

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Six Months Ended June 30, 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.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of material accounting policies	10~12
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	12
(6) Explanation of significant accounts	12~43
(7) Related-party transactions	43
(8) Pledged assets	44
(9) Commitments and contingencies	44~45
(10) Losses Due to Major Disasters	45
(11) Subsequent Events	45
(12) Other	45~46
(13) Other disclosures	
(a) Information on significant transactions	47~50
(b) Information on investees	50~51
(c) Information on investment in mainland China	51
(d) Major shareholders	52
(14) Segment information	52~55



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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Namchow Holdings Co., Ltd. ("the Company") and its subsidiaries ("the Group") as of June 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2023 and 2022, as well as the changes in equity and cash flows for the six months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with 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 \$1,846,662 thousand and \$1,930,305 thousand, both constituting 6% of the consolidated total assets; and the total liabilities amounting to \$1,598,932 thousand and \$1,527,942 thousand, both constituting 9% and 8% of the consolidated total liabilities as of June 30, 2023 and 2022, respectively; as well as the total comprehensive income (loss) amounting to \$(101,594) thousand, \$68,951 thousand, \$(90,816) thousand and \$216,891 thousand, constituting 35%, (79)%, 275% and 28% of the consolidated total comprehensive income (loss) for the three months and six months ended June 30, 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 June 30, 2023 and 2022, and of its consolidated financial performance for the three months and six months ended June 30, 2023 and 2022, as well as its consolidated cash flows for the six months ended June 30, 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)
August 9, 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)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2023, December 31, 2022, and June 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2023		December 31, 2022		June 30, 2022				June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
11XX	Assets							21XX	Liabilities and Equity						
	Current assets:								Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 9,955,352	33	10,494,443	34	10,376,606	33	2100	Short-term borrowings (note 6(l))	\$ 3,717,236	12	3,283,265	11	4,100,570	13
1150	Notes receivable, net (note 6(e))	161,813	1	198,491	1	163,580	1	2110	Short-term commercial paper payable (note 6(l))	349,703	1	299,909	1	-	-
1170	Accounts receivable, net(note 6(e))	1,896,539	6	1,997,850	7	1,923,888	6	2120	Current financial liabilities at fair value through profit or loss						
1200	Other receivables (note (f))	179,061	1	216,401	1	180,215	1		(note 6(b))	3,148	-	-	-	-	-
1220	Current income tax assets	240,036	1	249,130	1	211,873	1	2322	Current portion of long-term borrowings (notes 6(l) and 8)	35,669	-	276,423	1	501,316	2
130x	Inventories (note 6(g))	3,356,231	11	3,671,566	12	4,069,803	13	2130	Contract liabilities (note 6(u))	352,297	1	469,076	2	602,942	2
1410	Prepayments	229,662	1	269,257	1	330,294	1	2170	Accounts payable	1,485,365	5	1,318,949	4	1,559,827	5
1470	Other current assets	86,114	-	88,357	-	699,390	2	2216	Dividend payables (note 6(r))	247	-	-	-	665,747	2
	Total current assets	<u>16,104,808</u>	<u>54</u>	<u>17,185,495</u>	<u>57</u>	<u>17,955,649</u>	<u>58</u>	2219	Other payables (notes 6(p), (v) and 9)	1,487,398	5	1,611,599	5	1,374,950	4
15XX	Non-current assets:							2230	Current income tax liabilities	210,519	1	150,055	-	230,657	1
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(c))	20,842	-	15,872	-	20,480	-	2280	Current lease liabilities (notes 6(o) and 7)	149,979	1	140,486	-	164,244	1
1535	Financial assets at amortised cost—non-current (note 6(d))	699,085	2	-	-	-	-	2399	Other current liabilities	41,942	-	46,041	-	48,757	-
1600	Property, plant and equipment (notes 6(i), 8 and 9)	11,672,965	40	11,954,365	39	11,850,379	38		Total current liabilities	<u>7,833,503</u>	<u>26</u>	<u>7,595,803</u>	<u>24</u>	<u>9,249,010</u>	<u>30</u>
1755	Right-of-use assets (notes 6(j) and 7)	732,006	3	790,211	3	914,592	3	25XX	Non-Current liabilities:						
1760	Investment property (note 6(k))	30,982	-	33,534	-	35,422	-	2530	Bonds payable (note 6(m))	4,894,136	16	4,880,600	16	4,867,063	16
1805	Goodwill	105,417	-	105,417	-	105,417	-	2540	Long-term borrowings (notes 6(l) and 8)	2,956,716	10	3,295,479	11	2,713,919	9
1840	Deferred income tax assets	184,065	1	204,312	1	266,437	1	2550	Provision liabilities—non-current (note 6(n))	10,264	-	10,264	-	10,264	-
1915	Prepayments for equipment	58,765	-	93,360	-	58,134	-	2580	Lease liabilities—non-current (notes 6(o) and 7)	411,962	1	468,911	2	571,464	2
1990	Other non-current assets	77,322	-	81,216	-	86,302	-	2570	Deferred income tax liabilities	1,512,603	5	1,505,493	5	1,474,319	4
	Total non-current assets	<u>13,581,449</u>	<u>46</u>	<u>13,278,287</u>	<u>43</u>	<u>13,337,163</u>	<u>42</u>	2640	Net defined benefit liabilities—non-current	179,871	1	188,608	1	229,810	1
								2670	Other non-current liabilities	121,893	1	138,651	-	152,370	-
									Total non-current liabilities	<u>10,087,445</u>	<u>34</u>	<u>10,488,006</u>	<u>35</u>	<u>10,019,209</u>	<u>32</u>
								2XXX	Total liabilities	<u>17,920,948</u>	<u>60</u>	<u>18,083,809</u>	<u>59</u>	<u>19,268,219</u>	<u>62</u>
									Equity attributable to shareholders of parent (notes 6(r) and (s)):						
								3100	Common stock	2,941,330	10	2,941,330	10	2,941,330	10
								3200	Capital surplus	3,781,097	13	3,682,995	12	3,694,035	12
								3300	Retained earnings:						
								3310	Legal reserve	1,097,451	4	1,039,356	3	1,039,356	3
								3320	Special reserve	1,612,266	5	1,612,266	5	1,612,266	5
								3350	Unappropriated earnings	1,215,433	4	1,486,884	5	1,254,471	4
										<u>3,925,150</u>	<u>13</u>	<u>4,138,506</u>	<u>13</u>	<u>3,906,093</u>	<u>12</u>
								3400	Other equity:						
								3410	Financial statement translation differences for foreign operations	(1,122,330)	(4)	(710,951)	(2)	(789,965)	(3)
								3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	(44,130)	-	(49,100)	-	(44,496)	-
										<u>(1,166,460)</u>	<u>(4)</u>	<u>(760,051)</u>	<u>(2)</u>	<u>(834,461)</u>	<u>(3)</u>
								3500	Treasury stock	(530,114)	(2)	(530,114)	(2)	(530,114)	(2)
									Total equity attributable to shareholders of parent	8,951,003	30	9,472,666	31	9,176,883	29
								36xx	Non-controlling interests (note 6(h))	2,814,306	10	2,907,307	10	2,847,710	9
								3XXX	Total equity	11,765,309	40	12,379,973	41	12,024,593	38
1XXX	Total assets	<u>\$ 29,686,257</u>	<u>100</u>	<u>30,463,782</u>	<u>100</u>	<u>31,292,812</u>	<u>100</u>	2-3XXX	Total liabilities and equity	<u>\$ 29,686,257</u>	<u>100</u>	<u>30,463,782</u>	<u>100</u>	<u>31,292,812</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2023 and 2022

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

		For the three months ended June 30				For the six months ended June 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6(u))	\$ 5,718,733	100	5,149,487	100	\$ 10,989,322	100	9,907,561	100
5000	Operating costs (notes 6(g), (i), (j), (o), (p) and 9)	4,125,418	72	3,729,056	72	8,060,426	73	7,118,038	72
5900	Gross profit	1,593,315	28	1,420,431	28	2,928,896	27	2,789,523	28
6000	Operating expenses (notes 6(e), (f), (i), (j), (o), (p), (s), (v) and 7):								
6100	Selling expenses	739,297	13	683,827	13	1,402,256	13	1,275,527	13
6200	General and administrative expenses	375,459	6	354,142	7	759,471	7	717,496	7
6300	Research and development expenses	93,451	2	113,149	2	172,846	2	200,954	2
6450	Expected credit loss (reversal of impairment loss)	11,419	-	(3,919)	-	3,519	-	(2,809)	-
	Total operating expenses	1,219,626	21	1,147,199	22	2,338,092	22	2,191,168	22
6900	Operating profit	373,689	7	273,232	6	590,804	5	598,355	6
7000	Non-operating income and expenses (notes 6(k), (o), (w) and 7):								
7100	Interest income	62,183	1	60,488	1	124,151	1	117,159	1
7010	Other income	17,952	-	60,477	1	77,758	1	80,214	1
7020	Other gains and losses	26,493	-	16,965	-	21,389	-	23,172	-
7050	Finance costs	(53,142)	(1)	(50,779)	(1)	(108,338)	(1)	(101,553)	(1)
	Total non-operating income and expenses	53,486	-	87,151	1	114,960	1	118,992	1
7900	Profit from continuing operations before tax	427,175	7	360,383	7	705,764	6	717,347	7
7950	Less: Income tax expenses (note 6(q))	137,735	2	140,273	3	249,356	2	267,738	3
	Profit	289,440	5	220,110	4	456,408	4	449,609	4
8300	Other comprehensive income (note 6(r)):								
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	3,289	-	(3,582)	-	4,970	-	(4,313)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will not be reclassified to profit or loss	3,289	-	(3,582)	-	4,970	-	(4,313)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	(581,261)	(10)	(303,357)	(6)	(494,439)	(4)	329,556	4
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(581,261)	(10)	(303,357)	(6)	(494,439)	(4)	329,556	4
8300	Other comprehensive income	(577,972)	(10)	(306,939)	(6)	(489,469)	(4)	325,243	4
	Total comprehensive income	\$ (288,532)	(5)	(86,829)	(2)	\$ (33,061)	-	774,852	8
	Net income attributable to:								
8610	Shareholders of the parent	\$ 241,796	4	161,846	3	\$ 374,910	3	348,546	3
8620	Non-controlling interests	47,644	1	58,264	1	81,498	1	101,063	1
		\$ 289,440	5	220,110	4	\$ 456,408	4	449,609	4
	Total Comprehensive income attributable to:								
8710	Shareholders of the parent	\$ (237,559)	(4)	(102,506)	(2)	\$ (31,499)	-	613,844	6
8720	Non-controlling interests	(50,973)	(1)	15,677	-	(1,562)	-	161,008	2
		\$ (288,532)	(5)	(86,829)	(2)	\$ (33,061)	-	774,852	8
9750	Basic earnings per share (in New Taiwan dollars) (note 6(t))	\$ 0.97		0.65		\$ 1.51		1.40	
9850	Diluted earnings per share (in New Taiwan dollars) (note 6(t))	\$ 0.97		0.65		\$ 1.51		1.40	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent												
							Total other equity interest						
			Retained earnings				Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury stock	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total							
Balance at January 1, 2022	\$ 2,941,330	3,590,865	932,166	1,239,224	2,033,250	4,204,640	(1,059,576)	(40,183)	(1,099,759)	(530,114)	9,106,962	2,728,696	11,835,658
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	107,190	-	(107,190)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	373,042	(373,042)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	100,937	-	-	(647,093)	(647,093)	-	-	-	-	(546,156)	(119,591)	(665,747)
Other changes in capital surplus	-	2,233	-	-	-	-	-	-	-	-	2,233	-	2,233
Net income	-	-	-	-	348,546	348,546	-	-	-	-	348,546	101,063	449,609
Other comprehensive income (loss)	-	-	-	-	-	-	269,611	(4,313)	265,298	-	265,298	59,945	325,243
Total comprehensive income (loss)	-	-	-	-	348,546	348,546	269,611	(4,313)	265,298	-	613,844	161,008	774,852
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	77,597	77,597
Balance at June 30, 2022	\$ 2,941,330	3,694,035	1,039,356	1,612,266	1,254,471	3,906,093	(789,965)	(44,496)	(834,461)	(530,114)	9,176,883	2,847,710	12,024,593
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:													
Legal reserve	-	-	58,095	-	(58,095)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	91,760	-	-	(588,266)	(588,266)	-	-	-	-	(496,506)	(108,097)	(604,603)
Other changes in capital surplus	-	2,814	-	-	-	-	-	-	-	-	2,814	-	2,814
Net income	-	-	-	-	374,910	374,910	-	-	-	-	374,910	81,498	456,408
Other comprehensive income (loss)	-	-	-	-	-	-	(411,379)	4,970	(406,409)	-	(406,409)	(83,060)	(489,469)
Total comprehensive income (loss)	-	-	-	-	374,910	374,910	(411,379)	4,970	(406,409)	-	(31,499)	(1,562)	(33,061)
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	20,186	20,186
Changes in non-controlling interests	-	3,528	-	-	-	-	-	-	-	-	3,528	(3,528)	-
Balance at June 30, 2023	\$ 2,941,330	3,781,097	1,097,451	1,612,266	1,215,433	3,925,150	(1,122,330)	(44,130)	(1,166,460)	(530,114)	8,951,003	2,814,306	11,765,309

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the six months ended June 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the six months ended June 30	
	2023	2022
Cash flows from operating activities:		
Consolidated net income before tax	\$ 705,764	717,347
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	488,523	508,351
Expected credit loss (reversal of impairment loss)	3,519	(2,809)
Interest expense	108,338	101,553
Interest income	(124,151)	(117,159)
Dividend income	(322)	-
Share-based payments	20,186	77,597
Gains on disposal of property, plant and equipment	(1,993)	(692)
Gains on lease modification	-	(4)
Total adjustments to reconcile profit	494,100	566,837
Changes in assets / liabilities relating to operating activities:		
Changes in operating assets:		
Notes receivable	36,678	18,821
Accounts receivables	98,321	(2,533)
Other receivables	37,499	(47,457)
Inventories	316,364	(595,657)
Prepayments	39,595	(15,249)
Other current assets	2,243	6,588
Total changes in operating assets, net	530,700	(635,487)
Changes in operating liabilities:		
Financial liabilities held for trading	3,148	-
Contract liabilities	(116,779)	62,357
Accounts payable	166,416	212,501
Other payables	(107,235)	(123,992)
Other current liabilities	(4,099)	4,963
Net defined benefit liabilities	(8,737)	(17,221)
Total changes in operating liabilities, net	(67,286)	138,608
Total changes in operating assets / liabilities, net	463,414	(496,879)
Total adjustments	957,514	69,958
Cash provided by operating activities	1,663,278	787,305
Interest income received	124,151	117,159
Dividends received	322	-
Interest paid	(82,792)	(71,615)
Income taxes paid	(152,441)	(234,477)
Net cash provided by operating activities	1,552,518	598,372
Cash flows from investing activities:		
Acquisition of financial assets at amortised cost	(699,085)	-
Acquisition of property, plant and equipment	(400,222)	(348,756)
Proceeds from disposal of property, plant and equipment	8,192	3,797
(Increase) decrease in other non-current assets	3,894	(1,259)
Net cash used in investing activities	(1,087,221)	(346,218)
Cash flows from financing activities:		
Increase in short-term borrowings	6,340,648	4,338,694
Decrease in short-term borrowings	(5,814,376)	(2,701,981)
Increase (decrease) in short term commercial paper payable	50,000	(90,000)
Proceeds from long-term borrowings	6,786,000	6,116,000
Repayments of long-term borrowings	(7,312,691)	(6,757,472)
Payment of lease liabilities	(76,079)	(86,631)
Decrease in other non-current liabilities	(3,520)	(13,469)
Cash dividends paid	(604,356)	-
Interest paid	(25,454)	(16,385)
Other current assets	-	(647,082)
Overaging unclaimed dividends	2,814	2,233
Net cash provided by (used in) financing activities	(657,014)	143,907
Effect of exchange rate changes on cash and cash equivalents	(347,374)	250,742
Net (decrease) increase in cash and cash equivalents	(539,091)	646,803
Cash and cash equivalents at beginning of period	10,494,443	9,729,803
Cash and cash equivalents at end of period	\$ 9,955,352	10,376,606

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 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 approved and issued by the Board of Directors on August 9, 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:

(Continued)

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

(4) Summary of material accounting policies

Except the following accounting policies mentioned below, the material 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
			June 30, 2023	December 31, 2022	June 30, 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
			June 30, 2023	December 31, 2022	June 30, 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 %	80.94 %	Note 4
Namchow Food Co.	Chongqing Namchow Food Co., Ltd. (Chongqing Namchow Co.)	Manufacturing and processing of light cream and frozen dough	80.88 %	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 a non-significant subsidiary, and its financial statements have not been reviewed.

Note 4: Namchow Food Co., has submitted the application for A-share listing 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: Namchow 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.

(Continued)

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

	June 30, 2023	December 31, 2022	June 30, 2022
Cash on hand	\$ 10,912	10,583	11,938
Savings and checking deposits	8,154,413	9,988,086	9,807,705
Time deposits	1,709,921	275,008	545,383
Cash equivalents	80,106	220,766	11,580
Total	<u>\$ 9,955,352</u>	<u>10,494,443</u>	<u>10,376,606</u>

(Continued)

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

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	\$ <u>3,148</u>	<u>-</u>	<u>-</u>

The Group uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. The Group reported the following derivatives financial instruments as financial liabilities at fair value through profit or loss without the application of hedge accounting:

	<u>June 30, 2023</u>		
	<u>Contract amount (thousand dollars)</u>	<u>Currency</u>	<u>Maturity dates</u>
Forward contracts	USD 7,000 /	USD/THB	2023.12.1~2023.12.27
	THB 242,635		

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	\$ <u>20,842</u>	<u>15,872</u>	<u>20,480</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 six months ended June 30, 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(x).

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

(d) Financial assets measured at amortized cost

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Time deposits	\$ <u>699,085</u>	<u>-</u>	<u>-</u>

(Continued)

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

The Group has assessed that these financial assets are held to maturity to collect contrcash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(e) Notes and accounts receivable

	June 30, 2023	December 31, 2022	June 30, 2022
Notes receivable	\$ 161,813	198,491	163,580
Accounts receivable	1,929,732	2,028,053	1,948,455
Less: allowance for impairment	<u>33,193</u>	<u>30,203</u>	<u>24,567</u>
	<u>\$ 2,058,352</u>	<u>2,196,341</u>	<u>2,087,468</u>

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

	June 30, 2023		
	Gross carrying amount	Weighted- average expected credit loss rate (%)	Loss allowance provision
Not overdue	\$ 1,900,796	0~100.00	7,419
Overdue 1~30 days	132,723	0.14~50.00	5,595
Overdue 31~60 days	23,269	0.20~70.84	2,744
Overdue 61~90 days	17,446	1.00~100.00	4,877
Overdue 91~180 days	7,520	2.20~100.00	4,676
Overdue 181~365 days	1,162	100.00	1,162
Overdue 365 days past due	<u>8,629</u>	0.75~100.00	<u>6,720</u>
	<u>\$ 2,091,545</u>		<u>33,193</u>

(Continued)

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

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

June 30, 2022			
	Gross carrying amount	Weighted-average expected credit loss rate (%)	Loss allowance provision
Not overdue	\$ 1,885,204	0~2.96	5,818
Overdue 1~30 days	154,083	0.30~30.66	2,475
Overdue 31~60 days	45,028	0.17~66.65	2,944
Overdue 61~90 days	8,016	0.05~100.00	1,655
Overdue 91~180 days	5,598	1.25~100.00	2,236
Overdue 181~365 days	397	1.18~68.28	34
Overdue 365 days past due	13,709	1.18~100.00	13,529
	\$ 2,112,035		28,691

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

	For the six months ended June 30	
	2023	2022
Balance on January 1	\$ 30,203	27,714
Impairment losses recognized (reversed)	3,617	(3,139)
Amounts written off	-	(363)
Effect of changes in exchange rates	(627)	355
Balance on June 30	\$ 33,193	24,567

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

(Continued)

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

(f) Other receivables

	June 30, 2023	December 31, 2022	June 30, 2022
Other receivables	\$ 181,168	218,667	181,907
Less: loss allowance	2,107	2,266	1,692
	\$ 179,061	216,401	180,215

The Group's other receivables which were overdue on June 30, 2023, December 31 and June 30, 2022, have been assessed for impairment losses.

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

	For the six months ended June 30 2023	2022
Balance on January 1	\$ 2,266	1,332
Impairment losses recognized (reversed)	(98)	330
Effect of changes in exchange rates	(61)	30
Balance on June 30	\$ 2,107	1,692

(g) Inventories

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

	June 30, 2023	December 31, 2022	June 30, 2022
Merchandise	\$ 42,719	44,326	43,105
Finished goods	1,537,731	1,594,895	1,772,034
Work in progress	162,951	155,402	190,123
Raw materials	1,291,668	1,460,348	1,606,674
Supplies	313,497	363,220	361,385
Goods in transit	7,665	53,375	96,482
Total	\$ 3,356,231	3,671,566	4,069,803

As of June 30, 2023, December 31 and June 30, 2022, the Group's inventories were not provided as pledged assets.

(Continued)

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

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Loss on decline in market value of inventory	\$ 9,429	2,155	14,902	5,573
Loss on physical count, net	904	455	1,318	1,194
Loss on scrap of inventory	1,198	1,268	1,604	1,372
Income from sale of scrap	(5,634)	(3,699)	(9,876)	(7,256)
Total	<u>\$ 5,897</u>	<u>179</u>	<u>7,948</u>	<u>883</u>

(h) Material non-controlling interests of subsidiaries

Name of subsidiary	The main operating place / register country	Proportion of Non-controlling interests		
		June 30, 2023	December 31, 2022	June 30, 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.

	June 30, 2023	December 31, 2022	June 30, 2022
Current assets	\$ 11,656,640	12,733,682	13,372,937
Non-current assets	6,170,359	5,579,902	5,598,371
Current liabilities	(3,491,467)	(3,395,591)	(4,122,227)
Non-current liabilities	(294,362)	(329,351)	(350,478)
Net assets	<u>\$ 14,041,170</u>	<u>14,588,642</u>	<u>14,498,603</u>
Non-controlling interests	<u>\$ 2,805,601</u>	<u>2,875,923</u>	<u>2,843,241</u>

(Continued)

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

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Revenue	<u>\$ 3,576,496</u>	<u>3,392,717</u>	<u>6,857,406</u>	<u>6,295,591</u>
Net income	\$ 237,534	324,087	409,682	554,643
Other comprehensive income (loss)	-	-	-	-
Total comprehensive income (loss)	<u>\$ 237,534</u>	<u>324,087</u>	<u>409,682</u>	<u>554,643</u>
Total net income attributable to non-controlling interests	<u>\$ 45,413</u>	<u>61,694</u>	<u>78,325</u>	<u>105,708</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 45,413</u>	<u>61,694</u>	<u>78,325</u>	<u>105,708</u>
	For the six months ended June 30			
	2023	2022		
Net Cash flow from operating activities	\$ 1,096,111	496,275		
Net Cash flow used in investing activities	(1,025,949)	(190,245)		
Net Cash flow (used in) from financing activities	(220,019)	98,478		
Effect of exchange rate changes on cash and cash equivalents	(340)	(671)		
Increase (decrease) in cash and cash equivalents	<u>\$ (150,197)</u>	<u>403,837</u>		

(i) **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	-	5,998	19,629	64,198	302,768	392,593
Disposals	-	-	(6,702)	(11,904)	(4,640)	(23,246)
Reclassification	-	46,660	313,350	50,700	(385,452)	25,258
Effect of changes in exchange rates	(47,409)	(187,288)	(149,603)	(86,385)	(8,706)	(479,391)
Balance at June 30, 2023	<u>\$ 2,722,295</u>	<u>6,568,855</u>	<u>7,934,419</u>	<u>4,397,487</u>	<u>257,677</u>	<u>21,880,733</u>
Balance at January 1, 2022	\$ 2,777,223	6,493,094	7,108,275	4,157,325	407,726	20,943,643
Additions	4,881	14,276	10,189	38,983	285,127	353,456
Disposals	-	(738)	(13,746)	(7,675)	(1,941)	(24,100)
Reclassification	-	72,550	168,869	20,253	(249,396)	12,276
Effect of changes in exchange rates	(56,497)	24,222	105,916	57,102	718	131,461
Balance at June 30, 2022	<u>\$ 2,725,607</u>	<u>6,603,404</u>	<u>7,379,503</u>	<u>4,265,988</u>	<u>442,234</u>	<u>21,416,736</u>

(Continued)

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
Depreciation and impairment loss:						
Balance at January 1, 2023	\$ 31,953	2,069,721	4,753,543	3,155,937	-	10,011,154
Depreciation	-	104,875	156,339	143,878	-	405,092
Disposal	-	-	(6,684)	(10,363)	-	(17,047)
Effect of changes in exchange rates	-	(44,810)	(85,370)	(61,251)	-	(191,431)
Balance at June 30, 2023	<u>\$ 31,953</u>	<u>2,129,786</u>	<u>4,817,828</u>	<u>3,228,201</u>	<u>-</u>	<u>10,207,768</u>
Balance at January 1, 2022	\$ 31,953	1,833,166	4,353,862	2,837,551	-	9,056,532
Depreciation	-	103,949	152,205	154,760	-	410,914
Disposal	-	(738)	(13,688)	(6,569)	-	(20,995)
Effect of changes in exchange rates	-	20,395	61,328	38,183	-	119,906
Balance at June 30, 2022	<u>\$ 31,953</u>	<u>1,956,772</u>	<u>4,553,707</u>	<u>3,023,925</u>	<u>-</u>	<u>9,566,357</u>
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>
June 30, 2023	<u>\$ 2,690,342</u>	<u>4,439,069</u>	<u>3,116,591</u>	<u>1,169,286</u>	<u>257,677</u>	<u>11,672,965</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>
June 30, 2022	<u>\$ 2,693,654</u>	<u>4,646,632</u>	<u>2,825,796</u>	<u>1,242,063</u>	<u>442,234</u>	<u>11,850,379</u>

(i) Impairment loss and subsequent reversal

For the six months ended June 30, 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 June 30, 2023, December 31 and June 30, 2022.

(j) 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	-	27,551	12,993	40,544
Modification	-	(18,244)	(13,603)	(31,847)
Effect of changes in exchange rates	(9,547)	(18,382)	(468)	(28,397)
Balance at June 30, 2023	<u>\$ 324,462</u>	<u>841,310</u>	<u>81,882</u>	<u>1,247,654</u>
Balance at January 1, 2022	\$ 329,160	1,138,057	86,659	1,553,876
Additions	-	35,718	19,378	55,096
Modification	-	(18,073)	(17,905)	(35,978)
Effect of changes in exchange rates	7,198	20,424	319	27,941
Balance at June 30, 2022	<u>\$ 336,358</u>	<u>1,176,126</u>	<u>88,451</u>	<u>1,600,935</u>

(Continued)

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

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Accumulated depreciation:				
Balance at January 1, 2023	\$ 100,349	335,602	41,192	477,143
Depreciation	3,516	64,748	13,528	81,792
Modification	-	(18,244)	(13,603)	(31,847)
Effect of changes in exchange rates	(2,965)	(8,136)	(339)	(11,440)
Balance at June 30, 2023	<u>\$ 100,900</u>	<u>373,970</u>	<u>40,778</u>	<u>515,648</u>
Balance at January 1, 2022	\$ 91,954	466,630	49,391	607,975
Depreciation	3,438	78,994	13,358	95,790
Modification	-	(10,974)	(17,481)	(28,455)
Effect of changes in exchange rates	2,021	8,827	185	11,033
Balance at June 30, 2022	<u>\$ 97,413</u>	<u>543,477</u>	<u>45,453</u>	<u>686,343</u>
Carrying value:				
January 1, 2023	<u>\$ 233,660</u>	<u>514,783</u>	<u>41,768</u>	<u>790,211</u>
June 30, 2023	<u>\$ 223,562</u>	<u>467,340</u>	<u>41,104</u>	<u>732,006</u>
January 1, 2022	<u>\$ 237,206</u>	<u>671,427</u>	<u>37,268</u>	<u>945,901</u>
June 30, 2022	<u>\$ 238,945</u>	<u>632,649</u>	<u>42,998</u>	<u>914,592</u>

(k) Investment property

	<u>Buildings</u>
Cost:	
Balance as at January 1, 2023	\$ 72,900
Effect of changes in exchange rates	(2,084)
Balance as at June 30, 2023	<u>\$ 70,816</u>
Balance as at January 1, 2022	\$ 71,842
Effect of changes in exchange rates	1,571
Balance as at June 30, 2022	<u>\$ 73,413</u>
Depreciation:	
Balance as at January 1, 2023	\$ 39,366
Depreciation	1,639
Effect of changes in exchange rates	(1,171)
Balance as at June 30, 2023	<u>\$ 39,834</u>
Balance as at January 1, 2022	\$ 35,562
Depreciation	1,647
Effect of changes in exchange rates	782
Balance as at June 30, 2022	<u>\$ 37,991</u>
Carrying value:	
Balance as at January 1, 2023	<u>\$ 33,534</u>
Balance as at June 30, 2023	<u>\$ 30,982</u>
Balance as at January 1, 2022	<u>\$ 36,280</u>
Balance as at June 30, 2022	<u>\$ 35,422</u>

(Continued)

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

	<u>Buildings</u>
Fair value:	
Balance as at January 1, 2023	\$ <u><u>86,895</u></u>
Balance as at June 30, 2023	\$ <u><u>86,065</u></u>
Balance as at January 1, 2022	\$ <u><u>76,103</u></u>
Balance as at June 30, 2022	\$ <u><u>87,182</u></u>

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

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

<u>Region</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Xuhui Dist., Shanghai	3.22%	3.37%

As of June 30, 2023, December 31 and June 30, 2022, the Group's investment properties were not provided as pledged assets.

(l) Short-term and long-term borrowings

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

(i) Short-term borrowings

	<u>June 30, 2023</u>			
	<u>Currency</u>	<u>Range of interest rates (%)</u>	<u>Year of maturity</u>	<u>Amount</u>
Unsecured loans	RMB	1.85~3.90	2023~2024	\$ 1,861,011
Unsecured loans	TWD	1.60~1.80	2023~2024	1,380,000
Unsecured loans	JPY	0.58~0.98	2023~2024	<u>476,225</u>
Total				<u><u>\$ 3,717,236</u></u>

	<u>December 31, 2022</u>			
	<u>Currency</u>	<u>Range of interest rates (%)</u>	<u>Year of maturity</u>	<u>Amount</u>
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	<u>3,077</u>
Total				<u><u>\$ 3,283,265</u></u>

(Continued)

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

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

As of June 30, 2023, December 31 and June 30, 2022, the unused credit facilities amounted to \$19,460,410 thousand, \$17,150,840 thousand and \$13,153,042 thousand, respectively.

(ii) Short-term commercial paper payable

June 30, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payable	TWD	1.44	2023	\$ 350,000
Discount				(297)
Total				\$ 349,703

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				\$ 299,909

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

As of June 30, 2023, December 31 and June 30, 2022, the unused credit facilities amounted to \$410,000 thousand, \$460,000 thousand and \$780,000 thousand, respectively.

(iii) Long-term borrowings

June 30, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.250~1.275	2038~2039	\$ 624,885
Secured loans	TWD	1.78	2026	100,000
Unsecured loans	JPY	0.99545	2024	21,500
Unsecured loans	TWD	0.95~1.99	2024~2026	2,246,000
Total				\$ 2,992,385
Current				\$ 35,669
Non-current				2,956,716
Total				\$ 2,992,385

(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

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

As of June 30, 2023, December 31 and June 30, 2022, the unused credit facilities amounted to \$3,130,464 thousand, \$1,818,813 thousand and \$4,293,170 thousand, respectively.

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

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

(m) Bonds payable

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

	June 30, 2023	December 31, 2022	June 30, 2022
Secured bonds	\$ 5,000,000	5,000,000	5,000,000
Less: discounts on bonds payable	105,864	119,400	132,937
Total	\$ 4,894,136	4,880,600	4,867,063

(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

- (n) Provisions

	June 30, 2023	December 31, 2022	June 30, 2022
Site restoration	\$ <u>10,264</u>	<u>10,264</u>	<u>10,264</u>

For the six months ended June 30, 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.

(Continued)

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

(o) Lease liabilities

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

	June 30, 2023	December 31, 2022	June 30, 2022
Current	\$ <u>149,979</u>	<u>140,486</u>	<u>164,244</u>
Non-current	\$ <u>411,962</u>	<u>468,911</u>	<u>571,464</u>

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

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>5,921</u>	<u>8,124</u>	<u>12,216</u>	<u>16,385</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>(2,669)</u>	<u>12,159</u>	<u>12,256</u>	<u>24,450</u>
Income from sub-leasing right-of-use assets	\$ <u>(328)</u>	<u>(362)</u>	<u>(657)</u>	<u>(617)</u>
Expenses relating to short-term leases	\$ <u>19,218</u>	<u>12,404</u>	<u>38,490</u>	<u>33,850</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,553</u>	<u>1,695</u>	<u>2,969</u>	<u>3,470</u>

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

	For the six months ended June 30	
	2023	2022
Total cash outflow for leases	\$ <u>141,353</u>	<u>164,169</u>

(p) Employee benefits

(i) Defined benefit plans

In the prior fiscal year, there was no material volatility of the market, material reimbursement and settlement or other material one-time events. As a result, pension cost in the condensed consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate as of December 31, 2022 and 2021.

(Continued)

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 June 30		For the six months ended June 30	
	2023	2022	2023	2022
Operating costs	\$ 3,391	1,297	5,370	2,565
Operating expenses	3,083	3,211	5,096	4,316
Total	<u>\$ 6,474</u>	<u>4,508</u>	<u>10,466</u>	<u>6,881</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 June 30		For the six months ended June 30	
	2023	2022	2023	2022
Operating costs	\$ 13,022	14,886	35,926	30,280
Operating expenses	31,569	26,897	64,259	58,935
Total	<u>\$ 44,591</u>	<u>41,783</u>	<u>100,185</u>	<u>89,215</u>

(iii) Short-term employee benefit

	June 30, 2023	December 31, 2022	June 30, 2022
Compensated absence liabilities (recorded under other payables)	<u>\$ 26,010</u>	<u>28,918</u>	<u>26,801</u>

(q) Income tax

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

ii) Income tax expenses

The components of income tax are as follows:

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Current tax expenses				
Current period	\$ 133,258	140,678	222,883	254,265
Adjustment for prior period	(884)	(1,185)	(884)	(1,185)
	<u>132,374</u>	<u>139,493</u>	<u>221,999</u>	<u>253,080</u>
Deferred tax expense				
Origination and reversal of temporary differences	<u>5,361</u>	<u>780</u>	<u>27,357</u>	<u>14,658</u>
Income tax on continuing operations	<u>\$ 137,735</u>	<u>140,273</u>	<u>249,356</u>	<u>267,738</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.

(r) Capital and other equity

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

	June 30, 2023	December 31, 2022	June 30, 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 June 30, 2023, December 31 and June 30, 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 the six months ended June 30, 2023 and 2022. The reason is that the subsidiaries held by long-term of the Company shares previous years. As of June 30, 2023, December 31 and June 30, 2022, the subsidiaries held the Company's shares as follows:

	June 30, 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	47.85	11.51	\$ 2,203,074	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>June 30, 2022</u>				
	<u>Number of shares (in thousand)</u>	<u>Market price per share</u>	<u>Adjusted cost per share</u>	<u>Total market value</u>	<u>Total treasury stock</u>
Lucky Co.	46,041	45.70	11.51	\$ <u>2,104,086</u>	<u>530,114</u>

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	(411,379)	-	(83,060)	(494,439)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	4,970	-	4,970
Balance as of June 30, 2023	\$ <u>(1,122,330)</u>	<u>(44,130)</u>	<u>164,902</u>	<u>(1,001,558)</u>
Balance as of January 1, 2022	\$ (1,059,576)	(40,183)	207,069	(892,690)
Foreign exchange differences arising from foreign operations	269,611	-	59,945	329,556
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(4,313)	-	(4,313)
Balance as of June 30, 2022	\$ <u>(789,965)</u>	<u>(44,496)</u>	<u>267,014</u>	<u>(567,447)</u>

(s) 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.

(Continued)

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

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

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

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

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

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

Information about restricted shares was as follows:

	2023	2022
Shares outstanding on January 1	3,834	4,125
lost during the year	(148)	-
Shares outstanding on June 30	<u>3,686</u>	<u>4,125</u>

(ii) Compensation cost

	2023	2022
Expenses resulting from RSA	<u>\$ 20,186</u>	<u>77,597</u>

(Continued)

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

(t) Earnings per share

The calculation of the Group's basic earnings per share and diluted earnings per share for the six months ended June 30, 2023 and 2022, were as follows:

(i) Basic earnings per share

	For the three months ended June 30		Unit: thousand of shares For the six months ended June 30	
	2023	2022	2023	2022
Net income attributable to common shareholders of the Company	\$ <u>241,796</u>	<u>161,846</u>	\$ <u>374,910</u>	<u>348,546</u>
Weighted-average number of common shares	<u>248,092</u>	<u>248,092</u>	<u>248,092</u>	<u>248,092</u>
Basic earnings per share (in NT dollars)	\$ <u>0.97</u>	<u>0.65</u>	\$ <u>1.51</u>	<u>1.40</u>

ii) Diluted earnings per share

	For the three months ended June 30		Unit: thousand of shares For the six months ended June 30	
	2023	2022	2023	2022
Net income attributable to common shareholders of the Company (diluted)	\$ <u>241,796</u>	<u>161,846</u>	\$ <u>374,910</u>	<u>348,546</u>
Weighted-average number of common shares (basic)	248,092	248,092	248,092	248,092
Impact of potential common shares:				
Effect of employees' remuneration	<u>90</u>	<u>89</u>	<u>148</u>	<u>201</u>
Weighted-average number of shares outstanding (diluted)	<u>248,182</u>	<u>248,181</u>	<u>248,240</u>	<u>248,293</u>
Diluted earnings per share (in NT dollars)	\$ <u>0.97</u>	<u>0.65</u>	\$ <u>1.51</u>	<u>1.40</u>

(Continued)

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

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended June 30, 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	\$ 3,188,855	-	405,846	-	2,562	108,052	5,887	3,711,202
Taiwan	230,145	105,569	148,963	489,660	111,034	115,941	13,229	1,214,541
Thailand	-	-	-	-	67,222	-	(9,933)	57,289
New Zealand and Australia	-	-	-	-	251,421	-	-	251,421
United states	-	-	-	-	176,525	-	-	176,525
Europe	-	-	-	-	218,813	-	-	218,813
Others	4,475	-	-	-	80,101	4,366	-	88,942
	<u>\$ 3,423,475</u>	<u>105,569</u>	<u>554,809</u>	<u>489,660</u>	<u>907,678</u>	<u>228,359</u>	<u>9,183</u>	<u>5,718,733</u>

(Continued)

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

	For the three months ended June 30, 2022							
	Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
Area of distribution:								
China	\$ 3,172,326	-	218,872	-	1,878	9,160	14,817	3,417,053
Taiwan	230,778	109,924	116,128	361,650	107,913	50,607	15,411	992,411
Thailand	-	-	-	-	49,851	-	664	50,515
New Zealand and Australia	-	-	-	-	210,172	-	-	210,172
United states	-	-	-	-	237,408	-	-	237,408
Europe	-	-	-	-	154,459	-	-	154,459
Others	6,872	-	-	-	76,210	4,387	-	87,469
	\$ 3,409,976	109,924	335,000	361,650	837,891	64,154	30,892	5,149,487

(Continued)

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

	For the six months ended June 30, 2023							
	Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
Area of distribution:								
China	\$ 6,070,244	-	814,102	-	6,872	172,375	15,261	7,078,854
Taiwan	468,418	220,137	303,546	835,003	239,659	249,753	27,457	2,343,973
Thailand	-	-	-	-	125,123	-	1,066	126,189
New Zealand and Australia	-	-	-	-	505,049	-	-	505,049
United states	-	-	-	-	341,805	-	-	341,805
Europe	-	-	-	-	419,228	-	-	419,228
Others	15,345	-	-	-	149,594	9,285	-	174,224
	\$ 6,554,007	220,137	1,117,648	835,003	1,787,330	431,413	43,784	10,989,322

(Continued)

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

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

(Continued)

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

(ii) Contract balance

	June 30, 2023	December 31, 2022	June 30, 2022
Contract liability	<u>\$ 352,297</u>	<u>469,076</u>	<u>602,942</u>

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

The amount of revenue recognized for the six months ended June 30, 2023 and 2022, that was included in the contract liability balance at the beginning of the period was \$174,326 thousand and \$334,754 thousand, respectively.

(v) Remuneration to employees and directors

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

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

For the three months and six months ended June 30, 2023 and 2022, the estimated amounts of employees' compensation were \$2,791 thousand, \$1,927 thousand, \$4,300 thousand and \$4,066 thousand, respectively, and the estimated amounts of directors' remuneration were \$11,164 thousand, \$8,674 thousand, \$17,198 thousand and \$18,297 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.

(Continued)

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

(w) Non-operating income and expenses

(i) Interest income

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest income from bank deposits	\$ <u>62,183</u>	<u>60,488</u>	<u>124,151</u>	<u>117,159</u>

(ii) Other income

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Rental income	\$ 2,459	2,669	4,971	5,292
Other income — other				
Government grants	2,666	41,449	43,415	45,711
Others	12,827	16,359	29,372	29,211
Total other income — Other	<u>15,493</u>	<u>57,808</u>	<u>72,787</u>	<u>74,922</u>
Total other income	\$ <u>17,952</u>	<u>60,477</u>	<u>77,758</u>	<u>80,214</u>

(iii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Gains on disposal of property, plant and equipment	\$ 1,595	371	1,993	692
Gains on lease modification	-	-	-	4
Gains foreign exchange	21,903	23,054	22,669	34,969
Others	2,995	(6,460)	(3,273)	(12,493)
Net other gains and losses	\$ <u>26,493</u>	<u>16,965</u>	<u>21,389</u>	<u>23,172</u>

(iv) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2023	2022	2023	2022
Interest expense	\$ <u>53,142</u>	<u>50,779</u>	<u>108,338</u>	<u>101,553</u>

(Continued)

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

(x) 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
June 30, 2023						
Non-derivative financial liabilities						
Secured loans	\$ 724,885	797,969	45,077	88,374	234,753	429,765
Unsecured loans	5,984,736	6,134,426	3,787,308	1,835,425	511,693	-
Short-term commercial paper payable	349,703	350,000	350,000	-	-	-
Accounts payable	1,485,365	1,485,365	1,485,365	-	-	-
Dividends payable	247	247	247	-	-	-
Other payables	1,487,398	1,487,398	1,487,398	-	-	-
Bonds payable	4,894,136	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	561,941	625,355	170,041	143,222	230,955	81,137
Guarantee deposits received	60	60	60	-	-	-
Derivative financial liabilities						
Other forward exchange contracts:						
Out flow	3,148	3,148	3,148	-	-	-
	<u>\$ 15,491,619</u>	<u>15,883,968</u>	<u>7,328,644</u>	<u>2,067,021</u>	<u>3,977,401</u>	<u>2,510,902</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>
June 30, 2022						
Non-derivative financial liabilities						
Secured loans	\$ 866,956	947,576	46,393	90,335	330,745	480,103
Unsecured loans	6,448,849	6,500,880	4,643,567	954,011	903,302	-
Accounts payable	1,559,827	1,559,827	1,559,827	-	-	-
Dividends payable	665,747	665,747	665,747	-	-	-
Other payables	1,374,950	1,374,950	1,374,950	-	-	-
Bonds payable	4,867,063	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	735,708	832,479	192,877	195,653	295,261	148,688
Guarantee deposits received	60	60	60	-	-	-
	<u>\$ 16,519,160</u>	<u>16,881,519</u>	<u>8,483,421</u>	<u>1,239,999</u>	<u>4,529,308</u>	<u>2,628,791</u>

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>
June 30, 2023			
Financial assets:			
Monetary assets:			
USD	\$ 3,254	31.140	101,329
Financial liabilities:			
Monetary liabilities:			
USD	\$ 6,799	31.140	211,724
EUR	10,765	33.810	363,957
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
June 30, 2022			
Financial assets:			
Monetary assets:			
USD	\$ 3,231	29.720	96,033
Financial liabilities:			
Monetary liabilities:			
USD	\$ 15,778	29.720	468,922
EUR	11,052	31.050	343,150

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation (depreciation) of the TWD against the USD and EUR as of June 30, 2023 and 2022 would have increased (decreased) the net income after tax for the six months ended June 30, 2023 and 2022 by \$4,744 thousand and \$7,160 thousand, respectively. The analysis was performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and six months ended June 30, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized abortions) amounted to \$21,903 thousand, \$23,054 thousand, \$22,669 thousand and \$34,969 thousand, respectively.

(Continued)

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

(iii) Interest rate risk analysis

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

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

If the interest rate had increased / decreased by 1%, the Group's net income before tax would have decreased / increased by \$28,494 thousand and \$33,852 thousand for the six months ended June 30, 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 whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

		June 30, 2023				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income						
Stocks listed on domestic markets		\$ 20,842	20,842	-	-	20,842
Financial liabilities at fair value through profit or loss						
Derivative financial liabilities		\$ 3,148	-	3,148	-	3,148
		December 31, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income						
Stocks listed on domestic markets		\$ 15,872	15,872	-	-	15,872

(Continued)

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

	June 30, 2022				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ <u>20,480</u>	<u>20,480</u>	<u>-</u>	<u>-</u>	<u>20,480</u>

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

a) 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.

b) Derivative financial instrument

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Fair value hierarchy

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

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

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

(Continued)

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

4) Transferring between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 for the six months ended June 30, 2023 and 2022.

(y) 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.

(z) 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.

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

The Group did not have any non-cash flow transactions on the investing and financing activities for the six months ended June 30, 2023 and 2022.

(ab) The reconciliation of liabilities arising from financing activities

For the six months ended June 30, 2023 and 2022, the reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2023	Cash flows	Non-cash changes		June 30, 2023
			Foreign exchange movement	Others	
Short-term borrowings	\$ 3,283,265	526,272	(92,301)	-	3,717,236
Short-term commercial paper payable	299,909	50,000	-	(206)	349,703
Bonds payable	4,880,600	-	-	13,536	4,894,136
Long-term borrowings (including current portion)	3,571,902	(526,691)	(52,826)	-	2,992,385
Lease liabilities	609,397	(88,295)	(11,921)	52,760	561,941
Other non-current liabilities	138,651	(16,758)	-	-	121,893
Total liabilities from financing activities	<u>\$ 12,783,724</u>	<u>(55,472)</u>	<u>(157,048)</u>	<u>66,090</u>	<u>12,637,294</u>

(Continued)

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

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

(7) Related-party transactions

(a) Names and relationship with related parties

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
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 six months ended June 30, 2023 and 2022, the Group recognized the amount of \$44 thousand, \$13 thousand, \$95 thousand and \$31 thousand as interest expense, respectively. As of June 30, 2023, December 31 and June 30, 2022, the balance of lease liabilities amounted to \$12,432 thousand, \$0 thousand and \$4,174 thousand, respectively.

(c) Personnel transactions from key management

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

	<u>For the three months ended June 30</u>		<u>For the six months ended June 30</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 66,042	49,990	\$ 119,387	107,920
Post-employments benefits	522	465	1,021	1,091
	<u>\$ 66,564</u>	<u>50,455</u>	<u>\$ 120,408</u>	<u>109,011</u>

(Continued)

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

(8) Pledged assets

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Property, plant and equipment:				
Land	Long-term borrowings	\$ 1,711,264	1,755,616	1,719,421
Buildings	Long-term borrowings	728,622	786,646	759,771
		<u>\$ 2,439,886</u>	<u>2,542,262</u>	<u>2,479,192</u>

(9) Commitments and contingencies

(a) Major contracts not recognized the commitment:

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Acquisition of property, plant and equipment	\$ <u>109,128</u>	<u>84,812</u>	<u>105,605</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Unused letters of credit for purchases of materials	\$ <u>360,931</u>	<u>929,978</u>	<u>925,902</u>

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

	<u>June 30, 2023</u>	<u>December 31, 2022</u>	<u>June 30, 2022</u>
Long-term letters of credit guarantee bill	\$ <u>392,000</u>	<u>392,000</u>	<u>392,000</u>

(Continued)

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

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

	June 30, 2023
One year	\$ 811
Less than five years	3,246
More than five years	1,082
	<u>\$ 5,139</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.

(12) Other

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

By function By nature	Three months ended June 30, 2023			Three months ended June 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	225,476	353,309	578,785	222,250	358,204	580,454
Labor and health insurance	79,359	44,364	123,723	73,601	38,791	112,392
Pension	16,413	34,652	51,065	16,386	32,951	49,337
Remuneration of directors	-	12,603	12,603	-	9,853	9,853
Others	14,076	33,893	47,969	16,819	62,123	78,942
Depreciation (note 1)	143,322	100,749	244,071	143,017	110,664	253,681
Amortization	-	-	-	-	-	-

(Continued)

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

By function By nature	Six months ended June 30, 2023			Six months ended June 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	526,068	752,076	1,278,144	440,424	732,192	1,172,616
Labor and health insurance	166,357	91,573	257,930	144,006	83,707	227,713
Pension	41,296	69,355	110,651	32,845	63,251	96,096
Remuneration of directors	-	19,794	19,794	-	20,658	20,658
Others	35,532	80,003	115,535	29,833	126,604	156,437
Depreciation (note 1)	287,788	199,096	486,884	299,245	207,459	506,704
Amortization	-	-	-	-	-	-

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses — other gains and losses amounting to \$813 thousand, \$827 thousand, \$1,639 thousand and \$1,647 thousand for the three months ended June 30, 2023 and 2022 and the six months ended June 30, 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.

(Continued)

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 six months ended June 30, 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	562,288	562,288	-	Short term financing	-	Capital for operation	-	-	-	5,611,951 (Note 2)	5,611,951 (Note 2)
2	Shanghai Namchow Co.	Guangzhou Namchow Co.	Other receivable—related parties	Yes	1,355,480	800,861	800,861	-	Short term financing	-	Capital for operation	-	-	-	5,611,951 (Note 2)	5,611,951 (Note 2)
3	Shanghai Namchow Co.	Shanghai Namchow Co.	Other receivable—related parties	Yes	579,643	558,387	558,387	-	Short term financing	-	Capital for operation	-	-	-	5,611,951 (Note 2)	5,611,951 (Note 2)
4	Shanghai Namchow Co.	Tianjin Yoshi Yoshi Co.	Other receivable—related parties	Yes	97,790	-	-	-	Short term financing	-	Capital for operation	-	-	-	5,611,951 (Note 2)	5,611,951 (Note 2)
5	Lucky Co.	NC BVI	Other long term accounts receivable—related parties	Yes	-	-	-	N/A	Short term financing	-	Capital for operation	-	-	-	1,238,264 (Note 1)	1,238,264 (Note 1)

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

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

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the period	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company										
0	The Company	Nankyo Japan Co.	2	8,951,003	1,050,780	999,400	497,725	-	11.17 %	8,951,003	Y	N	N

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

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

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

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

Unit: thousand dollars/thousand of shares

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
The Company	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income—non-current	1,185	16,891	0.05 %	16,891	
Lucky Co.	Stock: The Company	The Company	Financial assets at fair value through comprehensive income—non-current	46,041	2,203,074	15.65 %	2,203,074	Note 1
Lucky Co.	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income—non-current	277	3,951	0.01 %	3,951	

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

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(Continued)

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)	
Lucky Co.	Huaciang Co.	Subsidiary	Purchase	(155,159)	(15) %	Note 1	-	0	(57,633)	(41) %	Note 2
Huaciang Co.	Lucky Co.	Subsidiary	(Sales)	155,159	32 %	Note 1	-	-	57,633	41 %	Note 2
Tianjin Yoshi Yoshi Co.	Tianjin Namchow Co.	Subsidiary	Purchase	141,763	(66) %	Note 1	-	-	(49,261)	67 %	Note 2
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	(Sales)	(141,763)	(11) %	Note 1	-	-	49,261	21 %	Note 2
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	959,566	(20) %	Note 1	-	-	(144,377)	24 %	Note 2
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(959,566)	(74) %	Note 1	-	-	144,377	62 %	Note 2
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	811,195	(17) %	Note 1	-	-	(163,883)	27 %	Note 2
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(811,195)	(50) %	Note 1	-	-	163,883	41 %	Note 2
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	262,763	(6) %	Note 1	-	-	-	- %	Note 2
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(262,763)	(72) %	Note 1	-	-	-	- %	Note 2
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	1,061,021	(23) %	Note 1	-	-	-	- %	Note 2
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,061,021)	(77) %	Note 1	-	-	-	- %	Note 2
Chongqing Qiaoxing Co.	Tianjin Namchow Co.	Subsidiary	Purchase	158,925	(7) %	Note 1	-	-	(31,831)	5 %	Note 2
Tianjin Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(158,925)	(12) %	Note 1	-	-	31,831	14 %	Note 2
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	235,232	(10) %	Note 1	-	-	(47,658)	8 %	Note 2
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(235,232)	(17) %	Note 1	-	-	47,658	90 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	462,047	(20) %	Note 1	-	-	(87,197)	14 %	Note 2
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(462,047)	(29) %	Note 1	-	-	87,197	22 %	Note 2
Guangzhou Yoshi Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	329,010	(66) %	Note 1	-	-	(145,946)	73 %	Note 2
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	(Sales)	(329,010)	(20) %	Note 1	-	-	145,946	37 %	Note 2
Namchow Food Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	474,656	(10) %	Note 1	-	-	(95,569)	16 %	Note 2
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(474,656)	(68) %	Note 1	-	-	95,569	67 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	218,660	(9) %	Note 1	-	-	(46,176)	8 %	Note 2
Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(218,660)	(32) %	Note 1	-	-	46,176	33 %	Note 2
Namchow Food Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	1,114,781	(24) %	Note 1	-	-	(205,000)	34 %	Note 2
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,114,781)	(41) %	Note 1	-	-	205,000	50 %	Note 2

Note 1: Depending on capital movement motor adjustment.

Note 2: All intercompany accounts and transactions are eliminated.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	163,883	2.04	-		163,883 (As of August 9, 2023)	-
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	144,377	2.91	-		144,377 (As of August 9, 2023)	-
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	145,946	0.54	-		81,284 (As of August 9, 2023)	-
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	205,000	2.37	-		205,000 (As of August 9, 2023)	-

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

Note2: Loan to the subsidiary.

(ix) Trading in derivative instruments

Please refer to note 6(b).

(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	141,763	No significant differences	1.29 %
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Accounts receivable	49,261	No significant differences	0.17 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Sales revenue	959,566	No significant differences	8.73 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Accounts receivable	144,377	No significant differences	0.49 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	158,925	No significant differences	1.45 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	31,831	No significant differences	0.11 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Sales revenue	811,195	No significant differences	7.38 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Accounts receivable	163,883	No significant differences	0.55 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	462,047	No significant differences	4.20 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	87,197	No significant differences	0.29 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Sales revenue	329,010	No significant differences	2.99 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Accounts receivable	145,946	No significant differences	0.49 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	262,763	No significant differences	2.39 %
4	Shanghai Namchow Co.	Namchow Food Co.	3	Sales revenue	1,061,021	No significant differences	9.66 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	235,232	No significant differences	2.14 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	47,658	No significant differences	0.16 %

(Continued)

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
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	474,656	No significant differences	4.32 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	95,569	No significant differences	0.32 %
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Sales revenue	218,660	No significant differences	1.99 %
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	46,176	No significant differences	0.16 %
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Sales revenue	1,114,781	No significant differences	10.14%
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Accounts receivable	205,000	No significant differences	0.69 %
7	Namchow Oil and Fat Co.	Huaciang Co.	3	Sales revenue	65,185	No significant differences	0.59 %
7	Namchow Oil and Fat Co.	Huaciang Co.	3	Accounts receivable	17,840	No significant differences	0.06 %
8	Huaciang Co.	Lucky Co.	3	Sales revenue	155,159	No significant differences	1.41 %
8	Huaciang Co.	Lucky Co.	3	Accounts receivable	57,633	No significant differences	0.19 %
9	Namchow Food Co.	Tianjin Namchow Co.	3	Other receivable-related parties	562,288	Determined capital demand	1.89 %
9	Namchow Food Co.	Guangzhou Namchow Co.	3	Other receivable-related parties	800,861	Determined capital demand	2.70 %
9	Namchow Food Co.	Shanghai Namchow Co.	3	Other receivable-related parties	558,387	Determined capital demand	1.88 %

Note 1: Company numbering is as follows:

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

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

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

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

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

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 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
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Book value			
The Company	Namchow Thailand	Bangkok, Thailand	Manufacturing and selling instant noodles and rice cracker	1,027,405	1,027,405	9,245	100.00 %	2,870,708	180,252	180,252	Note 3
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	32,765	449	449	Note 3
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	12,281,387	240,141	240,141	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 %	11,412	(3,112)	(3,120)	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 %	850,094	236,248	143,712	Note 3
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	763	763	80	80.00 %	229	(17)	(14)	Note 3
The Company	Nankyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	690,580	690,580	- (Note 2)	100.00 %	134,162	(43,691)	(43,691)	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 %	4,868	(16)	(16)	Note 3
The Company	Chow Food Co.	Taipei, Taiwan	Development of biotechnology products	-	49,000	- (Note 3)	- %	-	-	-	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 %	577,625	68,434	68,569	Note 3

Unit: thousand dollars/thousand of shares

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				June 30, 2023	December 31, 2022	Shares	Percentage of ownership	Book value			
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 %	228,913	2,279	2,402	Note 3
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	293,793	293,793	6,705	93.32 %	51,636	35,145	32,797	Notes 1 and 3
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	352,000	352,000	13,100	100.00 %	19,381	9,908	9,914	Notes 1 and 3
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	18,300	18,300	500	100.00 %	2,455	(678)	(678)	Note 3
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	100	100	10	10.00 %	29	(17)	(2)	Note 3
Nacia Co.	Namchow Cayman Co.	Gayman Islands British West Indies.	Holding of investments	2,522,207	2,522,207	35,378	100.00 %	12,270,132	240,029	240,029	Note 3
Namchow Food Co.	Namchow Singapore Pte.	Signapore	The sales service of baking oil and fat product	30,517	2,965	-	80.88 %	19,862	(2,521)	(2,039)	Note 3

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

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

Note 3: All intercompany accounts and transactions are eliminated.

(c) Information on investment in mainland China:

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

Unit: thousand dollars

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023	Investment flow during current period		Cumulative investment (amount) from Taiwan as of June 30, 2023	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of June 30, 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)	-	-	-	-	(59,464)	100.00 %	(59,464) (2)b.)	327,801	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	- (2)b.)	856	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	836,601	(3)	-	-	-	-	(41,805)	100.00 %	(41,805) (2)b.)	361,668	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(5,656)	100.00 %	(5,656) (2)b.)	16,969	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	1,151,170	(3)	-	-	-	-	409,682	80.88 %	331,357 (2)a.)	11,235,569	982,626
Tianjin Namchow Co.	Manufacturing and selling of edible fat	756,875	(3)	372,813	-	-	372,813	133,923	80.88 %	108,319 (2)a.)	1,904,210	45,974
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	121,100	(3)	-	-	-	-	90,154	80.88 %	72,918 (2)a.)	772,298	-
Guangzhou Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	93,005	80.88 %	75,224 (2)a.)	556,671	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	183,216	80.88 %	148,188 (2)a.)	2,048,970	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	676,597	(3)	-	-	-	-	32,250	80.88 %	26,084 (2)a.)	913,383	-
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	50,103	80.88 %	40,524 (2)a.)	701,925	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	(1,726)	80.88 %	(1,396) (2)a.)	170,364	-
Chongqing Namchow Co.	Manufacturing and processing of light cream and frozen dough	1,413,540	(3)	-	-	-	-	10,619	80.88 %	8,589 (2)a.)	1,126,577	-
Shanghai Qizhi Co.	Business management and investment consulting services	4,541	(3)	-	-	-	-	61	100.00 %	61 (2)b.)	8,319	-
Bao Lai Na Co.	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	35,384	93.00 %	32,907 (2)c.)	46,330	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 from that has a cooperative relationship with accounting firms of the Republic of China.

b. The financial statements were reviewed by the auditors of the parent company and were recognized as investment income (loss) under the equity method.

c. Others: the financial statements were not reviewed by the auditors of the parent company and were recognized as investment income (loss) under the equity method.

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

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of June 30, 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	5,370,602
Lucky Co.	226,649	194,406	1,857,397

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

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.

(Continued)

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 elimination</u>	<u>Total</u>
Three months ended June 30, 2023									
Revenue:									
Revenue from external customers	\$ 3,423,475	105,569	554,809	489,660	907,678	228,359	9,183	-	5,718,733
Inter-segment revenues	51,154	-	721	6,445	79,661	4,037	60,383	(202,401)	-
Total revenue	\$ 3,474,629	105,569	555,530	496,105	987,339	232,396	69,566	(202,401)	5,718,733
Reportable segment profit or loss	\$ 315,956	(8,696)	(72,104)	73,054	95,650	11,436	(44,099)	2,492	373,689
Interest income and other income									80,135
Other gains and losses									26,493
Finance costs									(53,142)
Net income before tax									\$ 427,175
	<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 June 30, 2022									
Revenue from external customers	\$ 3,409,976	109,924	335,000	361,650	837,891	64,154	30,892	-	5,149,487
Inter-segment revenues	61,658	-	902	6,034	80,786	2,430	43,646	(195,456)	-
Total revenue	\$ 3,471,634	109,924	335,902	367,684	918,677	66,584	74,538	(195,456)	5,149,487
Reportable segment profit or loss	\$ 284,547	(4,974)	28,979	29,121	84,561	(100,042)	(51,238)	2,278	273,232
Interest income and other income									120,965
Other gains and losses									16,965
Finance costs									(50,779)
Net income before tax									\$ 360,383

(Continued)

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

	<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>
Six months ended June 30, 2023									
Revenue:									
Revenue from external customers	\$ 6,554,007	220,137	1,117,648	835,003	1,787,330	431,413	43,784	-	10,989,322
Inter-segment revenues	108,661	-	1,597	14,112	162,082	8,930	93,210	(388,592)	-
Total revenue	\$ 6,662,668	220,137	1,119,245	849,115	1,949,412	440,343	136,994	(388,592)	10,989,322
Reportable segment profit or loss	\$ 399,139	(4,519)	3,233	84,724	186,006	8,142	(82,327)	(3,594)	590,804
Interest income and other income									201,909
Other gains and losses									21,389
Finance costs									(108,338)
Net income before tax									<u>\$ 705,764</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>
Six months ended June 30, 2022									
Revenue:									
Revenue from external customers	\$ 6,396,894	240,027	651,029	608,547	1,739,209	214,865	56,990	-	9,907,561
Inter-segment revenues	121,633	-	1,835	14,035	165,879	6,387	90,958	(400,727)	-
Total revenue	\$ 6,518,527	240,027	652,864	622,582	1,905,088	221,252	147,948	(400,727)	9,907,561
Reportable segment profit or loss	\$ 512,794	(7,595)	59,099	51,159	214,564	(148,943)	(81,307)	(1,416)	598,355
Interest income and other income									197,373
Other gains and losses									23,172
Finance costs									(101,553)
Net income before tax									<u>\$ 717,347</u>

(Continued)

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

- (a) For the three months and six months ended June 30, 2023 and 2022, inter-segment revenues amounted to \$202,401 thousand, \$195,456 thousand, \$388,592 thousand and \$400,727 thousand, respectively, should be eliminated from total revenue.
- (b) For the three months and six months ended June 30, 2023 and 2022, share of associate loss under equity method amounted to \$(2,492) thousand, \$(2,278) thousand, \$3,594 thousand and \$1,416 thousand, respectively, should be eliminated.