	<u>\$ (529,195)</u>	<u>(40,914)</u>	<u>309,601</u>	<u>(260,508)</u>
Balance as of January 1, 2021	\$ (681,563)	(45,154)	162,100	(564,617)
Foreign exchange differences arising from foreign operations	(110,181)	-	(2,587)	(112,768)
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	(68,464)	-	-	(68,464)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	2,430	-	2,430
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	567	-	567
Balance as of March 31, 2021	<u>\$ (860,208)</u>	<u>(42,157)</u>	<u>159,513</u>	<u>(742,852)</u>

(r) Share-based payment

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

(Continued)

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

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

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

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

- 1) Employees who have been working in the Company for 1 year: 20% of vested shares can be sold.
- 2) Employees who have been working in the Company for 2 years: 40% of vested shares can be sold.
- 3) Employees who have been working in the Company for 3 years: 40% of vested shares can be sold.

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

Information about restricted shares was as follows:

	<b>For the three months ended March 31, 2022</b>
Shares outstanding on March 31 (Shares outstanding on January 1)	<u><u>4,125</u></u>
(ii) Compensation cost	
	<b>For the three months ended March 31, 2022</b>
Expenses resulting from RSA	<u><u>\$ 39,167</u></u>

(Continued)

**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 three months ended March 31, 2022 and 2021, were as follows:

(i) Basic earnings per share

	Unit: thousand of shares	
	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2022</b>	<b>2021</b>
Net income attributable to common shareholders of the Company	\$ <u>186,700</u>	<u>280,100</u>
Weighted-average number of common shares	<u>248,092</u>	<u>248,092</u>
Basic earnings per share (in NT dollars)	\$ <u>0.75</u>	<u>1.13</u>

ii) Diluted earnings per share

	Unit: thousand of shares	
	<b>For the three months ended</b>	
	<b>March 31</b>	
	<b>2022</b>	<b>2021</b>
Net income attributable to common shareholders of the Company (diluted)	\$ <u>186,700</u>	<u>280,100</u>
Weighted-average number of common shares (basic)	248,092	248,092
Impact of potential common shares:		
Effect of employees' remuneration	269	253
Weighted-average number of shares outstanding (diluted)	<u>248,361</u>	<u>248,345</u>
Diluted earnings per share (in NT dollars)	\$ <u>0.75</u>	<u>1.13</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 March 31, 2022								
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	\$ 2,720,978	-	186,921	-	3,136	51,589	10,550	2,973,174
Taiwan	261,658	130,103	129,108	246,897	128,043	94,759	14,950	1,005,518
Thailand	-	-	-	-	41,761	-	598	42,359
New Zealand and Australia	-	-	-	-	254,482	-	-	254,482
United states	-	-	-	-	233,877	-	-	233,877
Europe	-	-	-	-	180,447	-	-	180,447
Others	4,282	-	-	-	59,572	4,363	-	68,217
	<u>\$ 2,986,918</u>	<u>130,103</u>	<u>316,029</u>	<u>246,897</u>	<u>901,318</u>	<u>150,711</u>	<u>26,098</u>	<u>4,758,074</u>

(Continued)

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

**Notes to the Consolidated Financial Statements**

For the three months ended March 31, 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	\$ 2,647,037	-	192,425	-	2,913	118,601	7,481	2,968,457
Taiwan	280,985	118,587	124,079	215,848	114,806	112,050	2,713	969,068
Thailand	-	-	-	-	42,473	-	196	42,669
New Zealand and Australia	-	-	-	-	286,820	-	-	286,820
United states	-	-	-	-	171,569	-	-	171,569
Europe	-	-	-	-	152,897	-	-	152,897
Others	3,285	-	-	-	63,513	2,013	-	68,811
	<b>\$ 2,931,307</b>	<b>118,587</b>	<b>316,504</b>	<b>215,848</b>	<b>834,991</b>	<b>232,664</b>	<b>10,390</b>	<b>4,660,291</b>

(Continued)

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

(ii) Contract balance

	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>March 31, 2021</b>
Contract liability	<u>\$ 686,462</u>	<u>540,585</u>	<u>597,616</u>

The amount of revenue recognized for the three months ended March 31, 2022 and 2021, that was included in the contract liability balance at the beginning of the period was \$204,802 thousand and \$214,740 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 ended March 31, 2022 and 2021, the estimated amounts of employees' compensation were \$2,139 thousand and \$3,337 thousand, respectively, and the estimated amounts of directors' remuneration were \$9,623 thousand and \$15,015 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 \$13,343 thousand and \$11,065 thousand, as well as its directors' \$53,372 thousand and \$44,261 thousand for the years 2021 and 2020, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentage of the remuneration to employees and directors as specified in the Company's article. The estimations are recorded under operating expenses and cost. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2021 and 2020. The aforementioned remuneration to employees and directors is consistent to the estimated amounts disclosed in the Company's consolidated financial statements for the years ended December 31, 2021 and 2020.

(v) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest income from bank deposits	<u>\$ 56,671</u>	<u>30,284</u>

(Continued)

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

(ii) Other income

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Rental income	\$ 2,623	2,584
Other income — other		
Government grants	4,262	27,080
Others	<u>12,852</u>	<u>13,496</u>
Total other income — Other	<u>17,114</u>	<u>40,576</u>
Total other income	<u><u>\$ 19,737</u></u>	<u><u>43,160</u></u>

(iii) Other gains and losses

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Losses (gains) on disposal of property, plant and equipment	\$ 321	(65)
Gains on lease modification	4	13
Gains foreign exchange	11,915	18,133
Others	<u>(6,033)</u>	<u>(8,850)</u>
Net other gains and losses	<u><u>\$ 6,207</u></u>	<u><u>9,231</u></u>

(iv) Finance costs

	<b>For the three months ended March 31</b>	
	<b>2022</b>	<b>2021</b>
Interest expense	\$ <u><u>50,774</u></u>	<u><u>64,907</u></u>

(Continued)

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

(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(x) of the consolidated financial statements for the year ended December 31, 2021.

(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>March 31, 2022</b>						
Non-derivative financial liabilities						
Secured loans	\$ 732,009	813,885	47,385	94,770	142,155	529,575
Unsecured loans	5,566,543	5,620,823	3,388,994	1,678,033	553,796	-
Short-term commercial paper payable	259,950	260,000	260,000	-	-	-
Accounts payable	1,405,984	1,405,984	1,405,984	-	-	-
Dividends payable	546,156	546,156	546,156	-	-	-
Other payables	1,122,422	1,122,422	1,122,422	-	-	-
Bonds payable	4,860,295	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	765,378	871,316	192,029	193,046	318,455	167,786
Guarantee deposits received	60	60	60	-	-	-
	<u>\$ 15,258,797</u>	<u>15,640,646</u>	<u>6,963,030</u>	<u>1,965,849</u>	<u>4,014,406</u>	<u>2,697,361</u>
<b>December 31, 2021</b>						
Non-derivative financial liabilities						
Secured loans	\$ 1,116,972	1,207,054	51,843	456,528	145,297	553,386
Unsecured loans	5,266,720	5,317,576	2,747,450	2,570,126	-	-
Short-term commercial paper payable	89,983	90,000	90,000	-	-	-
Accounts payable	1,347,326	1,347,326	1,347,326	-	-	-
Other payables	1,483,345	1,483,345	1,483,345	-	-	-
Bonds payable	4,853,527	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	761,864	869,880	188,157	186,002	319,900	175,821
Guarantee deposits received	60	60	60	-	-	-
	<u>\$ 14,919,797</u>	<u>15,315,241</u>	<u>5,908,181</u>	<u>3,212,656</u>	<u>3,465,197</u>	<u>2,729,207</u>
<b>March 31, 2021</b>						
Non-derivative financial liabilities						
Secured loans	\$ 1,484,630	1,605,874	58,456	624,194	184,410	738,814
Unsecured loans	6,467,975	6,623,267	3,302,778	2,524,003	796,486	-
Short-term commercial paper payable	149,955	150,000	150,000	-	-	-
Accounts payable	1,146,090	1,146,090	1,146,090	-	-	-
Other payables	496,506	496,506	496,506	-	-	-
Other payables	1,242,693	1,242,693	1,242,693	-	-	-
Bonds payable	3,985,671	4,000,000	4,000,000	-	-	-
Lease liabilities	1,117,669	1,301,772	240,290	239,749	460,508	361,225
Guarantee deposits received	50	50	50	-	-	-
	<u>\$ 16,091,239</u>	<u>16,566,252</u>	<u>10,636,863</u>	<u>3,387,946</u>	<u>1,441,404</u>	<u>1,100,039</u>

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

(Continued)

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

(ii) Liquidity risk—Currency risk

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<b>March 31, 2022</b>			
Financial assets:			
Monetary assets:			
USD	\$ 3,915	28.625	112,056
Financial liabilities:			
Monetary liabilities:			
USD	\$ 8,698	28.625	248,972
EUR	11,864	31.920	378,687
<b>December 31, 2021</b>			
Financial assets:			
Monetary assets:			
USD	\$ 4,467	27.680	123,645
Financial liabilities:			
Monetary liabilities:			
USD	\$ 6,164	27.680	170,617
EUR	8,684	31.320	271,980
<b>March 31, 2021</b>			
Financial assets:			
Monetary assets:			
USD	\$ 4,012	28.535	114,490
Financial liabilities:			
Monetary liabilities:			
USD	\$ 7,606	28.535	217,043
EUR	7,977	33.480	267,083

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation (depreciation) of the TWD against the USD and EUR as of March 31, 2022 and 2021 would have increased (decreased) the net income after tax for the three months ended March 31, 2022 and 2021 by \$5,156 thousand and \$3,696 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 ended March 31, 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized abortions) amounted to \$11,915 thousand and \$18,133 thousand, respectively.

(Continued)

**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 \$14,387 thousand and \$18,566 thousand for the three months ended March 31, 2022 and 2021, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing and time deposits at floating rates.

(iv) Fair value and carrying amount

1) Categories and fair value of financial instruments

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

		March 31, 2022			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 24,064	24,064	-	-	24,064
		December 31, 2021			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 24,795	24,795	-	-	24,795

(Continued)

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

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

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

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

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

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 three months ended March 31, 2022 and 2021.

(x) Financial risk management

The objective and policies of the consolidated company are identical to those disclosed in note 6(y) of the consolidated financial statement for the year ended 2021.

(Continued)



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

(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, 2021; 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, 2021. For related information, please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2021.

(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 three months ended March 31, 2022 and 2021.

(aa) The reconciliation of liabilities arising from financing activities

For the three months ended March 31, 2022 and 2021, the reconciliation of liabilities arising from financing activities were as follows:

			<b>Non-cash changes</b>		
	<b>January 1, 2022</b>	<b>Cash flows</b>	<b>Foreign exchange movement</b>	<b>Others</b>	<b>March 31, 2022</b>
Short-term borrowings	\$ 2,460,970	311,092	59,111	-	2,831,173
Short-term commercial paper payable	89,983	170,000	-	(33)	259,950
Bonds payable	4,853,527	-	-	6,768	4,860,295
Long-term borrowings (including current portion)	3,922,722	(414,573)	(40,770)	-	3,467,379
Lease liabilities	761,864	(50,743)	22,243	32,014	765,378
Total liabilities from financing activities	<b>\$ 12,089,066</b>	<b>15,776</b>	<b>40,584</b>	<b>38,749</b>	<b>12,184,175</b>

  

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

(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.

<u>Name of related party</u>	<u>Relationship with the Group</u>
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 three months ended March 31, 2022 and 2021, the Group recognized the amount of \$18 thousand and \$40 thousand as interest expense, respectively. As of March 31, 2022, December 31 and March 31, 2021, the balance of lease liabilities amounted to \$6,253 thousand, \$8,326 thousand and \$14,514 thousand, respectively.

(c) Personnel transactions from key management

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

	<b>For the three months ended</b>	
	<b>March 31</b>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 57,930	62,705
Post-employments benefits	626	465
	<u><b>\$ 58,556</b></u>	<u><b>63,170</b></u>

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Property, plant and equipment:				
Land	Long-term borrowings	\$ 1,763,008	1,776,263	1,741,235
Buildings	Long-term borrowings	813,765	833,694	767,815
		<u><b>\$ 2,576,773</b></u>	<u><b>2,609,957</b></u>	<u><b>2,509,050</b></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>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Acquisition of property, plant and equipment	\$ <u>140,636</u>	<u>157,318</u>	<u>48,858</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</u>
Unused letters of credit for purchases of materials	\$ <u>773,779</u>	<u>939,781</u>	<u>770,487</u>

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

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>March 31, 2021</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>March 31, 2022</u>
One year	\$ 766
Less than five years	3,064
More than five years	<u>1,915</u>
	<u>\$ 5,745</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: None.**

(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 nature	By function	Three months ended March 31, 2022			Three months ended March 31, 2021		
		Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits							
Salary		218,174	373,988	592,162	251,713	374,536	626,249
Labor and health insurance		70,405	44,916	115,321	80,114	40,632	120,746
Pension		16,459	30,300	46,759	16,376	27,808	44,184
Remuneration of directors		-	10,805	10,805	-	16,336	16,336
Others		13,014	64,481	77,495	15,341	23,809	39,150
Depreciation (note 1)		156,228	96,795	253,023	185,434	98,889	284,323
Amortization		-	-	-	-	-	-

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses — other gains and losses amounting to \$820 thousand and \$814 thousand for the three months ended March 31, 2022 and 2021 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 three months ended March 31, 2022:

##### (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 1)	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	Namchow Food Co.	Tianjin Namchow Co.	Other receivable -- related parties	Yes	1,716,407	1,716,407	1,716,407	-	Short term financing	-	Capital for operation	-	-	-	5,989,290 (Note 2)	5,989,290 (Note 2)
1	Namchow Food Co.	Guangzhou Namchow Co.	Other receivable -- related parties	Yes	335,472	335,472	335,472	-	Short term financing	-	Capital for operation	-	-	-	5,989,290 (Note 2)	5,989,290 (Note 2)
1	Namchow Food Co.	Shanghai Namchow Co.	Other receivable -- related parties	Yes	1,473,062	1,473,062	1,473,062	-	Short term financing	-	Capital for operation	-	-	-	5,989,290 (Note 2)	5,989,290 (Note 2)

Note 1: The transactions within the Group were eliminated in the consolidated financial statements.

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

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

Unit: thousand dollars

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the period	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company										
0	The Company	Nankyo Japan Co.	2	9,279,389	1,315,565	1,287,705	460,265	-	13.88 %	9,279,389	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	19,499	0.05 %	19,499	
Lucky Co.	Stock: The Company	The Company	Financial assets at fair value through comprehensive income — non-current	46,041	2,242,209	15.65 %	2,242,209	Note 1
Lucky Co.	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income — non-current	277	4,565	0.01 %	4,565	

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

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

(Continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the Consolidated Financial Statements

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

Unit: thousand dollars

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts / notes receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	405,882	(22) %	Note 1	-	-	(147,978)	29 %	Note 2
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(405,882)	(67) %	Note 1	-	-	147,978	55 %	Note 2
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	375,469	(20) %	Note 1	-	-	(173,271)	34 %	Note 2
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(375,469)	(51) %	Note 1	-	-	173,271	39 %	Note 2
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	118,639	(6) %	Note 1	-	-	(37,723)	7 %	Note 2
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(118,639)	(77) %	Note 1	-	-	37,723	71 %	Note 2
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	414,206	(22) %	Note 1	-	-	-	- %	Note 2
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(414,206)	(73) %	Note 1	-	-	-	- %	Note 2
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	110,630	(12) %	Note 1	-	-	(45,664)	7 %	Note 2
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(110,630)	(19) %	Note 1	-	-	45,664	78 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	230,713	(25) %	Note 1	-	-	(125,860)	19 %	Note 2
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(230,713)	(31) %	Note 1	-	-	125,860	28 %	Note 2
Guangzhou Yoshi Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	124,646	(62) %	Note 1	-	-	(143,028)	78 %	Note 2
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	(Sales)	(124,646)	(17) %	Note 1	-	-	143,028	32 %	Note 2
Namchow Food Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	155,644	(8) %	Note 1	-	-	(85,438)	11 %	Note 2
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(155,644)	(69) %	Note 1	-	-	85,438	58 %	Note 2
Namchow Food Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	379,631	(21) %	Note 1	-	-	(86,735)	17 %	Note 2
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	(Sales)	(379,631)	(34) %	Note 1	-	-	86,735	29 %	Note 2

Note 1: Depending on capital movement motor adjustment.

Note 2: All intercompany accounts and transactions are eliminated.

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

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	173,271	2.10	-		173,271 (As of May 12, 2022)	-
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	147,978	2.00	-		135,180 (As of May 12, 2022)	-
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	125,860	1.83	-		125,860 (As of May 12, 2022)	-
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	143,028	0.96	-		89,692 (As of May 12, 2022)	-

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

Note2: Loan to the subsidiary.

- (ix) Trading in derivative instruments: None.

(Continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the Consolidated Financial Statements

(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.	Namchow Food Co.	3	Sales revenue	405,882	No significant differences	8.53 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Accounts receivable	147,978	No significant differences	0.49 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Sales revenue	375,469	No significant differences	7.89 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Accounts receivable	173,271	No significant differences	0.57 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	230,713	No significant differences	4.85 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	125,860	No significant differences	0.42 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Sales revenue	124,646	No significant differences	2.62 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Accounts receivable	143,028	No significant differences	0.47 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	118,639	No significant differences	2.49 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	37,723	No significant differences	0.12 %
4	Shanghai Namchow Co.	Namchow Food Co.	3	Sales revenue	414,206	No significant differences	8.71 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	110,630	No significant differences	2.33 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	45,664	No significant differences	0.15 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	155,644	No significant differences	3.27 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	85,438	No significant differences	0.28 %
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Sales revenue	379,631	No significant differences	7.98 %
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Accounts receivable	86,735	No significant differences	0.29 %
7	Namchow Oil and Fat Co.	Huaciang Co.	3	Accounts receivable	31,549	No significant differences	0.10 %
8	Huaciang Co.	Lucky Co.	3	Sales revenue	79,020	No significant differences	1.66 %
8	Huaciang Co.	Lucky Co.	3	Accounts receivable	52,577	No significant differences	0.17 %
9	Namchow Food Co.	Tianjin Namchow Co.	3	Other receivable-related parties	1,716,407	Determined capital demand	5.67 %
9	Namchow Food Co.	Guangzhou Namchow Co.	3	Other receivable-related parties	335,472	Determined capital demand	1.11 %
9	Namchow Food Co.	Shanghai Namchow Co.	3	Other receivable-related parties	1,473,062	Determined capital demand	4.87 %

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.

(Continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the Consolidated Financial Statements

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.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Unit: thousand dollars/thousand of shares		
				March 31, 2022	December 31, 2021	Shares	Percentage of ownership	Book value	Net income (losses) of investee	Investment income (losses)	Remarks
The Company	Namchow Thailand	Bangkok, Thailand	Manufacturing and selling instant noodles and rice cracker	1,027,405	1,027,405	9,245	100.00 %	2,602,844	120,037	120,037	Note 3
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	31,406	356	356	Note 3
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	12,549,381	135,915	135,915	Note 3
The Company	Chow Ho Co.	Taipei, Taiwan	Catering services, food and beverage retailing, and frozen food manufacturing	137,000	137,000	2,900	100.00 %	18,772	(2,464)	(2,461)	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 %	739,245	110,529	9,257	Note 3
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	763	763	80	80.00 %	219	10	8	Note 3
The Company	Nankyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	690,580	690,580	- (Note 2)	100.00 %	262,178	(22,002)	(22,002)	Notes 3
The Company	Namchow Consulting Co.	Taipei, Taiwan	Catering services, food and beverage retailing and other consulting	9,200	5,000	500	100.00 %	4,945	(17)	(17)	Note 3
The Company	Chow Food Co.	Taipei, Taiwan	Development of biotechnology products	49,000	49,000	1,300	100.00 %	5,484	(1,020)	(1,018)	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 %	536,462	39,397	39,534	Note 3
The Company	Huaciang Co.	Taipei, Taiwan	Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food	392,341	392,341	30,000	100.00 %	263,085	4,782	4,908	Note 3
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	293,793	293,793	6,705	93.32 %	49,106	(22,865)	(21,337)	Notes 1 and 3
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	352,000	352,000	13,100	100.00 %	50,089	(5,903)	(5,882)	Notes 1 and 3
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	18,300	18,300	500	100.00 %	4,091	(556)	(556)	Note 3
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	100	100	10	10.00 %	27	10	1	Note 3
Nacia Co.	Namchow Cayman Co.	Gayman Islands British West Indies	Holding of investments	2,522,207	2,522,207	35,378	100.00 %	12,538,688	135,807	135,807	Note 3

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

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

Note 3: All intercompany accounts and transactions are eliminated.

(c) Information on investment in mainland China:

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

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, 2022	Investment flow during current period		Cumulative investment (amount) from Taiwan as of March 31, 2022	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Unit: thousand dollars	
					Remittance amount	Repatriation amount					Book value as of March 31, 2022	Accumulated remittance of earnings in current period
Shanghai Qiaohao Co.	Holding of investments and international trade	669,270	(3)	-	-	-	-	(30,922)	100.00 %	(30,922) (2)(b.)	124,863	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	- (2)(b.)	901	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	704,181	(3)	-	-	-	-	(25,088)	100.00 %	(25,088) (2)(b.)	355,006	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(2,771)	100.00 %	(2,771) (2)(b.)	32,020	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	1,149,800	(3)	-	-	-	-	230,556	80.94 %	186,618 (2)(a.)	12,079,772	856,146
Tianjin Namchow Co.	Manufacturing and selling of edible fat	756,875	(3)	372,813	-	-	372,813	58,066	80.94 %	47,000 (2)(a.)	1,931,687	45,974
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	121,100	(3)	-	-	-	-	35,305	80.94 %	28,577 (2)(a.)	745,811	-
Guangzhou Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	31,886	80.94 %	25,809 (2)(a.)	522,015	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	69,946	80.94 %	56,616 (2)(a.)	1,853,823	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	676,597	(3)	-	-	-	-	14,204	80.94 %	11,497 (2)(a.)	939,644	-

(Continued)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the Consolidated Financial Statements

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, 2022	Investment flow during current period	Repatriation amount	Cumulative investment (amount) from Taiwan as of March 31, 2022	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of March 31, 2022	Accumulated remittance of earnings in current period
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	57,658	80.94 %	46,670 ((2)a.)	772,729	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	1,764	80.94 %	1,428 ((2)a.)	179,190	-
Shanghai Qizhi Co.	Business management and investment consulting services	4,541	(3)	-	-	-	-	48	100.00 %	48 ((2)b.)	8,629	-
Bao Lai Na Co.	Multinational cateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	(22,750)	93.00 %	(21,158) ((2)c.)	43,178	35,967

Note 1: The method of investment is divided into the following four categories:

- (1) Remittance from third-region companies to invest in Mainland China.
- (2) Through the establishment of third-region companies then investing in Mainland China.
- (3) Through transferring the investment to third-region existing companies then investing in Mainland China.
- (4) Other methods: EX: delegated investments.

Note 2: Amount of investment income (loss) was recognized base on:

- (1) There is no investment income for the preparatory case.
- (2) Investment gains and losses were based on three basic:
  - a. The financial statements were reviewed by an international accounting firm that has a cooperative relationship with accounting firms of the Republic of China.
  - b. The financial statements were reviewed by the auditors of the parent company and were recognized as investment income (loss) under the equity method.
  - c. Others: the financial statements were not reviewed by the auditors of the parent company and were recognized as investment income (loss) under the equity method.

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

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of March 31, 2022	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	372,813	3,373,763	5,567,633
Lucky Co.	226,649	194,406	1,814,239

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

(d) Major shareholders:

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

(14) Segment information

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:

	<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>Three months ended March 31, 2022</b>									
Revenue:									
Revenue from external customers	\$ 2,986,918	130,103	316,029	246,897	901,318	150,711	26,098	-	4,758,074
Inter-segment revenues	59,975	-	933	8,001	85,093	3,957	47,312	(205,271)	-
<b>Total revenue</b>	<b>\$ 3,046,893</b>	<b>130,103</b>	<b>316,962</b>	<b>254,898</b>	<b>986,411</b>	<b>154,668</b>	<b>73,410</b>	<b>(205,271)</b>	<b>4,758,074</b>
Reportable segment profit or loss	\$ 228,247	(2,621)	30,120	22,038	130,003	(48,901)	(30,069)	(3,694)	325,123
Interest income and other income									76,408
Other gains and losses									6,207
Finance costs									(50,774)
Net income before tax									<b>\$ 356,964</b>
<b>Three months ended March 31, 2021</b>									
Revenue:									
Revenue from external customers	\$ 2,931,307	118,587	316,504	215,848	834,991	232,664	10,390	-	4,660,291
Inter-segment revenues	36,703	-	1,225	6,594	80,204	3,469	50,431	(178,626)	-
<b>Total revenue</b>	<b>\$ 2,968,010</b>	<b>118,587</b>	<b>317,729</b>	<b>222,442</b>	<b>915,195</b>	<b>236,133</b>	<b>60,821</b>	<b>(178,626)</b>	<b>4,660,291</b>
Reportable segment profit or loss	\$ 362,558	8,938	124,680	(4,448)	89,932	(71,354)	(53,103)	(3,028)	454,175
Interest income and other income									73,444
Other gains and losses									9,231
Finance costs									(64,907)
Net income before tax									<b>\$ 471,943</b>

(Continued)

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

- (a) For the three months ended March 31, 2022 and 2021, inter-segment revenues amounted to \$205,271 thousand and \$178,626 thousand, respectively, should be eliminated from total revenue.
- (b) For the three months ended March 31, 2022 and 2021, share of associate profit (loss) under equity method amounted to \$(3,694) thousand and \$(3,028) thousand, respectively, should be eliminated.