

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

Consolidated Financial Statements

**With Independent Auditors' Review Report
For the Nine Months Ended September 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.

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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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months and nine months ended September 30, 2023 and 2022, as well as the changes in equity and cash flows for the nine months then ended and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with 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 \$1,873,005 thousand and \$1,862,089 thousand, both constituting 6% of the consolidated total assets; and the total liabilities amounting to \$1,625,435 thousand and \$1,571,217 thousand, both constituting 9% of the consolidated total liabilities as of September 30, 2023 and 2022, respectively; as well as the total comprehensive income (loss) amounting to \$189,525 thousand, \$(106,906) thousand, \$98,709 thousand and \$109,985 thousand, constituting 25%, (50)%, 13% and 11% of the consolidated total comprehensive income (loss) for the three months and nine months ended September 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 September 30, 2023 and 2022, and of its consolidated financial performance for the three months and nine months ended September 30, 2023 and 2022, as well as its consolidated cash flows for the nine months ended September 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)
November 14, 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

September 30, 2023, December 31, 2022, and September 30, 2022

(Expressed in Thousands of New Taiwan Dollars)

		September 30, 2023		December 31, 2022		September 30, 2022				September 30, 2023		December 31, 2022		September 30, 2022	
Assets		Amount	%	Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%	Amount	%
11XX	Current assets:							21XX	Current liabilities:						
1100	Cash and cash equivalents (note 6(a))	\$ 9,454,001	31	10,494,443	34	9,962,551	33	2100	Short-term borrowings (note 6(l))	\$ 3,807,353	13	3,283,265	11	4,474,707	15
1150	Notes receivable, net (note 6(e))	202,846	1	198,491	1	170,268	1	2110	Short-term commercial paper payable (note 6(l))	384,732	1	299,909	1	44,986	-
1170	Accounts receivable, net(note 6(e))	2,391,145	8	1,997,850	7	1,915,575	6	2120	Current financial liabilities at fair value through profit or loss						
1200	Other receivables (note (f))	189,348	1	216,401	1	196,516	1		(note 6(b))	10,596	-	-	-	-	-
1220	Current income tax assets	216,138	1	249,130	1	231,776	1	2322	Current portion of long-term borrowings (notes 6(l) and 8)	295,981	1	276,423	1	355,341	1
130x	Inventories (note 6(g))	3,342,373	10	3,671,566	12	4,077,239	13	2130	Contract liabilities (note 6(u))	374,565	1	469,076	2	612,326	2
1410	Prepayments	238,018	1	269,257	1	334,242	1	2150	Notes payable	-	-	-	-	2	-
1470	Other current assets	98,035	-	88,357	-	66,728	-	2170	Accounts payable	1,494,193	5	1,318,949	4	1,213,620	4
	Total current assets	<u>16,131,904</u>	<u>53</u>	<u>17,185,495</u>	<u>57</u>	<u>16,954,895</u>	<u>56</u>	2216	Dividend payables	247	-	-	-	-	-
15XX	Non-current assets:							2219	Other payables (notes 6(p), (v) and 9)	1,681,453	6	1,611,599	5	1,445,234	5
1517	Financial assets at fair value through other comprehensive							2230	Current income tax liabilities	244,457	1	150,055	-	148,396	1
	income— non-current (note 6(c))	21,357	-	15,872	-	15,433	-	2280	Current lease liabilities (notes 6(o) and 7)	152,524	-	140,486	-	134,986	-
1535	Financial assets at amortised cost— non-current (note 6(d))	1,479,901	5	-	-	-	-	2399	Other current liabilities	45,497	-	46,041	-	55,726	-
1600	Property, plant and equipment (notes 6(i), 8 and 9)	11,798,523	38	11,954,365	39	11,844,073	39		Total current liabilities	<u>8,491,598</u>	<u>28</u>	<u>7,595,803</u>	<u>24</u>	<u>8,485,324</u>	<u>28</u>
1755	Right-of-use assets (notes 6(j) and 7)	768,839	3	790,211	3	828,315	3	25XX	Non-Current liabilities:						
1760	Investment property (note 6(k))	31,123	-	33,534	-	34,861	-	2530	Bonds payable (note 6(m))	4,900,904	16	4,880,600	16	4,873,831	16
1805	Goodwill	105,417	-	105,417	-	105,417	1	2540	Long-term borrowings (notes 6(l) and 8)	2,665,097	9	3,295,479	11	2,288,642	8
1840	Deferred income tax assets	175,546	1	204,312	1	238,464	1	2550	Provision liabilities— non-current (note 6(n))	10,264	-	10,264	-	10,264	-
1915	Prepayments for equipment	58,977	-	93,360	-	105,378	-	2580	Lease liabilities— non-current (notes 6(o) and 7)	396,246	1	468,911	2	503,938	2
1990	Other non-current assets	71,913	-	81,216	-	90,963	-	2570	Deferred income tax liabilities	1,478,949	5	1,505,493	5	1,463,851	5
	Total non-current assets	<u>14,511,596</u>	<u>47</u>	<u>13,278,287</u>	<u>43</u>	<u>13,262,904</u>	<u>44</u>	2640	Net defined benefit liabilities— non-current	183,308	1	188,608	1	225,933	1
								2670	Other non-current liabilities	110,076	-	138,651	-	139,363	-
									Total non-current liabilities	<u>9,744,844</u>	<u>32</u>	<u>10,488,006</u>	<u>35</u>	<u>9,505,822</u>	<u>32</u>
								2XXX	Total liabilities	<u>18,236,442</u>	<u>60</u>	<u>18,083,809</u>	<u>59</u>	<u>17,991,146</u>	<u>60</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	3,825,807	12	3,682,995	12	3,694,030	12
								3300	Retained earnings:						
								3310	Legal reserve	1,097,451	3	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	1,494,462	5	1,486,884	5	1,353,246	5
										<u>4,204,179</u>	<u>13</u>	<u>4,138,506</u>	<u>13</u>	<u>4,004,868</u>	<u>13</u>
								3400	Other equity:						
								3410	Financial statement translation differences for foreign						
									operations	(744,423)	(2)	(710,951)	(2)	(697,554)	(2)
								3420	Unrealized gains (losses) on financial assets measured at fair						
									value through other comprehensive income	(43,619)	-	(49,100)	-	(49,539)	-
										<u>(788,042)</u>	<u>(2)</u>	<u>(760,051)</u>	<u>(2)</u>	<u>(747,093)</u>	<u>(2)</u>
								3500	Treasury stock	(530,114)	(2)	(530,114)	(2)	(530,114)	(2)
									Total equity attributable to shareholders of parent	<u>9,653,160</u>	<u>31</u>	<u>9,472,666</u>	<u>31</u>	<u>9,363,021</u>	<u>31</u>
								36xx	Non-controlling interests (note 6(h))	<u>2,753,898</u>	<u>9</u>	<u>2,907,307</u>	<u>10</u>	<u>2,863,632</u>	<u>9</u>
								3XXX	Total equity	<u>12,407,058</u>	<u>40</u>	<u>12,379,973</u>	<u>41</u>	<u>12,226,653</u>	<u>40</u>
1XXX	Total assets	<u>\$ 30,643,500</u>	<u>100</u>	<u>30,463,782</u>	<u>100</u>	<u>30,217,799</u>	<u>100</u>	2-3XXX	Total liabilities and equity	<u>\$ 30,643,500</u>	<u>100</u>	<u>30,463,782</u>	<u>100</u>	<u>30,217,799</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 nine months ended September 30, 2023 and 2022

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

		For the three months ended September 30				For the nine months ended September 30			
		2023		2022		2023		2022	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	Operating revenue (note 6(u))	\$ 5,810,068	100	5,054,272	100	16,799,390	100	14,961,833	100
5000	Operating costs (notes 6(g), (i), (j), (o), (p) and 9)	4,072,440	70	3,806,398	75	12,132,866	72	10,924,436	73
5900	Gross profit	1,737,628	30	1,247,874	25	4,666,524	28	4,037,397	27
6000	Operating expenses (notes 6(e), (f), (i), (j), (o), (p), (s), (v) and 7):								
6100	Selling expenses	763,400	13	689,834	14	2,165,656	13	1,965,361	13
6200	General and administrative expenses	410,373	7	342,357	7	1,169,844	7	1,059,853	7
6300	Research and development expenses	142,367	2	101,435	2	315,213	2	302,389	2
6450	Expected credit loss	466	-	3,996	-	3,985	-	1,187	-
	Total operating expenses	1,316,606	22	1,137,622	23	3,654,698	22	3,328,790	22
6900	Operating profit	421,022	8	110,252	2	1,011,826	6	708,607	5
7000	Non-operating income and expenses (notes 6(k), (o), (w) and 7):								
7100	Interest income	64,815	1	59,888	1	188,966	1	177,047	1
7010	Other income	10,020	-	26,133	1	87,778	1	106,347	1
7020	Other gains and losses	9,768	-	5,078	-	31,157	-	28,250	-
7050	Finance costs	(53,219)	(1)	(54,923)	(1)	(161,557)	(1)	(156,476)	(1)
	Total non-operating income and expenses	31,384	-	36,176	1	146,344	1	155,168	1
7900	Profit from continuing operations before tax	452,406	8	146,428	3	1,158,170	7	863,775	6
7950	Less: Income tax expenses (note 6(q))	145,550	3	39,941	1	394,906	2	307,679	2
	Profit	306,856	5	106,487	2	763,264	5	556,096	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	511	-	(5,043)	-	5,481	-	(9,356)	-
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	511	-	(5,043)	-	5,481	-	(9,356)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss								
8361	Exchange differences on translation of foreign financial statements	464,783	8	113,711	2	(29,656)	-	443,267	3
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	464,783	8	113,711	2	(29,656)	-	443,267	3
8300	Other comprehensive income	465,294	8	108,668	2	(24,175)	-	433,911	3
	Total comprehensive income	<u>\$ 772,150</u>	<u>13</u>	<u>215,155</u>	<u>4</u>	<u>739,089</u>	<u>5</u>	<u>990,007</u>	<u>7</u>
	Net income attributable to:								
8610	Shareholders of the parent	\$ 279,029	5	98,776	2	653,939	4	447,321	3
8620	Non-controlling interests	27,827	-	7,711	-	109,325	1	108,775	1
		<u>\$ 306,856</u>	<u>5</u>	<u>106,487</u>	<u>2</u>	<u>763,264</u>	<u>5</u>	<u>556,096</u>	<u>4</u>
	Total Comprehensive income attributable to:								
8710	Shareholders of the parent	\$ 657,447	11	186,143	3	625,948	4	799,987	6
8720	Non-controlling interests	114,703	2	29,012	1	113,141	1	190,020	1
		<u>\$ 772,150</u>	<u>13</u>	<u>215,155</u>	<u>4</u>	<u>739,089</u>	<u>5</u>	<u>990,007</u>	<u>7</u>
9750	Basic earnings per share (in New Taiwan dollars) (note 6(t))	<u>\$ 1.12</u>		<u>0.40</u>		<u>2.64</u>		<u>1.80</u>	
9850	Diluted earnings per share (in New Taiwan dollars) (note 6(t))	<u>\$ 1.12</u>		<u>0.40</u>		<u>2.63</u>		<u>1.80</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 Changes in Equity****For the nine months ended September 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 equity attributable to shareholders of the parent	Non-controlling interests	Total equity	
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total			Total				Treasury stock
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	-	2,228	-	-	-	-	-	-	-	-	2,228	-	2,228
Net income	-	-	-	-	447,321	447,321	-	-	-	-	447,321	108,775	556,096
Other comprehensive income (loss)	-	-	-	-	-	-	362,022	(9,356)	352,666	-	352,666	81,245	433,911
Total comprehensive income (loss)	-	-	-	-	447,321	447,321	362,022	(9,356)	352,666	-	799,987	190,020	990,007
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	64,507	64,507
Balance at September 30, 2022	\$ 2,941,330	3,694,030	1,039,356	1,612,266	1,353,246	4,004,868	(697,554)	(49,539)	(747,093)	(530,114)	9,363,021	2,863,632	12,226,653
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	-	2,762	-	-	-	-	-	-	-	-	2,762	-	2,762
Net income	-	-	-	-	653,939	653,939	-	-	-	-	653,939	109,325	763,264
Other comprehensive income (loss)	-	-	-	-	-	-	(33,472)	5,481	(27,991)	-	(27,991)	3,816	(24,175)
Total comprehensive income (loss)	-	-	-	-	653,939	653,939	(33,472)	5,481	(27,991)	-	625,948	113,141	739,089
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	30,359	30,359
Changes in non-controlling interests	-	48,290	-	-	-	-	-	-	-	-	48,290	(188,812)	(140,522)
Balance at September 30, 2023	\$ 2,941,330	3,825,807	1,097,451	1,612,266	1,494,462	4,204,179	(744,423)	(43,619)	(788,042)	(530,114)	9,653,160	2,753,898	12,407,058

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 nine months ended September 30, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the nine months ended September 30	
	2023	2022
Cash flows from operating activities:		
Consolidated net income before tax	\$ 1,158,170	863,775
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	735,081	752,751
Expected credit loss	3,985	1,187
Interest expense	161,557	156,476
Interest income	(188,966)	(177,047)
Dividend income	(431)	(2,768)
Share-based payments	30,359	64,507
Gains on disposal of property, plant and equipment	2,969	(818)
Impairment loss on non-financial assets	-	9,053
Gains on lease modification	(4)	(8,469)
Total adjustments to reconcile profit	744,550	794,872
Changes in assets / liabilities relating to operating activities:		
Changes in operating assets:		
Notes receivable	(4,355)	12,133
Accounts receivables	(396,934)	1,995
Other receivables	26,667	(64,103)
Inventories	329,320	(603,145)
Prepayments	31,239	(19,197)
Other current assets	(9,678)	(7,832)
Total changes in operating assets, net	(23,741)	(680,149)
Changes in operating liabilities:		
Financial liabilities held for trading	10,596	-
Contract liabilities	(94,511)	71,741
Notes payable	-	2
Accounts payable	175,244	(133,706)
Other payables	110,527	(32,968)
Other current liabilities	(544)	11,932
Net defined benefit liabilities	(5,300)	(21,098)
Total changes in operating liabilities, net	196,012	(104,097)
Total changes in operating assets / liabilities, net	172,271	(784,246)
Total adjustments	916,821	10,626
Cash provided by operating activities	2,074,991	874,401
Interest income received	188,966	177,047
Dividends received	431	2,768
Interest paid	(130,986)	(112,937)
Income taxes paid	(265,290)	(359,077)
Net cash provided by operating activities	1,868,112	582,202
Cash flows from investing activities:		
Acquisition of financial assets at amortised cost	(1,479,901)	-
Acquisition of property, plant and equipment	(574,938)	(571,231)
Proceeds from disposal of property, plant and equipment	9,439	3,794
Decrease (increase) in other non-current assets	9,303	(5,920)
Net cash used in investing activities	(2,036,097)	(573,357)
Cash flows from financing activities:		
Increase in short-term borrowings	8,707,185	9,489,917
Decrease in short-term borrowings	(8,150,287)	(7,496,139)
Increase (decrease) in short term commercial paper payable	85,000	(45,000)
Proceeds from long-term borrowings	10,123,000	8,909,000
Repayments of long-term borrowings	(10,684,616)	(10,128,166)
Payment of lease liabilities	(159,949)	(128,593)
Decrease in other non-current liabilities	(2,661)	(26,476)
Cash dividends paid	(604,356)	(665,747)
Interest paid	(43,764)	(23,232)
Change in non-controlling interests	(140,522)	-
Overaging unclaimed dividends	2,762	2,228
Net cash provided by (used in) financing activities	(868,208)	(112,208)
Effect of exchange rate changes on cash and cash equivalents	(4,249)	336,111
Net (decrease) increase in cash and cash equivalents	(1,040,442)	232,748
Cash and cash equivalents at beginning of period	10,494,443	9,729,803
Cash and cash equivalents at end of period	\$ 9,454,001	9,962,551

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 nine months ended September 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 November 14, 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”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

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

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(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.

(Continued)

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

(b) Basis of consolidation

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			September 30, 2023	December 31, 2022	September 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
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	81.24 %	80.85 %	80.94 %	Note 4

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name investor	Name of investee	Scope of business	Percentage of ownership			Description
			September 30, 2023	December 31, 2022	September 30, 2022	
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.	81.24 %	80.85 %	80.94 %	Note 4
Namchow Food Co.	Tianjin Namchow Food Co., Ltd. (Tianjin Namchow Co.)	Manufacturing, and selling of edible fat	81.24 %	80.85 %	80.94 %	Note 4
Namchow Food Co.	Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow Co.)	Manufacturing, and selling of edible fat	81.24 %	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	81.24 %	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	81.24 %	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	81.24 %	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	81.24 %	80.85 %	80.94 %	Note 4
Namchow Food Co.	Namchow Trading HongKong Limited (Namchow HongKong Co.)	The sales service of baking oil and fat product	81.24 %	- %	- %	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	81.24 %	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	81.24 %	80.85 %	80.94 %	Note 4

Note 1: The Company, directly or indirectly, holds 89.97% shares of NBP Co.

Note 2: The Company, directly or indirectly, holds 99.65% shares of Dian Shui Lou Co. and Namchow Gastronomy Consulting Co.

Note 3: It is an non-significant subsidiary, and its financial statements have not been reviewed.

Note 4: Nanchow Food Co., has submitted the application for A-share listing in the security market of China, thus, the board of directors of the Company has approved the resolution for the subsidiary to increase capital by cash injection and to award new shares of restricted stock on April 28, 2021 and on November 12, 2021. As the result, the Company's ownership percentage in the subsidiary decreased from 96.15% to 81.73% and then to 80.94%. In addition, due to the board of directors resolved to issue the remaining restricted shares on October 28, 2022 and the Company's ownership percentage in the subsidiary decreased further from 80.94% to 80.85% and then to 81.24%. 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% and then to 81.24%.

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

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

(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.

(Continued)

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

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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 11,490	10,583	11,846
Savings and checking deposits	6,885,728	9,988,086	9,286,199
Time deposits	2,431,749	275,008	653,223
Cash equivalents	125,034	220,766	11,283
Total	<u><u>\$ 9,454,001</u></u>	<u><u>10,494,443</u></u>	<u><u>9,962,551</u></u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Financial liabilities held for trading:			
Derivative instruments not used for hedging			
Forward contracts/Swap contracts	<u><u>\$ 10,596</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

(Continued)

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

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:

	September 30, 2023		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	USD 10,100 / THB 353,549	USD/THB	2024.2.12~2024.3.15

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

	September 30, 2023	December 31, 2022	September 30, 2022
Equity investments at fair value through other comprehensive income			
Stocks listed on domestic markets	\$ <u>21,357</u>	<u>15,872</u>	<u>15,433</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 nine months ended September 30, 2023 and 2022, and there was no transfer of any cumulative gain or loss within equity relating to these investments.

(ii) Credit risk 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 — non-current

	September 30, 2023	December 31, 2022	September 30, 2022
Time deposits	\$ <u>1,479,901</u>	<u>-</u>	<u>-</u>

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.

As of September 30, 2023, the aforesaid financial assets were not pledged as collateral.

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

(e) Notes and accounts receivable

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 202,846	198,491	170,268
Accounts receivable	2,424,967	2,028,053	1,943,927
Less: allowance for impairment	33,822	30,203	28,352
	<u>\$ 2,593,991</u>	<u>2,196,341</u>	<u>2,085,843</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:

September 30, 2023			
	Gross carrying amount	Weighted- average expected credit loss rate (%)	Loss allowance provision
Not overdue	\$ 2,461,404	0~50.00	9,075
Overdue 1~30 days	108,709	0.13~50.00	4,288
Overdue 31~60 days	26,065	0.61~69.42	5,459
Overdue 61~90 days	13,521	0.94~100.00	2,129
Overdue 91~180 days	6,060	26.95~100.00	3,336
Overdue 181~365 days	4,088	0.60~100.00	1,569
Overdue 365 days past due	7,966	100.00	7,966
	<u>\$ 2,627,813</u>		<u>33,822</u>

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
	<u>\$ 2,226,544</u>		<u>30,203</u>

(Continued)

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

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

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

	For the nine months ended September 30	
	2023	2022
Balance at beginning of the period	\$ 30,203	27,714
Impairment losses recognized	3,605	529
Amounts written off	(20)	(363)
Effect of changes in exchange rates	34	472
Balance at end of the period	\$ 33,822	28,352

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

(f) Other receivables

	September 30, 2023	December 31, 2022	September 30, 2022
Other receivables	\$ 192,000	218,667	198,553
Less: loss allowance	2,652	2,266	2,037
	\$ 189,348	216,401	196,516

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

(Continued)

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

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

	For the nine months ended September 30	
	2023	2022
Balance at January 1	\$ 2,266	1,332
Impairment losses recognized	380	658
Effect of changes in exchange rates	6	47
Balance at September 30	<u><u>\$ 2,652</u></u>	<u><u>2,037</u></u>

(g) Inventories

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

	September 30, 2023	December 31, 2022	September 30, 2022
Merchandise	\$ 31,701	44,326	51,715
Finished goods	1,617,884	1,594,895	1,742,872
Work in progress	165,295	155,402	219,343
Raw materials	1,186,275	1,460,348	1,589,958
Supplies	305,409	363,220	429,682
Goods in transit	35,809	53,375	43,669
Total	<u><u>\$ 3,342,373</u></u>	<u><u>3,671,566</u></u>	<u><u>4,077,239</u></u>

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

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Loss on (reversal of) decline in market value of inventory	\$ (11,997)	7,425	2,905	12,998
Loss on physical count, net	341	749	1,659	1,943
Loss on scrap of inventory	629	1,203	2,233	2,575
Income from sale of scrap	(4,327)	(3,360)	(14,203)	(10,616)
Total	<u><u>\$ (15,354)</u></u>	<u><u>6,017</u></u>	<u><u>(7,406)</u></u>	<u><u>6,900</u></u>

(h) Material non-controlling interests of subsidiaries

Name of subsidiary	The main operating place / register country	Proportion of Non-controlling interests		
		September 30, 2023	December 31, 2022	September 30, 2022
Namchow Food CO.	China	18.76 %	19.15 %	19.06 %

(Continued)

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

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.

	September 30, 2023	December 31, 2022	September 30, 2022
Current assets	\$ 10,874,892	12,733,682	12,355,812
Non-current assets	7,155,228	5,579,902	5,638,677
Current liabilities	(3,248,660)	(3,395,591)	(3,007,556)
Non-current liabilities	(295,033)	(329,351)	(340,332)
Net assets	<u>\$ 14,486,427</u>	<u>14,588,642</u>	<u>14,646,601</u>
Non-controlling interests	<u>\$ 2,743,771</u>	<u>2,875,923</u>	<u>2,857,175</u>
	For the three months ended September 30 2023	2022	For the nine months ended September 30 2023
Revenue	<u>\$ 3,165,469</u>	<u>2,887,865</u>	<u>10,022,875</u>
Net income	<u>\$ 138,808</u>	<u>30,416</u>	<u>548,490</u>
Other comprehensive income (loss)	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income (loss)	<u>\$ 138,808</u>	<u>30,416</u>	<u>548,490</u>
Total net income attributable to non-controlling interests	<u>\$ 26,538</u>	<u>5,739</u>	<u>104,863</u>
Total comprehensive income attributable to non-controlling interests	<u>\$ 26,538</u>	<u>5,739</u>	<u>104,863</u>
		For the nine months ended September 30	
		2023	2022
Net Cash flow from operating activities		\$ 807,993	(321,831)
Net Cash flow used in investing activities		(1,987,787)	(244,971)
Net Cash flow (used in) from financing activities		(160,233)	66,448
Effect of exchange rate changes on cash and cash equivalents		(912)	(1,031)
Decrease in cash and cash equivalents		<u>\$ (1,340,939)</u>	<u>(501,385)</u>

(Continued)

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

(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	-	8,891	32,339	91,083	416,743	549,056
Disposals	-	(4,182)	(42,329)	(27,275)	(5,010)	(78,796)
Reclassification	-	47,927	332,815	59,377	(413,121)	26,998
Effect of changes in exchange rates	(44,178)	(56,761)	(26,089)	(1,913)	(1,770)	(130,711)
Balance at September 30, 2023	<u>\$ 2,725,526</u>	<u>6,699,360</u>	<u>8,054,481</u>	<u>4,502,150</u>	<u>350,549</u>	<u>22,332,066</u>
Balance at January 1, 2022	\$ 2,777,223	6,493,094	7,108,275	4,157,325	407,726	20,943,643
Additions	4,778	21,696	15,399	54,882	409,322	506,077
Disposals	-	(738)	(15,555)	(15,563)	(1,763)	(33,619)
Reclassification	-	101,782	203,271	59,066	(349,973)	14,146
Effect of changes in exchange rates	(51,665)	60,636	130,873	77,208	2,796	219,848
Balance at September 30, 2022	<u>\$ 2,730,336</u>	<u>6,676,470</u>	<u>7,442,263</u>	<u>4,332,918</u>	<u>468,108</u>	<u>21,650,095</u>
Depreciation and impairment loss:						
Balance at January 1, 2023	\$ 31,953	2,069,721	4,753,543	3,155,937	-	10,011,154
Depreciation	-	156,297	234,889	219,137	-	610,323
Disposal	-	(3,764)	(38,820)	(23,804)	-	(66,388)
Effect of changes in exchange rates	-	(5,614)	(15,188)	(744)	-	(21,546)
Balance at September 30, 2023	<u>\$ 31,953</u>	<u>2,216,640</u>	<u>4,934,424</u>	<u>3,350,526</u>	<u>-</u>	<u>10,533,543</u>
Balance at January 1, 2022	\$ 31,953	1,833,166	4,353,862	2,837,551	-	9,056,532
Depreciation	-	156,072	227,646	229,418	-	613,136
Disposal	-	(738)	(15,362)	(14,543)	-	(30,643)
Impairment loss	-	2,160	6,893	-	-	9,053
Effect of changes in exchange rates	-	29,642	76,117	52,185	-	157,944
Balance at September 30, 2022	<u>\$ 31,953</u>	<u>2,020,302</u>	<u>4,649,156</u>	<u>3,104,611</u>	<u>-</u>	<u>9,806,022</u>
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>
September 30, 2023	<u>\$ 2,693,573</u>	<u>4,482,720</u>	<u>3,120,057</u>	<u>1,151,624</u>	<u>350,549</u>	<u>11,798,523</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>
September 30, 2022	<u>\$ 2,698,383</u>	<u>4,656,168</u>	<u>2,793,107</u>	<u>1,228,307</u>	<u>468,108</u>	<u>11,844,073</u>

(i) Impairment loss and subsequent reversal

For the nine months ended September 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 September 30, 2023, December 31 and September 30, 2022.

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

(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	-	83,399	17,888	101,287
Modification	-	(17,953)	(14,901)	(32,854)
Effect of changes in exchange rates	531	877	(180)	1,228
Balance at September 30, 2023	<u>\$ 334,540</u>	<u>916,708</u>	<u>85,767</u>	<u>1,337,015</u>
Balance at January 1, 2022	\$ 329,160	1,138,057	86,659	1,553,876
Additions	-	50,868	25,868	76,736
Modification	-	(188,297)	(22,716)	(211,013)
Effect of changes in exchange rates	9,774	26,138	380	36,292
Balance at September 30, 2022	<u>\$ 338,934</u>	<u>1,026,766</u>	<u>90,191</u>	<u>1,455,891</u>
Accumulated depreciation:				
Balance at January 1, 2023	\$ 100,349	335,602	41,192	477,143
Depreciation	5,413	97,186	19,708	122,307
Modification	-	(17,067)	(14,901)	(31,968)
Effect of changes in exchange rates	189	550	(45)	694
Balance at September 30, 2023	<u>\$ 105,951</u>	<u>416,271</u>	<u>45,954</u>	<u>568,176</u>
Balance at January 1, 2022	\$ 91,954	466,630	49,391	607,975
Depreciation	5,159	111,692	20,292	137,143
Modification	-	(109,873)	(22,262)	(132,135)
Effect of changes in exchange rates	2,783	11,547	263	14,593
Balance at September 30, 2022	<u>\$ 99,896</u>	<u>479,996</u>	<u>47,684</u>	<u>627,576</u>
Carrying value:				
January 1, 2023	<u>\$ 233,660</u>	<u>514,783</u>	<u>41,768</u>	<u>790,211</u>
September 30, 2023	<u>\$ 228,589</u>	<u>500,437</u>	<u>39,813</u>	<u>768,839</u>
January 1, 2022	<u>\$ 237,206</u>	<u>671,427</u>	<u>37,268</u>	<u>945,901</u>
September 30, 2022	<u>\$ 239,038</u>	<u>546,770</u>	<u>42,507</u>	<u>828,315</u>

(k) Investment property

	<u>Buildings</u>
Cost:	
Balance as at January 1, 2023	\$ 72,900
Effect of changes in exchange rates	116
Balance as at September 30, 2023	<u>\$ 73,016</u>
Balance as at January 1, 2022	\$ 71,842
Effect of changes in exchange rates	2,133
Balance as at September 30, 2022	<u>\$ 73,975</u>

(Continued)

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

	<u>Buildings</u>
Depreciation:	
Balance as at January 1, 2023	\$ 39,366
Depreciation	2,451
Effect of changes in exchange rates	76
Balance as at September 30, 2023	<u><u>\$ 41,893</u></u>
Balance as at January 1, 2022	\$ 35,562
Depreciation	2,472
Effect of changes in exchange rates	1,080
Balance as at September 30, 2022	<u><u>\$ 39,114</u></u>
Carrying value:	
Balance as at January 1, 2023	<u><u>\$ 33,534</u></u>
Balance as at September 30, 2023	<u><u>\$ 31,123</u></u>
Balance as at January 1, 2022	<u><u>\$ 36,280</u></u>
Balance as at September 30, 2022	<u><u>\$ 34,861</u></u>
Fair value:	
Balance as at January 1, 2023	<u><u>\$ 86,895</u></u>
Balance as at September 30, 2023	<u><u>\$ 91,406</u></u>
Balance as at January 1, 2022	<u><u>\$ 76,103</u></u>
Balance as at September 30, 2022	<u><u>\$ 88,176</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>September 30, 2023</u>	<u>September 30, 2022</u>
Xuhui Dist., Shanghai	2.75%	3.20%

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

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

(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

September 30, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	RMB	1.72~3.70	2023~2024	\$ 1,923,547
Unsecured loans	TWD	1.60~1.79	2023~2024	1,375,000
Unsecured loans	JPY	0.57~0.97	2023~2024	504,395
Unsecured loans	THB	4.49	2023	4,411
Total				<u><u>\$ 3,807,353</u></u>

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

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

As of September 30, 2023, December 31 and September 30, 2022, the unused credit facilities amounted to \$19,231,842 thousand, \$17,150,840 thousand and \$14,946,933 thousand, respectively.

(ii) Short-term commercial paper payable

September 30, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payable	TWD	1.44~1.64	2023	\$ 385,000
Discount				(268)
Total				<u><u>\$ 384,732</u></u>

(Continued)

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

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

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

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

As of September 30, 2023, December 31 and September 30, 2022, the unused credit facilities amounted to \$625,000 thousand, \$460,000 thousand and \$765,000 thousand, respectively.

(iii) Long-term borrowings

September 30, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.250~1.275	2038~2039	\$ 619,458
Secured loans	TWD	1.78	2026	360,000
Unsecured loans	JPY	1.01636	2024	21,620
Unsecured loans	TWD	0.95~1.99	2024~2026	1,960,000
Total				<u><u>\$ 2,961,078</u></u>
Current				\$ 295,981
Non-current				2,665,097
Total				<u><u>\$ 2,961,078</u></u>

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				<u><u>\$ 3,571,902</u></u>
Current				\$ 276,423
Non-current				3,295,479
Total				<u><u>\$ 3,571,902</u></u>

(Continued)

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

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

As of September 30, 2023, December 31 and September 30, 2022, the unused credit facilities amounted to \$3,017,391 thousand, \$1,818,813 thousand and \$5,121,081 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Secured bonds	\$ 5,000,000	5,000,000	5,000,000
Less: discounts on bonds payable	99,096	119,400	126,169
Total	\$ 4,900,904	4,880,600	4,873,831

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

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

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

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

- (n) Provisions

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

For the nine months ended September 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.

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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:

	September 30, 2023	December 31, 2022	September 30, 2022
Current	\$ <u>152,524</u>	<u>140,486</u>	<u>134,986</u>
Non-current	\$ <u>396,246</u>	<u>468,911</u>	<u>503,938</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 September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest on lease liabilities	\$ <u>5,634</u>	<u>6,847</u>	<u>17,850</u>	<u>23,232</u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u>6,709</u>	<u>5,488</u>	<u>18,965</u>	<u>29,938</u>
Income from sub-leasing right-of-use assets	\$ <u>(344)</u>	<u>(322)</u>	<u>(1,001)</u>	<u>(939)</u>
Expenses relating to short-term leases	\$ <u>19,162</u>	<u>7,742</u>	<u>57,652</u>	<u>41,592</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>1,873</u>	<u>882</u>	<u>4,842</u>	<u>4,352</u>

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

	For the nine months ended September 30	
	2023	2022
Total cash outflow for leases	\$ <u>258,257</u>	<u>226,768</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.

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

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Operating costs	\$ 3,422	673	8,792	3,238
Operating expenses	3,755	(445)	8,851	3,871
Total	<u>\$ 7,177</u>	<u>228</u>	<u>17,643</u>	<u>7,109</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 September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Operating costs	\$ 23,270	17,023	59,196	47,303
Operating expenses	34,195	31,865	98,454	90,800
Total	<u>\$ 57,465</u>	<u>48,888</u>	<u>157,650</u>	<u>138,103</u>

(iii) Short-term employee benefit

	September 30, 2023	December 31, 2022	September 30, 2022
Compensated absence liabilities (recorded under other payables)	<u>\$ 27,158</u>	<u>28,918</u>	<u>27,793</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 September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Current tax expenses				
Current period	\$ 170,685	22,436	393,568	276,701
Adjustment for prior period	-	-	(884)	(1,185)
	<u>170,685</u>	<u>22,436</u>	<u>392,684</u>	<u>275,516</u>
Deferred tax expense				
Origination and reversal of temporary differences	(25,135)	17,505	2,222	32,163
Income tax on continuing operations	<u>\$ 145,550</u>	<u>39,941</u>	<u>394,906</u>	<u>307,679</u>

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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 nine months ended September 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:

	September 30, 2023	December 31, 2022	September 30, 2022
Share premium	\$ 1,280	1,280	1,280
Overaging unclaimed dividends	9,854	7,092	7,096
Treasury stock	1,284,757	1,284,757	1,284,757
Recognize changes in all equity in subsidiaries	<u>2,529,916</u>	<u>2,389,866</u>	<u>2,400,897</u>
	<u><u>\$ 3,825,807</u></u>	<u><u>3,682,995</u></u>	<u><u>3,694,030</u></u>

(ii) Retained earnings

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

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

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

1) Special earnings reserve

As the Company opted for the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments of \$512,508 thousand, which were previously recognized in shareholders' equity were reclassified to retained earnings. A special reserve is appropriated from retained earnings for the aforementioned reclassification. In addition, during the use, disposal or reclassifications of relevant assets, this special reserve is reverted to distributable earnings proportionately. The carrying amount of above mentioned special reserve amounted to \$512,508 thousand as of September 30, 2023, December 31 and September 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 nine months ended September 30, 2023 and 2022. The reason is that the subsidiaries held by long-term of the Company shares previous years. As of September 30, 2023, December 31 and September 30, 2022, the subsidiaries held the Company's shares as follows:

September 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	49.45	11.51	\$ 2,276,740	530,114

December 31, 2022					
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	45.50	11.51	\$ 2,094,877	530,114

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

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

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

(iv) Other equities (net for tax)

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Non-controlling interests	Total
Balance as of January 1, 2023	\$ (710,951)	(49,100)	247,962	(512,089)
Foreign exchange differences arising from foreign operations	(33,472)	-	3,816	(29,656)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	5,481	-	5,481
Balance as of September 30, 2023	<u>\$ (744,423)</u>	<u>(43,619)</u>	<u>251,778</u>	<u>(536,264)</u>
Balance as of January 1, 2022	\$ (1,059,576)	(40,183)	207,069	(892,690)
Foreign exchange differences arising from foreign operations	362,022	-	81,245	443,267
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(9,356)	-	(9,356)
Balance as of September 30, 2022	<u>\$ (697,554)</u>	<u>(49,539)</u>	<u>288,314</u>	<u>(458,779)</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.

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.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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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	(2,024)	-
Shares outstanding on September 30	<u>1,810</u>	<u>4,125</u>

(ii) Compensation cost

	2023	2022
Expenses resulting from RSA	<u>\$ 30,359</u>	<u>64,507</u>

Unit: thousand of shares

(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 nine months ended September 30, 2023 and 2022, were as follows:

(i) Basic earnings per share

	For the three months ended September 30		Unit: thousand of shares For the nine months ended September 30	
	2023	2022	2023	2022
Net income attributable to common shareholders of the Company	\$ <u>279,029</u>	<u>98,776</u>	<u>653,939</u>	<u>447,321</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>1.12</u>	<u>0.40</u>	<u>2.64</u>	<u>1.80</u>

ii) Diluted earnings per share

	For the three months ended September 30		Unit: thousand of shares For the nine months ended September 30	
	2023	2022	2023	2022
Net income attributable to common shareholders of the Company (diluted)	\$ <u>279,029</u>	<u>98,776</u>	<u>653,939</u>	<u>447,321</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>153</u>	<u>116</u>	<u>191</u>	<u>190</u>
Weighted-average number of shares outstanding (diluted)	<u>248,245</u>	<u>248,208</u>	<u>248,283</u>	<u>248,282</u>
Diluted earnings per share (in NT dollars)	\$ <u>1.12</u>	<u>0.40</u>	<u>2.63</u>	<u>1.80</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(u) Revenue from contracts with customers

(i) Disaggregation of revenue

For the three months ended September 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	\$ 2,806,848	-	384,042	-	3,960	96,767	9,197	3,300,814
Taiwan	247,232	122,989	152,520	652,456	120,187	117,878	14,656	1,427,918
Thailand	-	-	-	-	70,905	-	418	71,323
New Zealand and Australia	-	-	-	-	316,263	-	-	316,263
United states	-	-	-	-	300,202	-	-	300,202
Europe	-	-	-	-	297,644	-	-	297,644
Others	8,050	-	-	-	84,146	3,708	-	95,904
	<u>\$ 3,062,130</u>	<u>122,989</u>	<u>536,562</u>	<u>652,456</u>	<u>1,193,307</u>	<u>218,353</u>	<u>24,271</u>	<u>5,810,068</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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For the three months ended September 30, 2022								
Area of distribution:	Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Total
China	\$ 2,637,040	-	203,845	-	55,342	86,833	2,240	2,985,300
Taiwan	242,995	121,596	127,271	481,062	127,521	81,269	11,499	1,193,213
Thailand	-	-	-	-	51,936	-	375	52,311
New Zealand and Australia	-	-	-	-	279,369	-	-	279,369
United states	-	-	-	-	231,860	-	-	231,860
Europe	-	-	-	-	222,214	-	-	222,214
Others	10,704	-	-	-	75,462	3,839	-	90,005
	<u>\$ 2,890,739</u>	<u>121,596</u>	<u>331,116</u>	<u>481,062</u>	<u>1,043,704</u>	<u>171,941</u>	<u>14,114</u>	<u>5,054,272</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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For the nine months ended September 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	\$ 8,877,092	-	1,198,144	-	10,832	269,142	24,458	10,379,668
Taiwan	715,650	343,126	456,066	1,487,459	359,846	367,631	42,113	3,771,891
Thailand	-	-	-	-	196,028	-	1,484	197,512
New Zealand and Australia	-	-	-	-	821,312	-	-	821,312
United states	-	-	-	-	642,007	-	-	642,007
Europe	-	-	-	-	716,872	-	-	716,872
Others	23,395	-	-	-	233,740	12,993	-	270,128
	<u>\$ 9,616,137</u>	<u>343,126</u>	<u>1,654,210</u>	<u>1,487,459</u>	<u>2,980,637</u>	<u>649,766</u>	<u>68,055</u>	<u>16,799,390</u>

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

	For the nine months ended September 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	\$ 8,530,344	-	609,638	-	60,356	147,582	27,607	9,375,527
Taiwan	735,431	361,623	372,507	1,089,609	363,477	226,635	41,860	3,191,142
Thailand	-	-	-	-	143,548	-	1,637	145,185
New Zealand and Australia	-	-	-	-	744,023	-	-	744,023
United states	-	-	-	-	703,145	-	-	703,145
Europe	-	-	-	-	557,120	-	-	557,120
Others	21,858	-	-	-	211,244	12,589	-	245,691
	\$ 9,287,633	361,623	982,145	1,089,609	2,782,913	386,806	71,104	14,961,833

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

(ii) Contract balance

	September 30, 2023	December 31, 2022	September 30, 2022
Contract liability	<u>\$ 374,565</u>	<u>469,076</u>	<u>612,326</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 nine months ended September 30, 2023 and 2022, that was included in the contract liability balance at the beginning of the period was \$221,388 thousand and \$393,816 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 nine months ended September 30, 2023 and 2022, the estimated amounts of employees' compensation were \$3,256 thousand, \$1,117 thousand, \$7,556 thousand and \$5,183 thousand, respectively, and the estimated amounts of directors' remuneration were \$13,028 thousand, \$5,029 thousand, \$30,226 thousand and \$23,326 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.

For the years ended December 31, 2022 and 2021, the remunerations to employees amounted to \$6,645 thousand and \$13,343 thousand, and the remunerations to directors amounted to \$26,578 thousand and \$53,372 thousand, respectively. The amounts are identical to those of the actual distributions. The information is available on the Market Observation Post System.

(w) Non-operating income and expenses

(i) Interest income

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest income from bank deposits	<u>\$ 64,815</u>	<u>59,888</u>	<u>188,966</u>	<u>177,047</u>

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

(ii) Other income

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Rental income	\$ 3,513	2,652	8,484	7,944
Dividend income	431	2,768	431	2,768
Other income — other				
Government grants	1,596	5,080	45,011	50,791
Others	<u>4,480</u>	<u>15,633</u>	<u>33,852</u>	<u>44,844</u>
Total other income — Other	<u>6,076</u>	<u>20,713</u>	<u>78,863</u>	<u>95,635</u>
Total other income	<u>\$ 10,020</u>	<u>26,133</u>	<u>87,778</u>	<u>106,347</u>

(iii) Other gains and losses

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Gains (Losses) on disposal of property, plant and equipment	\$ (4,962)	126	(2,969)	818
Gains on lease modification	4	8,465	4	8,469
Gains foreign exchange	12,713	21,491	35,382	56,460
Recognize impairment loss	-	(9,053)	-	(9,053)
Others	<u>2,013</u>	<u>(15,951)</u>	<u>(1,260)</u>	<u>(28,444)</u>
Net other gains and losses	<u>\$ 9,768</u>	<u>5,078</u>	<u>31,157</u>	<u>28,250</u>

(iv) Finance costs

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Interest expense	<u>\$ 53,219</u>	<u>54,923</u>	<u>161,557</u>	<u>156,476</u>

(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.

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

(i) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	More than 5 years
September 30, 2023						
Non-derivative financial liabilities						
Secured loans	\$ 979,458	1,071,215	49,947	93,485	506,504	421,279
Unsecured loans	5,788,973	5,883,258	4,112,754	1,559,720	210,784	-
Short-term commercial paper payable	384,732	350,000	350,000	-	-	-
Accounts payable	1,494,193	1,494,193	1,494,193	-	-	-
Dividends payable	247	247	247	-	-	-
Other payables	1,681,453	1,681,453	1,681,453	-	-	-
Bonds payable	4,900,904	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	548,770	609,135	172,037	136,226	233,913	66,959
Guarantee deposits received	60	60	60	-	-	-
Derivative financial liabilities						
Other forward exchange contracts:						
Out flow	10,596	10,596	10,596	-	-	-
	<u>\$ 15,789,386</u>	<u>16,100,157</u>	<u>7,871,287</u>	<u>1,789,431</u>	<u>3,951,201</u>	<u>2,488,238</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>
September 30, 2022						
Non-derivative financial liabilities						
Secured loans	\$ 897,828	978,334	47,558	91,882	365,691	473,203
Unsecured loans	6,220,862	6,271,913	4,859,354	610,745	801,814	-
Short-term commercial paper payable	44,986	45,000	45,000	-	-	-
Notes payable	2	2	2	-	-	-
Accounts payable	1,213,620	1,213,620	1,213,620	-	-	-
Other payables	1,445,234	1,445,234	1,445,234	-	-	-
Bonds payable	4,873,831	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	638,924	724,547	159,596	166,911	265,373	132,667
Guarantee deposits received	60	60	60	-	-	-
	<u>\$ 15,335,347</u>	<u>15,678,710</u>	<u>7,770,424</u>	<u>869,538</u>	<u>4,432,878</u>	<u>2,605,870</u>

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

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(ii) Liquidity risk — Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
September 30, 2023			
Financial assets:			
Monetary assets:			
USD	\$ 13,197	32.270	425,879
Financial liabilities:			
Monetary liabilities:			
USD	\$ 1,098	32.270	35,449
EUR	9,964	33.910	337,878
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
September 30, 2022			
Financial assets:			
Monetary assets:			
USD	\$ 4,118	31.750	130,753
Financial liabilities:			
Monetary liabilities:			
USD	\$ 2,909	31.750	92,354
EUR	10,065	31.260	314,641

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation (depreciation) of the TWD against the USD and EUR as of September 30, 2023 and 2022 would have increased (decreased) the net income after tax for the nine months ended September 30, 2023 and 2022 by \$526 thousand and \$2,762 thousand, respectively. The analysis was performed on the same basis for both periods.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the three months and nine months ended September 30, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized abortions) amounted to \$12,713 thousand, \$21,491 thousand, \$35,382 thousand and \$56,460 thousand, respectively.

(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 \$21,426 thousand and \$48,491 thousand for the nine months ended September 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:

	September 30, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ <u>21,357</u>	<u>21,357</u>	<u>-</u>	<u>-</u>	<u>21,357</u>
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	\$ <u>10,596</u>	<u>-</u>	<u>10,596</u>	<u>-</u>	<u>10,596</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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		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
		September 30, 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		\$ 15,433	15,433	-	-
					15,433

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.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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- b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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

4) Transferring between Level 1 and Level 2

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

(ab) The reconciliation of liabilities arising from financing activities

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

	January 1, 2023	Cash flows	Non-cash changes		September 30, 2023
			Foreign exchange movement	Others	
Short-term borrowings	\$ 3,283,265	556,898	(32,810)	-	3,807,353
Short-term commercial paper payable	299,909	85,000	-	(177)	384,732
Bonds payable	4,880,600	-	-	20,304	4,900,904
Long-term borrowings (including current portion)	3,571,902	(561,616)	(49,208)	-	2,961,078
Lease liabilities	609,397	(177,799)	(1,075)	118,247	548,770
Other non-current liabilities	138,651	(28,575)	-	-	110,076
Total liabilities from financing activities	<u>\$ 12,783,724</u>	<u>(126,092)</u>	<u>(83,093)</u>	<u>138,374</u>	<u>12,712,913</u>

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

(7) Related-party transactions

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties—leases

The Group entered into a two-year lease agreement with its key management personnel for a building to be used for its business operation, with a rental fee based on the rental rates within the vicinity. For the nine months ended September 30, 2023 and 2022, the Group recognized the amount of \$37 thousand, \$7 thousand, \$132 thousand and \$38 thousand as interest expense, respectively. As of September 30, 2023, December 31 and September 30, 2022, the balance of lease liabilities amounted to \$10,377 thousand, \$0 thousand and \$2,090 thousand, respectively.

(c) Personnel transactions from key management

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

	For the three months ended September 30		For the nine months ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 62,214	59,244	\$ 181,601	167,164
Post-employments benefits	540	443	1,561	1,534
	<u>\$ 62,754</u>	<u>59,687</u>	<u>\$ 183,162</u>	<u>168,698</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:

Pledged assets	Object	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment:				
Land	Long-term borrowings	\$ 1,714,323	1,755,616	1,724,264
Buildings	Long-term borrowings	726,225	786,646	759,256
		<u>\$ 2,440,548</u>	<u>2,542,262</u>	<u>2,483,520</u>

(9) Commitments and contingencies

(a) Major contracts not recognized the commitment:

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

	September 30, 2023	December 31, 2022	September 30, 2022
Acquisition of property, plant and equipment	<u>\$ 169,324</u>	<u>84,812</u>	<u>70,908</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Unused letters of credit for purchases of materials	<u>\$ 995,169</u>	<u>929,978</u>	<u>852,597</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
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.

	September 30, 2023
One year	\$ 814
Less than five years	3,255
More than five years	882
	<u>\$ 4,951</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 September 30, 2023			Three months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	277,713	358,080	635,793	227,601	351,417	579,018
Labor and health insurance	95,496	47,095	142,591	79,297	46,559	125,856
Pension	26,692	37,950	64,642	17,696	31,420	49,116
Remuneration of directors	-	14,628	14,628	-	6,211	6,211
Others	25,088	38,545	63,633	16,473	17,533	34,006
Depreciation (note 1)	147,757	97,989	245,746	138,613	104,962	243,575
Amortization	-	-	-	-	-	-

(Continued)

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

By function By nature	Nine months ended September 30, 2023			Nine months ended September 30, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	803,781	1,110,156	1,913,937	668,025	1,083,609	1,751,634
Labor and health insurance	261,853	138,668	400,521	223,303	130,266	353,569
Pension	67,988	107,305	175,293	50,541	94,671	145,212
Remuneration of directors	-	34,422	34,422	-	26,869	26,869
Others	60,620	118,548	179,168	46,306	144,137	190,443
Depreciation (note 1)	435,545	297,085	732,630	437,858	312,421	750,279
Amortization	-	-	-	-	-	-

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses— other gains and losses amounting to \$812 thousand, \$825 thousand, \$2,451 thousand and \$2,472 thousand for the three months ended September 30, 2023 and 2022 and the nine months ended September 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.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the nine months ended September 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	Namchow Food Co.	Tianjin Namchow Co.	Other receivable—related parties	Yes	583,692	579,753	579,753	-	Short term financing	-	Capital for operation	-	-	-	5,789,907 (Note 2)	5,789,907 (Note 2)
2	Namchow Food Co.	Guangzhou Namchow Co.	Other receivable—related parties	Yes	1,355,480	825,736	825,736	-	Short term financing	-	Capital for operation	-	-	-	5,789,907 (Note 2)	5,789,907 (Note 2)
3	Namchow Food Co.	Shanghai Namchow Co.	Other receivable—related parties	Yes	579,643	575,731	575,731	-	Short term financing	-	Capital for operation	-	-	-	5,789,907 (Note 2)	5,789,907 (Note 2)
4	Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Other receivable—related parties	Yes	97,790	-	-	-	Short term financing	-	Capital for operation	-	-	-	5,789,907 (Note 2)	5,789,907 (Note 2)

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

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

(ii) Guarantees and endorsements for other parties:

Unit: thousand dollars

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the period	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company										
0	The Company	Nankyo Japan Co.	2	9,653,160	1,050,780	1,014,540	526,015	-	10.51 %	9,653,160	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	17,306	0.05 %	17,306	
Lucky Co.	Stock: The Company	The Company	Financial assets at fair value through comprehensive income—non-current	46,041	2,276,740	15.65 %	2,276,740	Note 1
Lucky Co.	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income—non-current	277	4,051	0.01 %	4,051	

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

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

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

Unit: thousand dollars

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts / notes receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Lucky Co.	Huaciang Co.	Subsidiary	Purchase	161,956	18 %	Note 1	-	-	(408)	- %	Note 2
Huaciang Co.	Lucky Co.	Subsidiary	(Sales)	(161,956)	(21) %	Note 1	-	-	408	- %	Note 2
Tianjin Yoshi Yoshi Co.	Tianjin Namchow Co.	Subsidiary	Purchase	215,937	63 %	Note 1	-	-	(26,117)	56 %	Note 2
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	(Sales)	(215,937)	(11) %	Note 1	-	-	26,117	10 %	Note 2
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	1,387,810	20 %	Note 1	-	-	(184,824)	23 %	Note 2
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,387,810)	(73) %	Note 1	-	-	184,824	73 %	Note 2
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	1,211,729	18 %	Note 1	-	-	(171,523)	22 %	Note 2
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,211,729)	(51) %	Note 1	-	-	171,523	46 %	Note 2
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	357,269	5 %	Note 1	-	-	(43,341)	5 %	Note 2
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(357,269)	(71) %	Note 1	-	-	43,341	64 %	Note 2
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	1,545,310	23 %	Note 1	-	-	(40,125)	5 %	Note 2
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,545,310)	(78) %	Note 1	-	-	40,125	45 %	Note 2
Chongqing Qiaoxing Co.	Tianjin Namchow Co.	Subsidiary	Purchase	250,867	8 %	Note 1	-	-	(37,757)	5 %	Note 2
Tianjin Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(250,867)	(13) %	Note 1	-	-	37,757	15 %	Note 2
Chongqing Qiaoxing Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	139,956	4 %	Note 1	-	-	(19,762)	4 %	Note 2
Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(139,956)	(28) %	Note 1	-	-	19,762	29 %	Note 2
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	348,645	10 %	Note 1	-	-	(49,852)	6 %	Note 2
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(348,645)	(18) %	Note 1	-	-	49,852	55 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	684,042	20 %	Note 1	-	-	(94,280)	12 %	Note 2
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(684,042)	(29) %	Note 1	-	-	94,280	25 %	Note 2
Guangzhou Yoshi Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	459,719	64 %	Note 1	-	-	(110,799)	78 %	Note 2
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	(Sales)	(459,719)	(19) %	Note 1	-	-	110,799	29 %	Note 2
Namchow Food Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	645,291	9 %	Note 1	-	-	(77,387)	10 %	Note 2
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(645,291)	(68) %	Note 1	-	-	77,387	68 %	Note 2
Chongqing Qiaoxing Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	310,178	9 %	Note 1	-	-	(36,967)	5 %	Note 2
Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(310,178)	(32) %	Note 1	-	-	36,967	32 %	Note 2
Namchow Food Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	1,682,197	25 %	Note 1	-	-	(235,673)	30 %	Note 2
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,682,197)	(42) %	Note 1	-	-	235,673	52 %	Note 2

Note 1: Depending on capital movement motor adjustment.

Note 2: All intercompany accounts and transactions are eliminated.

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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	171,523	6.91	-		171,523 (As of November 14, 2023)	-
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	184,824	7.80	-		184,824 (As of November 14, 2023)	-
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	110,799	3.39	-		17,600 (As of November 14, 2023)	-
Namchow Food Co.	Chongqing Qiaoxing Co.	Subsidiary	212,381	-	-		212,381 (As of November 14, 2023)	-
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	235,673 (Note 2)	6.95	-		235,673 (As of November 14, 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	215,937	No significant differences	1.29 %
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Accounts receivable	26,117	No significant differences	0.09 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Sales revenue	1,387,810	No significant differences	8.26 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Accounts receivable	184,824	No significant differences	0.60 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	250,867	No significant differences	1.49 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	37,757	No significant differences	0.12 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Sales revenue	1,211,729	No significant differences	7.21 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Accounts receivable	171,523	No significant differences	0.56 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	684,042	No significant differences	4.07 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	94,280	No significant differences	0.31 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Sales revenue	459,719	No significant differences	2.74 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Accounts receivable	110,799	No significant differences	0.36 %

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No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	357,269	No significant differences	2.13 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	43,341	No significant differences	0.14 %
3	Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Sales revenue	139,956	No significant differences	0.83 %
3	Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	19,762	Determined capital demand	0.06 %
4	Shanghai Namchow Co.	Namchow Food Co.	3	Sales revenue	1,545,310	No significant differences	9.20 %
4	Shanghai Namchow Co.	Namchow Food Co.	3	Accounts receivable	40,125	Determined capital demand	0.13 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	348,645	No significant differences	2.08 %
4	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	49,852	No significant differences	0.16 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	645,291	No significant differences	3.84 %
5	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	77,387	No significant differences	0.25 %
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Sales revenue	310,178	No significant differences	1.85 %
5	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	36,967	No significant differences	0.12 %
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Sales revenue	1,682,197	No significant differences	10.01 %
6	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Accounts receivable	235,673	No significant differences	0.77 %
7	Namchow Oil and Fat Co.	Huaciang Co.	3	Sales revenue	97,226	No significant differences	0.58 %
7	Namchow Oil and Fat Co.	Huaciang Co.	3	Accounts receivable	22,067	No significant differences	0.07 %
8	Huaciang Co.	Lucky Co.	3	Sales revenue	161,956	No significant differences	0.96 %
8	Huaciang Co.	Lucky Co.	3	Accounts receivable	408	No significant differences	- %
9	Namchow Food Co.	Tianjin Namchow Co.	3	Other receivable-related parties	579,753	Determined capital demand	1.89 %
9	Namchow Food Co.	Guangzhou Namchow Co.	3	Other receivable-related parties	825,736	Determined capital demand	2.69 %
9	Namchow Food Co.	Shanghai Namchow Co.	3	Other receivable-related parties	575,731	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.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the nine months ended September 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
				September 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 %	3,081,489	394,140	394,140	Note 3
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	32,750	412	412	Note 3
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	12,779,610	315,424	315,424	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 %	10,227	(4,288)	(4,306)	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 %	950,522	335,143	242,279	Note 3
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	763	763	80	80.00 %	239	(5)	(4)	Note 3
The Company	Nankyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	690,580	690,580	- (Note 2)	100.00 %	113,506	(65,396)	(65,396)	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 %	4,854	(30)	(30)	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 %	611,578	102,343	102,522	Note 3
The Company	Huaciang Co.	Taipei, Taiwan	Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food	392,341	392,341	30,000	100.00 %	234,555	7,883	8,044	Note 3
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	293,793	293,793	6,705	93.32 %	66,563	49,244	45,954	Notes 1 and 3
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	352,000	352,000	13,100	100.00 %	20,189	10,724	10,723	Notes 1 and 3
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	18,300	18,300	500	100.00 %	2,092	(1,041)	(1,041)	Note 3
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	100	100	10	10.00 %	30	(5)	(1)	Note 3
Nacia Co.	Namchow Cayman Co.	Gayman Islands British West Indies.	Holding of investments	2,522,207	2,522,207	35,378	100.00 %	12,768,075	314,937	314,937	Note 3
Namchow Food Co.	Namchow Singapore Pte.	Signapore	The sales service of baking oil and fat product	30,517	2,965	-	81.24 %	19,741	(3,105)	(2,512)	Note 3
Namchow Food Co.	Namchow Hongkong Co.	Hongkong	The sales service of baking oil and fat product	31,408	-	-	81.24 %	24,994	(845)	(684)	Note 3

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

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

Note 3: All intercompany accounts and transactions are eliminated.

(c) Information on investment in mainland China:

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

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023	Investment flow during current period		Cumulative investment (amount) from Taiwan as of September 30, 2023	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of September 30, 2023	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Shanghai Qiaohao Co.	Holding of investments and international trade	1,110,279	(3)	-	-	-	-	(87,370)	100.00 %	(87,370) ((2)b.)	362,570	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	- ((2)b.)	883	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	836,601	(3)	-	-	-	-	(59,084)	100.00 %	(59,084) ((2)b.)	355,407	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(7,322)	100.00 %	(7,322) ((2)b.)	15,805	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	1,142,918	(3)	-	-	-	-	548,490	81.24 %	443,627 ((2)a.)	11,742,656	982,626
Tianjin Namchow Co.	Manufacturing and selling of edible fat	795,379	(3)	372,813	-	-	372,813	187,693	81.24 %	151,809 ((2)a.)	2,096,014	45,974
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	136,840	(3)	-	-	-	-	127,035	81.24 %	102,748 ((2)a.)	909,136	-
Guangzhou Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	130,041	81.24 %	105,179 ((2)a.)	606,941	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	255,224	81.24 %	206,429 ((2)a.)	2,181,611	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	824,810	(3)	-	-	-	-	33,302	81.24 %	26,935 ((2)a.)	1,162,400	-
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	93,255	81.24 %	75,426 ((2)a.)	763,054	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	(1,464)	81.24 %	(1,184) ((2)a.)	177,003	-
Chongqing Namchow Co.	Manufacturing and processing of light cream and frozen dough	1,445,967		-	-	-	-	15,771	81.24 %	12,756 ((2)a.)	1,197,706	-
Shanghai Qizhi Co.	Business management and investment consulting services	4,541		-	-	-	-	80	100.00 %	80 ((2)b.)	8,596	-
Bao Lai Na Co.	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	49,541	93.00 %	46,073 ((2)c.)	61,102	35,967

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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Note 1: The method of investment is divided into the following four categories:

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

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

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

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

(ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of September 30, 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	5,791,896
Lucky Co.	226,649	194,406	1,962,054

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

(d) Major shareholders:

Unit: Share			
Shareholder's Name	Shareholding	Shares	Percentage
Lucky Royal Co., Ltd.		46,041,259	15.65 %
Chen Fei Lung		33,814,934	11.49 %
Chen Fei Peng		19,537,995	6.64 %
Chen, Yu-Wen		18,003,624	6.12 %

Note: (i) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

(ii) If shares are entrusted, the above information regarding such shares will be revealed by each trustors using the individual trust accounts opened by the trustees. As for shareholders who are required by the Securities and Exchange Act to declare their equity of more than 10% of the total shares of the Company, their shareholdings include their own shares plus the shares of the trusts they have entrusted and have the right to decide on the use of the trust's assets. For details of the insider's equity announcement, please refer to Market Observation Post System.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(14) Segment information

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

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

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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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 September 30, 2023									
Revenue:									
Revenue from external customers	\$ 3,062,130	122,989	536,562	652,456	1,193,307	218,353	24,271	-	5,810,068
Inter-segment revenues	55,623	-	790	6,163	16,454	2,837	48,428	(130,295)	-
Total revenue	\$ 3,117,753	122,989	537,352	658,619	1,209,761	221,190	72,699	(130,295)	5,810,068
Reportable segment profit or loss	\$ 148,094	(12,649)	7,591	104,556	229,388	(3,814)	(49,701)	(2,443)	421,022
Interest income and other income									74,835
Other gains and losses									9,768
Finance costs									(53,219)
Net income before tax									\$ 452,406
Three months ended September 30, 2022									
Revenue from external customers	\$ 2,890,739	121,596	331,116	481,062	1,043,704	171,941	14,114	-	5,054,272
Inter-segment revenues	57,529	-	909	7,931	90,056	2,556	45,781	(204,762)	-
Total revenue	\$ 2,948,268	121,596	332,025	488,993	1,133,760	174,497	59,895	(204,762)	5,054,272
Reportable segment profit or loss	\$ (42,688)	(14,765)	27,655	43,223	157,297	(13,922)	(44,641)	(1,907)	110,252
Interest income and other income									86,021
Other gains and losses									5,078
Finance costs									(54,923)
Net income before tax									\$ 146,428

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Adjustments or elimination	Total
Nine months ended September 30, 2023									
Revenue:									
Revenue from external customers	\$ 9,616,137	343,126	1,654,210	1,487,459	2,980,637	649,766	68,055	-	16,799,390
Inter-segment revenues	164,284	-	2,387	20,275	178,536	11,767	141,638	(518,887)	-
Total revenue	\$ 9,780,421	343,126	1,656,597	1,507,734	3,159,173	661,533	209,693	(518,887)	16,799,390
Reportable segment profit or loss	<u>\$ 547,233</u>	<u>(17,168)</u>	<u>10,824</u>	<u>189,280</u>	<u>415,394</u>	<u>4,328</u>	<u>(132,028)</u>	<u>(6,037)</u>	1,011,826
Interest income and other income									276,744
Other gains and losses									31,157
Finance costs									(161,557)
Net income before tax									<u>\$ 1,158,170</u>
Nine months ended September 30, 2022									
Revenue:									
Revenue from external customers	\$ 9,287,633	361,623	982,145	1,089,609	2,782,913	386,806	71,104	-	14,961,833
Inter-segment revenues	179,162	-	2,744	21,966	255,935	8,943	136,739	(605,489)	-
Total revenue	\$ 9,466,795	361,623	984,889	1,111,575	3,038,848	395,749	207,843	(605,489)	14,961,833
Reportable segment profit or loss	<u>\$ 470,106</u>	<u>(22,360)</u>	<u>86,754</u>	<u>94,382</u>	<u>371,861</u>	<u>(162,865)</u>	<u>(125,948)</u>	<u>(3,323)</u>	708,607
Interest income and other income									283,394
Other gains and losses									28,250
Finance costs									(156,476)
Net income before tax									<u>\$ 863,775</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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- (a) For the three months and nine months ended September 30, 2023 and 2022, inter-segment revenues amounted to \$130,295 thousand, \$204,762 thousand, \$518,887 thousand and \$605,489 thousand, respectively, should be eliminated from total revenue.
- (b) For the three months and nine months ended September 30, 2023 and 2022, share of associate loss under equity method amounted to \$(2,443) thousand, \$(1,907) thousand, \$(6,037) thousand and \$(3,323) thousand, respectively, should be eliminated.