

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Three Months Ended March 31, 2023 and 2022**

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Namchow Holdings Co., Ltd. ("the Company") and its subsidiaries ("the Group") as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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 Standards on Auditing of the Republic of China 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 \$1,967,286 thousand and \$2,114,103 thousand, both constituting 7% of the consolidated total assets; and the total liabilities amounting to \$1,616,461 thousand and \$1,592,153 thousand, both constituting 9% of the consolidated total liabilities as of March 31, 2023 and 2022, respectively; as well as the total comprehensive income (loss) amounting to \$10,778 thousand and \$147,940 thousand, constituting 4% and 17% of the consolidated total comprehensive income (loss) for the three months ended March 31, 2023 and 2022, respectively.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2023 and 2022 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 Chung-Shun Wu and Chun-I Chang.

KPMG

Taipei, Taiwan (Republic of China)
May 10, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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 auditors’ 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 auditors’ report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2023, December 31, 2022, and March 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2023		December 31, 2022		March 31, 2022				March 31, 2023		December 31, 2022		March 31, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
11XX	Current assets:							21XX	Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 10,752,552	36	10,494,443	34	10,299,879	34	2100	Short-term borrowings (note 6(j))	\$ 3,834,185	13	3,283,265	11	2,831,173	9
1150	Notes receivable, net (note 6(c))	168,456	1	198,491	1	153,584	1	2110	Short-term commercial paper payable (note 6(j))	11,994	-	299,909	1	259,950	1
1170	Accounts receivable, net(note 6(c))	1,920,095	5	1,997,850	7	1,667,343	5	2322	Current portion of long-term borrowings (notes 6(j) and 8)	256,981	1	276,423	1	569,057	2
1200	Other receivables (note (d))	224,310	1	216,401	1	166,125	1	2130	Contract liabilities (note 6(s))	446,668	2	469,076	2	686,462	2
1220	Current income tax assets	238,826	1	249,130	1	209,674	1	2170	Accounts payable	1,313,961	4	1,318,949	4	1,405,984	4
130x	Inventories (note 6(e))	3,332,075	11	3,671,566	12	3,695,002	12	2216	Dividend payables (note 6(p))	496,506	2	-	-	546,156	2
1410	Prepayments	270,538	1	269,257	1	360,135	1	2219	Other payables (notes 6(n), (t) and 9)	1,322,871	4	1,611,599	5	1,122,422	4
1470	Other current assets	83,588	-	88,357	-	55,782	-	2230	Current income tax liabilities	206,250	1	150,055	-	198,557	1
	Total current assets	16,990,440	56	17,185,495	57	16,607,524	55	2280	Current lease liabilities (notes 6(m) and 7)	150,435	-	140,486	-	161,704	1
15XX	Non-current assets:							2399	Other current liabilities	62,734	-	46,041	-	56,026	-
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(b))	17,553	-	15,872	-	24,064	-	25XX	Total current liabilities	8,102,585	27	7,595,803	24	7,837,491	26
1600	Property, plant and equipment (notes 6(g), 8 and 9)	11,955,302	40	11,954,365	39	12,126,197	40	2530	Non-Current liabilities:						
1755	Right-of-use assets (notes 6(h) and 7)	781,670	3	790,211	3	950,981	3	2540	Bonds payable (note 6(k))	4,887,368	16	4,880,600	16	4,860,295	16
1760	Investment property (note 6(i))	32,885	-	33,534	-	36,795	-	2550	Long-term borrowings (notes 6(j) and 8)	2,835,438	9	3,295,479	11	2,898,322	9
1805	Goodwill	105,417	-	105,417	-	105,417	1	2580	Provision liabilities — non-current (note 6(l))	10,264	-	10,264	-	10,264	-
1840	Deferred income tax assets	189,518	1	204,312	1	260,593	1	2570	Lease liabilities — non-current (notes 6(m) and 7)	452,044	2	468,911	2	603,674	2
1915	Prepayments for equipment	99,240	-	93,360	-	55,794	-	2640	Deferred income tax liabilities	1,512,695	5	1,505,493	5	1,467,695	5
1990	Other non-current assets	81,978	-	81,216	-	86,209	-	2670	Net defined benefit liabilities — non-current	177,966	1	188,608	1	229,386	1
	Total non-current assets	13,263,563	44	13,278,287	43	13,646,050	45		Other non-current liabilities	124,278	-	138,651	-	153,864	1
									Total non-current liabilities	10,000,053	33	10,488,006	35	10,223,500	34
								2XXX	Total liabilities	18,102,638	60	18,083,809	59	18,060,991	60
									Equity attributable to shareholders of parent (notes 6(p) and (q)):						
								3100	Common stock	2,941,330	10	2,941,330	10	2,941,330	10
								3200	Capital surplus	3,781,097	12	3,682,995	12	3,694,035	12
								3300	Retained earnings:						
								3310	Legal reserve	1,039,356	4	1,039,356	3	932,166	3
								3320	Special reserve	1,612,266	5	1,612,266	5	1,239,224	4
								3350	Unappropriated earnings	1,031,732	3	1,486,884	5	1,572,857	5
										3,683,354	12	4,138,506	13	3,744,247	12
								3400	Other equity:						
								3410	Financial statement translation differences for foreign operations	(639,686)	(2)	(710,951)	(2)	(529,195)	(2)
								3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(47,419)	-	(49,100)	-	(40,914)	-
										(687,105)	(2)	(760,051)	(2)	(570,109)	(2)
								3500	Treasury stock	(530,114)	(2)	(530,114)	(2)	(530,114)	(2)
									Total equity attributable to shareholders of parent	9,188,562	30	9,472,666	31	9,279,389	30
								36xx	Non-controlling interests (note 6(f))	2,962,803	10	2,907,307	10	2,913,194	10
								3XXX	Total equity	12,151,365	40	12,379,973	41	12,192,583	40
1XXX	Total assets	\$ 30,254,003	100	30,463,782	100	30,253,574	100	2-3XXX	Total liabilities and equity	\$ 30,254,003	100	30,463,782	100	30,253,574	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2023 and 2022

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

		For the three months ended March 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (note 6(s))	\$ 5,270,589	100	4,758,074	100
5000	Operating costs (notes 6(e), (g), (h), (m), (n) and 9)	3,935,008	75	3,388,982	71
5900	Gross profit	1,335,581	25	1,369,092	29
6000	Operating expenses (notes 6(c), (d), (g), (h), (m), (n), (q), (t) and 7):				
6100	Selling expenses	662,959	13	591,701	12
6200	General and administrative expenses	384,012	7	363,354	8
6300	Research and development expenses	79,395	1	87,804	2
6450	Expected credit loss (reversal of impairment loss)	(7,900)	-	1,110	-
	Total operating expenses	1,118,466	21	1,043,969	22
6900	Operating profit	217,115	4	325,123	7
7000	Non-operating income and expenses (notes 6(i), (m), (u) and 7):				
7100	Interest income	61,968	1	56,671	1
7010	Other income	59,806	1	19,737	-
7020	Other gains and losses	(5,104)	-	6,207	-
7050	Finance costs	(55,196)	(1)	(50,774)	(1)
	Total non-operating income and expenses	61,474	1	31,841	-
7900	Profit from continuing operations before tax	278,589	5	356,964	7
7950	Less: Income tax expenses (note 6(o))	111,621	2	127,465	2
	Profit	166,968	3	229,499	5
8300	Other comprehensive income (note 6(p)):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,681	-	(731)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,681	-	(731)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	86,822	2	632,913	13
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	86,822	2	632,913	13
8300	Other comprehensive income	88,503	2	632,182	13
	Total comprehensive income	\$ 255,471	5	861,681	18
	Net income attributable to:				
8610	Shareholders of the parent	\$ 133,114	2	186,700	4
8620	Non-controlling interests	33,854	1	42,799	1
	Total Comprehensive income attributable to:	\$ 166,968	3	229,499	5
8710	Shareholders of the parent	\$ 206,060	4	716,350	15
8720	Non-controlling interests	49,411	1	145,331	3
		\$ 255,471	5	861,681	18
9750	Basic earnings per share (in New Taiwan dollars) (note 6(r))	\$ 0.54		0.75	
9850	Diluted earnings per share (in New Taiwan dollars) (note 6(r))	\$ 0.54		0.75	

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the three months ended March 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Retained earnings		Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury stock	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
					Unappropriated earnings	Total							
Balance at January 1, 2022	\$ 2,941,330	3,590,865	932,166	1,239,224	2,033,250	4,204,640	(1,059,576)	(40,183)	(1,099,759)	(530,114)	9,106,962	2,728,696	11,835,658
Appropriation and distribution of retained earnings:													
Cash dividends of common stock	-	100,937	-	-	(647,093)	(647,093)	-	-	-	-	(546,156)	-	(546,156)
Other changes in capital surplus	-	2,233	-	-	-	-	-	-	-	-	2,233	-	2,233
Net income	-	-	-	-	186,700	186,700	-	-	-	-	186,700	42,799	229,499
Other comprehensive income (loss)	-	-	-	-	-	-	530,381	(731)	529,650	-	529,650	102,532	632,182
Total comprehensive income (loss)	-	-	-	-	186,700	186,700	530,381	(731)	529,650	-	716,350	145,331	861,681
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	39,167	39,167
Balance at March 31, 2022	\$ 2,941,330	3,694,035	932,166	1,239,224	1,572,857	3,744,247	(529,195)	(40,914)	(570,109)	(530,114)	9,279,389	2,913,194	12,192,583
Balance at January 1, 2023	\$ 2,941,330	3,682,995	1,039,356	1,612,266	1,486,884	4,138,506	(710,951)	(49,100)	(760,051)	(530,114)	9,472,666	2,907,307	12,379,973
Appropriation and distribution of retained earnings:													
Cash dividends of common stock	-	91,760	-	-	(588,266)	(588,266)	-	-	-	-	(496,506)	-	(496,506)
Other changes in capital surplus	-	2,814	-	-	-	-	-	-	-	-	2,814	-	2,814
Net income	-	-	-	-	133,114	133,114	-	-	-	-	133,114	33,854	166,968
Other comprehensive income (loss)	-	-	-	-	-	-	71,265	1,681	72,946	-	72,946	15,557	88,503
Total comprehensive income (loss)	-	-	-	-	133,114	133,114	71,265	1,681	72,946	-	206,060	49,411	255,471
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	10,115	10,115
Changes in non-controlling interests	-	3,528	-	-	-	-	-	-	-	-	3,528	(4,030)	(502)
Balance at March 31, 2023	\$ 2,941,330	3,781,097	1,039,356	1,612,266	1,031,732	3,683,354	(639,686)	(47,419)	(687,105)	(530,114)	9,188,562	2,962,803	12,151,365

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

For the three months ended March 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2023	2022
Cash flows from operating activities:		
Consolidated net income before tax	\$ 278,589	356,964
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	243,639	253,843
Expected credit loss (reversal of impairment loss)	(7,900)	1,110
Interest expense	55,196	50,774
Interest income	(61,968)	(56,671)
Share-based payments	10,115	39,167
Gains on disposal of property, plant and equipment	(398)	(321)
Property, plant and equipment transferred to expenses	1,198	-
Gains on lease modification	-	(4)
Total adjustments to reconcile profit	239,882	287,898
Changes in assets / liabilities relating to operating activities:		
Changes in operating assets:		
Notes receivable	30,035	28,817
Accounts receivables	85,910	249,786
Other receivables	(8,079)	(33,385)
Inventories	339,278	(221,230)
Prepayments	(1,281)	(45,090)
Other current assets	4,769	3,114
Total changes in operating assets, net	450,632	(17,988)
Changes in operating liabilities:		
Contract liabilities	(22,408)	145,877
Accounts payable	(4,988)	58,658
Other payables	(275,837)	(377,366)
Other current liabilities	16,693	12,232
Net defined benefit liabilities	(10,642)	(17,645)
Total changes in operating liabilities, net	(297,182)	(178,244)
Total changes in operating assets / liabilities, net	153,450	(196,232)
Total adjustments	393,332	91,666
Cash provided by operating activities	671,921	448,630
Interest income received	61,968	56,671
Interest paid	(42,048)	(35,778)
Income taxes paid	(23,126)	(124,885)
Net cash provided by operating activities	668,715	344,638
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(210,943)	(189,421)
Proceeds from disposal of property, plant and equipment	2,971	1,801
Increase in other non-current assets	(762)	(1,166)
Net cash used in investing activities	(208,734)	(188,786)
Cash flows from financing activities:		
Increase in short-term borrowings	2,819,534	1,748,495
Decrease in short-term borrowings	(2,272,049)	(1,437,403)
Increase in short term commercial paper payable	230,000	170,000
Decrease in short-term notes and bills payable	(518,000)	-
Proceeds from long-term borrowings	3,168,000	3,059,000
Repayments of long-term borrowings	(3,636,629)	(3,473,573)
Payment of lease liabilities	(38,328)	(42,482)
Decrease in other non-current liabilities	(1,135)	(11,975)
Interest paid	(19,533)	(8,261)
Change in non-controlling interests	(502)	-
Overaging unclaimed dividends	2,814	2,233
Net cash provided by (used in) financing activities	(265,828)	6,034
Effect of exchange rate changes on cash and cash equivalents	63,956	408,190
Net increase in cash and cash equivalents	258,109	570,076
Cash and cash equivalents at beginning of period	10,494,443	9,729,803
Cash and cash equivalents at end of period	\$ 10,752,552	10,299,879

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with Standards on Auditing as of March 31, 2023 and 2022

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2023 and 2022

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

(1) Company history

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

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

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

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

The consolidated financial statements were reported to the Board of Directors and issued on May 10, 2023.

(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, 2023:

- 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”

(Continued)

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

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

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

Standards or Interpretations	Content of amendment	Effective date per IASB
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
Amendments to IAS 1 “Non-current Liabilities with Covenants”	After reconsidering certain aspects of the 2020 amendments ¹ , 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. 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.	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.

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

(4) Summary of significant accounting policies

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2022. For the related information, please refer to note 4 of the consolidated financial statement for the year ended December 31, 2022.

(a) Statement of compliance

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

(b) Basis of consolidation

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
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 %	Note 6
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

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			March 31, 2023	December 31, 2022	March 31, 2022	
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 %	
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	80.88 %	80.85 %	80.94 %	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.	80.88 %	80.85 %	80.94 %	Note 4
Namchow Food Co.	Tianjin Namchow Food Co., Ltd. (Tianjin Namchow Co.)	Manufacturing, and selling of edible fat	80.88 %	80.85 %	80.94 %	Note 4
Namchow Food Co.	Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow Co.)	Manufacturing, and selling of edible fat	80.88 %	80.85 %	80.94 %	Note 4
Namchow Food Co.	Chongqing Qiaoxing Co., Ltd. (Chongqing Qiaoxing Co.)	Food packaging, dairy product and product purchasing management and selling	80.88 %	80.85 %	80.94 %	Note 4
Namchow Food Co.	Wuhan Qiaoxing Co., Ltd. (Wuhan Qiaoxing Co.)	The technical service of baking oil and fat product	80.88 %	80.85 %	80.94 %	Note 4
Namchow Food Co.	Namchow Trading Singapore Pte., Ltd (Namchow Singapore Pte.)	The sales service of baking oil and fat product	80.88 %	80.85 %	- %	Note 4
Namchow Food Co.	Chongqing Namchow Food Co., Ltd. (Chongqing Namchow Co.)	Manufacturing and processing of light cream and frozen dough	80.88 %	80.85 %	- %	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	80.88 %	80.85 %	80.94 %	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	80.88 %	80.85 %	80.94 %	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 an non-significant subsidiary, and its financial statements have not been reviewed.

Note 4: Nanchow Food Co., has submitted the application for A-share listing in the security market of China, thus, the board of directors of the Company has approved the resolution for the subsidiary to increase capital by cash injection and to award new shares of restricted stock on April 28, 2021 and on November 12, 2021. As the result, the Company's ownership percentage in the subsidiary decreased from 96.15% to 81.73% and then to 80.94%. In addition, due to the board of directors resolved to issue the remaining restricted shares on October 28, 2022 and the Company's ownership percentage in the subsidiary decreased further from 80.94% to 80.85%. In addition, due to the Company repurchased and write-off the remaining restricted shares on January 16, 2023 and the Company's ownership percentage in the subsidiary increased from 80.85% to 80.88%.

Note 5: Nanchow BVI Co., has approved the resolution on September 28, 2021 to transfer dividends payable of \$64,823 thousand to Lucky Co., as capital increase. As the result, the Company's ownership percentage in the subsidiary increased from 90.39% to 93.00%.

Note 6: Chow Food Co., designated December 12, 2022 as the liquidation date and is currently in the liquidation process.

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

(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.

(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, 2022.

(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, 2022. For related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2022.

(a) Cash and cash equivalents

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Cash on hand	\$ 12,090	10,583	11,683
Savings and checking deposits	10,236,280	9,988,086	9,734,933
Time deposits	418,650	275,008	543,804
Cash equivalents	<u>85,532</u>	<u>220,766</u>	<u>9,459</u>
Total	<u>\$ 10,752,552</u>	<u>10,494,443</u>	<u>10,299,879</u>

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

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	\$ <u>17,553</u>	<u>15,872</u>	<u>24,064</u>

(i) Equity investments at fair value through other comprehensive income

The Group held equity instrument investment, not held for trading purposes, which have been designated as measured at fair value through other comprehensive income.

No strategic investments were disposed for the three months ended March 31, 2023, and there was no transfer of any cumulative gain or loss within equity relating to these investments.

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

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

(c) Notes and accounts receivable

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Notes receivable	\$ 168,456	198,491	153,584
Accounts receivable	1,942,337	2,028,053	1,696,499
Less: allowance for impairment	<u>22,242</u>	<u>30,203</u>	<u>29,156</u>
	<u>\$ 2,088,551</u>	<u>2,196,341</u>	<u>1,820,927</u>

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

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

	March 31, 2023		
	Gross carrying amount	Weighted- average expected credit loss rate (%)	Loss allowance provision
Not overdue	\$ 1,936,710	0~100.00	4,954
Overdue 1~30 days	133,653	0.41~28.08	3,844
Overdue 31~60 days	23,818	1.01~69.67	2,278
Overdue 61~90 days	4,577	1.76~100.00	1,828
Overdue 91~180 days	2,528	4.23~100.00	2,025
Overdue 181~365 days	587	65.81	359
Overdue 365 days past due	8,920	0.78~100.00	6,954
	\$ 2,110,793		22,242
	December 31, 2022		
	Gross carrying amount	Weighted- average expected credit loss rate (%)	Loss allowance provision
Not overdue	\$ 2,053,688	0~2.29	5,943
Overdue 1~30 days	129,612	0.35~28.46	5,144
Overdue 31~60 days	18,662	0.88~69.34	1,086
Overdue 61~90 days	4,666	0.63~100.00	1,547
Overdue 91~180 days	6,091	0.00~100.00	4,629
Overdue 181~365 days	1,993	1.10	22
Overdue 365 days past due	11,832	100.00	11,832
	\$ 2,226,544		30,203

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

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

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

	For the three months ended March 31	
	2023	2022
Balance on January 1	\$ 30,203	27,714
Impairment losses recognized	-	789
Impairment loss reversed	(8,058)	-
Effect of changes in exchange rates	97	653
Balance on March 31	\$ 22,242	29,156

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

(d) Other receivables

	March 31, 2023	December 31, 2022	March 31, 2022
Other receivables	\$ 226,746	218,667	167,835
Less: loss allowance	2,436	2,266	1,710
	\$ 224,310	216,401	166,125

The Group's other receivables which were overdue on March 31, 2023, December 31 and March 31, 2022, have been assessed for impairment losses.

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

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

	For the three months ended March 31	
	2023	2022
Balance on January 1	\$ 2,266	1,332
Impairment loss recognized	158	321
Effect of changes in exchange rates	12	57
Balance on March 31	\$ 2,436	1,710

(e) Inventories

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

	March 31, 2023	December 31, 2022	March 31, 2022
Merchandise	\$ 33,564	44,326	33,419
Finished goods	1,464,279	1,594,895	1,647,634
Work in progress	184,296	155,402	170,677
Raw materials	1,324,857	1,460,348	1,164,771
Supplies	297,179	363,220	338,700
Goods in transit	27,900	53,375	339,801
Total	\$ 3,332,075	3,671,566	3,695,002

As of March 31, 2023, December 31 and March 31, 2022, the Group's inventories were not provided as pledged assets.

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

	For the three months ended March 31	
	2023	2022
Loss on decline in market value of inventory	\$ 5,473	3,418
Loss on physical count, net	414	739
Loss on scrap of inventory	406	104
Income from sale of scrap	(4,242)	(3,557)
Total	\$ 2,051	704

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

(f) Material non-controlling interests of subsidiaries

Name of subsidiary	The main operating place / register country	Proportion of Non-controlling interests		
		March 31, 2023	December 31, 2022	March 31, 2022
Namchow Food CO.	China	19.12 %	19.15 %	19.06 %

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

Summary of financial information of Namchow Food CO.

	March 31, 2023	December 31, 2022	March 31, 2022
Current assets	\$ 12,597,122	12,733,682	12,784,957
Non-current assets	5,643,739	5,579,902	5,723,616
Current liabilities	(3,074,846)	(3,395,591)	(3,154,306)
Non-current liabilities	(318,793)	(329,351)	(369,434)
Net assets	<u>\$ 14,847,222</u>	<u>14,588,642</u>	<u>14,984,833</u>
Non-controlling interests	<u>\$ 2,955,663</u>	<u>2,875,923</u>	<u>2,905,061</u>

	For the three months ended March 31	
	2023	2022
Revenue	<u>\$ 3,280,910</u>	<u>2,902,874</u>
Net income	\$ 172,148	230,556
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	<u>\$ 172,148</u>	<u>230,556</u>
Total net income attributable to non-controlling interests	<u>\$ 32,912</u>	<u>43,938</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 32,912</u>	<u>43,938</u>

	For the three months ended March 31	
	2023	2022
Net Cash flow from operating activities	\$ 432,144	357,261
Net Cash flow used in investing activities	(156,718)	(106,743)
Net Cash flow used in financing activities	(27,108)	(174,379)
Effect of exchange rate changes on cash and cash equivalents	305	49
Increase in cash and cash equivalents	<u>\$ 248,623</u>	<u>76,188</u>

(Continued)

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

(g) Property, plant and equipment

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

	Land	Buildings	Machinery	Other equipment	Unfinished construction	Total
Cost and revaluation:						
Balance at January 1, 2023	\$ 2,769,704	6,703,485	7,757,745	4,380,878	353,707	21,965,519
Additions	-	2,959	6,676	20,933	156,862	187,430
Disposals	-	-	(4,260)	(4,311)	(2,565)	(11,136)
Reclassification	-	45,726	292,410	43,332	(377,924)	3,544
Effect of changes in exchange rates	(8,963)	12,428	27,802	14,729	935	46,931
Balance at March 31, 2023	<u>\$ 2,760,741</u>	<u>6,764,598</u>	<u>8,080,373</u>	<u>4,455,561</u>	<u>131,015</u>	<u>22,192,288</u>
Balance at January 1, 2022	\$ 2,777,223	6,493,094	7,108,275	4,157,325	407,726	20,943,643
Additions	-	4,905	3,528	18,213	171,090	197,736
Disposals	-	-	(13,003)	(2,402)	(1,165)	(16,570)
Reclassification	-	6,190	25,185	3,646	(23,174)	11,847
Effect of changes in exchange rates	(9,072)	156,856	203,234	105,107	14,714	470,839
Balance at March 31, 2022	<u>\$ 2,768,151</u>	<u>6,661,045</u>	<u>7,327,219</u>	<u>4,281,889</u>	<u>569,191</u>	<u>21,607,495</u>
Depreciation and impairment loss:						
Balance at January 1, 2023	\$ 31,953	2,069,721	4,753,543	3,155,937	-	10,011,154
Depreciation	-	52,533	77,621	71,756	-	201,910
Disposal	-	-	(4,256)	(4,307)	-	(8,563)
Effect of changes in exchange rates	-	5,885	16,281	10,319	-	32,485
Balance at March 31, 2023	<u>\$ 31,953</u>	<u>2,128,139</u>	<u>4,843,189</u>	<u>3,233,705</u>	<u>-</u>	<u>10,236,986</u>
Balance at January 1, 2022	\$ 31,953	1,833,166	4,353,862	2,837,551	-	9,056,532
Depreciation	-	51,660	75,672	77,992	-	205,324
Disposal	-	-	(12,958)	(2,132)	-	(15,090)
Effect of changes in exchange rates	-	44,878	119,468	70,186	-	234,532
Balance at March 31, 2022	<u>\$ 31,953</u>	<u>1,929,704</u>	<u>4,536,044</u>	<u>2,983,597</u>	<u>-</u>	<u>9,481,298</u>
Carrying value:						
January 1, 2023	<u>\$ 2,737,751</u>	<u>4,633,764</u>	<u>3,004,202</u>	<u>1,224,941</u>	<u>353,707</u>	<u>11,954,365</u>
March 31, 2023	<u>\$ 2,728,788</u>	<u>4,636,459</u>	<u>3,237,184</u>	<u>1,221,856</u>	<u>131,015</u>	<u>11,955,302</u>
January 1, 2022	<u>\$ 2,745,270</u>	<u>4,659,928</u>	<u>2,754,413</u>	<u>1,319,774</u>	<u>407,726</u>	<u>11,887,111</u>
March 31, 2022	<u>\$ 2,736,198</u>	<u>4,731,341</u>	<u>2,791,175</u>	<u>1,298,292</u>	<u>569,191</u>	<u>12,126,197</u>

(i) Impairment loss and subsequent reversal

For the three months ended March 31, 2023 and 2022, the Group did not have any significant impairment or reversal on property, plant and equipment. For other relative information, please refers to note 6(g) of the consolidated financial statements for the year ended December 31, 2022.

(ii) Collateral

Please refer to note 8 for information on pledged property, plant and equipment as of March 31, 2023, December 31 and March 31, 2022.

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

(h) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2023	\$ 334,009	850,385	82,960	1,267,354
Additions	-	26,343	2,657	29,000
Modification	-	(18,266)	-	(18,266)
Effect of changes in exchange rates	1,743	3,352	95	5,190
Balance at March 31, 2023	<u>\$ 335,752</u>	<u>861,814</u>	<u>85,712</u>	<u>1,283,278</u>
Balance at January 1, 2022	\$ 329,160	1,138,057	86,659	1,553,876
Additions	-	17,974	6,207	24,181
Modification	-	(661)	(6,123)	(6,784)
Effect of changes in exchange rates	12,275	35,331	653	48,259
Balance at March 31, 2022	<u>\$ 341,435</u>	<u>1,190,701</u>	<u>87,396</u>	<u>1,619,532</u>
Accumulated depreciation:				
Balance at January 1, 2023	\$ 100,349	335,602	41,192	477,143
Depreciation	1,772	32,466	6,665	40,903
Modification	-	(18,266)	-	(18,266)
Effect of changes in exchange rates	521	1,249	58	1,828
Balance at March 31, 2023	<u>\$ 102,642</u>	<u>351,051</u>	<u>47,915</u>	<u>501,608</u>
Balance at January 1, 2022	\$ 91,954	466,630	49,391	607,975
Depreciation	1,712	39,376	6,611	47,699
Modification	-	(661)	(5,699)	(6,360)
Effect of changes in exchange rates	3,468	15,422	347	19,237
Balance at March 31, 2022	<u>\$ 97,134</u>	<u>520,767</u>	<u>50,650</u>	<u>668,551</u>
Carrying value:				
January 1, 2023	<u>\$ 233,660</u>	<u>514,783</u>	<u>41,768</u>	<u>790,211</u>
March 31, 2023	<u>\$ 233,110</u>	<u>510,763</u>	<u>37,797</u>	<u>781,670</u>
January 1, 2022	<u>\$ 237,206</u>	<u>671,427</u>	<u>37,268</u>	<u>945,901</u>
March 31, 2022	<u>\$ 244,301</u>	<u>669,934</u>	<u>36,746</u>	<u>950,981</u>

(i) Investment property

	<u>Buildings</u>
Cost:	
Balance as at January 1, 2023	\$ 72,900
Effect of changes in exchange rates	381
Balance as at March 31, 2023	<u>\$ 73,281</u>
Balance as at January 1, 2022	\$ 71,842
Effect of changes in exchange rates	2,679
Balance as at March 31, 2022	<u>\$ 74,521</u>

(Continued)

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

	<u>Buildings</u>
Depreciation:	
Balance as at January 1, 2023	\$ 39,366
Depreciation	826
Effect of changes in exchange rates	<u>204</u>
Balance as at March 31, 2023	<u>\$ 40,396</u>
Balance as at January 1, 2022	\$ 35,562
Depreciation	820
Effect of changes in exchange rates	<u>1,344</u>
Balance as at March 31, 2022	<u>\$ 37,726</u>
Carrying value:	
Balance as at January 1, 2023	<u>\$ 33,534</u>
Balance as at March 31, 2023	<u>\$ 32,885</u>
Balance as at January 1, 2022	<u>\$ 36,280</u>
Balance as at March 31, 2022	<u>\$ 36,795</u>
Fair value:	
Balance as at January 1, 2023	<u>\$ 86,895</u>
Balance as at March 31, 2023	<u>\$ 88,726</u>
Balance as at January 1, 2022	<u>\$ 76,103</u>
Balance as at March 31, 2022	<u>\$ 78,941</u>

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

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

<u>Region</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Xuhui Dist., Shanghai	3.22%	3.52%

As of March 31, 2023, December 31 and March 31, 2022, the Group's investment properties were not provided as pledged assets.

(Continued)

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

(j) 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

March 31, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	RMB	2.80~3.95	2023~2024	\$ 2,135,273
Unsecured loans	TWD	1.65~1.88	2023~2024	1,215,000
Unsecured loans	JPY	0.57~0.97	2023~2024	483,912
Total				<u><u>\$ 3,834,185</u></u>

December 31, 2022				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	RMB	1.64~3.95	2023	\$ 2,078,902
Unsecured loans	TWD	1.45~1.83	2023	733,000
Unsecured loans	JPY	0.57~0.92	2023	468,286
Letter of credit	USD	0	2023	3,077
Total				<u><u>\$ 3,283,265</u></u>

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

As of March 31, 2023, December 31 and March 31, 2022, the unused credit facilities amounted to \$20,587,682 thousand, \$17,150,840 thousand and \$16,802,488 thousand, respectively.

(ii) Short-term commercial paper payable

March 31, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payable	TWD	1.56	2023	\$ 12,000
Discount				(6)
Total				<u><u>\$ 11,994</u></u>

(Continued)

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

December 31, 2022				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payable	TWD	1.23~1.55	2023	\$ 300,000
Discount				(91)
Total				<u><u>\$ 299,909</u></u>

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

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

As of March 31, 2023, December 31 and March 31, 2022, the unused credit facilities amounted to \$718,000 thousand, \$460,000 thousand and \$660,000 thousand, respectively.

(iii) Long-term borrowings

March 31, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.25	2038~2039	\$ 674,397
Secured loans	TWD	1.725	2025	266,000
Unsecured loans	JPY	1.0018	2024	22,880
Unsecured loans	TWD	0.95~1.99	2024~2025	2,110,000
Unsecured loans	RMB	4.55	2023	19,142
Total				<u><u>\$ 3,092,419</u></u>
Current				\$ 256,981
Non-current				2,835,438
Total				<u><u>\$ 3,092,419</u></u>

(Continued)

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

December 31, 2022				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.25	2038~2039	\$ 694,577
Secured loans	TWD	1.88	2025	966,000
Unsecured loans	JPY	1.01818	2024	23,240
Unsecured loans	TWD	0.95~1.88	2024~2025	1,850,000
Unsecured loans	RMB	4.55	2023	38,085
Total				\$ 3,571,902
Current				\$ 276,423
Non-current				3,295,479
Total				\$ 3,571,902

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

As of March 31, 2023, December 31 and March 31, 2022, the unused credit facilities amounted to \$4,959,471 thousand, \$1,818,813 thousand and \$6,618,976 thousand, respectively.

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

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

(k) Bonds payable

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

	March 31, 2023	December 31, 2022	March 31, 2022
Secured bonds	\$ 5,000,000	5,000,000	5,000,000
Less: discounts on bonds payable	112,632	119,400	139,705
Total	\$ 4,887,368	4,880,600	4,860,295

(Continued)

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

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

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

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

- (l) Provisions

	March 31, 2023	December 31, 2022	March 31, 2022
Site restoration	<u>\$ 10,264</u>	<u>10,264</u>	<u>10,264</u>

For the three months ended March 31, 2023 and 2022, the Group did not have any significant change on the provisions. For other relative information, please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2022.

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

(m) Lease liabilities

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

	March 31, 2023	December 31, 2022	March 31, 2022
Current	<u>\$ 150,435</u>	<u>140,486</u>	<u>161,704</u>
Non-current	<u>\$ 452,044</u>	<u>468,911</u>	<u>603,674</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31	
	2023	2022
Interest on lease liabilities	<u>6,295</u>	<u>8,261</u>
Variable lease payments not included in the measurement of lease liabilities	<u>14,925</u>	<u>12,291</u>
Income from sub-leasing right-of-use assets	<u>(329)</u>	<u>(309)</u>
Expenses relating to short-term leases	<u>19,272</u>	<u>21,446</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>1,416</u>	<u>1,775</u>

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

	For the three months ended March 31	
	2023	2022
Total cash outflow for leases	<u>\$ 79,907</u>	<u>85,946</u>

(n) 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, 2022 and 2021.

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

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

	For the three months ended March 31	
	2023	2022
Operating costs	\$ 1,979	1,268
Operating expenses	2,013	1,105
Total	<u><u>\$ 3,992</u></u>	<u><u>2,373</u></u>

(ii) Defined contribution plans

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

	For the three months ended March 31	
	2023	2022
Operating costs	\$ 22,904	15,191
Operating expenses	32,690	29,195
Total	<u><u>\$ 55,594</u></u>	<u><u>44,386</u></u>

(iii) Short-term employee benefit

	March 31, 2023	December 31, 2022	March 31, 2022
Compensated absence liabilities (recorded under other payables)	<u><u>\$ 28,249</u></u>	<u><u>28,918</u></u>	<u><u>26,602</u></u>

(o) Income tax

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

ii) Income tax expenses

The components of income tax are as follows:

	For the three months ended March 31	
	2023	2022
Current tax expenses		
Current period	\$ 89,625	113,587
Deferred tax expense		
Origination and reversal of temporary differences	21,996	13,878
Income tax on continuing operations	<u><u>\$ 111,621</u></u>	<u><u>127,465</u></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.

(p) Capital and other equity

Except for those mentioned below, there were no significant changes in capital for the three months ended March 31, 2023 and 2022. Please refer to note 6(p) to the consolidated financial statements for the year ended December 31, 2022, for related information.

(i) Capital surplus

The components of capital surplus were as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Share premium	\$ 1,280	1,280	1,280
Overaging unclaimed dividends	9,906	7,092	7,101
Treasury stock	1,284,757	1,284,757	1,284,757
Recognize changes in all equity in subsidiaries	2,485,154	2,389,866	2,400,897
	<u><u>\$ 3,781,097</u></u>	<u><u>3,682,995</u></u>	<u><u>3,694,035</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.

(Continued)

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

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.

1) Special earnings reserve

As the Company opted for the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments of \$512,508 thousand, which were previously recognized in shareholders' equity were reclassified to retained earnings. A special reserve is appropriated from retained earnings for the aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately. The carrying amount of above mentioned special reserve amounted to \$512,508 thousand as of March 31, 2023, December 31 and March 31, 2022.

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 2022 and 2021 other earnings in the board meeting held. These other earnings were appropriated as follows:

	2022	2021
	March 14, 2023	March 15, 2022
Date resolved by Board of Directors		
Dividends distributed to common shareholders:		
Cash	\$ 588,266	647,093
Dividend Payout (dollars)	\$ 2.0	2.2

(iii) Treasury stock

None shares were purchased by the Company and its subsidiaries during for the three months ended March 31, 2023 and 2022. The reason is that the subsidiaries held by long-term of the Company shares previous years. As of March 31, 2023, December 31 and March 31, 2022, the subsidiaries held the Company's shares as follows:

	March 31, 2023				
Subsidiary name	Number of shares (in thousand)	Market price per share	Adjusted cost per share	Total market value	Total treasury stock
Lucky Co.	46,041	47.15	11.51	\$ 2,170,845	530,114

(Continued)

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

<u>Subsidiary name</u>	<u>December 31, 2022</u>				
	<u>Number of shares (in thousand)</u>	<u>Market price per share</u>	<u>Adjusted cost per share</u>	<u>Total market value</u>	<u>Total treasury stock</u>
Lucky Co.	46,041	45.50	11.51	<u>\$ 2,094,877</u>	<u>530,114</u>

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

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

(iv) Other equities (net for tax)

	<u>Foreign exchange differences arising from foreign operations</u>	<u>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</u>	<u>Non-controlling interests</u>	<u>Total</u>
Balance as of January 1, 2023	\$ (710,951)	(49,100)	247,962	(512,089)
Foreign exchange differences arising from foreign operations	71,265	-	15,557	86,822
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	1,681	-	1,681
Balance as of March 31, 2023	<u>\$ (639,686)</u>	<u>(47,419)</u>	<u>263,519</u>	<u>(423,586)</u>
Balance as of January 1, 2022	\$ (1,059,576)	(40,183)	207,069	(892,690)
Foreign exchange differences arising from foreign operations	530,381	-	102,532	632,913
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(731)	-	(731)
Balance as of March 31, 2022	<u>\$ (529,195)</u>	<u>(40,914)</u>	<u>309,601</u>	<u>(260,508)</u>

(q) 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; Of these the Board of Directors resolved to issue, 470 thousand shares on October 28, 2022, 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.

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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:

	2023	2022
Shares outstanding on January 1	3,834	4,125
lost during the year	(148)	-
Shares outstanding on March 31	<u>3,686</u>	<u>4,125</u>

(ii) Compensation cost

	2023	2022
Expenses resulting from RSA	<u>\$ 10,115</u>	<u>39,167</u>

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

(r) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for the three months ended March 31, 2023 and 2022, were as follows:

(i) Basic earnings per share

	Unit: thousand of shares	
	For the three months ended	
	March 31	
	2023	2022
Net income attributable to common shareholders of the Company	\$ <u>133,114</u>	<u>186,700</u>
Weighted-average number of common shares	<u>248,092</u>	<u>248,092</u>
Basic earnings per share (in NT dollars)	\$ <u>0.54</u>	<u>0.75</u>

ii) Diluted earnings per share

	Unit: thousand of shares	
	For the three months ended	
	March 31	
	2023	2022
Net income attributable to common shareholders of the Company (diluted)	\$ <u>133,114</u>	<u>186,700</u>
Weighted-average number of common shares (basic)	248,092	248,092
Impact of potential common shares:		
Effect of employees' remuneration	147	269
Weighted-average number of shares outstanding (diluted)	<u>248,239</u>	<u>248,361</u>
Diluted earnings per share (in NT dollars)	\$ <u>0.54</u>	<u>0.75</u>

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

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended March 31, 2023								
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	\$ 2,881,389	-	408,256	-	4,310	64,323	9,374	3,367,652
Taiwan	238,273	114,568	154,583	345,343	128,625	133,812	14,228	1,129,432
Thailand	-	-	-	-	57,901	-	10,999	68,900
New Zealand and Australia	-	-	-	-	253,628	-	-	253,628
United states	-	-	-	-	165,280	-	-	165,280
Europe	-	-	-	-	200,415	-	-	200,415
Others	10,870	-	-	-	69,493	4,919	-	85,282
	<u>\$ 3,130,532</u>	<u>114,568</u>	<u>562,839</u>	<u>345,343</u>	<u>879,652</u>	<u>203,054</u>	<u>34,601</u>	<u>5,270,589</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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For the three months ended March 31, 2022								
Area of distribution:	Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
China	\$ 2,720,978	-	186,921	-	3,136	51,589	10,550	2,973,174
Taiwan	261,658	130,103	129,108	246,897	128,043	94,759	14,950	1,005,518
Thailand	-	-	-	-	41,761	-	598	42,359
New Zealand and Australia	-	-	-	-	254,482	-	-	254,482
United states	-	-	-	-	233,877	-	-	233,877
Europe	-	-	-	-	180,447	-	-	180,447
Others	4,282	-	-	-	59,572	4,363	-	68,217
	<u>\$ 2,986,918</u>	<u>130,103</u>	<u>316,029</u>	<u>246,897</u>	<u>901,318</u>	<u>150,711</u>	<u>26,098</u>	<u>4,758,074</u>

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

(ii) Contract balance

	March 31, 2023	December 31, 2022	March 31, 2022
Contract liability	<u>\$ 446,668</u>	<u>469,076</u>	<u>686,462</u>

The Group has disclosed the accounts receivable and the impairment losses to the financial instrument in note 6(c).

The amount of revenue recognized for the three months ended March 31, 2023 and 2022, that was included in the contract liability balance at the beginning of the period was \$137,544 thousand and \$204,802 thousand, respectively.

(t) Remuneration to employees and directors

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

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

For the three months ended March 31, 2023 and 2022, the estimated amounts of employees' compensation were \$1,509 thousand and \$2,139 thousand, respectively, and the estimated amounts of directors' remuneration were \$6,034 thousand and \$9,623 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.

The Company estimated its remuneration to employees amounting to \$6,645 thousand and \$13,343 thousand, as well as its directors' \$26,578 thousand and \$53,372 thousand for the years 2022 and 2021, 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 2022 and 2021. 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, 2022 and 2021.

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

(u) Non-operating income and expenses

(i) Interest income

	For the three months ended March 31	
	2023	2022
Interest income from bank deposits	\$ <u>61,968</u>	<u>56,671</u>

(ii) Other income

	For the three months ended March 31	
	2023	2022
Rental income	\$ 2,512	2,623
Other income — other		
Government grants	40,749	4,262
Others	<u>16,545</u>	<u>12,852</u>
Total other income — Other	<u>57,294</u>	<u>17,114</u>
Total other income	\$ <u>59,806</u>	<u>19,737</u>

(iii) Other gains and losses

	For the three months ended March 31	
	2023	2022
Gains on disposal of property, plant and equipment	\$ 398	321
Gains on lease modification	-	4
Gains foreign exchange	766	11,915
Others	<u>(6,268)</u>	<u>(6,033)</u>
Net other gains and losses	\$ <u>(5,104)</u>	<u>6,207</u>

(iv) Finance costs

	For the three months ended March 31	
	2023	2022
Interest expense	\$ <u>55,196</u>	<u>50,774</u>

(Continued)

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

(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and in the degree of exposure to credit risk, liquidity risk— interest rate risk and market risk arising from financial instruments. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2022.

(i) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	More than 5 years
March 31, 2023						
Non-derivative financial liabilities						
Secured loans	\$ 940,397	1,025,254	50,665	367,492	138,228	468,869
Unsecured loans	5,986,207	6,093,503	4,109,348	1,984,155	-	-
Short-term commercial paper payable	11,994	11,994	11,994	-	-	-
Accounts payable	1,313,961	1,313,961	1,313,961	-	-	-
Dividends payable	496,506	496,506	496,506	-	-	-
Other payables	1,322,871	1,322,871	1,322,871	-	-	-
Bonds payable	4,887,368	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	602,479	673,706	172,337	155,928	245,704	99,737
Guarantee deposits received	60	60	60	-	-	-
	<u>\$ 15,561,843</u>	<u>15,937,855</u>	<u>7,477,742</u>	<u>2,507,575</u>	<u>3,383,932</u>	<u>2,568,606</u>
December 31, 2022						
Non-derivative financial liabilities						
Secured loans	\$ 1,660,577	1,776,150	64,962	111,763	1,111,478	487,947
Unsecured loans	5,194,590	5,268,489	3,587,713	1,680,776	-	-
Short-term commercial paper payable	299,909	300,000	300,000	-	-	-
Accounts payable	1,318,949	1,318,949	1,318,949	-	-	-
Other payables	1,611,599	1,611,599	1,611,599	-	-	-
Bonds payable	4,880,600	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	609,397	685,624	163,168	157,491	250,827	114,138
Guarantee deposits received	793	793	793	-	-	-
	<u>\$ 15,576,414</u>	<u>15,961,604</u>	<u>7,047,184</u>	<u>1,950,030</u>	<u>4,362,305</u>	<u>2,602,085</u>
March 31, 2022						
Non-derivative financial liabilities						
Secured loans	\$ 732,009	813,885	47,385	94,770	142,155	529,575
Unsecured loans	5,566,543	5,620,823	3,388,994	1,678,033	553,796	-
Short-term commercial paper payable	259,950	260,000	260,000	-	-	-
Accounts payable	1,405,984	1,405,984	1,405,984	-	-	-
Dividends payable	546,156	546,156	546,156	-	-	-
Other payables	1,122,422	1,122,422	1,122,422	-	-	-
Bonds payable	4,860,295	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	765,378	871,316	192,029	193,046	318,455	167,786
Guarantee deposits received	60	60	60	-	-	-
	<u>\$ 15,258,797</u>	<u>15,640,646</u>	<u>6,963,030</u>	<u>1,965,849</u>	<u>4,014,406</u>	<u>2,697,361</u>

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>
March 31, 2023			
Financial assets:			
Monetary assets:			
USD	\$ 11,614	30.450	353,632
Financial liabilities:			
Monetary liabilities:			
USD	\$ 2,338	30.450	71,188
EUR	9,676	33.150	320,745
December 31, 2022			
Financial assets:			
Monetary assets:			
USD	\$ 4,842	30.710	148,707
Financial liabilities:			
Monetary liabilities:			
USD	\$ 7,077	30.710	217,336
EUR	7,571	32.720	247,733
March 31, 2022			
Financial assets:			
Monetary assets:			
USD	\$ 3,915	28.625	112,056
Financial liabilities:			
Monetary liabilities:			
USD	\$ 8,698	28.625	248,972
EUR	11,864	31.920	378,687

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation (depreciation) of the TWD against the USD and EUR as of March 31, 2023 and 2022 would have increased (decreased) the net income after tax for the three months ended March 31, 2023 and 2022 by \$383 thousand and \$5,156 thousand, respectively. The analysis was performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months ended March 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized abortions) amounted to \$766 thousand and \$11,915 thousand, respectively.

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

(iii) Interest rate risk analysis

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

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

If the interest rate had increased / decreased by 1%, the Group's net income before tax would have decreased / increased by \$16,270 thousand and \$14,387 thousand for the three months ended March 31, 2023 and 2022, 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

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

March 31, 2023					
	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>17,553</u>	<u>17,553</u>	<u>-</u>	<u>-</u>	<u>17,553</u>
December 31, 2022					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ <u>15,872</u>	<u>15,872</u>	<u>-</u>	<u>-</u>	<u>15,872</u>

(Continued)

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

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

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

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

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

3) Fair value hierarchy

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

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

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

4) Transferring between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 for the three months ended March 31, 2023 and 2022.

(w) Financial risk management

The objective and policies of the consolidated company are identical to those disclosed in note 6(w) of the consolidated financial statement for the year ended 2022.

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

(x) Capital management

The disclosure of objectives, policies and procedures of the Group's capital management are the same as those specified in the consolidated financial statements for the year ended December 31, 2022; 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, 2022. For related information, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2022.

(y) Investing and financing activities not affecting current cash flow

The Group did not have any non-cash flow transactions on the investing and financing activities for the three months ended March 31, 2023 and 2022.

(z) The reconciliation of liabilities arising from financing activities

For the three months ended March 31, 2023 and 2022, the reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2023	Cash flows	Foreign exchange movement	Others	March 31, 2023
Short-term borrowings	\$ 3,283,265	547,485	3,435	-	3,834,185
Short-term commercial paper payable	299,909	(288,000)	-	85	11,994
Bonds payable	4,880,600	-	-	6,768	4,887,368
Long-term borrowings (including current portion)	3,571,903	(468,629)	(10,855)	-	3,092,419
Lease liabilities	609,397	(44,623)	2,411	35,294	602,479
Other non-current liabilities	138,651	(14,373)	-	-	124,278
Total liabilities from financing activities	<u>\$ 12,783,725</u>	<u>(268,140)</u>	<u>(5,009)</u>	<u>42,147</u>	<u>12,552,723</u>

			Non-cash changes		
	January 1, 2022	Cash flows	Foreign exchange movement	Others	March 31, 2022
Short-term borrowings	\$ 2,460,970	311,092	59,111	-	2,831,173
Short-term commercial paper payable	89,983	170,000	-	(33)	259,950
Bonds payable	4,853,527	-	-	6,768	4,860,295
Long-term borrowings (including current portion)	3,922,722	(414,573)	(40,770)	-	3,467,379
Lease liabilities	761,864	(50,743)	22,243	32,014	765,378
Other non-current liabilities	165,839	(11,975)	-	-	153,864
Total liabilities from financing activities	<u>\$ 12,254,905</u>	<u>3,801</u>	<u>40,584</u>	<u>38,749</u>	<u>12,338,039</u>

(Continued)

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

(7) Related-party transactions

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties — leases

The Group entered into a two-year lease agreement with its key management personnel for a building to be used for its business operation, with a rental fee based on the rental rates within the vicinity. For the three months ended March 31, 2023 and 2022, the Group recognized the amount of \$51 thousand and \$18 thousand as interest expense, respectively. As of March 31, 2023, December 31 and March 31, 2022, the balance of lease liabilities amounted to \$14,479 thousand, \$0 thousand and \$6,253 thousand, respectively.

(c) Personnel transactions from key management

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

	For the three months ended March 31	
	2023	2022
	2023	2022
Short-term employee benefits	\$ 53,345	57,930
Post-employments benefits	499	626
	<u>\$ 53,844</u>	<u>58,556</u>

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment:				
Land	Long-term borrowings	\$ 1,746,440	1,755,616	1,763,008
Buildings	Long-term borrowings	771,079	786,646	813,765
		<u>\$ 2,517,519</u>	<u>2,542,262</u>	<u>2,576,773</u>

(Continued)

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

(9) Commitments and contingencies

(a) Major contracts not recognized the commitment:

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Acquisition of property, plant and equipment	\$ <u>59,076</u>	<u>84,812</u>	<u>140,636</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Unused letters of credit for purchases of materials	\$ <u>424,859</u>	<u>929,978</u>	<u>773,779</u>

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Long-term letters of credit guarantee bill	\$ <u>392,000</u>	<u>392,000</u>	<u>392,000</u>

(b) Lucky Co., Namchow BVI Co. and Paulaner Brauhaus Consult GmbH (PBCG) have entered into a contract for the use of the PBCG brand name and beer brewing techniques. In accordance with the contract, PBCG has to provide the right to use its brand name and its management consultation service for restaurant management, information service. The contract lasts for 10 years, starting from October 1, 2019 to September 30, 2029, with the option of extending it for an additional of 10 years, and there will be an automatic renewal for five years after the first renewal.

	<u>March 31, 2023</u>
One year	\$ 796
Less than five years	3,182
More than five years	<u>1,193</u>
	<u>\$ 5,171</u>

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

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

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

(12) Other

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

By nature	Three months ended March 31, 2023			Three months ended March 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	300,592	398,767	699,359	218,174	373,262	591,436
Labor and health insurance	86,998	47,209	134,207	70,405	44,916	115,321
Pension	24,883	34,703	59,586	16,459	30,300	46,759
Remuneration of directors	-	7,191	7,191	-	10,805	10,805
Others	21,456	46,110	67,566	13,014	64,481	77,495
Depreciation (note 1)	144,466	98,347	242,813	156,228	96,795	253,023
Amortization	-	-	-	-	-	-

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses— other gains and losses amounting to \$826 thousand and \$820 thousand for the three months ended March 31, 2023 and 2022 were not excluded, respectively.

- (b) Operating and seasonality

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

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2023:

(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	Shanghai Namchow Co.	Tianjin Namchow Co.	Other receivable -- related parties	Yes	583,692	581,854	581,854	-	Short term financing	-	Capital for operation	-	-	-	5,934,369 (Note 2)	5,934,369 (Note 2)
2	Shanghai Namchow Co.	Guangzhou Namchow Co.	Other receivable -- related parties	Yes	831,346	828,728	828,728	-	Short term financing	-	Capital for operation	-	-	-	5,934,369 (Note 2)	5,934,369 (Note 2)
3	Shanghai Namchow Co.	Shanghai Namchow Co.	Other receivable -- related parties	Yes	579,643	577,817	577,817	-	Short term financing	-	Capital for operation	-	-	-	5,934,369 (Note 2)	5,934,369 (Note 2)
4	Shanghai Namchow Co.	Tianjin Yoshi Yoshi Co.	Other receivable -- related parties	Yes	97,790	97,482	97,482	-	Short term financing	-	Capital for operation	-	-	-	5,934,369 (Note 2)	5,934,369 (Note 2)

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

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

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the period	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements / guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company										
0	The Company	Nankyo Japan Co.	2	9,188,562	1,050,780	1,036,660	506,792	-	11.28 %	9,188,562	Y	N	N

Note 1: The guarantee's relationship with the guarantor is as follows:

- (1) A company that has business transaction with another company.
- (2) A public company which, directly or indirectly, holds more than 50 percent of the voting shares.
- (3) A company that, directly or indirectly, holds more than 50 percent of the voting shares in the public company.
- (4) A public company which, directly or indirectly, holds 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company wherein all its capital contributing shareholders can make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies within the same industry that provide joint and several security among themselves for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act.

Note 2: According to the Company's guarantee and endorsement policies, the total guarantee and endorsement not exceed 100% of the Company's net worth, while the total guarantees and endorsements for an individual party not exceed 100% of the Company's net worth.

(iii) Securities held at the end of the period (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars/thousand of shares

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
The Company	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income — non-current	1,185	14,224	0.05 %	14,224	
Lucky Co.	Stock: The Company	The Company	Financial assets at fair value through comprehensive income — non-current	46,041	2,170,845	15.65 %	2,170,845	Note 1
Lucky Co.	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income — non-current	277	3,329	0.01 %	3,329	

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.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Unit: thousand dollars

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts / notes receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	471,310	(21) %	Note 1	-	-	(189,630)	25 %	Note 2
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(471,310)	(75) %	Note 1	-	-	189,630	73 %	Note 2
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	358,461	(16) %	Note 1	-	-	(163,378)	22 %	Note 2
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(358,461)	(49) %	Note 1	-	-	163,378	43 %	Note 2
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	131,750	(6) %	Note 1	-	-	(51,586)	7 %	Note 2
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(131,750)	(74) %	Note 1	-	-	51,586	71 %	Note 2
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	494,764	(22) %	Note 1	-	-	-	- %	Note 2
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(494,764)	(75) %	Note 1	-	-	-	- %	Note 2
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	108,815	(10) %	Note 1	-	-	(43,688)	8 %	Note 2
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(108,815)	(17) %	Note 1	-	-	43,688	56 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	219,882	(19) %	Note 1	-	-	(98,000)	17 %	Note 2
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(219,882)	(30) %	Note 1	-	-	98,000	26 %	Note 2
Guangzhou Yoshi Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	143,967	(69) %	Note 1	-	-	(115,527)	69 %	Note 2
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	(Sales)	(143,967)	(20) %	Note 1	-	-	115,527	31 %	Note 2
Namchow Food Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	220,335	(10) %	Note 1	-	-	(100,257)	13 %	Note 2
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(220,335)	(68) %	Note 1	-	-	100,257	67 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	105,216	(9) %	Note 1	-	-	(49,204)	9 %	Note 2
Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(105,216)	(32) %	Note 1	-	-	49,204	33 %	Note 2
Namchow Food Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	551,036	(25) %	Note 1	-	-	(248,726)	33 %	Note 2
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	(Sales)	(551,036)	(42) %	Note 1	-	-	248,726	55 %	Note 2

Note 1: Depending on capital movement motor adjustment.

Note 2: All intercompany accounts and transactions are eliminated.

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

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	163,378	2.07	-		36,871 (As of May 10, 2023)	-
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	189,630	2.59	-		40,000 (As of May 10, 2023)	-
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	100,257	3.00	-		20,000 (As of May 10, 2023)	-

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

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	115,527	0.61	-		13,708 (As of May 10, 2023)	-
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	248,726	2.20	-		40,000 (As of May 10, 2023)	-

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

Note2: Loan to the subsidiary.

- (ix) Trading in derivative instruments
- (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	68,800	No significant differences	1.31 %
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Accounts receivable	69,984	No significant differences	0.23 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Sales revenue	471,310	No significant differences	8.94 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Accounts receivable	189,630	No significant differences	0.63 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Sales revenue	358,461	No significant differences	6.80 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Accounts receivable	163,378	No significant differences	0.54 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	219,882	No significant differences	4.17 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	98,000	No significant differences	0.32 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Sales revenue	143,967	No significant differences	2.73 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Accounts receivable	115,527	No significant differences	0.38 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	131,750	No significant differences	2.50 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	51,586	Determined capital demand	0.17 %
4	Shanghai Namchow Co.	Namchow Food Co.	3	Sales revenue	494,764	No significant differences	9.39 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	108,815	No significant differences	2.06 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	43,688	No significant differences	0.14 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	220,335	No significant differences	4.18 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	100,257	No significant differences	0.33 %
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Sales revenue	105,216	No significant differences	2.00 %
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	49,204	No significant differences	0.16 %
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Sales revenue	551,036	No significant differences	10.45%

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

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
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Accounts receivable	248,726	No significant differences	0.82 %
7	Huaciang Co.	Lucky Co.	3	Sales revenue	78,589	No significant differences	1.49 %
7	Huaciang Co.	Lucky Co.	3	Accounts receivable	54,136	No significant differences	0.18 %
8	Namchow Food Co.	Tianjin Namchow Co.	3	Other receivable-related parties	581,854	Determined capital demand	1.92 %
8	Namchow Food Co.	Guangzhou Namchow Co.	3	Other receivable-related parties	828,728	Determined capital demand	2.74 %
8	Namchow Food Co.	Shanghai Namchow Co.	3	Other receivable-related parties	577,817	Determined capital demand	1.91 %
8	Namchow Food Co.	Other receivable-related parties	3	Other receivable-related parties	97,482	Determined capital demand	0.32 %

Note 1: Company numbering is as follows:

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

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

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

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

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

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance		Net income (losses) of investee	Investment income (losses)	Remarks
				March 31, 2023	December 31, 2022	Shares	Percentage of ownership			
The Company	Namchow Thailand	Bangkok, Thailand	Manufacturing and selling instant noodles and rice cracker	1,027,405	1,027,405	9,245	100.00 %	2,822,809	81,626	81,626 Note 3
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	33,098	198	198 Note 3
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	12,552,785	90,897	90,897 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 %	12,881	(1,648)	(1,652) 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 %	902,542	130,666	38,478 Note 3
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	763	763	80	80.00 %	241	(3)	(3) Note 3
The Company	Nankyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	690,580	690,580	- (Note 2)	100.00 %	165,116	(21,858)	(21,858) Note 3
The Company	Namchow Consulting Co.	Taipei, Taiwan	Catering services, food and beverage retailing and other consulting	9,200	9,200	500	100.00 %	4,870	(14)	(14) 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 %	546,659	37,528	37,603 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 %	232,903	6,324	6,393 Note 3
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	293,793	293,793	6,705	93.32 %	27,197	7,260	6,775 Notes 1 and 3
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	352,000	352,000	13,100	100.00 %	17,902	8,432	8,435 Notes 1 and 3
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	18,300	18,300	500	100.00 %	2,771	(362)	(362) Note 3
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	100	100	10	10.00 %	30	(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 %	12,541,465	90,814	90,814 Note 3
Namchow Food Co.	Namchow Singapore Pte.	Singapore	The sales service of baking oil and fat product	30,517	2,965	-	80.88 %	20,633	(1,599)	(1,294) Note 3

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

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

Note 3: All intercompany accounts and transactions are eliminated.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Information on investment in mainland China:

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

Unit: thousand dollars

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023	Investment flow during current period		Cumulative investment (amount) from Taiwan as of March 31, 2023	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of March 31, 2023	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Shanghai Qiaohao Co.	Holding of investments and international trade	1,058,525	(3)	-	-	-	-	(31,761)	100.00 %	(31,761) (12b.)	367,327	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	- (12b.)	886	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	836,601	(3)	-	-	-	-	(24,414)	100.00 %	(24,414) (12b.)	391,940	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(3,188)	100.00 %	(3,188) (12b.)	20,067	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	1,151,170	(3)	-	-	-	-	172,148	80.88 %	139,236 (12a.)	11,891,559	982,626
Tianjin Namchow Co.	Manufacturing and selling of edible fat	756,875	(3)	372,813	-	-	372,813	38,203	80.88 %	30,899 (12a.)	1,891,466	45,974
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	121,100	(3)	-	-	-	-	26,863	80.88 %	21,727 (12a.)	747,395	-
Guangzhou Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	33,977	80.88 %	27,481 (12a.)	527,784	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	72,103	80.88 %	58,318 (12a.)	2,028,944	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	676,597	(3)	-	-	-	-	(5,841)	80.88 %	(4,724) (12a.)	913,840	-
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	22,935	80.88 %	18,550 (12a.)	703,330	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	(2,149)	80.88 %	(1,738) (12a.)	175,602	-
Chongqing Namchow Co.	Manufacturing and processing of light cream and frozen dough	1,413,540	(3)	-	-	-	-	6,129	80.88 %	4,957 (12a.)	1,162,085	-
Shanghai Qizhi Co.	Business management and investment consulting services	4,541	(3)	-	-	-	-	27	100.00 %	27 (12b.)	8,574	-
Bao Lai Na Co.	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	7,508	93.00 %	6,982 (12c.)	21,803	35,967

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

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

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

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

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

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of March 31, 2023	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	3,737,519	5,513,137
Lucky Co.	226,649	194,406	1,869,653

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

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

(d) Major shareholders:

Unit: Share		
Shareholder's Name	Shareholding	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 %
Chen, Yu-Wen	18,003,624	6.12 %

(14) Segment information

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

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

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

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

	<u>Edible and non-edible oil products</u>	<u>Detergent products</u>	<u>Frozen dough</u>	<u>Ice cream products</u>	<u>Foods</u>	<u>Catering</u>	<u>Management, rental revenue and others</u>	<u>Adjustments or elimination</u>	<u>Total</u>
Three months ended March 31, 2023									
Revenue:									
Revenue from external customers	\$ 3,130,532	114,568	562,839	345,343	879,652	203,054	34,601	-	5,270,589
Inter-segment revenues	57,507	-	876	7,667	82,421	4,893	32,827	(186,191)	-
Total revenue	\$ 3,188,039	114,568	563,715	353,010	962,073	207,947	67,428	(186,191)	5,270,589
Reportable segment profit or loss	<u>\$ 83,183</u>	<u>4,177</u>	<u>75,337</u>	<u>11,670</u>	<u>90,356</u>	<u>(3,294)</u>	<u>(38,228)</u>	<u>(6,086)</u>	217,115
Interest income and other income									121,774
Other gains and losses									(5,104)
Finance costs									(55,196)
Net income before tax									<u>\$ 278,589</u>
	<u>Edible and non-edible oil products</u>	<u>Detergent products</u>	<u>Frozen dough</u>	<u>Ice cream products</u>	<u>Foods</u>	<u>Catering</u>	<u>Management, rental revenue and others</u>	<u>Adjustments or elimination</u>	<u>Total</u>
Three months ended March 31, 2022									
Revenue:									
Revenue from external customers	\$ 2,986,918	130,103	316,029	246,897	901,318	150,711	26,098	-	4,758,074
Inter-segment revenues	59,975	-	933	8,001	85,093	3,957	47,312	(205,271)	-
Total revenue	\$ 3,046,893	130,103	316,962	254,898	986,411	154,668	73,410	(205,271)	4,758,074
Reportable segment profit or loss	<u>\$ 228,247</u>	<u>(2,621)</u>	<u>30,120</u>	<u>22,038</u>	<u>130,003</u>	<u>(48,901)</u>	<u>(30,069)</u>	<u>(3,694)</u>	325,123
Interest income and other income									76,408
Other gains and losses									6,207
Finance costs									(50,774)
Net income before tax									<u>\$ 356,964</u>

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

- (a) For the three months ended March 31, 2023 and 2022, inter-segment revenues amounted to \$186,191 thousand and \$205,271 thousand, respectively, should be eliminated from total revenue.
- (b) For the three months ended March 31, 2023 and 2022, share of associate loss under equity method amounted to \$6,086 thousand and \$3,694 thousand, respectively, should be eliminated.