

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 2022 and 2021**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Namchow Holdings Co., Ltd. ("the Company") and its subsidiaries ("the Group") as of June 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2022 and 2021, as well as the changes in equity and cash flows for the six months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect the total assets amounting to \$1,930,305 thousand and \$2,547,044 thousand, constituting 6% and 9% of the consolidated total assets; and the total liabilities amounting to \$1,527,942 thousand and \$2,376,771 thousand, constituting 8% and 13% of the consolidated total liabilities as of June 30, 2022 and 2021, respectively; as well as the total comprehensive income (loss) amounting to \$68,951 thousand, \$37,577 thousand, \$216,891 thousand and \$(28,323) thousand, constituting (79)%, 52%, 28% and (15)% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 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 June 30, 2022 and 2021, and of its consolidated financial performance for the three months and six months ended June 30, 2022 and 2021, as well as its consolidated cash flows for the six months ended June 30, 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)
August 11, 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 June 30, 2022 and 2021

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2022, December 31 and June 30, 2021

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2022		December 31, 2021		June 30, 2021				June 30, 2022		December 31, 2021		June 30, 2021	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
11XX	Current assets:							21XX	Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 10,376,606	33	9,729,803	33	10,496,262	35	2100	Short-term borrowings (note 6(k))	\$ 4,100,570	13	2,460,970	8	3,842,561	13
1150	Notes receivable, net (note 6(c))	163,580	1	182,401	1	165,003	1	2110	Short-term commercial paper payable (note 6(k))	-	-	89,983	-	339,860	1
1170	Accounts receivable, net (note 6(c))	1,923,888	6	1,918,571	7	1,589,245	5	2321	Bonds payable current portion (note 6(l))	-	-	-	-	3,991,044	13
1200	Other receivables (note 6(d))	180,215	1	133,118	-	86,402	-	2322	Current portion of long-term borrowings (notes 6(k) and 8)	501,316	2	237,893	1	345,068	1
1220	Current income tax assets	211,873	1	198,929	1	203,232	1	2130	Contract liabilities (note 6(t))	602,942	2	540,585	2	523,314	2
130x	Inventories (note 6(e))	4,069,803	13	3,474,419	12	3,070,712	10	2170	Accounts payable	1,559,827	5	1,347,326	4	1,331,610	5
1410	Prepayments	330,294	1	315,045	1	236,411	1	2216	Dividend payables (note 6(q))	665,747	2	-	-	-	-
1470	Other current assets(note 6(q))	699,390	2	58,896	-	53,139	-	2219	Other payables (notes 6(o), (u) and 9)	1,374,950	4	1,483,345	5	1,205,983	4
	Total current assets	17,955,649	58	16,011,182	55	15,900,406	53	2230	Current income tax liabilities	230,657	1	199,110	1	263,671	1
15XX	Non-current assets:							2280	Current lease liabilities (notes 6(n) and 7)	164,244	1	158,142	1	208,614	1
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(b))	20,480	-	24,795	-	24,795	-	2399	Other current liabilities	48,757	-	43,794	-	33,795	-
									Total current liabilities	9,249,010	30	6,561,148	22	12,085,520	41
1600	Property, plant and equipment (notes 6(g), 8 and 9)	11,850,379	38	11,887,111	41	12,110,834	41	25XX	Non-Current liabilities:						
1755	Right-of-use assets (notes 6(h) and 7)	914,592	3	945,901	3	1,217,987	4	2530	Bonds payable (note 6(l))	4,867,063	16	4,853,527	16	-	-
1760	Investment property (note 6(i))	35,422	-	36,280	-	37,591	-	2540	Long-term borrowings (notes 6(k) and 8)	2,713,919	9	3,684,829	13	4,320,840	14
1805	Goodwill (note 6(j))	105,417	-	105,417	-	105,417	-	2550	Provision liabilities—non-current (note 6(m))	10,264	-	10,264	-	12,134	-
1840	Deferred income tax assets	266,437	1	258,626	1	292,956	1	2580	Lease liabilities—non-current (notes 6(n) and 7)	571,464	2	603,722	2	852,092	3
1915	Prepayments for equipment	58,134	-	59,513	-	43,897	-	2570	Deferred income tax liabilities	1,474,319	4	1,451,850	5	1,321,851	4
1990	Other non-current assets	86,302	-	85,043	-	106,221	1	2640	Net defined benefit liabilities-non-current	229,810	1	247,031	1	253,090	1
	Total non-current assets	13,337,163	42	13,402,686	45	13,939,698	47	2670	Other non-current liabilities	152,370	-	165,839	1	55,517	-
									Total non-current liabilities	10,019,209	32	11,017,062	38	6,815,524	22
								2XXX	Total liabilities	19,268,219	62	17,578,210	60	18,901,044	63
									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	10
								3200	Capital surplus	3,694,035	12	3,590,865	12	3,472,034	12
								3300	Retained earnings:						
								3310	Legal reserve	1,039,356	3	932,166	3	838,824	3
								3320	Special reserve	1,612,266	5	1,239,224	4	1,286,181	4
								3350	Unappropriated earnings	1,254,471	4	2,033,250	7	1,547,272	5
										3,906,093	12	4,204,640	14	3,672,277	12
								3400	Other equity:						
								3410	Financial statement translation differences for foreign operations	(789,965)	(3)	(1,059,576)	(3)	(1,042,315)	(3)
								3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(44,496)	-	(40,183)	-	(40,184)	-
										(834,461)	(3)	(1,099,759)	(3)	(1,082,499)	(3)
								3500	Treasury stock	(530,114)	(2)	(530,114)	(2)	(530,114)	(2)
									Total equity attributable to shareholders of parent	9,176,883	29	9,106,962	31	8,473,028	29
								36xx	Non-controlling interests (note 6(f))	2,847,710	9	2,728,696	9	2,466,032	8
								3XXX	Total equity	12,024,593	38	11,835,658	40	10,939,060	37
								2-3XXX	Total liabilities and equity	\$ 31,292,812	100	29,413,868	100	29,840,104	100
	Total assets	\$ 31,292,812	100	29,413,868	100	29,840,104	100								

See accompanying notes to consolidated financial statements.

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

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2022 and 2021

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

	For the three months ended June 30				For the six months ended June 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
4000 Operating revenue (note 6(t))	\$ 5,149,487	100	4,926,650	100	9,907,561	100	9,586,941	100
5000 Operating costs (notes 6(c), (g), (h), (n), (o) and 9)	3,729,056	72	3,334,570	68	7,118,038	72	6,426,418	67
5900 Gross profit	1,420,431	28	1,592,080	32	2,789,523	28	3,160,523	33
6000 Operating expenses (notes 6(c), (d), (g), (h), (n), (o), (r), (u) and 7):								
6100 Selling expenses	683,827	13	650,306	13	1,275,527	13	1,278,276	13
6200 General and administrative expenses	354,142	7	372,926	8	717,496	7	732,090	8
6300 Research and development expenses	113,149	2	82,394	1	200,954	2	202,146	2
6450 Expected credit loss	(3,919)	-	(3,827)	-	(2,809)	-	3,555	-
Total operating expenses	1,147,199	22	1,101,799	22	2,191,168	22	2,216,067	23
6900 Operating profit	273,232	6	490,281	10	598,355	6	944,456	10
7000 Non-operating income and expenses (notes 6 (i), (n), (v) and 7):								
7100 Interest income	60,488	1	43,197	-	117,159	1	73,481	1
7010 Other income	60,477	1	17,739	-	80,214	1	60,899	1
7020 Other gains and losses	16,965	-	(24,236)	-	23,172	-	(15,005)	-
7050 Finance costs	(50,779)	(1)	(64,278)	(1)	(101,553)	(1)	(129,185)	(2)
Total non-operating income and expenses	87,151	1	(27,578)	(1)	118,992	1	(9,810)	-
7900 Profit from continuing operations before tax	360,383	7	462,703	9	717,347	7	934,646	10
7950 Less: Income tax expenses (note 6(p))	140,273	3	187,445	4	267,738	3	366,745	4
Profit	220,110	4	275,258	5	449,609	4	567,901	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	(3,582)	-	1,973	-	(4,313)	-	4,970	-
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	(3,582)	-	1,973	-	(4,313)	-	4,970	-
8360 Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361 Exchange differences on translation of foreign financial statements	(303,357)	(6)	(205,202)	(4)	329,556	4	(386,434)	(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	(303,357)	(6)	(205,202)	(4)	329,556	4	(386,434)	(4)
8300 Other comprehensive income	(306,939)	(6)	(203,229)	(4)	325,243	4	(381,464)	(4)
Total comprehensive income	\$ (86,829)	(2)	72,029	1	774,852	8	186,437	2
Net income attributable to:								
8610 Shareholders of the parent	\$ 161,846	3	259,435	5	348,546	3	539,535	6
8620 Non-controlling interests	58,264	1	15,823	-	101,063	1	28,366	-
	\$ 220,110	4	275,258	5	449,609	4	567,901	6
Total Comprehensive income attributable to:								
8710 Shareholders of the parent	\$ (102,506)	(2)	79,301	1	613,844	6	183,753	2
8720 Non-controlling interests	15,677	-	(7,272)	-	161,008	2	2,684	-
	\$ (86,829)	(2)	72,029	1	774,852	8	186,437	2
9750 Basic earnings per share (in New Taiwan dollars) (note 6(s))	\$ 0.65		1.05		1.40		2.17	
9850 Diluted earnings per share (in New Taiwan dollars) (note 6(s))	\$ 0.65		1.05		1.40		2.17	

See accompanying notes to financial statements.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest						
	Retained earnings						Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury stock	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total							
Balance at January 1, 2021	\$ 2,941,330	1,214,039	838,824	1,286,181	1,596,003	3,721,008	(681,563)	(45,154)	(726,717)	(530,114)	6,619,546	335,843	6,955,389
Appropriation and distribution of retained earnings:													
Cash dividends of common stock	-	91,760	-	-	(588,266)	(588,266)	-	-	-	-	(496,506)	-	(496,506)
Other changes in capital surplus	-	2,079	-	-	-	-	-	-	-	-	2,079	-	2,079
Net income	-	-	-	-	539,535	539,535	-	-	-	-	539,535	28,366	567,901
Other comprehensive income (loss)	-	-	-	-	-	-	(360,752)	4,970	(355,782)	-	(355,782)	(25,682)	(381,464)
Total comprehensive income (loss)	-	-	-	-	539,535	539,535	(360,752)	4,970	(355,782)	-	183,753	2,684	186,437
Changes in non-controlling interests	-	2,164,156	-	-	-	-	-	-	-	-	2,164,156	2,127,505	4,291,661
Balance at June 30, 2021	<u>\$ 2,941,330</u>	<u>3,472,034</u>	<u>838,824</u>	<u>1,286,181</u>	<u>1,547,272</u>	<u>3,672,277</u>	<u>(1,042,315)</u>	<u>(40,184)</u>	<u>(1,082,499)</u>	<u>(530,114)</u>	<u>8,473,028</u>	<u>2,466,032</u>	<u>10,939,060</u>
Balance at January 1, 2022	\$ 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:													
Legal reserve	-	-	107,190	-	(107,190)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	373,042	(373,042)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	100,937	-	-	(647,093)	(647,093)	-	-	-	-	(546,156)	(119,591)	(665,747)
Other changes in capital surplus	-	2,233	-	-	-	-	-	-	-	-	2,233	-	2,233
Net income	-	-	-	-	348,546	348,546	-	-	-	-	348,546	101,063	449,609
Other comprehensive income (loss)	-	-	-	-	-	-	269,611	(4,313)	265,298	-	265,298	59,945	325,243
Total comprehensive income (loss)	-	-	-	-	348,546	348,546	269,611	(4,313)	265,298	-	613,844	161,008	774,852
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	77,597	77,597
Balance at June 30, 2022	<u>\$ 2,941,330</u>	<u>3,694,035</u>	<u>1,039,356</u>	<u>1,612,266</u>	<u>1,254,471</u>	<u>3,906,093</u>	<u>(789,965)</u>	<u>(44,496)</u>	<u>(834,461)</u>	<u>(530,114)</u>	<u>9,176,883</u>	<u>2,847,710</u>	<u>12,024,593</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 six months ended June 30, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2022	2021
Cash flows from operating activities:		
Consolidated net income before tax	\$ 717,347	934,646
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	508,351	555,579
Expected credit loss(gain)	(2,809)	3,555
Interest expense	101,553	129,185
Interest income	(117,159)	(73,481)
Share-based payments	77,597	-
Losses (gains) on disposal of property, plant and equipment	(692)	28,469
Property, plant and equipment transferred to expenses	-	565
Gains on lease modification	(4)	(13)
Total adjustments to reconcile profit	566,837	643,859
Changes in assets / liabilities relating to operating activities:		
Changes in operating assets:		
Notes receivable	18,821	19,283
Accounts receivables	(2,533)	(35,864)
Other receivables	(47,457)	(29,642)
Inventories	(595,657)	(618,095)
Prepayments	(15,249)	95,476
Other current assets	6,588	13,116
Total changes in operating assets, net	(635,487)	(555,726)
Changes in operating liabilities:		
Contract liabilities	62,357	(51,070)
Accounts payable	212,501	169,637
Other payables	(123,992)	(249,288)
Other current liabilities	4,963	(27,346)
Net defined benefit liabilities	(17,221)	(7,482)
Total changes in operating liabilities, net	138,608	(165,549)
Total changes in operating assets / liabilities, net	(496,879)	(721,275)
Total adjustments	69,958	(77,416)
Cash provided by operating activities	787,305	857,230
Interest income received	117,159	73,481
Interest paid	(71,615)	(93,931)
Income taxes paid	(234,477)	(355,378)
Net cash provided by operating activities	598,372	481,402
Cash flows from investing activities:		
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	227,426
Acquisition of property, plant and equipment	(348,756)	(296,372)
Proceeds from disposal of property, plant and equipment	3,797	817
Decrease in other non-current assets	(1,259)	(973)
Net cash used in investing activities	(346,218)	(69,102)
Cash flows from financing activities:		
Increase in short-term borrowings	4,338,694	5,277,506
Decrease in short-term borrowings	(2,701,981)	(4,354,681)
Increase (Decrease) in short term commercial paper payable	(90,000)	250,000
Proceeds from long-term borrowings	6,116,000	8,938,762
Repayments of long-term borrowings	(6,757,472)	(9,198,696)
Payment of lease liabilities	(86,631)	(115,259)
Decrease in other non-current liabilities	(13,469)	(1,749)
Cash dividends paid	-	(496,506)
Interest paid	(16,385)	(24,610)
Change in non-controlling interests	-	4,291,661
Other current assets	(647,082)	-
Overaging unclaimed dividends	2,233	2,079
Net cash provided by financing activities	143,907	4,568,507
Effect of exchange rate changes on cash and cash equivalents	250,742	(206,172)
Net increase in cash and cash equivalents	646,803	4,774,635
Cash and cash equivalents at beginning of period	9,729,803	5,721,627
Cash and cash equivalents at end of period	\$ 10,376,606	10,496,262

See accompanying notes to consolidated financial statements.

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

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 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 August 11, 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”

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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- (b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

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

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

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

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(4) Summary of significant accounting policies

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 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.

(b) Basis of consolidation

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			June 30, 2022	December 31, 2021	June 30, 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

(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
			June 30, 2022	December 31, 2021	June 30, 2021	
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 %	
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 %	81.73 %	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 %	81.73 %	Note 4
Namchow Food Co.	Tianjin Namchow Food Co., Ltd. (Tianjin Namchow Co.)	Manufacturing, and selling of edible fat	80.94 %	80.94 %	81.73 %	Note 4
Namchow Food Co.	Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow Co.)	Manufacturing, and selling of edible fat	80.94 %	80.94 %	81.73 %	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 %	81.73 %	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 %	81.73 %	Note 4
Namchow Food Co.	Namchow Trading Singapore Pte., Ltd (Namchow Singapore Pte.)	The sales service of baking oil and fat product	80.94 %	- %	- %	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 %	81.73 %	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 %	81.73 %	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.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(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.

(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>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cash on hand	\$ 11,938	11,499	11,070
Savings and checking deposits	9,807,705	9,297,381	9,879,059
Time deposits	545,383	402,296	584,588
Cash equivalents	<u>11,580</u>	<u>18,627</u>	<u>21,545</u>
Total	<u>\$ 10,376,606</u>	<u>9,729,803</u>	<u>10,496,262</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	<u>\$ 20,480</u>	<u>24,795</u>	<u>24,795</u>

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

(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 six months ended June 30, 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.

(c) Notes and accounts receivable

	June 30, 2022	December 31, 2021	June 30, 2021
Notes receivable	\$ 163,580	182,401	165,003
Accounts receivable	1,948,455	1,946,285	1,617,047
Less: allowance for impairment	24,567	27,714	27,802
	<u><u>\$ 2,087,468</u></u>	<u><u>2,100,972</u></u>	<u><u>1,754,248</u></u>

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:

	June 30, 2022	
	Weighted- average expected credit loss rate (%)	Loss allowance provision
Not overdue	\$ 1,885,204	5,818
Overdue 1~30 days	154,083	2,475
Overdue 31~60 days	45,028	2,944
Overdue 61~90 days	8,016	1,655
Overdue 91~180 days	5,598	2,236
Overdue 181~365 days	397	34
Overdue 365 days past due	13,709	13,529
	<u><u>\$ 2,112,035</u></u>	<u><u>28,691</u></u>

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

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

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

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

	For the six months ended June 30	
	2022	2021
Balance on January 1	\$ 27,714	24,982
Impairment losses recognized (reversed)	(3,139)	3,163
Amounts written off	(363)	-
Effect of changes in exchange rates	355	(343)
Balance on June 30	\$ 24,567	27,802

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

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

(d) Other receivables

	June 30, 2022	December 31, 2021	June 30, 2021
Other receivables	\$ 181,907	134,450	87,325
Less: loss allowance	<u>1,692</u>	<u>1,332</u>	<u>923</u>
	<u>\$ 180,215</u>	<u>133,118</u>	<u>86,402</u>

The Group's other receivables which were overdue on June 30, 2022, December 31 and June 30, 2021, have been assessed for impairment losses.

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

	For the six months ended June 30	
	2022	2021
Balance on January 1	\$ 1,332	543
Impairment loss recognized	330	392
Effect of changes in exchange rates	<u>30</u>	<u>(12)</u>
Balance on June 30	<u>\$ 1,692</u>	<u>923</u>

(e) Inventories

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

	June 30, 2022	December 31, 2021	June 30, 2021
Merchandise	\$ 43,105	39,897	56,302
Finished goods	1,772,034	1,581,786	1,295,675
Work in progress	190,123	147,404	150,354
Raw materials	1,606,674	821,742	842,528
Supplies	361,385	516,007	443,244
Goods in transit	<u>96,482</u>	<u>367,583</u>	<u>282,609</u>
Total	<u>\$ 4,069,803</u>	<u>3,474,419</u>	<u>3,070,712</u>

As of June 30, 2022, December 31 and June 30, 2021, the Group's inventories were not provided as pledged assets.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Loss on decline in market value of inventory	\$ 2,155	1,198	5,573	6,905
Loss on physical count, net	455	861	1,194	1,394
Loss on scrap of inventory	1,268	291	1,372	386
Income from sale of scrap	(3,699)	(4,930)	(7,256)	(7,980)
Total	<u>\$ 179</u>	<u>(2,580)</u>	<u>883</u>	<u>705</u>

(f) Material non-controlling interests of subsidiaries

Name of subsidiary	The main operating place / register country	Proportion of Non-controlling interests		
		June 30, 2022	December 31, 2021	June 30, 2021
Namchow Food CO.	China	19.06 %	19.06 %	18.27 %

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

Summary of financial information of Namchow Food CO.

	June 30, 2022	December 31, 2021	June 30, 2021
Current assets	\$ 13,372,937	12,350,678	12,017,353
Non-current assets	5,598,371	5,517,527	5,433,629
Current liabilities	(4,122,227)	(3,331,861)	(3,646,447)
Non-current liabilities	(350,478)	(355,111)	(333,488)
Net assets	<u>\$ 14,498,603</u>	<u>14,181,233</u>	<u>13,471,047</u>
Non-controlling interests	<u>\$ 2,843,241</u>	<u>2,719,579</u>	<u>2,461,057</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Revenue	<u>\$ 3,392,717</u>	<u>3,085,408</u>	<u>6,295,591</u>	<u>5,909,939</u>
Net income	\$ 324,087	427,241	554,643	846,674
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<u>\$ 324,087</u>	<u>427,241</u>	<u>554,643</u>	<u>846,674</u>
Total net income attributable to non-controlling interests	<u>\$ 61,694</u>	<u>16,532</u>	<u>105,708</u>	<u>32,564</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 61,694</u>	<u>16,532</u>	<u>105,708</u>	<u>32,564</u>
	For the six months ended June 30			
	2022	2021		
Net Cash flow from operating activities	\$ 496,275	483,955		
Net Cash flow used in investing activities	(190,245)	(99,341)		
Net Cash flow from financing activities	98,478	4,209,903		
Effect of exchange rate changes on cash and cash equivalents	(671)	37		
Increase in cash and cash equivalents	<u>\$ 403,837</u>	<u>4,594,554</u>		

(g) Property, plant and equipment

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

	Land	Buildings	Machinery	Other equipment	Unfinished construction	Total
Cost and revaluation:						
Balance at January 1, 2022	\$ 2,777,223	6,493,094	7,108,275	4,157,325	407,726	20,943,643
Additions	4,881	14,276	10,189	38,983	285,127	353,456
Disposals	-	(738)	(13,746)	(7,675)	(1,941)	(24,100)
Reclassification	-	72,550	168,869	20,253	(249,396)	12,276
Effect of changes in exchange rates	(56,497)	24,222	105,916	57,102	718	131,461
Balance at June 30, 2022	<u>\$ 2,725,607</u>	<u>6,603,404</u>	<u>7,379,503</u>	<u>4,265,988</u>	<u>442,234</u>	<u>21,416,736</u>
Balance at January 1, 2021	\$ 2,887,928	6,690,798	7,318,881	4,239,438	310,058	21,447,103
Additions	-	10,610	18,801	71,121	108,407	208,939
Disposals	-	-	(1,359)	(70,369)	(230)	(71,958)
Reclassification	-	32,379	47,309	72,624	(139,101)	13,211
Effect of changes in exchange rates	(74,758)	(208,669)	(240,671)	(68,548)	(20,727)	(613,373)
Balance at June 30, 2021	<u>\$ 2,813,170</u>	<u>6,525,118</u>	<u>7,142,961</u>	<u>4,244,266</u>	<u>258,407</u>	<u>20,983,922</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</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	-	103,949	152,205	154,760	-	410,914
Disposal	-	(738)	(13,688)	(6,569)	-	(20,995)
Effect of changes in exchange rates	-	20,395	61,328	38,183	-	119,906
Balance at June 30, 2022	<u>\$ 31,953</u>	<u>1,956,772</u>	<u>4,553,707</u>	<u>3,023,925</u>	<u>-</u>	<u>9,566,357</u>
Balance at January 1, 2021	\$ 31,953	1,660,692	4,219,386	2,785,144	-	8,697,175
Depreciation	-	104,304	158,773	163,597	-	426,674
Disposal	-	-	(1,151)	(41,521)	-	(42,672)
Reclassification	-	-	(23)	647	-	624
Effect of changes in exchange rates	-	(32,712)	(134,216)	(41,785)	-	(208,713)
Balance at June 30, 2021	<u>\$ 31,953</u>	<u>1,732,284</u>	<u>4,242,769</u>	<u>2,866,082</u>	<u>-</u>	<u>8,873,088</u>
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>
June 30, 2022	<u>\$ 2,693,654</u>	<u>4,646,632</u>	<u>2,825,796</u>	<u>1,242,063</u>	<u>442,234</u>	<u>11,850,379</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>
June 30, 2021	<u>\$ 2,781,217</u>	<u>4,792,834</u>	<u>2,900,192</u>	<u>1,378,184</u>	<u>258,407</u>	<u>12,110,834</u>

(i) Impairment loss and subsequent reversal

For the six months ended June 30, 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 June 30, 2022, December 31 and June 30, 2021.

(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	-	35,718	19,378	55,096
Modification	-	(18,073)	(17,905)	(35,978)
Effect of changes in exchange rates	7,198	20,424	319	27,941
Balance at June 30, 2022	<u>\$ 336,358</u>	<u>1,176,126</u>	<u>88,451</u>	<u>1,600,935</u>
Balance at January 1, 2021	\$ 331,660	1,371,586	83,425	1,786,671
Additions	-	133,935	5,544	139,479
Modification	-	(13,726)	(2,635)	(16,361)
Reclassification	-	-	(1,966)	(1,966)
Effect of changes in exchange rates	(5,152)	(20,587)	(983)	(26,722)
Balance at June 30, 2021	<u>\$ 326,508</u>	<u>1,471,208</u>	<u>83,385</u>	<u>1,881,101</u>

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Accumulated depreciation:				
Balance at January 1, 2022	\$ 91,954	466,630	49,391	607,975
Depreciation	3,438	78,994	13,358	95,790
Modification	-	(10,974)	(17,481)	(28,455)
Effect of changes in exchange rates	2,021	8,827	185	11,033
Balance at June 30, 2022	<u>\$ 97,413</u>	<u>543,477</u>	<u>45,453</u>	<u>686,343</u>
Balance at January 1, 2021	\$ 85,663	447,082	28,382	561,127
Depreciation	3,475	111,051	12,759	127,285
Modification	-	(13,615)	(1,734)	(15,349)
Reclassification	-	-	(639)	(639)
Effect of changes in exchange rates	(1,364)	(7,758)	(188)	(9,310)
Balance at June 30, 2021	<u>\$ 87,774</u>	<u>536,760</u>	<u>38,580</u>	<u>663,114</u>
Carrying value:				
January 1, 2022	<u>\$ 237,206</u>	<u>671,427</u>	<u>37,268</u>	<u>945,901</u>
June 30, 2022	<u>\$ 238,945</u>	<u>632,649</u>	<u>42,998</u>	<u>914,592</u>
January 1, 2021	<u>\$ 245,997</u>	<u>924,504</u>	<u>55,043</u>	<u>1,225,544</u>
June 30, 2021	<u>\$ 238,734</u>	<u>934,448</u>	<u>44,805</u>	<u>1,217,987</u>

(i) Investment property

	<u>Buildings</u>
Cost:	
Balance as at January 1, 2022	\$ 71,842
Effect of changes in exchange rates	1,571
Balance as at June 30, 2022	<u>\$ 73,413</u>
Balance as at January 1, 2021	\$ 72,387
Effect of changes in exchange rates	(1,124)
Balance as at June 30, 2021	<u>\$ 71,263</u>
Depreciation:	
Balance as at January 1, 2022	\$ 35,562
Depreciation	1,647
Effect of changes in exchange rates	782
Balance as at June 30, 2022	<u>\$ 37,991</u>
Balance as at January 1, 2021	\$ 32,574
Depreciation	1,620
Effect of changes in exchange rates	(522)
Balance as at June 30, 2021	<u>\$ 33,672</u>
Carrying value:	
Balance as at January 1, 2022	<u>\$ 36,280</u>
Balance as at June 30, 2022	<u>\$ 35,422</u>
Balance as at January 1, 2021	<u>\$ 39,813</u>
Balance as at June 30, 2021	<u>\$ 37,591</u>

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

	<u>Buildings</u>
Fair value:	
Balance as at January 1, 2022	\$ <u><u>76,103</u></u>
Balance as at June 30, 2022	\$ <u><u>87,182</u></u>
Balance as at January 1, 2021	\$ <u><u>75,420</u></u>
Balance as at June 30, 2021	\$ <u><u>74,422</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>Region</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Xuhui Dist., Shanghai	3.37%	3.97%

As of June 30, 2022, December 31 and June 30, 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>

The cost and accumulated amortization was as follows:

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Cost	\$ 149,780	149,780	149,780
Less: Accumulated amortization	<u>44,363</u>	<u>44,363</u>	<u>44,363</u>
Carrying value	<u><u>\$ 105,417</u></u>	<u><u>105,417</u></u>	<u><u>105,417</u></u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2022 and 2021. For related information, please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2021.

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

(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

June 30, 2022				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	RMB	2.90~4.02	2022~2023	\$ 2,119,736
Unsecured loans	TWD	0.90~1.28	2022	1,603,000
Unsecured loans	JPY	0.58~0.92	2022~2023	376,395
Letter of credit	JPY	0	2022	1,439
Total				<u><u>\$ 4,100,570</u></u>

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

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

As of June 30, 2022, December 31 and June 30, 2021, the unused credit facilities amounted to \$13,153,042 thousand, \$16,394,866 thousand and \$13,013,743 thousand, respectively.

(ii) Short-term commercial paper payable

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

(Continued)

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

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

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

As of June 30, 2022, December 31 and June 30, 2021, the unused credit facilities amounted to \$780,000 thousand, \$680,000 thousand and \$360,000 thousand, respectively.

(iii) Long-term borrowings

June 30, 2022				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.250~1.275	2038~2039	\$ 669,956
Secured loans	TWD	1.2000~1.2800	2025	197,000
Unsecured loans	JPY	0.93545	2023	32,730
Unsecured loans	THB	1.92	2023	101,628
Unsecured loans	TWD	0.8359~1.1000	2023~2024	2,150,000
Unsecured loans	RMB	4.75	2022~2023	63,921
Total				\$ 3,215,235
Current				\$ 501,316
Non-current				2,713,919
Total				\$ 3,215,235

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

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

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

As of June 30, 2022, December 31 and June 30, 2021, the unused credit facilities amounted to \$4,293,170 thousand, \$6,034,461 thousand and \$2,927,128 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.

(l) Bonds payable

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

	June 30, 2022	December 31, 2021	June 30, 2021
Secured bonds	\$ 5,000,000	5,000,000	4,000,000
Less: discounts on bonds payable	132,937	146,473	8,956
Less: current portion of bonds payable	-	-	3,991,044
Total	\$ 4,867,063	4,853,527	-

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

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

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

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

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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:

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

- (m) Provisions

	June 30, 2022	December 31, 2021	June 30, 2021
Site restoration	\$ <u>10,264</u>	<u>10,264</u>	<u>12,134</u>

For the six months ended June 30, 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:

	June 30, 2022	December 31, 2021	June 30, 2021
Current	\$ <u>164,244</u>	<u>158,142</u>	<u>208,614</u>
Non-current	\$ <u>571,464</u>	<u>603,722</u>	<u>852,092</u>

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

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest on lease liabilities	<u>\$ 8,124</u>	<u>11,967</u>	<u>16,385</u>	<u>24,610</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 12,159</u>	<u>10,611</u>	<u>24,450</u>	<u>23,462</u>
Income from sub-leasing right-of-use assets	<u>\$ (362)</u>	<u>(308)</u>	<u>(617)</u>	<u>(617)</u>
Expenses relating to short-term leases	<u>\$ 12,404</u>	<u>19,798</u>	<u>33,850</u>	<u>42,806</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 1,695</u>	<u>1,784</u>	<u>3,470</u>	<u>3,371</u>

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

	For the six months ended June 30	
	2022	2021
Total cash outflow for leases	<u>\$ 164,169</u>	<u>208,891</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:

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Operating costs	<u>\$ 1,297</u>	<u>1,062</u>	<u>2,565</u>	<u>2,644</u>
Operating expenses	<u>3,211</u>	<u>1,188</u>	<u>4,316</u>	<u>2,403</u>
Total	<u>\$ 4,508</u>	<u>2,250</u>	<u>6,881</u>	<u>5,047</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 June 30		For the six months ended June 30	
	2022	2021	2022	2021
Operating costs	\$ 14,886	14,971	30,280	30,003
Operating expenses	26,897	26,989	58,935	53,582
Total	<u>\$ 41,783</u>	<u>41,960</u>	<u>89,215</u>	<u>83,585</u>

(iii) Short-term employee benefit

	June 30, 2022	December 31, 2021	June 30, 2021
Compensated absence liabilities (recorded under other payables)	<u>\$ 26,801</u>	<u>26,788</u>	<u>24,791</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 June 30		For the six months ended June 30	
	2022	2021	2022	2021
Current tax expenses				
Current period	\$ 140,678	169,984	254,265	351,763
Adjustment for prior period	(1,185)	(3,136)	(1,185)	(3,136)
	<u>139,493</u>	<u>166,848</u>	<u>253,080</u>	<u>348,627</u>
Deferred tax expense				
Origination and reversal of temporary differences	780	20,597	14,658	18,118
Income tax on continuing operations	<u>\$ 140,273</u>	<u>187,445</u>	<u>267,738</u>	<u>366,745</u>

iii) Examination and approval

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

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(q) Capital and other equity

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

	June 30, 2022	December 31, 2021	June 30, 2021
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	2,282,048
	<u><u>\$ 3,694,035</u></u>	<u><u>3,590,865</u></u>	<u><u>3,472,034</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 cash or in the form of stock. When it is done in cash, the value may not exceed 10% of the overall dividends.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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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 June 30, 2022, December 31 and June 30, 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 in the board meeting held on March 15, 2022 and March 12, 2021, respectively. These other earnings were appropriated as follows:

	<u>2021</u>	<u>2020</u>
Dividends distributed to common shareholders:		
Cash	\$ <u>647,093</u>	<u>588,266</u>

On June 30, 2022, the company has paid dividends of \$647,082 thousand to the CTBC stock transfer agent, which is accounted for under other current assets.

(iii) Treasury stock

None shares were purchased by the Company and its subsidiaries during the six months ended June 30, 2022 and 2021. The reason is that the subsidiaries held by long-term of the Company shares previous years. As of June 30, 2022, December 31 and June 30, 2021, the subsidiaries held the Company's shares as follows:

<u>Subsidiary name</u>	<u>June 30, 2022</u>				
	<u>Number of shares (in thousand)</u>	<u>Market price per share</u>	<u>Adjusted cost per share</u>	<u>Total market value</u>	<u>Total treasury stock</u>
Lucky Co.	46,041	45.70	11.51	\$ <u>2,104,086</u>	<u>530,114</u>

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

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

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

(iv) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance as of January 1, 2022	\$ (1,059,576)	(40,183)	207,069	(892,690)
Foreign exchange differences arising from foreign operations	8,357	-	59,945	68,302
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	261,254	-	-	261,254
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(3,497)	-	(3,497)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(816)	-	(816)
Balance as of June 30, 2022	<u>\$ (789,965)</u>	<u>(44,496)</u>	<u>267,014</u>	<u>(567,447)</u>
Balance as of January 1, 2021	\$ (681,563)	(45,154)	162,100	(564,617)
Foreign exchange differences arising from foreign operations	(217,629)	-	(25,682)	(243,311)
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	(143,123)	-	-	(143,123)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	4,030	-	4,030
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	940	-	940
Balance as of June 30, 2021	<u>\$ (1,042,315)</u>	<u>(40,184)</u>	<u>136,418</u>	<u>(946,081)</u>

(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.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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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:

	For the six months ended June 30, 2022
Shares outstanding on June 30 (Shares outstanding on January 1)	<u><u>4,125</u></u>
(ii) Compensation cost	
	For the six months ended June 30, 2022
Expenses resulting from RSA	<u><u>\$ 77,597</u></u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(s) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for the six months ended June 30, 2022 and 2021, were as follows:

(i) Basic earnings per share

	For the three months ended June 30		Unit: thousand of shares For the six months ended June 30	
	2022	2021	2022	2021
Net income attributable to common shareholders of the Company	\$ <u>161,846</u>	<u>259,435</u>	<u>348,546</u>	<u>539,535</u>
Weighted-average number of common shares	<u>248,092</u>	<u>248,092</u>	<u>248,092</u>	<u>248,092</u>
Basic earnings per share (in NT dollars)	\$ <u>0.65</u>	<u>1.05</u>	<u>1.40</u>	<u>2.17</u>

ii) Diluted earnings per share

	For the three months ended June 30		Unit: thousand of shares For the six months ended June 30	
	2022	2021	2022	2021
Net income attributable to common shareholders of the Company (diluted)	\$ <u>161,846</u>	<u>259,435</u>	<u>348,546</u>	<u>539,535</u>
Weighted-average number of common shares (basic)	248,092	248,092	248,092	248,092
Impact of potential common shares:				
Effect of employees' remuneration	<u>89</u>	<u>128</u>	<u>201</u>	<u>219</u>
Weighted-average number of shares outstanding (diluted)	<u>248,181</u>	<u>248,220</u>	<u>248,293</u>	<u>248,311</u>
Diluted earnings per share (in NT dollars)	\$ <u>0.65</u>	<u>1.05</u>	<u>1.40</u>	<u>2.17</u>

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended June 30, 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	\$ 3,172,326	-	218,872	-	1,878	9,160	14,817	3,417,053
Taiwan	230,778	109,924	116,128	361,650	107,913	50,607	15,411	992,411
Thailand	-	-	-	-	49,851	-	664	50,515
New Zealand and Australia	-	-	-	-	210,172	-	-	210,172
United states	-	-	-	-	237,408	-	-	237,408
Europe	-	-	-	-	154,459	-	-	154,459
Others	6,872	-	-	-	76,210	4,387	-	87,469
	<u>\$ 3,409,976</u>	<u>109,924</u>	<u>335,000</u>	<u>361,650</u>	<u>837,891</u>	<u>64,154</u>	<u>30,892</u>	<u>5,149,487</u>

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended June 30, 2021

	Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
Area of distribution:								
China	\$ 2,885,885	-	211,332	-	2,767	161,766	8,593	3,270,343
Taiwan	261,058	121,001	109,883	333,501	112,999	60,162	6,119	1,004,723
Thailand	-	-	-	-	49,778	-	493	50,271
New Zealand and Australia	-	-	-	-	205,923	-	-	205,923
United states	-	-	-	-	176,875	-	250	177,125
Europe	-	-	-	-	141,609	-	-	141,609
Others	5,767	-	-	-	67,309	3,580	-	76,656
	\$ 3,152,710	121,001	321,215	333,501	757,260	225,508	15,455	4,926,650

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2022								
	Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
Area of distribution:								
China	\$ 5,893,304	-	405,793	-	5,014	60,749	25,367	6,390,227
Taiwan	492,436	240,027	245,236	608,547	235,956	145,366	30,361	1,997,929
Thailand	-	-	-	-	91,612	-	1,262	92,874
New Zealand and Australia	-	-	-	-	464,654	-	-	464,654
United states	-	-	-	-	471,285	-	-	471,285
Europe	-	-	-	-	334,906	-	-	334,906
Others	11,154	-	-	-	135,782	8,750	-	155,686
	\$ 6,396,894	240,027	651,029	608,547	1,739,209	214,865	56,990	9,907,561

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

(ii) Contract balance

	June 30, 2022	December 31, 2021	June 30, 2021
Contract liability	<u>\$ 602,942</u>	<u>540,585</u>	<u>523,314</u>

The amount of revenue recognized for the six months ended June 30, 2022 and 2021, that was included in the contract liability balance at the beginning of the period was \$334,754 thousand and \$408,249 thousand, respectively.

(u) Remuneration to employees and directors

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

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

For the three months and six months ended June 30, 2022 and 2021, the estimated amounts of employees' compensation were \$1,927 thousand, \$3,206 thousand, \$4,066 thousand and \$6,543 thousand, respectively, and the estimated amounts of directors' remuneration were \$8,674 thousand, \$14,428 thousand, \$18,297 thousand and \$29,443 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.

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

(v) Non-operating income and expenses

(i) Interest income

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest income from bank deposits	\$ <u>60,488</u>	<u>43,197</u>	<u>117,159</u>	<u>73,481</u>

(ii) Other income

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Rental income	\$ 2,669	2,107	5,292	4,691
Government grants	41,449	5,017	45,711	32,097
Others	16,359	10,615	29,211	24,111
Total other income—Other	57,808	15,632	74,922	56,208
Total other income	\$ <u>60,477</u>	<u>17,739</u>	<u>80,214</u>	<u>60,899</u>

(iii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Losses (gains) on disposal of property, plant and equipment	\$ 371	(28,404)	692	(28,469)
Gains on lease modification	-	-	4	13
Gains foreign exchange	23,054	11,560	34,969	29,693
Others	(6,460)	(7,392)	(12,493)	(16,242)
Net other gains and losses	\$ <u>16,965</u>	<u>(24,236)</u>	<u>23,172</u>	<u>(15,005)</u>

(iv) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Interest expense	\$ <u>50,779</u>	<u>64,278</u>	<u>101,553</u>	<u>129,185</u>

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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
June 30, 2022						
Non-derivative financial liabilities						
Secured loans	\$ 866,956	947,576	46,393	90,335	330,745	480,103
Unsecured loans	6,448,849	6,500,880	4,643,567	954,011	903,302	-
Accounts payable	1,559,827	1,559,827	1,559,827	-	-	-
Dividends payable	665,747	665,747	665,747	-	-	-
Other payables	1,374,950	1,374,950	1,374,950	-	-	-
Bonds payable	4,867,063	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	735,708	832,479	192,877	195,653	295,261	148,688
Guarantee deposits received	60	60	60	-	-	-
	<u>\$ 16,519,160</u>	<u>16,881,519</u>	<u>8,483,421</u>	<u>1,239,999</u>	<u>4,529,308</u>	<u>2,628,791</u>
December 31, 2021						
Non-derivative financial liabilities						
Secured loans	\$ 1,116,972	1,207,054	51,843	456,528	145,297	553,386
Unsecured loans	5,266,720	5,317,576	2,747,450	2,570,126	-	-
Short-term commercial paper payable	89,983	90,000	90,000	-	-	-
Accounts payable	1,347,326	1,347,326	1,347,326	-	-	-
Other payables	1,483,345	1,483,345	1,483,345	-	-	-
Bonds payable	4,853,527	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	761,864	869,880	188,157	186,002	319,900	175,821
Guarantee deposits received	60	60	60	-	-	-
	<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>
June 30, 2021						
Non-derivative financial liabilities						
Secured loans	\$ 1,457,509	2,085,178	65,034	628,592	683,826	707,726
Unsecured loans	7,050,960	7,486,671	4,148,929	2,290,416	1,047,326	-
Short-term commercial paper payable	339,860	340,000	340,000	-	-	-
Accounts payable	1,331,610	1,331,610	1,331,610	-	-	-
Other payables	1,205,983	1,205,983	1,205,983	-	-	-
Bonds payable	3,991,044	4,000,000	4,000,000	-	-	-
Lease liabilities	1,060,706	1,231,440	251,157	245,441	415,248	319,594
Guarantee deposits received	50	50	50	-	-	-
	<u>\$ 16,437,722</u>	<u>17,680,932</u>	<u>11,342,763</u>	<u>3,164,449</u>	<u>2,146,400</u>	<u>1,027,320</u>

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

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

(ii) Liquidity risk—Currency risk

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
June 30, 2022			
Financial assets:			
Monetary assets:			
USD	\$ 3,231	29.720	96,033
Financial liabilities:			
Monetary liabilities:			
USD	\$ 15,778	29.720	468,922
EUR	11,052	31.050	343,150
December 31, 2021			
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
June 30, 2021			
Financial assets:			
Monetary assets:			
USD	\$ 3,745	27.860	104,334
Financial liabilities:			
Monetary liabilities:			
USD	\$ 6,733	27.860	187,580
EUR	8,935	33.150	296,206

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation (depreciation) of the TWD against the USD and EUR as of June 30, 2022 and 2021 would have increased (decreased) the net income after tax for the six months ended June 30, 2022 and 2021 by \$7,160 thousand and \$3,795 thousand, respectively. The analysis was performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and six months ended June 30, 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized abortions) amounted to \$23,054 thousand, \$11,560 thousand, \$34,969 thousand and \$29,693 thousand, respectively.

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

(iii) Interest rate risk analysis

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

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

If the interest rate had increased / decreased by 1%, the Group's net income before tax would have decreased / increased by \$33,852 thousand and \$39,619 thousand for the six months ended June 30, 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 :

		June 30, 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	\$ 20,480	20,480	-	-	20,480
		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
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	June 30, 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	\$ <u>24,795</u>	<u>24,795</u>	<u>-</u>	<u>-</u>	<u>24,795</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 six months ended June 30, 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.

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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 six months ended June 30, 2022 and 2021.

(aa) The reconciliation of liabilities arising from financing activities

For the six months ended June 30, 2022 and 2021, the reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2022	Cash flows	Foreign exchange movement	Others	June 30, 2022
Short-term borrowings	\$ 2,460,970	1,636,713	2,887	-	4,100,570
Short-term commercial paper payable	89,983	(90,000)	-	17	-
Bonds payable	4,853,527	-	-	13,536	4,867,063
Long-term borrowings (including current portion)	3,922,722	(641,472)	(66,015)	-	3,215,235
Lease liabilities	761,864	(103,016)	12,906	63,954	735,708
Total liabilities from financing activities	\$ 12,089,066	802,225	(50,222)	77,507	12,918,576

			Non-cash changes		
	January 1, 2021	Cash flows	Foreign exchange movement	Others	June 30, 2021
Short-term borrowings	\$ 2,998,640	922,825	(78,904)	-	3,842,561
Short-term commercial paper payable	89,962	250,000	-	(102)	339,860
Bonds payable	3,980,298	-	-	10,746	3,991,044
Long-term borrowings (including current portion)	5,073,191	(259,934)	(147,349)	-	4,665,908
Lease liabilities	1,052,141	(139,869)	(14,630)	163,064	1,060,706
Total liabilities from financing activities	\$ 13,194,232	773,022	(240,883)	173,708	13,900,079

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

(7) Related-party transactions

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties — leases

The Group entered into a two-year lease agreement with its key management personnel for a building to be used for its business operation, with a rental fee based on the rental rates within the vicinity. For the six months ended June 30, 2022 and 2021, the Group recognized the amount of \$13 thousand, \$34 thousand, \$31 thousand and \$74 thousand as interest expense, respectively. As of June 30, 2022, December 31 and June 30, 2021, the balance of lease liabilities amounted to \$4,174 thousand, \$8,326 thousand and \$12,457 thousand, respectively.

(c) Personnel transactions from key management

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

	For the three months ended June 30		For the six months ended June 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 49,990	32,616	107,920	95,321
Post-employments benefits	465	396	1,091	861
	<u>\$ 50,455</u>	<u>33,012</u>	<u>109,011</u>	<u>96,182</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2022	December 31, 2021	June 30, 2021
Property, plant and equipment:				
Land	Long-term borrowings	\$ 1,719,421	1,776,263	1,726,961
Buildings	Long-term borrowings	759,771	833,694	746,399
		<u>\$ 2,479,192</u>	<u>2,609,957</u>	<u>2,473,360</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(9) Commitments and contingencies

(a) Major contracts not recognized the commitment:

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Acquisition of property, plant and equipment	\$ <u>105,605</u>	<u>157,318</u>	<u>106,902</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 2021</u>
Unused letters of credit for purchases of materials	\$ <u>925,902</u>	<u>939,781</u>	<u>900,574</u>

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

	<u>June 30, 2022</u>	<u>December 31, 2021</u>	<u>June 30, 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>June 30, 2022</u>
One year	\$ 745
Less than five years	2,981
More than five years	<u>1,739</u>
	<u>\$ 5,465</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 function By nature	Three months ended June 30, 2022			Three months ended June 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	222,250	358,204	580,454	255,314	386,095	641,409
Labor and health insurance	73,601	38,791	112,392	72,593	44,914	117,507
Pension	16,386	32,951	49,337	16,271	28,177	44,448
Remuneration of directors	-	9,853	9,853	-	15,743	15,743
Others	16,819	62,123	78,942	14,810	23,134	37,944
Depreciation (note 1)	143,017	110,664	253,681	173,576	96,060	269,636
Amortization	-	-	-	-	-	-

By function By nature	Six months ended June 30, 2022			Six months ended June 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	440,424	732,192	1,172,616	507,027	760,631	1,267,658
Labor and health insurance	144,006	83,707	227,713	152,707	85,546	238,253
Pension	32,845	63,251	96,096	32,647	55,985	88,632
Remuneration of directors	-	20,658	20,658	-	32,079	32,079
Others	29,833	126,604	156,437	30,151	46,943	77,094
Depreciation (note 1)	299,245	207,459	506,704	359,010	194,949	553,959
Amortization	-	-	-	-	-	-

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses — other gains and losses amounting to \$827 thousand, \$806 thousand, \$1,647 thousand and \$1,620 thousand for the three months ended June 30, 2022 and 2021 and the six months ended June 30, 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 six months ended June 30, 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	1,690,886	1,690,886	-	Short term financing	-	Capital for operation	-	-	-	5,794,988 (Note 2)	5,794,988 (Note 2)
1	Namchow Food Co.	Guangzhou Namchow Co.	Other receivable -- related parties	Yes	335,472	330,484	330,484	-	Short term financing	-	Capital for operation	-	-	-	5,794,988 (Note 2)	5,794,988 (Note 2)
1	Namchow Food Co.	Shanghai Namchow Co.	Other receivable -- related parties	Yes	1,473,062	1,451,159	1,451,159	-	Short term financing	-	Capital for operation	-	-	-	5,794,988 (Note 2)	5,794,988 (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	9,176,883	1,315,565	1,071,810	409,125	-	11.68 %	9,176,883	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	16,595	0.05 %	16,595	
Lucky Co.	Stock: The Company	The Company	Financial assets at fair value through comprehensive income — non-current	46,041	2,104,086	15.65 %	2,104,086	Note 1
Lucky Co.	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income — non-current	277	3,885	0.01 %	3,885	

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)	
Lucky Co.	Huaciang Co.	Subsidiary	Purchase	(154,135)	(30) %	Note 1	-	-	(53,880)	(29) %	Note 2
Huaciang Co.	Lucky Co.	Subsidiary	(Sales)	154,135	29 %	Note 1	-	-	53,880	33 %	Note 2
Tianjin Yoshi Yoshi Co.	Tianjin Namchow Co.	Subsidiary	Purchase	199,050	(65) %	Note 1	-	-	(49,397)	60 %	Note 2
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	(Sales)	(199,050)	(14) %	Note 1	-	-	49,397	20 %	Note 2
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	974,485	(24) %	Note 1	-	-	(143,242)	23 %	Note 2
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(974,485)	(67) %	Note 1	-	-	143,242	59 %	Note 2
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	915,425	(23) %	Note 1	-	-	(157,311)	26 %	Note 2
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(915,425)	(52) %	Note 1	-	-	157,311	40 %	Note 2
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	309,413	(8) %	Note 1	-	-	(61,902)	10 %	Note 2
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(309,413)	(79) %	Note 1	-	-	61,902	78 %	Note 2
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	648,019	(16) %	Note 1	-	-	-	- %	Note 2
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(648,019)	(75) %	Note 1	-	-	-	- %	Note 2
Chongqing Qiaoxing Co.	Tianjin Namchow Co.	Subsidiary	Purchase	218,916	(11) %	Note 1	-	-	(42,042)	8 %	Note 2
Tianjin Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(218,916)	(15) %	Note 1	-	-	42,042	17 %	Note 2
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	134,148	(7) %	Note 1	-	-	(18,525)	3 %	Note 2
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(134,148)	(16) %	Note 1	-	-	18,525	100 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	495,511	(24) %	Note 1	-	-	(81,389)	15 %	Note 2
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(495,511)	(28) %	Note 1	-	-	81,389	21 %	Note 2
Guangzhou Yoshi Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	301,317	(70) %	Note 1	-	-	(148,874)	80 %	Note 2
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	(Sales)	(301,317)	(17) %	Note 1	-	-	148,874	38 %	Note 2
Namchow Food Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	365,051	(9) %	Note 1	-	-	(80,500)	13 %	Note 2
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(365,051)	(67) %	Note 1	-	-	80,500	66 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	177,168	(9) %	Note 1	-	-	(41,677)	8 %	Note 2
Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(177,168)	(33) %	Note 1	-	-	41,677	34 %	Note 2
Namchow Food Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	794,979	(20) %	Note 1	-	-	(168,149)	28 %	Note 2
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	(Sales)	(794,979)	(34) %	Note 1	-	-	168,149	46 %	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	157,311	5.29	-		157,311 (As of August 11, 2022)	-

(Continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

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		
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	143,242	4.82	-		143,242 (As of August 11, 2022)	-
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	148,874	2.25	-		74,119 (As of August 11, 2022)	-
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	168,149	5.32	-		44,390 (As of August 11, 2022)	-

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

Note2: Loan to the subsidiary.

- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions:

Unit: thousand dollars

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Sales revenue	199,050	No significant differences	2.01 %
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Accounts receivable	49,397	No significant differences	0.16 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Sales revenue	974,485	No significant differences	9.84 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Accounts receivable	143,242	No significant differences	0.46 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	218,916	No significant differences	2.21 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	42,042	No significant differences	0.13 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Sales revenue	915,425	No significant differences	9.24 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Accounts receivable	157,311	No significant differences	0.50 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	495,511	No significant differences	5.00 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	81,389	No significant differences	0.26 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Sales revenue	301,317	No significant differences	3.04 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Accounts receivable	148,874	No significant differences	0.48 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	309,413	No significant differences	3.12 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	61,902	No significant differences	0.20 %
4	Shanghai Namchow Co.	Namchow Food Co.	3	Sales revenue	648,019	No significant differences	6.54 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	134,148	No significant differences	1.35 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	365,051	No significant differences	3.68 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	80,500	No significant differences	0.26 %
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Sales revenue	177,168	No significant differences	1.79 %

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	41,677	No significant differences	0.13 %
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Sales revenue	794,979	No significant differences	8.02 %
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Accounts receivable	168,149	No significant differences	0.54 %
7	Namchow Oil and Fat Co.	Huaciang Co.	3	Sales revenue	88,841	No significant differences	0.90 %
7	Namchow Oil and Fat Co.	Huaciang Co.	3	Accounts receivable	30,769	No significant differences	0.10 %
8	Huaciang Co.	Lucky Co.	3	Sales revenue	154,135	No significant differences	1.56 %
8	Huaciang Co.	Lucky Co.	3	Accounts receivable	53,880	No significant differences	0.17 %
9	Namchow Food Co.	Tianjin Namchow Co.	3	Other receivable-related parties	1,690,886	Determined capital demand	5.40 %
9	Namchow Food Co.	Guangzhou Namchow Co.	3	Other receivable-related parties	330,484	Determined capital demand	1.06 %
9	Namchow Food Co.	Shanghai Namchow Co.	3	Other receivable-related parties	1,451,159	Determined capital demand	4.64 %

Note 1: Company numbering is as follows:

- (1) Parent company - 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.
- (3) 3 represents sidestream transactions.

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

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2022 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				June 30, 2022	December 31, 2021	Shares	Percentage of ownership	Book value			
The Company	Namchow Thailand	Bangkok, Thailand	Manufacturing and selling instant noodles and rice cracker	1,027,405	1,027,405	9,245	100.00 %	2,666,106	239,680	239,680	Note 3
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	30,881	495	495	Note 3
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	12,572,896	344,164	344,164	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 %	16,611	(4,627)	(4,622)	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 %	668,739	69,880	(31,204)	Note 3
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	763	763	80	80.00 %	227	20	16	Note 3
The Company	Namkyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	690,580	690,580	(Note 2)	100.00 %	222,572	(43,384)	(43,384)	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 %	4,909	(53)	(53)	Note 3
The Company	Chow Food Co.	Taipei, Taiwan	Development of biotechnology products	49,000	49,000	1,300	100.00 %	4,794	(1,712)	(1,707)	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 %	555,076	57,889	58,147	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 %	251,852	(6,563)	(6,324)	Note 3
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	293,793	293,793	6,705	93.32 %	1,355	(73,209)	(68,318)	Notes 1 and 3
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	352,000	352,000	13,100	100.00 %	20,181	(35,830)	(35,790)	Notes 1 and 3
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	18,300	18,300	500	100.00 %	3,727	(920)	(920)	Note 3

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Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				June 30, 2022	December 31, 2021	Shares	Percentage of ownership	Book value			
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	100	100	10	10.00 %	28	20		2 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 %	12,562,055	343,821	343,821	Note 3
Namchow Food Co.	Namchow Singapore Pte.	Singapore	The sales service of baking oil and fat product	2,965	-	100	80.94 %	2,062	(420)	(340)	Note 3

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

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

Note 3: All intercompany accounts and transactions are eliminated.

(c) Information on investment in mainland China:

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

Unit: thousand dollars												
Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2022	Investment flow during current period	Repatriation amount	Cumulative investment (amount) from Taiwan as of June 30, 2022	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of June 30, 2022	Accumulated remittance of earnings in current period
Shanghai Qiaohao Co.	Holding of investments and international trade	669,270	(3)	-	-	-	-	(62,647)	100.00 %	(62,647) ((2)b.)	91,319	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	- ((2)b.)	888	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	704,181	(3)	-	-	-	-	(49,492)	100.00 %	(49,492) ((2)b.)	325,358	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(5,536)	100.00 %	(5,536) ((2)b.)	28,782	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	1,149,800	(3)	-	-	-	-	554,643	80.94 %	448,935 ((2)a.)	11,655,362	856,146
Tianjin Namchow Co.	Manufacturing and selling of edible fat	756,875	(3)	372,813	-	-	372,813	181,191	80.94 %	146,661 ((2)a.)	2,005,843	45,974
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	121,100	(3)	-	-	-	-	102,136	80.94 %	82,671 ((2)a.)	789,114	-
Guangzhou Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	79,178	80.94 %	64,089 ((2)a.)	552,533	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	135,763	80.94 %	109,890 ((2)a.)	1,881,096	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	676,597	(3)	-	-	-	-	(17,188)	80.94 %	(13,913) ((2)a.)	901,107	-
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	97,409	80.94 %	78,845 ((2)a.)	796,302	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	2,814	80.94 %	2,278 ((2)a.)	178,789	-
Shanghai Qizhi Co.	Business management and investment consulting services	4,541	(3)	-	-	-	-	128	100.00 %	128 ((2)b.)	8,581	-
Bao Lai Na Co.	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	(73,027)	93.00 %	(67,916) ((2)c.)	(4,262)	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 independent accounting from 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 June 30, 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	5,506,130
Lucky Co.	226,649	194,406	1,688,884

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

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

(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.

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Adjustments elimination	Total
Three months ended June 30, 2022									
Revenue:									
Revenue from external customers	\$ 3,409,976	109,924	335,000	361,650	837,891	64,154	30,892	-	5,149,487
Inter-segment revenues	61,658	-	902	6,034	80,786	2,430	43,646	(195,456)	-
Total revenue	\$ 3,471,634	109,924	335,902	367,684	918,677	66,584	74,538	(195,456)	5,149,487
Reportable segment profit or loss	\$ 284,547	(4,974)	28,979	29,121	84,561	(100,042)	(51,238)	2,278	273,232
Interest income and other income									120,965
Other gains and losses									16,965
Finance costs									(50,779)
Net income before tax									\$ 360,383
	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Adjustments or elimination	Total
Three months ended June 30, 2021									
Revenue from external customers	\$ 3,152,710	121,001	321,215	333,501	757,260	225,508	15,455	-	4,926,650
Inter-segment revenues	52,121	-	995	5,728	81,096	4,195	53,937	(198,072)	-
Total revenue	\$ 3,204,831	121,001	322,210	339,229	838,356	229,703	69,392	(198,072)	4,926,650
Reportable segment profit or loss	\$ 523,850	6,100	(44,957)	33,876	81,887	(61,333)	(50,702)	1,560	490,281
Interest income and other income									60,936
Other gains and losses									(24,236)
Finance costs									(64,278)
Net income before tax									\$ 462,703

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NAMCHOW HOLDINGS CO., LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Adjustments or elimination	Total
Six months ended June 30, 2022									
Revenue:									
Revenue from external customers	\$ 6,396,894	240,027	651,029	608,547	1,739,209	214,865	56,990	-	9,907,561
Inter-segment revenues	121,633	-	1,835	14,035	165,879	6,387	90,958	(400,727)	-
Total revenue	\$ 6,518,527	240,027	652,864	622,582	1,905,088	221,252	147,948	(400,727)	9,907,561
Reportable segment profit or loss	\$ 512,794	(7,595)	59,099	51,159	214,564	(148,943)	(81,307)	(1,416)	598,355
Interest income and other income									197,373
Other gains and losses									23,172
Finance costs									(101,553)
Net income before tax									\$ 717,347
Six months ended June 30, 2021									
Revenue:									
Revenue from external customers	\$ 6,084,017	239,588	637,719	549,349	1,592,251	458,172	25,845	-	9,586,941
Inter-segment revenues	88,824	-	2,220	12,322	161,300	7,664	104,368	(376,698)	-
Total revenue	\$ 6,172,841	239,588	639,939	561,671	1,753,551	465,836	130,213	(376,698)	9,586,941
Reportable segment profit or loss	\$ 886,408	15,038	79,723	29,428	171,819	(132,687)	(103,805)	(1,468)	944,456
Interest income and other income									134,380
Other gains and losses									(15,005)
Finance costs									(129,185)
Net income before tax									\$ 934,646

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

- (a) For the three months and six months ended June 30, 2022 and 2021, inter-segment revenues amounted to \$195,456 thousand, \$198,072 thousand, \$400,727 thousand and \$376,698 thousand, respectively, should be eliminated from total revenue.
- (b) For the three months and six months ended June 30, 2022 and 2021, share of associate profit (loss) under equity method amounted to \$2,278 thousand, \$1,560 thousand, \$(1,416) thousand and \$(1,468) thousand, respectively, should be eliminated.