

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

**Consolidated Financial Statements**

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

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

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

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~10
(4) Summary of significant accounting policies	10~12
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	13
(6) Explanation of significant accounts	13~45
(7) Related-party transactions	45
(8) Pledged assets	46
(9) Commitments and contingencies	46~47
(10) Losses Due to Major Disasters	47
(11) Subsequent Events	47
(12) Other	47~48
(13) Other disclosures	
(a) Information on significant transactions	49~52
(b) Information on investees	53
(c) Information on investment in mainland China	53~54
(d) Major shareholders	54
(14) Segment information	54~57



安侯建業聯合會計師事務所  
KPMG

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

電話 Tel + 886 2 8101 6666  
傳真 Fax + 886 2 8101 6667  
網址 Web home.kpmg/tw

## Independent Auditors' Review Report

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of Namchow Holdings Co., Ltd. ("the Company") and its subsidiaries ("the Group") as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2022 and 2021, as well as the changes in equity and cash flows for the nine 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 \$1,862,089 thousand and \$2,225,733 thousand, constituting 6% and 7% of the consolidated total assets; and the total liabilities amounting to \$1,571,217 thousand and \$2,092,367 thousand, constituting 9% and 10% of the consolidated total liabilities as of September 30, 2022 and 2021, respectively; as well as the total comprehensive income (loss) amounting to \$(106,906) thousand, \$(22,322) thousand, \$109,985 thousand and \$(50,645) thousand, constituting (50)%, (25)%, 11% and (18)% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 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 September 30, 2022 and 2021, and of its consolidated financial performance for the three months and nine months ended September 30, 2022 and 2021, as well as its consolidated cash flows for the nine months ended September 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)  
November 10, 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 September 30, 2022 and 2021**

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

**Consolidated Balance Sheets**

**September 30, 2022, December 31 and September 30, 2021**

(Expressed in Thousands of New Taiwan Dollars)

	September 30, 2022		December 31, 2021		September 30, 2021			September 30, 2022		December 31, 2021		September 30, 2021	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>Assets</b>													
11XX <b>Current assets:</b>							21XX <b>Current liabilities:</b>						
1100 Cash and cash equivalents (note 6(a))	\$ 9,962,551	33	9,729,803	33	11,940,080	38	2100 Short-term borrowings (note 6(k))	\$ 4,474,707	15	2,460,970	8	3,339,573	11
1110 Financial assets at fair value through profit or loss – current (note (b))	-	-	-	-	260,610	1	2110 Short-term commercial paper payable (note 6(k))	44,986	-	89,983	-	107,968	-
1150 Notes receivable, net (note 6(d))	170,268	1	182,401	1	155,742	-	2321 Bonds payable current portion (note 6(l))	-	-	-	-	3,996,418	13
1170 Accounts receivable, net (note 6(d))	1,915,575	6	1,918,571	7	1,867,137	6	2322 Current portion of long-term borrowings (notes 6(k) and 8)	355,341	1	237,893	1	331,544	1
1200 Other receivables (note (c))	196,516	1	133,118	-	108,317	-	2130 Contract liabilities (note 6(t))	612,326	2	540,585	2	465,442	2
1220 Current income tax assets	231,776	1	198,929	1	197,266	1	2150 Notes payable	2	-	-	-	-	-
130x Inventories (note 6(f))	4,077,239	13	3,474,419	12	3,069,178	10	2170 Accounts payable	1,213,620	4	1,347,326	4	1,180,210	4
1410 Prepayments	334,242	1	315,045	1	293,756	1	2216 Dividend payables (note 6(q))	-	-	-	-	86,606	-
1470 Other current assets (note 6(q))	66,728	-	58,896	-	51,004	-	2219 Other payables (notes 6(o), (u) and 9)	1,445,234	5	1,483,345	5	1,357,923	4
<b>Total current assets</b>	<u>16,954,895</u>	<u>56</u>	<u>16,011,182</u>	<u>55</u>	<u>17,943,090</u>	<u>57</u>	2230 Current income tax liabilities	148,396	1	199,110	1	231,059	1
15XX <b>Non-current assets:</b>							2280 Current lease liabilities (notes 6(n) and 7)	134,986	-	158,142	1	151,511	-
1517 Financial assets at fair value through other comprehensive income – non-current (note 6(c))	15,433	-	24,795	-	22,235	-	2399 Other current liabilities	55,726	-	43,794	-	31,682	-
1600 Property, plant and equipment (notes 6(h), 8 and 9)	11,844,073	39	11,887,111	41	11,832,619	38	<b>Total current liabilities</b>	<u>8,485,324</u>	<u>28</u>	<u>6,561,148</u>	<u>22</u>	<u>11,279,936</u>	<u>36</u>
1755 Right-of-use assets (notes 6(i) and 7)	828,315	3	945,901	3	946,554	3	25XX <b>Non-current liabilities:</b>						
1760 Investment property (note 6(j))	34,861	-	36,280	-	36,755	-	2530 Bonds payable (note 6(l))	4,873,831	16	4,853,527	16	4,846,759	15
1805 Goodwill	105,417	1	105,417	-	105,417	1	2540 Long-term borrowings (notes 6(k) and 8)	2,288,642	8	3,684,829	13	1,837,315	6
1840 Deferred income tax assets	238,464	1	258,626	1	268,556	1	2550 Provision liabilities – non-current (note 6(m))	10,264	-	10,264	-	12,134	-
1915 Prepayments for equipment	105,378	-	59,513	-	98,833	-	2580 Lease liabilities – non-current (notes 6(n) and 7)	503,938	2	603,722	2	607,316	2
1990 Other non-current assets	90,963	-	85,043	-	87,944	-	2570 Deferred income tax liabilities	1,463,851	5	1,451,850	5	1,326,148	4
<b>Total non-current assets</b>	<u>13,262,904</u>	<u>44</u>	<u>13,402,686</u>	<u>45</u>	<u>13,398,913</u>	<u>43</u>	2640 Net defined benefit liabilities – non-current	225,933	1	247,031	1	248,515	1
							2670 Other non-current liabilities	139,363	-	165,839	1	163,564	1
							<b>Total non-current liabilities</b>	<u>9,505,822</u>	<u>32</u>	<u>11,017,062</u>	<u>38</u>	<u>9,041,751</u>	<u>29</u>
							<b>Total liabilities</b>	<u>17,991,146</u>	<u>60</u>	<u>17,578,210</u>	<u>60</u>	<u>20,321,687</u>	<u>65</u>
							2XXX <b>Equity attributable to shareholders of parent (notes 6(c), (q) and (r)):</b>						
							3100 Common stock	2,941,330	10	2,941,330	10	2,941,330	9
							3200 Capital surplus	3,694,030	12	3,590,865	12	3,462,985	11
							3300 Retained earnings:						
							3310 Legal reserve	1,039,356	3	932,166	3	932,166	3
							3320 Special reserve	1,612,266	5	1,239,224	4	1,239,224	4
							3350 Unappropriated earnings	1,353,246	5	2,033,250	7	1,754,678	6
								4,004,868	13	4,204,640	14	3,926,068	13
							3400 Other equity:						
							3410 Financial statement translation differences for foreign operations	(697,554)	(2)	(1,059,576)	(3)	(1,179,237)	(4)
							3420 Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(49,539)	-	(40,183)	-	(42,741)	-
								(747,093)	(2)	(1,099,759)	(3)	(1,221,978)	(4)
							3500 Treasury stock	(530,114)	(2)	(530,114)	(2)	(530,114)	(2)
							<b>Total equity attributable to shareholders of parent</b>	<u>9,363,021</u>	<u>31</u>	<u>9,106,962</u>	<u>31</u>	<u>8,578,291</u>	<u>27</u>
							36xx <b>Non-controlling interests (note 6(f))</b>	<u>2,863,632</u>	<u>9</u>	<u>2,728,696</u>	<u>9</u>	<u>2,442,025</u>	<u>8</u>
							3XXX <b>Total equity</b>	<u>12,226,653</u>	<u>40</u>	<u>11,835,658</u>	<u>40</u>	<u>11,020,316</u>	<u>35</u>
1XXX <b>Total assets</b>	<u>\$ 30,217,799</u>	<u>100</u>	<u>29,413,868</u>	<u>100</u>	<u>31,342,003</u>	<u>100</u>	2-3XXX <b>Total liabilities and equity</b>	<u>\$ 30,217,799</u>	<u>100</u>	<u>29,413,868</u>	<u>100</u>	<u>31,342,003</u>	<u>100</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 Comprehensive Income**

**For the three months and nine months ended September 30, 2022 and 2021**

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

	For the three months ended September 30				For the nine months ended September 30				
	2022		2021		2022		2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (note 6(t))</b>	\$ 5,054,272	100	4,909,167	100	14,961,833	100	14,496,108	100
5000	<b>Operating costs (notes 6(f), (h), (i), (n), (o) and 9)</b>	<u>3,806,398</u>	<u>75</u>	<u>3,459,730</u>	<u>70</u>	<u>10,924,436</u>	<u>73</u>	<u>9,886,148</u>	<u>68</u>
5900	<b>Gross profit</b>	<u>1,247,874</u>	<u>25</u>	<u>1,449,437</u>	<u>30</u>	<u>4,037,397</u>	<u>27</u>	<u>4,609,960</u>	<u>32</u>
6000	<b>Operating expenses (notes 6(d), (e), (h), (i), (n), (o), (r), (u) and 7):</b>								
6100	Selling expenses	689,834	14	658,259	14	1,965,361	13	1,936,535	13
6200	General and administrative expenses	342,357	7	334,409	7	1,059,853	7	1,066,499	8
6300	Research and development expenses	101,435	2	71,176	1	302,389	2	273,322	2
6450	Expected credit loss	<u>3,996</u>	<u>-</u>	<u>2,526</u>	<u>-</u>	<u>1,187</u>	<u>-</u>	<u>6,081</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>1,137,622</u>	<u>23</u>	<u>1,066,370</u>	<u>22</u>	<u>3,328,790</u>	<u>22</u>	<u>3,282,437</u>	<u>23</u>
6900	<b>Operating profit</b>	<u>110,252</u>	<u>2</u>	<u>383,067</u>	<u>8</u>	<u>708,607</u>	<u>5</u>	<u>1,327,523</u>	<u>9</u>
7000	<b>Non-operating income and expenses (notes 6(j), (n), (v) and 7):</b>								
7100	Interest income	59,888	1	55,155	1	177,047	1	128,636	1
7010	Other income	26,133	1	70,780	1	106,347	1	131,679	1
7020	Other gains and losses	5,078	-	25,510	1	28,250	-	10,505	-
7050	Finance costs	<u>(54,923)</u>	<u>(1)</u>	<u>(67,326)</u>	<u>(1)</u>	<u>(156,476)</u>	<u>(1)</u>	<u>(196,511)</u>	<u>(1)</u>
	<b>Total non-operating income and expenses</b>	<u>36,176</u>	<u>1</u>	<u>84,119</u>	<u>2</u>	<u>155,168</u>	<u>1</u>	<u>74,309</u>	<u>1</u>
7900	<b>Profit from continuing operations before tax</b>	146,428	3	467,186	10	863,775	6	1,401,832	10
7950	<b>Less: Income tax expenses (note 6(p))</b>	<u>39,941</u>	<u>1</u>	<u>152,030</u>	<u>3</u>	<u>307,679</u>	<u>2</u>	<u>518,775</u>	<u>4</u>
	<b>Profit</b>	<u>106,487</u>	<u>2</u>	<u>315,156</u>	<u>7</u>	<u>556,096</u>	<u>4</u>	<u>883,057</u>	<u>6</u>
8300	<b>Other comprehensive income (note 6(q)):</b>								
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(5,043)	-	(2,557)	-	(9,356)	-	2,413	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(5,043)</u>	<u>-</u>	<u>(2,557)</u>	<u>-</u>	<u>(9,356)</u>	<u>-</u>	<u>2,413</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>								
8361	Exchange differences on translation of foreign financial statements	113,711	2	(222,294)	(5)	443,267	3	(608,728)	(4)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>113,711</u>	<u>2</u>	<u>(222,294)</u>	<u>(5)</u>	<u>443,267</u>	<u>3</u>	<u>(608,728)</u>	<u>(4)</u>
8300	<b>Other comprehensive income</b>	<u>108,668</u>	<u>2</u>	<u>(224,851)</u>	<u>(5)</u>	<u>433,911</u>	<u>3</u>	<u>(606,315)</u>	<u>(4)</u>
	<b>Total comprehensive income</b>	<u>\$ 215,155</u>	<u>4</u>	<u>90,305</u>	<u>2</u>	<u>990,007</u>	<u>7</u>	<u>276,742</u>	<u>2</u>
	<b>Net income attributable to:</b>								
8610	Shareholders of the parent	\$ 98,776	2	253,791	6	447,321	3	793,326	5
8620	Non-controlling interests	<u>7,711</u>	<u>-</u>	<u>61,365</u>	<u>1</u>	<u>108,775</u>	<u>1</u>	<u>89,731</u>	<u>1</u>
		<u>\$ 106,487</u>	<u>2</u>	<u>315,156</u>	<u>7</u>	<u>556,096</u>	<u>4</u>	<u>883,057</u>	<u>6</u>
	<b>Total Comprehensive income attributable to:</b>								
8710	Shareholders of the parent	\$ 186,143	3	114,312	2	799,987	6	298,065	2
8720	Non-controlling interests	<u>29,012</u>	<u>1</u>	<u>(24,007)</u>	<u>-</u>	<u>190,020</u>	<u>1</u>	<u>(21,323)</u>	<u>-</u>
		<u>\$ 215,155</u>	<u>4</u>	<u>90,305</u>	<u>2</u>	<u>990,007</u>	<u>7</u>	<u>276,742</u>	<u>2</u>
9750	<b>Basic earnings per share (in New Taiwan dollars) (note 6(s))</b>	<u>\$ 0.40</u>		<u>1.02</u>		<u>1.80</u>		<u>3.20</u>	
9850	<b>Diluted earnings per share (in New Taiwan dollars) (note 6(s))</b>	<u>\$ 0.40</u>		<u>1.02</u>		<u>1.80</u>		<u>3.19</u>	

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

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity  
For the nine months ended September 30, 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest					Non-controlling interests	Total equity
	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		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total							
<b>Balance at January 1, 2021</b>	\$ 2,941,330	1,214,039	838,824	1,286,181	1,596,003	3,721,008	(681,563)	(45,154)	(726,717)	(530,114)	6,619,546	335,843	6,955,389
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	93,342	-	(93,342)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(46,957)	46,957	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	91,760	-	-	(588,266)	(588,266)	-	-	-	-	(496,506)	-	(496,506)
Other changes in capital surplus	-	2,061	-	-	-	-	-	-	-	-	2,061	-	2,061
Net income	-	-	-	-	793,326	793,326	-	-	-	-	793,326	89,731	883,057
Other comprehensive income (loss)	-	-	-	-	-	-	(497,674)	2,413	(495,261)	-	(495,261)	(111,054)	(606,315)
Total comprehensive income (loss)	-	-	-	-	793,326	793,326	(497,674)	2,413	(495,261)	-	298,065	(21,323)	276,742
Share-based payments	-	2,155,125	-	-	-	-	-	-	-	-	2,155,125	2,127,505	4,282,630
<b>Balance at September 30, 2021</b>	\$ 2,941,330	3,462,985	932,166	1,239,224	1,754,678	3,926,068	(1,179,237)	(42,741)	(1,221,978)	(530,114)	8,578,291	2,442,025	11,020,316
<b>Balance at January 1, 2022</b>	\$ 2,941,330	3,590,865	932,166	1,239,224	2,033,250	4,204,640	(1,059,576)	(40,183)	(1,099,759)	(530,114)	9,106,962	2,728,696	11,835,658
Appropriation and distribution of retained earnings:													
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	-	2,228	-	-	-	-	-	-	-	-	2,228	-	2,228
Net income	-	-	-	-	447,321	447,321	-	-	-	-	447,321	108,775	556,096
Other comprehensive income (loss)	-	-	-	-	-	-	362,022	(9,356)	352,666	-	352,666	81,245	433,911
Total comprehensive income (loss)	-	-	-	-	447,321	447,321	362,022	(9,356)	352,666	-	799,987	190,020	990,007
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	64,507	64,507
<b>Balance at September 30, 2022</b>	\$ 2,941,330	3,694,030	1,039,356	1,612,266	1,353,246	4,004,868	(697,554)	(49,539)	(747,093)	(530,114)	9,363,021	2,863,632	12,226,653

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 nine months ended September 30, 2022 and 2021**

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30	
	2022	2021
<b>Cash flows from operating activities:</b>		
<b>Consolidated net income before tax</b>	\$ 863,775	1,401,832
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	752,751	817,569
Expected credit loss	1,187	6,081
Gains on financial assets at fair value through profit or loss	-	(2,195)
Interest expense	156,476	196,511
Interest income	(177,047)	(128,636)
Dividend income	(2,768)	(1,931)
Share-based payments	64,507	-
Losses (gains) on disposal of property, plant and equipment	(818)	28,135
Property, plant and equipment transferred to expenses	-	2,197
Impairment loss on non-financial assets	9,053	-
Gains on lease modification	(8,469)	(34,634)
Total adjustments to reconcile profit	<u>794,872</u>	<u>883,097</u>
Changes in assets / liabilities relating to operating activities:		
Changes in operating assets:		
Notes receivable	12,133	28,544
Accounts receivables	1,995	(316,057)
Other receivables	(64,103)	(51,715)
Inventories	(603,145)	(616,016)
Prepayments	(19,197)	38,131
Other current assets	(7,832)	15,251
Total changes in operating assets, net	<u>(680,149)</u>	<u>(901,862)</u>
Changes in operating liabilities:		
Contract liabilities	71,741	(108,942)
Notes payable	2	-
Accounts payable	(133,706)	18,237
Other payables	(32,968)	(112,929)
Other current liabilities	11,932	(29,459)
Net defined benefit liabilities	(21,098)	(12,057)
Total changes in operating liabilities, net	<u>(104,097)</u>	<u>(245,150)</u>
Total changes in operating assets / liabilities, net	<u>(784,246)</u>	<u>(1,147,012)</u>
Total adjustments	<u>10,626</u>	<u>(263,915)</u>
Cash provided by operating activities	874,401	1,137,917
Interest income received	177,047	128,636
Dividends received	2,768	1,931
Interest paid	(112,937)	(161,158)
Income taxes paid	(359,077)	(505,357)
<b>Net cash provided by operating activities</b>	<u>582,202</u>	<u>601,969</u>
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets designated at fair value through profit or loss	-	(30,989)
Acquisition of property, plant and equipment	(571,231)	(417,317)
Proceeds from disposal of property, plant and equipment	3,794	2,194
Decrease (increase) in other non-current assets	(5,920)	17,304
<b>Net cash used in investing activities</b>	<u>(573,357)</u>	<u>(428,808)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	9,489,917	8,455,609
Decrease in short-term borrowings	(7,496,139)	(8,025,083)
Increase (decrease) in short term commercial paper payable	(45,000)	18,000
Proceeds from issuance of bonds	-	5,000,000
Proceeds from long-term borrowings	8,909,000	10,487,454
Repayments of long-term borrowings	(10,128,166)	(13,204,492)
Payment of lease liabilities	(128,593)	(163,848)
Decrease in other non-current liabilities	(26,476)	(2,720)
Cash dividends paid	(665,747)	(409,900)
Interest paid	(23,232)	(34,368)
Change in non-controlling interests	-	4,282,630
Overaging unclaimed dividends	2,228	2,061
<b>Net cash provided by financing activities</b>	<u>(112,208)</u>	<u>6,405,343</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>336,111</u>	<u>(360,051)</u>
<b>Net increase in cash and cash equivalents</b>	<u>232,748</u>	<u>6,218,453</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>9,729,803</u>	<u>5,721,627</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 9,962,551</u>	<u>11,940,080</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

### Notes to the Consolidated Financial Statements

For the nine months ended September 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 November 10, 2022.

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

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

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

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

(Continued)

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

- (b) The impact of IFRS issued by 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:

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance.  The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

(Continued)

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

<u>Standards or Interpretations</u>	<u>Content of amendment</u>	<u>Effective date per IASB</u>
Amendments to IAS 1 “Non-current Liabilities with Covenants”	<p>After reconsidering certain aspects of the 2020 amendments<sup>1</sup>, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current.</p> <p>Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability’s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.</p>	January 1, 2024

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

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

**(4) Summary of significant accounting policies**

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2021. For the related information, please refer to note 4 of the consolidated financial statement for the year ended December 31, 2021.

**(a) Statement of compliance**

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

(Continued)

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

(b) Basis of consolidation

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			September 30, 2022	December 31, 2021	September 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 %	93.00 %	Notes 3 and 5
Lucky Co.	Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou Co.)	Liquor importing and retailing, and catering services	99.65 %	99.65 %	99.65 %	Notes 2 and 3
Lucky Co.	Namchow Gastronomy Consulting Company, Ltd. (Namchow Gastronomy Consulting Co.)	Catering services and food consulting services	99.65 %	99.65 %	99.65 %	Notes 2 and 3
Namchow BVI Co.	Shanghai Bao Lai Na Company Limited. (Bao Lai Na Co.)	Multinational eateries, and the promotion and management of craft beers	93.00 %	93.00 %	93.00 %	Notes 3 and 5
Nacia Co.	Namchow (Cayman Islands) Holding Corp. (Namchow Cayman Co.)	Holding of investments	100.00 %	100.00 %	100.00 %	
Shanghai Qiaohao Co.	Shanghai Qiaohao Enterprise Management Co., Ltd. (Shanghai Qiaohao Enterprise Management Co.)	Business management and investment consulting services	100.00 %	100.00 %	100.00 %	
Namchow Cayman Co. and Shanghai Qiaohao Co.	Shanghai Qiaohao Food Co., Ltd. (Shanghai Qiaohao Food Co.)	Food packaging, selling and trading of restaurant equipment	100.00 %	100.00 %	100.00 %	
Shanghai Qiaohao Co.	Tianjin Qiaohao Food Co., Ltd. (Tianjin Qiaohao Food Co.)	Food packaging, selling and trading of restaurant equipment	100.00 %	100.00 %	100.00 %	
Namchow Cayman Co.	Shanghai Qiaohao Trading Co., Ltd. (Shanghai Qiaohao Co.)	Holding of investments and international trade	100.00 %	100.00 %	100.00 %	
Namchow Cayman Co.	Shanghai Qizhi Business Consulting Co., Ltd. (Shanghai Qizhi Co.)	Business management and investment consulting services	100.00 %	100.00 %	100.00 %	

(Continued)

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

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			September 30, 2022	December 31, 2021	September 30, 2021	
Namchow Cayman Co. and Shanghai Qizhi Co.	Namchow Food Group (Shanghai) Co., Ltd. (Namchow Food Co.)	Food packaging, dairy product and product purchasing management and selling	80.94 %	80.94 %	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
Namchow Food Co.	Chongqing Namchow Food Co., Ltd. (Chongqing Namchow Co.)	Manufacturing and processing of light cream and frozen dough	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.

(d) Income tax

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

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

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

(Continued)

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

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

The preparation of the consolidated financial statements is in conformity with IAS 34 “Interim Financial Reporting” endorsed by FSC. The standard requires management to make judgments, estimations and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

During the preparation of the consolidated financial statements, the management adopts similar method used in accounting policy judgments and assumptions which are in conformity with note 5 of the consolidated financial statement for the year ended December 31, 2021.

**(6) Explanation of significant accounts**

Except as explained in the following paragraphs, there are no significant differences in description of significant accounts from financial statements as of December 31, 2021. For related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2021.

(a) Cash and cash equivalents

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Cash on hand	\$ 11,846	11,499	11,582
Savings and checking deposits	9,286,199	9,297,381	9,807,265
Time deposits	653,223	402,296	2,099,708
Cash equivalents	11,283	18,627	21,525
Total	<u>\$ 9,962,551</u>	<u>9,729,803</u>	<u>11,940,080</u>

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Mandatorily measured at fair value through profit or loss:			
Structured deposits	<u>\$ -</u>	<u>-</u>	<u>260,610</u>

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

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	<u>\$ 15,433</u>	<u>24,795</u>	<u>22,235</u>

(Continued)

**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 nine months ended September 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.

(d) Notes and accounts receivable

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Notes receivable	\$ 170,268	182,401	155,742
Accounts receivable	1,943,927	1,946,285	1,897,214
Less: allowance for impairment	<u>28,352</u>	<u>27,714</u>	<u>30,077</u>
	<b><u>\$ 2,085,843</u></b>	<b><u>2,100,972</u></b>	<b><u>2,022,879</u></b>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The allowance for impairment was determined as follows:

	<b>September 30, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Loss allowance provision</b>
Not overdue	\$ 1,915,350	0~2.96	3,933
Overdue 1~30 days	140,276	0.13~30.66	3,274
Overdue 31~60 days	30,320	0.08~66.65	1,851
Overdue 61~90 days	4,756	0.35~100.00	2,093
Overdue 91~180 days	6,584	26.95~100.00	3,538
Overdue 181~365 days	2,536	0.10~ 1.68	43
Overdue 365 days past due	<u>14,373</u>	1.56~100.00	<u>13,620</u>
	<b><u>\$ 2,114,195</u></b>		<b><u>28,352</u></b>

(Continued)

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

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

  

	<b>September 30, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Loss allowance provision</b>
Not overdue	\$ 1,899,309	0~0.87	5,945
Overdue 1~30 days	95,962	0.17~13.69	2,560
Overdue 31~60 days	33,634	0.38~61.45	3,125
Overdue 61~90 days	2,907	26.87~100.00	1,697
Overdue 91~180 days	8,703	36.60~100.00	5,102
Overdue 181~365 days	886	93.29	644
Overdue 365 days past due	11,555	100.00	11,555
	<b>\$ 2,052,956</b>		<b>30,628</b>

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

	<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	\$ 27,714	24,982
Impairment losses recognized	529	5,531
Amounts written off	(363)	(26)
Effect of changes in exchange rates	472	(410)
Balance on September 30	<b>\$ 28,352</b>	<b>30,077</b>

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

(Continued)

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

## (e) Other receivables

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Other receivables	\$ 198,553	134,450	109,398
Less: loss allowance	<u>2,037</u>	<u>1,332</u>	<u>1,081</u>
	<b><u>\$ 196,516</u></b>	<b><u>133,118</u></b>	<b><u>108,317</u></b>

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

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

	<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Balance on January 1	\$ 1,332	543
Impairment loss recognized	658	550
Effect of changes in exchange rates	<u>47</u>	<u>(12)</u>
Balance on September 30	<b><u>\$ 2,037</u></b>	<b><u>1,081</u></b>

## (f) Inventories

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

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Merchandise	\$ 51,715	39,897	55,859
Finished goods	1,742,872	1,581,786	1,230,066
Work in progress	219,343	147,404	135,181
Raw materials	1,589,958	821,742	941,745
Supplies	429,682	516,007	469,350
Goods in transit	<u>43,669</u>	<u>367,583</u>	<u>236,977</u>
Total	<b><u>\$ 4,077,239</u></b>	<b><u>3,474,419</u></b>	<b><u>3,069,178</u></b>

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

(Continued)

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

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Loss on (reversal of) decline in market value of inventory	\$ 7,425	(4,542)	12,998	2,363
Loss on physical count, net	749	(1,032)	1,943	362
Loss on scrap of inventory	1,203	1,012	2,575	1,398
Income from sale of scrap	<u>(3,360)</u>	<u>(4,096)</u>	<u>(10,616)</u>	<u>(12,076)</u>
Total	<u>\$ 6,017</u>	<u>(8,658)</u>	<u>6,900</u>	<u>(7,953)</u>

(g) Material non-controlling interests of subsidiaries

<b>Name of subsidiary</b>	<b>The main operating place / register country</b>	<b>Proportion of Non-controlling interests</b>		
		<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
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.

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Current assets	\$ 12,335,812	12,350,678	12,489,059
Non-current assets	5,638,677	5,517,527	5,375,044
Current liabilities	(3,007,556)	(3,331,861)	(4,203,996)
Non-current liabilities	<u>(340,322)</u>	<u>(355,111)</u>	<u>(339,156)</u>
Net assets	<u>\$ 14,626,611</u>	<u>14,181,233</u>	<u>13,320,951</u>
Non-controlling interests	<u>\$ 2,857,175</u>	<u>2,719,579</u>	<u>2,433,635</u>

(Continued)

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Revenue	<u>\$ 2,887,865</u>	<u>2,973,970</u>	<u>9,183,456</u>	<u>8,883,909</u>
Net income	\$ 30,416	335,663	585,059	1,182,337
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<u>\$ 30,416</u>	<u>335,663</u>	<u>585,059</u>	<u>1,182,337</u>
Total net income attributable to non-controlling interests	<u>\$ 5,739</u>	<u>62,200</u>	<u>111,447</u>	<u>94,764</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 5,739</u>	<u>62,200</u>	<u>111,447</u>	<u>94,764</u>

	<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Net Cash flow from operating activities	\$ (321,831)	284,828
Net Cash flow used in investing activities	(244,971)	(72,680)
Net Cash flow from financing activities	66,448	4,442,674
Effect of exchange rate changes on cash and cash equivalents	(1,031)	187
Increase (decrease) in cash and cash equivalents	<u>\$ (501,385)</u>	<u>4,655,009</u>

(h) Property, plant and equipment

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
Cost and revaluation:						
Balance at January 1, 2022	\$ 2,777,223	6,493,094	7,108,275	4,157,325	407,726	20,943,643
Additions	4,778	21,696	15,399	54,882	409,322	506,077
Disposals	-	(738)	(15,555)	(15,563)	(1,763)	(33,619)
Reclassification	-	101,782	203,271	59,066	(349,973)	14,146
Effect of changes in exchange rates	(51,665)	60,636	130,873	77,208	2,796	219,848
Balance at September 30, 2022	<u>\$ 2,730,336</u>	<u>6,676,470</u>	<u>7,442,263</u>	<u>4,332,918</u>	<u>468,108</u>	<u>21,650,095</u>
Balance at January 1, 2021	\$ 2,887,928	6,690,798	7,318,881	4,239,438	310,058	21,447,103
Additions	-	11,784	27,420	87,577	134,671	261,452
Disposals	-	(100)	(1,351)	(78,270)	(229)	(79,950)
Reclassification	-	33,248	51,478	88,779	(161,975)	11,530
Effect of changes in exchange rates	(89,536)	(260,478)	(349,622)	(86,611)	(29,906)	(816,153)
Balance at September 30, 2021	<u>\$ 2,798,392</u>	<u>6,475,252</u>	<u>7,046,806</u>	<u>4,250,913</u>	<u>252,619</u>	<u>20,823,982</u>

(Continued)

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

	<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	-	156,072	227,646	229,418	-	613,136
Disposal	-	(738)	(15,362)	(14,543)	-	(30,643)
Impairment loss	-	2,160	6,893	-	-	9,053
Effect of changes in exchange rates	-	29,642	76,117	52,185	-	157,944
Balance at September 30, 2022	<u>\$ 31,953</u>	<u>2,020,302</u>	<u>4,649,156</u>	<u>3,104,611</u>	<u>-</u>	<u>9,806,022</u>
Balance at January 1, 2021	\$ 31,953	1,660,692	4,219,386	2,785,144	-	8,697,175
Depreciation	-	155,334	237,505	242,801	-	635,640
Disposal	-	(100)	(1,144)	(48,377)	-	(49,621)
Reclassification	-	-	(22)	630	-	608
Effect of changes in exchange rates	-	(42,746)	(196,535)	(53,158)	-	(292,439)
Balance at September 30, 2021	<u>\$ 31,953</u>	<u>1,773,180</u>	<u>4,259,190</u>	<u>2,927,040</u>	<u>-</u>	<u>8,991,363</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>
September 30, 2022	<u>\$ 2,698,383</u>	<u>4,656,168</u>	<u>2,793,107</u>	<u>1,228,307</u>	<u>468,108</u>	<u>11,844,073</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>
September 30, 2021	<u>\$ 2,766,439</u>	<u>4,702,072</u>	<u>2,787,616</u>	<u>1,323,873</u>	<u>252,619</u>	<u>11,832,619</u>

(i) Impairment loss and subsequent reversal

On September 30, 2022, Namchow Thailand conducted an asset impairment assessment on the buildings and machinery of the Instant Noodles and Rice Crackers Divisions. An impairment loss of \$9,053 thousand, by which the carrying value is lower than the recoverable amount, is recognized.

The movement of the accumulated impairment loss were as follows:

	<b>For the nine months ended September 30</b>	
	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 243,114	243,114
Impairment loss recognized	9,053	-
Effect of changes in exchange rates	(60)	-
Ending balance	<u>\$ 252,107</u>	<u>243,114</u>

(ii) Collateral

Please refer to note 8 for information on pledged property, plant and equipment as of September 30, 2022, December 31 and September 30, 2021.

(Continued)

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

(i) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2022	\$ 329,160	1,138,057	86,659	1,553,876
Additions	-	50,868	25,868	76,736
Modification	-	(188,297)	(22,716)	(211,013)
Effect of changes in exchange rates	9,774	26,138	380	36,292
Balance at September 30, 2022	<u>\$ 338,934</u>	<u>1,026,766</u>	<u>90,191</u>	<u>1,455,891</u>
Balance at January 1, 2021	\$ 331,660	1,371,586	83,425	1,786,671
Additions	-	150,532	7,715	158,247
Modification	-	(406,043)	(3,572)	(409,615)
Reclassification	-	-	(1,921)	(1,921)
Effect of changes in exchange rates	(5,455)	(19,459)	(1,463)	(26,377)
Balance at September 30, 2021	<u>\$ 326,205</u>	<u>1,096,616</u>	<u>84,184</u>	<u>1,507,005</u>
Accumulated depreciation:				
Balance at January 1, 2022	\$ 91,954	466,630	49,391	607,975
Depreciation	5,159	111,692	20,292	137,143
Modification	-	(109,873)	(22,262)	(132,135)
Effect of changes in exchange rates	2,783	11,547	263	14,593
Balance at September 30, 2022	<u>\$ 99,896</u>	<u>479,996</u>	<u>47,684</u>	<u>627,576</u>
Balance at January 1, 2021	\$ 85,663	447,082	28,382	561,127
Depreciation	5,193	155,203	19,113	179,509
Modification	-	(168,045)	(2,229)	(170,274)
Reclassification	-	-	(622)	(622)
Effect of changes in exchange rates	(1,445)	(7,580)	(264)	(9,289)
Balance at September 30, 2021	<u>\$ 89,411</u>	<u>426,660</u>	<u>44,380</u>	<u>560,451</u>
Carrying value:				
January 1, 2022	<u>\$ 237,206</u>	<u>671,427</u>	<u>37,268</u>	<u>945,901</u>
September 30, 2022	<u>\$ 239,038</u>	<u>546,770</u>	<u>42,507</u>	<u>828,315</u>
January 1, 2021	<u>\$ 245,997</u>	<u>924,504</u>	<u>55,043</u>	<u>1,225,544</u>
September 30, 2021	<u>\$ 236,794</u>	<u>669,956</u>	<u>39,804</u>	<u>946,554</u>

(j) Investment property

	<u>Buildings</u>
Cost:	
Balance as at January 1, 2022	\$ 71,842
Effect of changes in exchange rates	2,133
Balance as at September 30, 2022	<u>\$ 73,975</u>
Balance as at January 1, 2021	\$ 72,387
Effect of changes in exchange rates	(1,190)
Balance as at September 30, 2021	<u>\$ 71,197</u>

(Continued)

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

	<u><b>Buildings</b></u>
Depreciation:	
Balance as at January 1, 2022	\$ 35,562
Depreciation	2,472
Effect of changes in exchange rates	<u>1,080</u>
Balance as at September 30, 2022	<u><b>\$ 39,114</b></u>
Balance as at January 1, 2021	\$ 32,574
Depreciation	2,420
Effect of changes in exchange rates	<u>(552)</u>
Balance as at September 30, 2021	<u><b>\$ 34,442</b></u>
Carrying value:	
Balance as at January 1, 2022	<u><b>\$ 36,280</b></u>
Balance as at September 30, 2022	<u><b>\$ 34,861</b></u>
Balance as at January 1, 2021	<u><b>\$ 39,813</b></u>
Balance as at September 30, 2021	<u><b>\$ 36,755</b></u>
Fair value:	
Balance as at January 1, 2022	<u><b>\$ 76,103</b></u>
Balance as at September 30, 2022	<u><b>\$ 88,176</b></u>
Balance as at January 1, 2021	<u><b>\$ 75,420</b></u>
Balance as at September 30, 2021	<u><b>\$ 74,353</b></u>

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

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

<u><b>Region</b></u>	<u><b>September 30, 2022</b></u>	<u><b>September 30, 2021</b></u>
Xuhui Dist., Shanghai	3.20%	3.97%

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

(Continued)

**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

<b>September 30, 2022</b>			
<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Unsecured loans	RMB	2.90~4.00	2022~2023 \$ 1,963,919
Unsecured loans	TWD	1.15~1.46	2022 2,097,000
Unsecured loans	JPY	0.59~0.92	2022~2023 413,788
Total			<b>\$ 4,474,707</b>

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

<b>September 30, 2021</b>			
<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Unsecured loans	RMB	2.95~3.95	2021~2022 \$ 2,384,337
Unsecured loans	USD	0.73	2021 16,236
Unsecured loans	TWD	0.65~0.94	2021 452,205
Unsecured loans	JPY	0.58~0.98	2021~2022 486,795
Total			<b>\$ 3,339,573</b>

As of September 30, 2022, December 31 and September 30, 2021, the unused credit facilities amounted to \$14,946,933 thousand, \$16,394,866 thousand and \$13,564,766 thousand, respectively.

(ii) Short-term commercial paper payable

<b>September 30, 2022</b>			
<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Commercial paper payable	TWD	1.11	2022 \$ 45,000
Discount			(14)
Total			<b>\$ 44,986</b>

(Continued)

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

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

	<b>September 30, 2021</b>			
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Commercial paper payable	TWD	0.63~0.73	2021	\$ 108,000
Discount				(32)
Total				<u><u>\$ 107,968</u></u>

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

As of September 30, 2022, December 31 and September 30, 2021, the unused credit facilities amounted to \$765,000 thousand, \$680,000 thousand and \$530,000 thousand, respectively.

(iii) Long-term borrowings

	<b>September 30, 2022</b>			
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	JPY	1.25	2038~2039	\$ 666,828
Secured loans	TWD	1.4	2025	231,000
Unsecured loans	JPY	0.93	2023	22,010
Unsecured loans	THB	2.13	2023	67,616
Unsecured loans	TWD	0.9500~1.4050	2023~2024	1,605,000
Unsecured loans	RMB	4.55	2022~2023	51,529
Total				<u><u>\$ 2,643,983</u></u>
Current				\$ 355,341
Non-current				2,288,642
Total				<u><u>\$ 2,643,983</u></u>

(Continued)

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

<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	JPY	1.275	2038~2039	\$ 757,972
Secured loans	TWD	0.95	2024	359,000
Unsecured loans	JPY	0.93545	2023	36,075
Unsecured loans	THB	1.92	2025	166,940
Unsecured loans	TWD	0.8400~1.0500	2023~2024	2,450,000
Unsecured loans	RMB	4.2250~4.7000	2022~2023	<u>152,735</u>
Total				<b><u>\$ 3,922,722</u></b>
Current				\$ 237,893
Non-current				<u>3,684,829</u>
Total				<b><u>\$ 3,922,722</u></b>
<b>September 30, 2021</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	JPY	1.275	2038~2039	\$ 933,856
Unsecured loans	JPY	0.93545	2023	37,350
Unsecured loans	THB	1.92	2025	497,040
Unsecured loans	TWD	1.0267~1.0900	2023	500,000
Unsecured loans	RMB	3.8000~4.7500	2022~2023	<u>200,613</u>
Total				<b><u>\$ 2,168,859</u></b>
Current				\$ 331,544
Non-current				<u>1,837,315</u>
Total				<b><u>\$ 2,168,859</u></b>

As of September 30, 2022, December 31 and September 30, 2021, the unused credit facilities amounted to \$5,121,081 thousand, \$6,034,461 thousand and \$6,547,125 thousand, respectively.

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

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

(Continued)

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

## (l) Bonds payable

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

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Secured bonds	\$ 5,000,000	5,000,000	9,000,000
Less: discounts on bonds payable	126,169	146,473	156,823
Less: current portion of bonds payable	-	-	3,996,418
Total	<u>\$ 4,873,831</u>	<u>4,853,527</u>	<u>4,846,759</u>

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

<u>Item</u>	<u>110-1 Secured Bonds (Tranche A)</u>
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

  

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

(Continued)

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

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

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

- (m) Provisions

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

For the nine months ended September 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:

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Current	\$ <u>134,986</u>	<u>158,142</u>	<u>151,511</u>
Non-current	\$ <u>503,938</u>	<u>603,722</u>	<u>607,316</u>

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

(Continued)

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

The amounts recognized in profit or loss were as follows:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest on lease liabilities	\$ <u>6,847</u>	<u>9,758</u>	<u>23,232</u>	<u>34,368</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>5,488</u>	<u>4,143</u>	<u>29,938</u>	<u>27,605</u>
Income from sub-leasing right-of-use assets	\$ <u>(322)</u>	<u>(309)</u>	<u>(939)</u>	<u>(926)</u>
Expenses relating to short-term leases	\$ <u>7,742</u>	<u>10,020</u>	<u>41,592</u>	<u>52,826</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>882</u>	<u>1,997</u>	<u>4,352</u>	<u>5,368</u>

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

	<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>
Total cash outflow for leases	\$ <u>226,768</u>	<u>283,089</u>

(o) Employee benefits

(i) Defined benefit plans

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

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

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Operating costs	\$ 673	1,240	3,238	3,884
Operating expenses	(445)	1,143	3,871	3,546
Total	\$ <u>228</u>	<u>2,383</u>	<u>7,109</u>	<u>7,430</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:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Operating costs	\$ 17,023	14,886	47,303	44,889
Operating expenses	31,865	26,897	90,800	80,479
Total	<u>\$ 48,888</u>	<u>41,783</u>	<u>138,103</u>	<u>125,368</u>

(iii) Short-term employee benefit

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Compensated absence liabilities (recorded under other payables)	<u>\$ 27,793</u>	<u>26,788</u>	<u>25,600</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:

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Current tax expenses				
Current period	\$ 22,436	87,333	276,701	475,096
Adjustment for prior period	-	-	(1,185)	(3,136)
	<u>22,436</u>	<u>87,333</u>	<u>275,516</u>	<u>471,960</u>
Deferred tax expense				
Origination and reversal of temporary differences	17,505	64,697	32,163	46,815
Income tax on continuing operations	<u>\$ 39,941</u>	<u>152,030</u>	<u>307,679</u>	<u>518,775</u>

(Continued)

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

iii) Examination and approval

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

(q) Capital and other equity

Except for those mentioned below, there were no significant changes in capital for the nine months ended September 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:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Share premium	\$ 1,280	1,280	1,280
Overaging unclaimed dividends	7,096	4,868	4,868
Treasury stock	1,284,757	1,183,820	1,183,820
Recognize changes in all equity in subsidiaries	<u>2,400,897</u>	<u>2,400,897</u>	<u>2,273,017</u>
	<u><u>\$ 3,694,030</u></u>	<u><u>3,590,865</u></u>	<u><u>3,462,985</u></u>

(ii) Retained earnings

In accordance with the Company's articles of incorporation, in the event that the annual audit renders earnings, the Company shall pay taxes according to law and cover cumulative losses before setting aside 10% to be the legal reserve; if the legal reserve has reached the Company's paid-in capital size, however, it is allowed not to set aside further earnings. From the remainder the special reserve shall be set aside or reversed as required by law and any further remainder after that shall be brought forth in the shareholder's meeting based on the Earnings Distribution Proposal prepared by the Board of Directors along with accumulated retained earnings for a decision on assignment of dividend bonus to shareholders.

The dividend policy of the Company reflects its current and future development plans and takes into accounts factors such as investment climate, funding demand, and domestic and international competition as well as shareholders' interests. Each year, no less than 30% of earnings available for distribution are assigned to shareholders as dividend bonus. The dividend bonus may be done in case or in the form of stock. When it is done in cash, the value may not exceed 10% of the overall dividends.

(Continued)

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

1) Special earnings reserve

As the Company opted for the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments of \$512,508 thousand, which were previously recognized in shareholders' equity were reclassified to retained earnings. A special reserve is appropriated from retained earnings for the aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately. The carrying amount of above mentioned special reserve amounted to \$512,508 thousand as of September 30, 2022, December 31 and September 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:

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

(iii) Treasury stock

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

Subsidiary name	September 30, 2022				
	Number of shares (in thousand)	Market price per share	Adjusted cost per share	Total market value	Total treasury stock
Lucky Co.	46,041	44.60	11.51	\$ 2,053,440	530,114

  

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

(Continued)

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

<u>Subsidiary name</u>	September 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	49.05	11.51	\$ 2,258,324	530,114

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	5,415	-	81,245	86,660
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	356,607	-	-	356,607
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(7,586)	-	(7,586)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(1,770)	-	(1,770)
Balance as of September 30, 2022	\$ (697,554)	(49,539)	288,314	(458,779)
Balance as of January 1, 2021	\$ (681,563)	(45,154)	162,100	(564,617)
Foreign exchange differences arising from foreign operations	(344,798)	-	(111,054)	(455,852)
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	(152,876)	-	-	(152,876)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	1,957	-	1,957
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	456	-	456
Balance as of September 30, 2021	\$ (1,179,237)	(42,741)	51,046	(1,170,932)

(r) Share-based payment

- (i) On October 15, 2021 and November 12, 2021, the board of directors of Namchow Food CO., 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 per share of RSAs, the fair value was RMB 16.945 per share at the grant date. The recipients are limited to the full-time employees of Namchow Food CO. who meet certain conditions. As of October 10, 2022, the grant price of the reserved restricted shares is adjusted from RMB 16.425 per share to RMB 16.095 per share.

(Continued)

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

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

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

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

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

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

Information about restricted shares was as follows:

	<b>For the nine months ended September 30, 2022</b>
Shares outstanding on September 30 (Shares outstanding on January 1)	<u><u>4,125</u></u>

(Continued)

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

## (ii) Compensation cost

	<b>For the nine months ended September 30, 2022</b>
Expenses resulting from RSA	<u><u>\$ 64,507</u></u>

## (s) Earnings per share

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

## (i) Basic earnings per share

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	2022	2021	2022	2021
	Unit: thousand of shares			
Net income attributable to common shareholders of the Company	<u>\$ 98,776</u>	<u>253,791</u>	<u>447,321</u>	<u>793,326</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>\$ 0.40</u>	<u>1.02</u>	<u>1.80</u>	<u>3.20</u>

## ii) Diluted earnings per share

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	2022	2021	2022	2021
	Unit: thousand of shares			
Net income attributable to common shareholders of the Company (diluted)	<u>\$ 98,776</u>	<u>253,791</u>	<u>447,321</u>	<u>793,326</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	116	191	190	251
Weighted-average number of shares outstanding (diluted)	<u>248,208</u>	<u>248,283</u>	<u>248,282</u>	<u>248,343</u>
Diluted earnings per share (in NT dollars)	<u>\$ 0.40</u>	<u>1.02</u>	<u>1.80</u>	<u>3.19</u>

(Continued)

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

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended September 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	\$ 2,637,040	-	203,845	-	55,342	86,833	2,240	2,985,300
Taiwan	242,995	121,596	127,271	481,062	127,521	81,269	11,499	1,193,213
Thailand	-	-	-	-	51,936	-	375	52,311
New Zealand and Australia	-	-	-	-	279,369	-	-	279,369
United states	-	-	-	-	231,860	-	-	231,860
Europe	-	-	-	-	222,214	-	-	222,214
Others	10,704	-	-	-	75,462	3,839	-	90,005
	<u>\$ 2,890,739</u>	<u>121,596</u>	<u>331,116</u>	<u>481,062</u>	<u>1,043,704</u>	<u>171,941</u>	<u>14,114</u>	<u>5,054,272</u>

(Continued)

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

For the three months ended September 30, 2021

Area of distribution:	<u>Edible and non- edible oil products</u>	<u>Detergent products</u>	<u>Frozen dough</u>	<u>Ice cream products</u>	<u>Foods</u>	<u>Catering</u>	<u>Management, rental revenue and others</u>	<u>Total</u>
China	\$ 2,680,677	-	293,337	-	1,942	103,228	11,162	3,090,346
Taiwan	271,173	125,552	96,756	394,502	127,298	50,041	23,797	1,089,119
Thailand	-	-	-	-	51,349	-	338	51,687
New Zealand and Australia	-	-	-	-	269,378	-	-	269,378
United states	-	-	-	-	193,900	-	-	193,900
Europe	-	-	-	-	151,507	-	-	151,507
Others	6,135	-	-	-	54,037	3,058	-	63,230
	<u>\$ 2,957,985</u>	<u>125,552</u>	<u>390,093</u>	<u>394,502</u>	<u>849,411</u>	<u>156,327</u>	<u>35,297</u>	<u>4,909,167</u>

(Continued)

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

For the nine months ended September 30, 2022

Area of distribution:	<u>Edible and non- edible oil products</u>	<u>Detergent products</u>	<u>Frozen dough</u>	<u>Ice cream products</u>	<u>Foods</u>	<u>Catering</u>	<u>Management, rental revenue and others</u>	<u>Total</u>
China	\$ 8,530,344	-	609,638	-	60,356	147,582	27,607	9,375,527
Taiwan	735,431	361,623	372,507	1,089,609	363,477	226,635	41,860	3,191,142
Thailand	-	-	-	-	143,548	-	1,637	145,185
New Zealand and Australia	-	-	-	-	744,023	-	-	744,023
United states	-	-	-	-	703,145	-	-	703,145
Europe	-	-	-	-	557,120	-	-	557,120
Others	21,858	-	-	-	211,244	12,589	-	245,691
	<u>\$ 9,287,633</u>	<u>361,623</u>	<u>982,145</u>	<u>1,089,609</u>	<u>2,782,913</u>	<u>386,806</u>	<u>71,104</u>	<u>14,961,833</u>

(Continued)

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

For the nine months ended September 30, 2021

Area of distribution:	<u>Edible and non- edible oil products</u>	<u>Detergent products</u>	<u>Frozen dough</u>	<u>Ice cream products</u>	<u>Foods</u>	<u>Catering</u>	<u>Management, rental revenue and others</u>	<u>Total</u>
China	\$ 8,213,599	-	697,094	-	7,622	383,595	27,236	9,329,146
Taiwan	813,216	365,140	330,718	943,851	355,103	222,253	32,629	3,062,910
Thailand	-	-	-	-	143,600	-	1,027	144,627
New Zealand and Australia	-	-	-	-	762,121	-	-	762,121
United states	-	-	-	-	542,344	-	250	542,594
Europe	-	-	-	-	446,013	-	-	446,013
Others	15,187	-	-	-	184,859	8,651	-	208,697
	<u>\$ 9,042,002</u>	<u>365,140</u>	<u>1,027,812</u>	<u>943,851</u>	<u>2,441,662</u>	<u>614,499</u>	<u>61,142</u>	<u>14,496,108</u>

(Continued)

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

(ii) Contract balance

	<b>September 30, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>
Contract liability	<u>\$ 612,326</u>	<u>540,585</u>	<u>465,442</u>

The amount of revenue recognized for the nine months ended September 30, 2022 and 2021, that was included in the contract liability balance at the beginning of the period was \$393,816 thousand and \$547,378 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 nine months ended September 30, 2022 and 2021, the estimated amounts of employees' compensation were \$1,117 thousand, \$2,814 thousand, \$5,183 thousand and \$9,357 thousand, respectively, and the estimated amounts of directors' remuneration were \$5,029 thousand, \$12,664 thousand, \$23,326 thousand and \$42,107 thousand, respectively. The estimated amounts mentioned above are based on the net profit before tax, excluding employee compensation and directors' remuneration, of each respective ending period, multiplied by the percentage of the employee compensation, and the directors' remuneration, as specified in the Company's article. The estimations are recorded under operating expenses and cost.

The Company estimated its remuneration to employees amounting to \$13,343 thousand and \$11,065 thousand, as well as its directors' \$53,372 thousand and \$44,261 thousand for the years 2021 and 2020, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentage of the remuneration to employees and directors as specified in the Company's article. The estimations are recorded under operating expenses and cost. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2021 and 2020. The aforementioned remuneration to employees and directors is consistent to the estimated amounts disclosed in the Company's consolidated financial statements for the years ended December 31, 2021 and 2020.

(v) Non-operating income and expenses

(i) Interest income

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest income from bank deposits	<u>\$ 59,888</u>	<u>55,155</u>	<u>177,047</u>	<u>128,636</u>

(Continued)

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

## (ii) Other income

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Rental income	\$ 2,652	2,542	7,944	7,233
Dividend income	2,768	1,931	2,768	1,931
Other income—other				
Government grants	5,080	51,985	50,791	84,082
Others	<u>15,633</u>	<u>14,322</u>	<u>44,844</u>	<u>38,433</u>
Total other income—Other	<u>20,713</u>	<u>66,307</u>	<u>95,635</u>	<u>122,515</u>
Total other income	<u><b>\$ 26,133</b></u>	<u><b>70,780</b></u>	<u><b>106,347</b></u>	<u><b>131,679</b></u>

## (iii) Other gains and losses

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Losses (gains) on disposal of property, plant and equipment	\$ 126	334	818	(28,135)
Gains on lease modification	8,465	34,621	8,469	34,634
Gains foreign exchange	21,491	23,954	56,460	53,647
Gains on financial assets at fair value through profit or loss	-	2,195	-	2,195
Recognize impairment loss	(9,053)	-	(9,053)	-
Others	<u>(15,951)</u>	<u>(35,594)</u>	<u>(28,444)</u>	<u>(51,836)</u>
Net other gains and losses	<u><b>\$ 5,078</b></u>	<u><b>25,510</b></u>	<u><b>28,250</b></u>	<u><b>10,505</b></u>

## (iv) Finance costs

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Interest expense	<u><b>\$ 54,923</b></u>	<u><b>67,326</b></u>	<u><b>156,476</b></u>	<u><b>196,511</b></u>

## (w) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and in the degree of exposure to credit risk, liquidity risk— interest rate risk and market risk arising from financial instruments. For the related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2021.

(Continued)

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

(i) Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	More than 5 years
<b>September 30, 2022</b>						
Non-derivative financial liabilities						
Secured loans	\$ 897,828	978,334	47,558	91,882	365,691	473,203
Unsecured loans	6,220,862	6,271,913	4,859,354	610,745	801,814	-
Short-term commercial paper payable	44,986	45,000	45,000	-	-	-
Notes payable	2	2	2	-	-	-
Accounts payable	1,213,620	1,213,620	1,213,620	-	-	-
Other payables	1,445,234	1,445,234	1,445,234	-	-	-
Bonds payable	4,873,831	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	638,924	724,547	159,596	166,911	265,373	132,667
Guarantee deposits received	60	60	60	-	-	-
	<u>\$ 15,335,347</u>	<u>15,678,710</u>	<u>7,770,424</u>	<u>869,538</u>	<u>4,432,878</u>	<u>2,605,870</u>
<b>December 31, 2021</b>						
Non-derivative financial liabilities						
Secured loans	\$ 1,116,972	1,207,054	51,843	456,528	145,297	553,386
Unsecured loans	5,266,720	5,317,576	2,747,450	2,570,126	-	-
Short-term commercial paper payable	89,983	90,000	90,000	-	-	-
Accounts payable	1,347,326	1,347,326	1,347,326	-	-	-
Other payables	1,483,345	1,483,345	1,483,345	-	-	-
Bonds payable	4,853,527	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	761,864	869,880	188,157	186,002	319,900	175,821
Guarantee deposits received	60	60	60	-	-	-
	<u>\$ 14,919,797</u>	<u>15,315,241</u>	<u>5,908,181</u>	<u>3,212,656</u>	<u>3,465,197</u>	<u>2,729,207</u>
<b>September 30, 2021</b>						
Non-derivative financial liabilities						
Secured loans	\$ 933,856	1,040,542	59,395	118,789	178,184	684,174
Unsecured loans	4,574,576	4,742,934	3,730,114	727,866	284,954	-
Short-term commercial paper payable	107,968	108,000	108,000	-	-	-
Accounts payable	1,180,210	1,180,210	1,180,210	-	-	-
Other payables	86,606	86,606	86,606	-	-	-
Other payables	1,357,923	1,357,923	1,357,923	-	-	-
Bonds payable	8,843,177	9,000,000	4,000,000	-	-	5,000,000
Lease liabilities	758,827	871,799	181,531	174,163	325,550	190,555
Guarantee deposits received	50	50	50	-	-	-
	<u>\$ 17,843,193</u>	<u>18,388,064</u>	<u>10,703,829</u>	<u>1,020,818</u>	<u>788,688</u>	<u>5,874,729</u>

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

(Continued)

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

(ii) Liquidity risk – Currency risk

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<b>September 30, 2022</b>			
Financial assets:			
Monetary assets:			
USD	\$ 4,118	31.750	130,753
Financial liabilities:			
Monetary liabilities:			
USD	\$ 2,909	31.750	92,354
EUR	10,065	31.260	314,641
<b>December 31, 2021</b>			
Financial assets:			
Monetary assets:			
USD	\$ 4,467	27.680	123,645
Financial liabilities:			
Monetary liabilities:			
USD	\$ 6,164	27.680	170,617
EUR	8,684	31.320	271,980
<b>September 30, 2021</b>			
Financial assets:			
Monetary assets:			
USD	\$ 4,240	27.850	118,072
Financial liabilities:			
Monetary liabilities:			
USD	\$ 1,649	27.850	45,918
EUR	10,127	32.320	327,310

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 September 30, 2022 and 2021 would have increased (decreased) the net income after tax for the nine months ended September 30, 2022 and 2021 by \$2,762 thousand and \$2,552 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 nine months ended September 30, 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized abortions) amounted to \$21,491 thousand, \$23,954 thousand, \$56,460 thousand and \$53,647 thousand, respectively.

(Continued)

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

(iii) Interest rate risk analysis

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

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

If the interest rate had increased / decreased by 1%, the Group's net income before tax would have decreased / increased by \$48,491 thousand and \$25,565 thousand for the nine months ended September 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 :

	September 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	\$ <u>15,433</u>	<u>15,433</u>	<u>-</u>	<u>-</u>	<u>15,433</u>
	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	\$ <u>24,795</u>	<u>24,795</u>	<u>-</u>	<u>-</u>	<u>24,795</u>

(Continued)

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

	September 30, 2021				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non derivative financial assets mandatorily measured at fair value through profit or loss	\$ 260,610	-	260,610	-	260,610
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	22,235	22,235	-	-	22,235
Total	<u>\$ 282,845</u>	<u>22,235</u>	<u>260,610</u>	<u>-</u>	<u>282,845</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.

(Continued)

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

4) Transferring between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 for the nine months ended September 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.

(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 nine months ended September 30, 2022 and 2021.

(aa) The reconciliation of liabilities arising from financing activities

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

	January 1, 2022	Cash flows	Non-cash changes		September 30, 2022
			Foreign exchange movement	Others	
Short-term borrowings	\$ 2,460,970	1,993,778	19,959	-	4,474,707
Short-term commercial paper payable	89,983	(45,000)	-	3	44,986
Bonds payable	4,853,527	-	-	20,304	4,873,831
Long-term borrowings (including current portion)	3,922,722	(1,219,166)	(59,573)	-	2,643,983
Lease liabilities	761,864	(151,825)	16,264	12,621	638,924
Other non-current liabilities	165,839	(26,476)	-	-	139,363
Total liabilities from financing activities	<u>\$ 12,254,905</u>	<u>551,311</u>	<u>(23,350)</u>	<u>32,928</u>	<u>12,815,794</u>

(Continued)

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

	January 1, 2021	Cash flows	Non-cash changes		September 30, 2021
			Foreign exchange movement	Others	
Short-term borrowings	\$ 2,998,640	430,526	(89,593)	-	3,339,573
Short-term commercial paper payable	89,962	18,000	-	6	107,968
Bonds payable	3,980,298	5,000,000	-	(137,121)	8,843,177
Long-term borrowings (including current portion)	5,073,191	(2,717,038)	(187,294)	-	2,168,859
Lease liabilities	1,052,141	(198,216)	(13,738)	(81,360)	758,827
Other non-current liabilities	57,266	106,298	-	-	163,564
Total liabilities from financing activities	<u>\$ 13,251,498</u>	<u>2,639,570</u>	<u>(290,625)</u>	<u>(218,475)</u>	<u>15,381,968</u>

**(7) Related-party transactions**

**(a) Names and relationship with related parties**

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

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

**(b) Significant transactions with related parties – leases**

The Group entered into a two-year lease agreement with its key management personnel for a building to be used for its business operation, with a rental fee based on the rental rates within the vicinity. For the nine months ended September 30, 2022 and 2021, the Group recognized the amount of \$7 thousand, \$29 thousand, \$38 thousand and \$103 thousand as interest expense, respectively. As of September 30, 2022, December 31 and September 30, 2021, the balance of lease liabilities amounted to \$2,090 thousand, \$8,326 thousand and \$10,395 thousand, respectively.

**(c) Personnel transactions from key management**

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

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 59,244	27,795	167,164	123,116
Post-employments benefits	443	300	1,534	1,161
	<u>\$ 59,687</u>	<u>28,095</u>	<u>168,698</u>	<u>124,277</u>

(Continued)

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

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Property, plant and equipment:				
Land	Long-term borrowings	\$ 1,724,264	1,776,263	1,797,929
Buildings	Long-term borrowings	<u>759,256</u>	<u>833,694</u>	<u>864,458</u>
		<u>\$ 2,483,520</u>	<u>2,609,957</u>	<u>2,662,387</u>

**(9) Commitments and contingencies**

(a) Major contracts not recognized the commitment:

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Acquisition of property, plant and equipment	<u>\$ 70,908</u>	<u>157,318</u>	<u>120,728</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Unused letters of credit for purchases of materials	<u>\$ 852,597</u>	<u>939,781</u>	<u>802,497</u>

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

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
Long-term letters of credit guarantee bill	<u>\$ 392,000</u>	<u>392,000</u>	<u>392,000</u>

(Continued)

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

- (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.

	<b>September 30, 2022</b>
One year	\$ 750
Less than five years	3,001
More than five years	1,563
	<b>\$ 5,314</b>

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

**(10) Losses Due to Major Disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other**

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

	By function			By nature		
	Three months ended September 30, 2022			Three months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	227,601	351,417	579,018	242,321	345,399	587,720
Labor and health insurance	79,297	46,559	125,856	78,010	39,246	117,256
Pension	17,696	31,420	49,116	16,126	28,040	44,166
Remuneration of directors	-	6,211	6,211	-	13,976	13,976
Others	16,473	17,533	34,006	14,534	23,656	38,190
Depreciation (note 1)	138,613	104,962	243,575	163,521	97,669	261,190
Amortization	-	-	-	-	-	-

(Continued)

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

By function  By nature	Nine months ended September 30, 2022			Nine months ended September 30, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	668,025	1,083,609	1,751,634	749,348	1,106,030	1,855,378
Labor and health insurance	223,303	130,266	353,569	230,717	124,792	355,509
Pension	50,541	94,671	145,212	48,773	84,025	132,798
Remuneration of directors	-	26,869	26,869	-	46,055	46,055
Others	46,306	144,137	190,443	44,685	70,599	115,284
Depreciation (note 1)	437,858	312,421	750,279	522,531	292,618	815,149
Amortization	-	-	-	-	-	-

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses— other gains and losses amounting to \$825 thousand, \$800 thousand, \$2,472 thousand and \$2,420 thousand for the three months ended September 30, 2022 and 2021 and the nine months ended September 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 nine months ended September 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	1,703,837	1,703,837	-	Short term financing	-	Capital for operation	-	-	-	5,846,143 (Note 2)	5,846,143 (Note 2)
1	Namchow Food Co.	Guangzhou Namchow Co.	Other receivable—related parties	Yes	335,472	333,015	333,015	-	Short term financing	-	Capital for operation	-	-	-	5,846,143 (Note 2)	5,846,143 (Note 2)
1	Namchow Food Co.	Shanghai Namchow Co.	Other receivable—related parties	Yes	1,473,062	1,462,274	1,462,274	-	Short term financing	-	Capital for operation	-	-	-	5,846,143 (Note 2)	5,846,143 (Note 2)

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

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

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

Unit: thousand dollars

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the period	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company										
0	The Company	Nankyo Japan Co.	2	9,363,021	1,315,565	1,021,820	435,798	-	10.91 %	9,363,021	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			Market value	Remarks
				Number of shares	Book value	Holding percentage		
The Company	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income—non-current	1,185	12,506	0.05 %	12,506	
Lucky Co.	Stock: The Company	The Company	Financial assets at fair value through comprehensive income—non-current	46,041	2,053,440	15.65 %	2,053,440	Note 1
Lucky Co.	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income—non-current	277	2,927	0.01 %	2,927	

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	(237,471)	(29) %	Note 1	-	0	(58,827)	(28) %	Note 2
Huaciang Co.	Lucky Co.	Subsidiary	(Sales)	237,471	30 %	Note 1	-	-	58,827	37 %	Note 2
Huaciang Co.	Namchow Oil and Fat Co.	Subsidiary	Purchase	122,153	34 %	Note 1	-	0	(20,143)	(7) %	Note 2
Namchow Oil and Fat Co.	Huaciang Co.	Subsidiary	(Sales)	(122,153)	(9) %	Note 1	-	0	20,143	26 %	Note 2
Tianjin Yoshi Yoshi Co.	Tianjin Namchow Co.	Subsidiary	Purchase	329,774	(70) %	Note 1	-	-	(68,813)	82 %	Note 2
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	(Sales)	(329,774)	(16) %	Note 1	-	-	68,813	28 %	Note 2
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	1,353,326	(23) %	Note 1	-	-	(150,152)	23 %	Note 2
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,353,326)	(65) %	Note 1	-	-	150,152	61 %	Note 2
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	1,292,958	(22) %	Note 1	-	-	(162,205)	25 %	Note 2
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,292,958)	(52) %	Note 1	-	-	162,205	52 %	Note 2
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	486,316	(8) %	Note 1	-	-	(85,270)	13 %	Note 2
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(486,316)	(78) %	Note 1	-	-	85,270	77 %	Note 2
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	1,061,540	(18) %	Note 1	-	-	-	- %	Note 2
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,061,540)	(75) %	Note 1	-	-	-	- %	Note 2
Chongqing Qiaoxing Co.	Tianjin Namchow Co.	Subsidiary	Purchase	304,794	(9) %	Note 1	-	-	(25,746)	5 %	Note 2
Tianjin Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(304,794)	(15) %	Note 1	-	-	25,746	10 %	Note 2
Chongqing Qiaoxing Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	131,809	(4) %	Note 1	-	-	(25,348)	6 %	Note 2
Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(131,809)	(21) %	Note 1	-	-	25,348	23 %	Note 2
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	268,381	(8) %	Note 1	-	-	(67,638)	12 %	Note 2
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(268,381)	(19) %	Note 1	-	-	67,638	100 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	726,853	(22) %	Note 1	-	-	(104,408)	18 %	Note 2
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(726,853)	(29) %	Note 1	-	-	104,408	33 %	Note 2
Guangzhou Yoshi Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	422,026	(75) %	Note 1	-	-	(46,220)	81 %	Note 2
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	(Sales)	(422,026)	(17) %	Note 1	-	-	46,220	15 %	Note 2
Namchow Food Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	539,949	(9) %	Note 1	-	-	(56,974)	9 %	Note 2
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(539,949)	(67) %	Note 1	-	-	56,974	73 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	264,718	(8) %	Note 1	-	-	(20,600)	4 %	Note 2
Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(264,718)	(33) %	Note 1	-	-	20,600	27 %	Note 2
Namchow Food Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	1,244,635	(21) %	Note 1	-	-	(203,796)	31 %	Note 2
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,244,635)	(35) %	Note 1	-	-	203,796	50 %	Note 2

Note 1: Depending on capital movement motor adjustment.

Note 2: All intercompany accounts and transactions are eliminated.

(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Notes to the Consolidated Financial Statements**

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

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	162,205	7.39	-		134,190 (As of November 10, 2022)	-
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	150,152	6.60	-		134,190 (As of November 10, 2022)	-
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	104,408	6.23	-		- (As of November 10, 2022)	-
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	203,796	7.48	-		178,920 (As of November 10, 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	329,774	No significant differences	2.20 %
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Accounts receivable	68,813	No significant differences	0.23 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Sales revenue	1,353,326	No significant differences	9.05 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Accounts receivable	150,152	No significant differences	0.50 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	304,794	No significant differences	2.04 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	25,746	No significant differences	0.09 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Sales revenue	1,292,958	No significant differences	8.64 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Accounts receivable	162,205	No significant differences	0.54 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	726,853	No significant differences	4.86 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	104,408	No significant differences	0.35 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Sales revenue	422,026	No significant differences	2.82 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Accounts receivable	46,220	No significant differences	0.15 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	486,316	No significant differences	3.25 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	85,270	No significant differences	0.28 %
3	Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	131,809	No significant differences	0.88 %

(Continued)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Notes to the Consolidated Financial Statements**

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	25,348	Determined capital demand	0.08 %
4	Shanghai Namchow Co.	Namchow Food Co.	3	Sales revenue	1,061,540	No significant differences	7.09 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	268,381	No significant differences	1.79 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	67,638	No significant differences	0.22 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	539,949	No significant differences	3.61 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	56,974	No significant differences	0.19 %
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Sales revenue	264,718	No significant differences	1.77 %
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	20,600	No significant differences	0.07 %
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Sales revenue	1,244,635	No significant differences	8.32 %
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Accounts receivable	203,796	No significant differences	0.67 %
7	Namchow Oil and Fat Co.	Huaciang Co.	3	Sales revenue	122,153	No significant differences	0.82 %
7	Namchow Oil and Fat Co.	Huaciang Co.	3	Accounts receivable	20,143	No significant differences	0.07 %
8	Huaciang Co.	Lucky Co.	3	Sales revenue	237,471	No significant differences	1.59 %
8	Huaciang Co.	Lucky Co.	3	Accounts receivable	58,827	No significant differences	0.19 %
9	Namchow Food Co.	Tianjin Namchow Co.	3	Other receivable-related parties	1,703,837	Determined capital demand	5.64 %
9	Namchow Food Co.	Guangzhou Namchow Co.	3	Other receivable-related parties	333,015	Determined capital demand	1.10 %
9	Namchow Food Co.	Shanghai Namchow Co.	3	Other receivable-related parties	1,462,274	Determined capital demand	4.84 %

Note 1: Company numbering is as follows:

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

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

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

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

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

(Continued)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the nine months ended September 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
				September 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 %	2,831,945	410,284	410,284	Note 3
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	30,913	586	586	Note 3
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	12,650,890	327,081	327,081	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 %	15,261	(5,976)	(5,972)	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 %	726,413	128,397	27,148	Note 3
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	763	763	80	80.00 %	236	31	25	Note 3
The Company	Namkyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	690,580	690,580	-	100.00 %	203,178	(64,660)	(64,660)	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 %	4,894	(68)	(67)	Note 3
The Company	Chow Food Co.	Taipei, Taiwan	Development of biotechnology products	49,000	49,000	1,300	100.00 %	4,143	(2,366)	(2,358)	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 %	568,742	71,449	71,813	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 %	233,344	(25,169)	(24,833)	Note 3
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	293,793	293,793	6,705	93.32 %	26,295	(46,780)	(43,655)	Notes 1 and 3
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	352,000	352,000	13,100	100.00 %	7,731	(48,290)	(48,241)	Notes 1 and 3
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	18,300	18,300	500	100.00 %	3,411	(1,236)	(1,235)	Note 3
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	100	100	10	10.00 %	29	31	3	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 %	12,639,723	326,320	326,320	Note 3
Namchow Food Co.	Namchow Singapore Pte.	Singapore	The sales service of baking oil and fat product	2,965	-	-	80.94 %	761	(2,102)	(1,701)	Note 3

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

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

Note 3: All intercompany accounts and transactions are eliminated.

(c) Information on investment in mainland China:

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

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2022	Investment flow during current period		Cumulative investment (amount) from Taiwan as of September 30, 2022	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of September 30, 2022	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Shanghai Qiaohao Co.	Holding of investments and international trade	1,058,568	(3)	-	-	-	-	(93,186)	100.00 %	(93,186)	453,823	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	(2)b.	895	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	704,181	(3)	-	-	-	-	(73,870)	100.00 %	(73,870)	303,241	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(8,286)	100.00 %	(8,286)	26,226	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	1,149,800	(3)	-	-	-	-	585,059	80.94 %	473,612	11,769,436	856,146
Tianjin Namchow Co.	Manufacturing and selling of edible fat	756,875	(3)	372,813	-	372,813	232,863	80.94 %	188,485	(2)a.	2,062,310	45,974
Tianjin Yoshi Yoshi Co.	Developing, manufacturing, and selling of dairy products and related services	121,100	(3)	-	-	-	138,077	80.94 %	111,763	(2)a.	824,426	-
Guangzhou Yoshi Yoshi Co.	Developing, manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	104,786	80.94 %	84,816	(2)a.	577,683	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	171,466	80.94 %	138,789	(2)a.	1,924,086	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	676,597	(3)	-	-	-	(13,248)	80.94 %	(10,723)	(2)a.	910,790	-
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	74,730	80.94 %	60,488	(2)a.	782,790	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	2,366	80.94 %	1,915	(2)a.	179,295	-
Chongqing Namchow Co.	Manufacturing and processing of light cream and frozen dough	49,038	(3)	-	-	-	2	80.94 %	2	(2)b.	39,828	-
Shanghai Qizhi Co.	Business management and investment consulting services	4,541	(3)	-	-	-	95	100.00 %	95	(2)c.	8,613	-
Bao Lai Na Co.	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	226,649	(46,599)	93.00 %	(43,337)	(2)c.	20,550	35,967

(Continued)

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

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

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

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

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

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

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of September 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	5,617,813
Lucky Co.	226,649	194,406	1,693,199

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

(d) Major shareholders:

Unit: Share

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

**(14) Segment information**

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

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

(Continued)

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

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

	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Adjustments or elimination	Total
<b>Three months ended September 30, 2022</b>									
Revenue:									
Revenue from external customers	\$ 2,890,739	121,596	331,116	481,062	1,043,704	171,941	14,114	-	5,054,272
Inter-segment revenues	57,529	-	909	7,931	90,056	2,556	45,781	(204,762)	-
<b>Total revenue</b>	<b>\$ 2,948,268</b>	<b>121,596</b>	<b>332,025</b>	<b>488,993</b>	<b>1,133,760</b>	<b>174,497</b>	<b>59,895</b>	<b>(204,762)</b>	<b>5,054,272</b>
Reportable segment profit or loss	\$ (42,688)	(14,765)	27,655	43,223	157,297	(13,922)	(44,641)	(1,907)	110,252
Interest income and other income									86,021
Other gains and losses									5,078
Finance costs									(54,923)
Net income before tax									<b>\$ 146,428</b>
<b>Three months ended September 30, 2021</b>									
Revenue from external customers	\$ 2,957,985	125,552	390,093	394,502	849,411	156,327	35,297	-	4,909,167
Inter-segment revenues	55,063	-	1,221	6,724	82,286	2,225	50,263	(197,782)	-
<b>Total revenue</b>	<b>\$ 3,013,048</b>	<b>125,552</b>	<b>391,314</b>	<b>401,226</b>	<b>931,697</b>	<b>158,552</b>	<b>85,560</b>	<b>(197,782)</b>	<b>4,909,167</b>
Reportable segment profit or loss	\$ 302,311	(559)	16,494	45,856	101,121	(53,171)	(25,887)	(3,098)	383,067
Interest income and other income									125,936
Other gains and losses									25,510
Finance costs									(67,326)
Net income before tax									<b>\$ 467,187</b>

(Continued)

**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
<b>Nine months ended September 30, 2022</b>									
Revenue:									
Revenue from external customers	\$ 9,287,633	361,623	982,145	1,089,609	2,782,913	386,806	71,104	-	14,961,833
Inter-segment revenues	<u>179,162</u>	<u>-</u>	<u>2,744</u>	<u>21,966</u>	<u>255,935</u>	<u>8,943</u>	<u>136,739</u>	<u>(605,489)</u>	<u>-</u>
<b>Total revenue</b>	<b><u>\$ 9,466,795</u></b>	<b><u>361,623</u></b>	<b><u>984,889</u></b>	<b><u>1,111,575</u></b>	<b><u>3,038,848</u></b>	<b><u>395,749</u></b>	<b><u>207,843</u></b>	<b><u>(605,489)</u></b>	<b><u>14,961,833</u></b>
Reportable segment profit or loss	<u>\$ 470,106</u>	<u>(22,360)</u>	<u>86,754</u>	<u>94,382</u>	<u>371,861</u>	<u>(162,865)</u>	<u>(125,948)</u>	<u>(3,323)</u>	708,607
Interest income and other income									283,394
Other gains and losses									28,250
Finance costs									<u>(156,476)</u>
Net income before tax									<b><u>\$ 863,775</u></b>
	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Adjustments or elimination	Total
<b>Nine months ended September 30, 2021</b>									
Revenue:									
Revenue from external customers	\$ 9,042,002	365,140	1,027,812	943,851	2,441,662	614,499	61,142	-	14,496,108
Inter-segment revenues	<u>143,887</u>	<u>-</u>	<u>3,441</u>	<u>19,046</u>	<u>243,586</u>	<u>9,889</u>	<u>154,631</u>	<u>(574,480)</u>	<u>-</u>
<b>Total revenue</b>	<b><u>\$ 9,185,889</u></b>	<b><u>365,140</u></b>	<b><u>1,031,253</u></b>	<b><u>962,897</u></b>	<b><u>2,685,248</u></b>	<b><u>624,388</u></b>	<b><u>215,773</u></b>	<b><u>(574,480)</u></b>	<b><u>14,496,108</u></b>
Reportable segment profit or loss	<u>\$ 1,263,838</u>	<u>14,479</u>	<u>49,405</u>	<u>75,284</u>	<u>247,952</u>	<u>(185,858)</u>	<u>(133,011)</u>	<u>(4,566)</u>	1,327,523
Interest income and other income									260,315
Other gains and losses									10,505
Finance costs									<u>(196,511)</u>
Net income before tax									<b><u>\$ 1,401,832</u></b>

(Continued)

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

- (a) For the three months and nine months ended September 30, 2022 and 2021, inter-segment revenues amounted to \$204,762 thousand, \$197,782 thousand, \$605,489 thousand and \$574,480 thousand, respectively, should be eliminated from total revenue.
- (b) For the three months and nine months ended September 30, 2022 and 2021, share of associate loss under equity method amounted to \$1,907 thousand, \$3,098 thousand, \$3,323 thousand and \$4,566 thousand, respectively, should be eliminated.