

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

Consolidated Financial Statements

**With Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023**

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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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Representation Letter

The entities that are required to be included in the consolidated financial statements of Namchow Holdings Co., Ltd. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the consolidated financial statements is included in the consolidated financial statements. Consequently, Namchow Holdings Co., Ltd. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Company name: Namchow Holdings Co., Ltd.

Chairman: Fei-Lung Chen

Date: March 11, 2025



安侯建業聯合會計師事務所
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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Namchow Holdings Co., Ltd. and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2024 and 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation developed by the International Financial Reporting Interpretation Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Impairment of trade receivables

Please refer to note 4(g), note 5(a) and note 6(e) for the disclosure related to impairment of trade receivables of the consolidated financial statements.

Description of key audit matter:

The Group does not concentrate on any individual customer or any specific region, therefore, the Group needs to establish a policy on its allowance for impairment in order to evaluate its customers' financial status, as well as the political and economic environment. Therefore, the impairment of trade receivables is one of the key judgmental areas for our audit.

How the matter was addressed in our audit:

Our principle audit procedures for the assessment of the Group's accounting policy, included evaluating the receivables credit conditions and allowance for impairment policy; analyzing the accounts receivable relevant with the allowance for impairment; obtaining document for the calculation of the rate of expected credit loss of accounts receivable to determine whether if its appropriate, obtaining aging analysis of accounts receivable and examining relevant documents to verify the accuracy aging period; understanding the recovery of the past due accounts and for the aging of the long-term accounts receivable, such as those past due for 120 days; inspecting whether the Group has taken the appropriate procedures on the litigation or negotiation of the Group subsequent to the financial year end, and verifying the adequacy of impairment assessment of accounts receivable; verifying the reasonableness of the management's assessment on the Group's disclosure on the impairment of trades receivable.

2. Valuation of inventories

Please refer to note 4(h), note 5(b) and note 6(g) for the disclosure related to valuation of inventories of the consolidated financial statements.

Description of key audit matter:

The Group's main inventories are edible and non-edible oil products, frozen dough and frozen food, as well as dish and laundry liquid detergent. The value of edible and non-edible oil products and laundry liquid detergent products are affected by the international oil price, and frozen dough and frozen food due to shelf life, which may result in the inventory cost exceed its net realizable value. Therefore, the valuation of inventories is one of the key judgmental areas for our audit.

How the matter was addressed in our audit:

Our principle audit procedures for the assessment of the Group' accounting policy included understanding the policies of evaluating the inventories; performing the analytical procedures about the relation between the balance of inventory and provision on inventory market price decline; verifying the change of provision on inventory valuation and evaluating where it is reasonable; understanding the net realizable values used by management and the variation of the prices in a period after the reporting date to ensure the appropriateness of the valuation price; selecting samples and verifying them with the vouchers to test the accuracy of the amount; obtaining the aging report and inspecting the inventory aging processing after the reporting date, as well as understanding the net realizable values used by the management to access whether the net realizable value and the allowance for inventories are reasonable; assessing whether the disclosure on the provision for inventory valuation and obsolescence was appropriate.

Other Matter

Namchow Holdings Co., Ltd. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2024 and 2023, on which we have issued an unqualified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wu, Chung-Shun and Chang, Chun-I.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2025

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 audit 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

December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2024		December 31, 2023				December 31, 2024		December 31, 2023							
		Amount	%	Amount	%			Amount	%	Amount	%						
11XX	Assets																
	Current assets:																
1100	Cash and cash equivalents (note 6(a))	\$ 8,181,308	25	9,516,930	31	21XX	Liabilities and Equity										
1110	Financial assets measured at fair value through profit or loss — current (note (b))	3,675	-	-	-	2100	Current liabilities:										
1137	Financial assets measured at amortized cost — current (note 6(d))	476,975	1	-	-	2322	Short-term borrowings (note 6(m))	\$ 3,170,235	11	4,313,501	15						
1150	Notes receivable, net (notes 6(e) and (v))	174,426	1	197,365	1	2130	Short-term commercial paper payables (note 6(m))	324,672	1	234,855	1						
1170	Accounts receivable, net (notes 6(e) and (v))	2,161,362	7	2,012,280	6	2170	Current portion of long-term borrowings (notes 6(m) and 8)	35,506	-	336,260	1						
1200	Other receivables (notes (c) and 6(f))	111,429	-	184,747	1	2216	Contract liabilities — current (note 6(v))	480,223	1	383,721	1						
1220	Current income tax assets	209,141	1	183,784	1	2219	Accounts payable	1,656,702	5	1,245,781	4						
130x	Inventories (note 6(g))	4,096,329	12	3,290,649	11	2230	Dividend payables	-	-	247	-						
1410	Prepayments	195,773	1	170,877	1	2280	Other payables (notes 6(q) and (w))	1,884,326	6	1,718,025	6						
1470	Other current assets	84,994	-	87,218	-	2399	Current income tax liabilities	132,781	-	168,657	1						
	Total current assets	15,695,412	48	15,643,850	52	2280	Current lease liabilities (notes 6(p) and 7)	151,380	-	140,676	-						
15XX	Non-current assets:											2399	Other current liabilities	88,507	-	54,031	-
1517	Financial assets measured at fair value through other comprehensive income — non-current (note 6(c))	33,594	-	23,917	-	25XX	Total current liabilities	7,924,332	24	8,595,754	29						
1535	Financial assets measured at amortized cost — non-current (note 6(d))	2,649,518	8	1,638,372	6	2530	Non-Current liabilities:										
1600	Property, plant and equipment (notes 6(j), 8 and 9)	13,244,802	40	11,831,971	39	2540	Bonds payable (note 6(n))	4,934,745	15	4,907,672	16						
1755	Right-of-use assets (notes 6(k) and 7)	763,221	2	719,334	2	2550	Long-term borrowings (notes 6(m) and 8)	2,688,160	8	1,925,778	6						
1760	Investment property (note 6(l))	27,401	-	29,698	-	2580	Provision liabilities — non-current (note 6(o))	10,264	-	10,264	-						
1805	Goodwill	105,417	-	105,417	-	2570	Lease liabilities — non-current (notes 6(p) and 7)	397,676	1	364,083	2						
1840	Deferred income tax assets (note 6(r))	166,557	1	172,218	1	2640	Deferred income tax liabilities (note 6(r))	1,831,885	6	1,621,538	5						
1915	Prepayments for equipment	181,444	1	48,061	-	2670	Net defined benefit liabilities — non-current (note (q))	199,080	1	206,530	1						
1990	Other non-current assets	66,377	-	68,134	-		Other non-current liabilities	108,079	-	108,420	-						
	Total non-current assets	17,238,331	52	14,637,122	48		Total non-current liabilities	10,169,889	31	9,144,285	30						
						2XXX	Total liabilities	18,094,221	55	17,740,039	59						
							Equity attributable to shareholders of the Company (notes 6(c), (h), (s) and (t)):										
						3110	Common stock	2,941,330	9	2,941,330	10						
						3200	Capital surplus	4,798,603	15	3,825,824	12						
						3300	Retained earnings:										
						3310	Legal reserve	1,193,905	4	1,097,451	4						
						3320	Special reserve	1,612,266	5	1,612,266	5						
						3350	Unappropriated earnings	1,996,675	6	1,805,058	6						
								4,802,846	15	4,514,775	15						
						3400	Other equity:										
						3410	Financial statement translation differences for foreign operations	(230,250)	(1)	(928,392)	(3)						
						3420	Unrealized gains on financial assets measured at fair value through other comprehensive income	14,054	-	3,940	-						
								(216,196)	(1)	(924,452)	(3)						
						3500	Treasury stock	(530,114)	(2)	(530,114)	(2)						
							Total equity attributable to shareholders of the Company	11,796,469	36	9,827,363	32						
						36xx	Non-controlling interests (note 6(i))	3,043,053	9	2,713,570	9						
						3XXX	Total equity	14,839,522	45	12,540,933	41						
1XXX	Total assets	\$ 32,933,743	100	30,280,972	100	2-3XXX	Total liabilities and equity	\$ 32,933,743	100	30,280,972	100						

See accompanying notes to the 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 years ended December 31, 2024 and 2023

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

		2024		2023	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (note 6(v))	\$ 23,738,315	100	22,680,006	100
5000	Operating costs (notes 6(g), (j), (k), (p), (q) and 9)	<u>16,821,016</u>	<u>71</u>	<u>16,173,509</u>	<u>71</u>
5900	Gross profit	<u>6,917,299</u>	<u>29</u>	<u>6,506,497</u>	<u>29</u>
6000	Operating expenses (notes 6(e), (f), (j), (k), (p), (q), (t), (w) and 7):				
6100	Selling expenses	3,068,124	13	2,865,596	13
6200	Administrative expenses	1,772,141	8	1,597,152	7
6300	Research and development expenses	547,421	2	458,140	2
6450	Reversal of impairment losses for expected credit loss	<u>(5,867)</u>	<u>-</u>	<u>(1,328)</u>	<u>-</u>
	Total operating expenses	<u>5,381,819</u>	<u>23</u>	<u>4,919,560</u>	<u>22</u>
6900	Operating income	<u>1,535,480</u>	<u>6</u>	<u>1,586,937</u>	<u>7</u>
7000	Non-operating income and expenses (notes 6(j), (n), (p), (x), 7 and 12):				
7100	Interest income	255,324	1	255,493	1
7010	Other income	170,921	1	146,279	-
7020	Other gains and losses	(15,173)	-	(1,894)	-
7050	Finance costs	<u>(214,429)</u>	<u>(1)</u>	<u>(210,365)</u>	<u>(1)</u>
	Total non-operating income and expenses	<u>196,643</u>	<u>1</u>	<u>189,513</u>	<u>-</u>
7900	Profit before income tax	1,732,123	7	1,776,450	7
7950	Less: income tax expense (note 6(r))	<u>529,683</u>	<u>2</u>	<u>535,282</u>	<u>2</u>
	Net income	<u>1,202,440</u>	<u>5</u>	<u>1,241,168</u>	<u>5</u>
8300	Other comprehensive income (loss) (notes 6(c), (q) and (s)):				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit obligations	12,232	-	(32,356)	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	12,302	-	8,040	-
8349	Less: income tax related to items that will not be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will not be reclassified to profit or loss	<u>24,534</u>	<u>-</u>	<u>(24,316)</u>	<u>-</u>
8360	Items that will be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	813,315	3	(237,750)	(1)
8399	Less: income tax related to items that will be reclassified subsequently to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that will be reclassified subsequently to profit or loss	<u>813,315</u>	<u>3</u>	<u>(237,750)</u>	<u>(1)</u>
8300	Other comprehensive income (loss), net of tax	<u>837,849</u>	<u>3</u>	<u>(262,066)</u>	<u>(1)</u>
	Total comprehensive income	<u>\$ 2,040,289</u>	<u>8</u>	<u>979,102</u>	<u>4</u>
	Net income attributable to:				
8610	Shareholders of the Company	\$ 1,010,029	4	1,041,815	4
8620	Non-controlling interests	<u>192,411</u>	<u>1</u>	<u>199,353</u>	<u>1</u>
		<u>\$ 1,202,440</u>	<u>5</u>	<u>1,241,168</u>	<u>5</u>
	Total Comprehensive income attributable to:				
8710	Shareholders of the Company	\$ 1,731,659	7	800,134	3
8720	Non-controlling interests	<u>308,630</u>	<u>1</u>	<u>178,968</u>	<u>1</u>
		<u>\$ 2,040,289</u>	<u>8</u>	<u>979,102</u>	<u>4</u>
9750	Basic earnings per share (in New Taiwan dollars) (note 6(u))	<u>\$ 4.07</u>		<u>4.20</u>	
9850	Diluted earnings per share (in New Taiwan dollars) (note 6(u))	<u>\$ 4.07</u>		<u>4.19</u>	

See accompanying notes to the 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 years ended December 31, 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of the Company												
	Retained earnings						Total other equity interest			Treasury stock	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
							Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total							
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	-	-	-	-	1,041,815	1,041,815	-	-	-	-	1,041,815	199,353	1,241,168
Other comprehensive income (loss) for the year	-	-	-	-	(32,280)	(32,280)	(217,441)	8,040	(209,401)	-	(241,681)	(20,385)	(262,066)
Total comprehensive income (loss) for the year	-	-	-	-	1,009,535	1,009,535	(217,441)	8,040	(209,401)	-	800,134	178,968	979,102
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	45,042	45,042
Changes in non-controlling interests	-	48,307	-	-	-	-	-	-	-	-	48,307	(309,650)	(261,343)
Disposal of investments in equity instruments measured at fair value													
through other comprehensive income	-	-	-	-	(45,000)	(45,000)	-	45,000	45,000	-	-	-	-
Balance at December 31, 2023	2,941,330	3,825,824	1,097,451	1,612,266	1,805,058	4,514,775	(928,392)	3,940	(924,452)	(530,114)	9,827,363	2,713,570	12,540,933
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	96,454	-	(96,454)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	114,700	-	-	(735,332)	(735,332)	-	-	-	-	(620,632)	(38,979)	(659,611)
Other changes in capital surplus	-	2,445	-	-	-	-	-	-	-	-	2,445	-	2,445
Net income	-	-	-	-	1,010,029	1,010,029	-	-	-	-	1,010,029	192,411	1,202,440
Other comprehensive income for the year	-	-	-	-	12,115	12,115	698,142	11,373	709,515	-	721,630	116,219	837,849
Total comprehensive income for the year	-	-	-	-	1,022,144	1,022,144	698,142	11,373	709,515	-	1,731,659	308,630	2,040,289
Difference between actual disposing subsidiaries equity and carrying													
amount	-	1,060,520	-	-	-	-	-	-	-	-	1,060,520	222,783	1,283,303
Changes in ownership interests in subsidiaries	-	(204,886)	-	-	-	-	-	-	-	-	(204,886)	204,886	-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(367,837)	(367,837)
Disposal of investments in equity instruments measured at fair value													
through other comprehensive income	-	-	-	-	1,259	1,259	-	(1,259)	(1,259)	-	-	-	-
Balance at December 31, 2024	\$ 2,941,330	4,798,603	1,193,905	1,612,266	1,996,675	4,802,846	(230,250)	14,054	(216,196)	(530,114)	11,796,469	3,043,053	14,839,522

See accompanying notes to the 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 years ended December 31, 2024 and 2023****(Expressed in Thousands of New Taiwan Dollars)**

	2024	2023
Cash flows from operating activities:		
Income before tax	\$ 1,732,123	1,776,450
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	1,036,871	970,456
Reversal of impairment losses for expected credit losses	(5,867)	(1,328)
Interest expense	214,429	210,365
Interest income	(255,324)	(255,493)
Dividend income	(2,349)	(431)
Share-based payments	-	45,042
Losses (gains) on disposal of property, plant and equipment, net	(24,809)	6,036
Loss on disposal of investments	68	-
Gains on lease modification	(1,050)	(39)
Total adjustments to reconcile profit and loss	<u>961,969</u>	<u>974,608</u>
Changes in assets and liabilities relating to operating activities:		
Changes in operating assets:		
Financial assets measured at fair value through profit or loss	(3,675)	-
Notes receivable	22,939	1,126
Accounts receivables	(143,071)	(12,241)
Other receivables	74,987	31,150
Inventories	(804,612)	381,003
Prepayments	(24,896)	98,380
Other current assets	2,224	1,139
Total changes in operating assets, net	<u>(876,104)</u>	<u>500,557</u>
Changes in operating liabilities:		
Contract liabilities	96,502	(85,355)
Accounts payable	410,921	(73,168)
Other payables	(23,136)	139,282
Other current liabilities	34,476	7,990
Net defined benefit liabilities	4,782	(14,434)
Total changes in operating liabilities, net	<u>523,545</u>	<u>(25,685)</u>
Total changes in operating assets and liabilities, net	<u>(352,559)</u>	<u>474,872</u>
Total adjustments	<u>609,410</u>	<u>1,449,480</u>
Cash inflow generated from operations	2,341,533	3,225,930
Interest income received	255,324	255,493
Dividends received	2,349	431
Interest paid	(166,428)	(162,666)
Income taxes paid	(377,680)	(303,195)
Net cash flows from operating activities	<u>2,055,098</u>	<u>3,015,993</u>
Cash flows from investing activities:		
Acquisition of financial assets at amortised cost	(1,488,121)	(1,638,372)
Acquisition of property, plant and equipment	(1,933,093)	(861,971)
Proceeds from disposal of property, plant and equipment	66,371	14,690
Decrease (increase) in other non-current assets	(7,041)	13,082
Net cash flows used in investing activities	<u>(3,361,884)</u>	<u>(2,472,571)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	15,820,428	12,584,650
Decrease in short-term borrowings	(16,999,556)	(11,491,661)
Increase in short term commercial paper payables	2,153,000	3,250,000
Decrease in short-term commercial paper payables	(2,063,000)	(3,315,000)
Proceeds from long-term borrowings	10,428,000	13,561,000
Repayments of long-term borrowings	(9,945,643)	(14,824,564)
Payment of lease liabilities	(167,934)	(201,671)
Increase (decrease) in other non-current liabilities	25,450	(4,317)
Cash dividends paid	(659,840)	(604,356)
Disposal of ownership interests in subsidiaries (without losing control)	1,283,303	-
Interest paid	(47,324)	(49,183)
Change in non-controlling interests	(367,837)	(261,343)
Overaging unclaimed dividends	2,427	2,762
Net cash flows used in financing activities	<u>(538,526)</u>	<u>(1,353,683)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>509,690</u>	<u>(167,252)</u>
Net decrease in cash and cash equivalents	<u>(1,335,622)</u>	<u>(977,513)</u>
Cash and cash equivalents at beginning of period	<u>9,516,930</u>	<u>10,494,443</u>
Cash and cash equivalents at end of period	<u><u>\$ 8,181,308</u></u>	<u><u>9,516,930</u></u>

See accompanying notes to the 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 years ended December 31, 2024 and 2023

(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 accompanying consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on March 11, 2025.

(3) Application of new and revised standards, amendments and interpretations

- (a) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, ROC ("FSC").

The Group has adopted the following new amendments to the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations (collectively, "IFRSs") with effective date from January 1, 2024. The adoption does not have a material impact on the Group's 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"

(Continued)

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

- (b) Impact of the IFRSs that have been endorsed by the FSC but not yet in effect

The Group assessed that the adoption of the following new amendments, effective for annual period beginning on January 1, 2025, would not have a material impact on its consolidated financial statements.

- Amendments to IAS21 "Lack of Exchangeability"

- (c) The IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

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

Standards or Interpretations	Content of amendment	Effective date per IASB
IFRS 18 "Presentation and Disclosure in Financial Statements"	<p>The new standard introduces three categories of income and expenses, two income statement subtotals and one single note on management performance measures. The three amendments, combined with enhanced guidance on how to disaggregate information, set the stage for better and more consistent information for users, and will affect all the entities.</p> <ul style="list-style-type: none"> ● A more structured income statement: under current standards, companies use different formats to present their results, making it difficult for investors to compare financial performance across companies. The new standard promotes a more structured income statement, introducing a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities. ● Management performance measures (MPMs): the new standard introduces a definition for management performance measures, and requires companies to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards. 	January 1, 2027

(Continued)

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

Standards or Interpretations	Content of amendment	Effective date per IASB
	<ul style="list-style-type: none"> Greater disaggregation of information: the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. 	

The Group continues in assessing the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The related impact will be disclosed when the assessment is complete.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a material 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”
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”
- Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”
- Annual Improvements to IFRS Accounting Standards – Volume 11
- Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”

(4) Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are set out as below. The following accounting policies have been applied consistently throughout the periods presented in the consolidated financial statements.

(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 (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. (altogether referred to “IFRSs Accounting Standards” endorsed by the “FSC”).

(Continued)

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

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, unless, otherwise stated (please refer to the summary of the material accounting policies).

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The Group's consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. The assets and liabilities of foreign operations are translated into the currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated presentation currency at the average rate. Exchange differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprised of the Company and its subsidiaries. The Group accounted an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that the control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra- group transactions, are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Company.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Company's investment and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any differences between such adjustment and the fair value of the consolidated paid or received is recognized directly in equity and attributed to shareholders of the Group.

(Continued)

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

(ii) List of subsidiaries in the consolidated financial statements

List of subsidiaries in the consolidated financial statements was as follows:

Name investor	Name of subsidiary	Main activities	Percentage of ownership		Description
			December 31, 2024	December 31, 2023	
The Company	Namchow (Thailand) Ltd. (Namchow Thailand)	Manufacturing and selling of instant noodles and rice cracker	100.00 %	100.00 %	
The Company	Mostro (Thailand) Ltd. (Mostro)	Manufacturing and selling of food	100.00 %	100.00 %	Note 1
The Company	Nacia International Corp. (Nacia)	Holding of investments	100.00 %	100.00 %	
The Company	Chow Ho Enterprise Co., Ltd. (Chow Ho)	Catering services, food and beverage retailing, and frozen food manufacturing	100.00 %	100.00 %	
The Company	Lucky Royal Co., Ltd. (Lucky Royal)	Manufacturing, selling and processing of various food and beverage products	69.51 %	99.65 %	Note 2
The Company	Nankyo Japan Co., Ltd. (Nankyo Japan)	Catering services, Bistro and wine-selling	100.00 %	100.00 %	
The Company	Namchow Consulting Company, Ltd. (Namchow Consulting)	Catering services, food and beverage retailing and other consulting services	100.00 %	100.00 %	
The Company	Namchow Oil and Fat Co., Ltd. (Namchow Oil)	Manufacturing, processing and selling of edible oil and frozen dough	100.00 %	100.00 %	
The Company	Huaciang Industry Co., Ltd. (Huaciang)	Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food	100.00 %	100.00 %	
The Company and Lucky Royal	Navigator Business Publications Co., Ltd. (NBP)	Publishing, distributing and selling of printed publications	98.57 %	90.00 %	Note 3
Lucky Royal	Namchow (British Virgin Island) Ltd. (Namchow BVI)	Holding of investments	- %	93.00 %	Note 4
Lucky Royal	Namchow Gastronomy Consulting Company, Ltd. (Namchow Gastronomy Consulting)	Catering services and food consulting services	- %	99.65 %	Notes 5 and 6
Huaciang	Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou)	Multinational eateries, and the promotion and management of craft beers	100.00 %	100.00 %	Note 5
Huaciang	Namchow (British Virgin Island) Ltd. (Namchow BVI)	Holding of investments	93.32 %	- %	Note 4
Namchow BVI	Shanghai Bao Lai Na Company Limited. (Bao Lai Na)	Multinational eateries, and the promotion and management of craft beers	93.32 %	93.00 %	Note 4
Nacia	Namchow Cayman Corp. (Namchow Cayman)	Holding of investments	100.00 %	100.00 %	
Shanghai Qiaohao	Shanghai Qiaohao Enterprise Management Co., Ltd. (Shanghai Qiaohao Enterprise Management)	Business management and investment consulting services	100.00 %	100.00 %	
Namchow Cayman and Shanghai Qiaohao	Shanghai Qiaohao Food Co., Ltd. (Shanghai Qiaohao Food)	Food packaging, selling and trading of restaurant equipment	100.00 %	100.00 %	
Shanghai Qiaohao	Tianjin Qiaohao Food Co., Ltd. (Tianjin Qiaohao)	Manufacturing, and selling of edible oil and related services	100.00 %	100.00 %	
Namchow Cayman	Shanghai Qiaohao Trading Co., Ltd. (Shanghai Qiaohao)	Holding of investments and international trade	100.00 %	100.00 %	Note 7
Namchow Cayman	Shanghai Qiizhi Business Consulting Co., Ltd. (Shanghai Qiizhi)	Business management and investment consulting services	100.00 %	100.00 %	
Namchow Cayman and Shanghai Qiizhi	Namchow Food Group (Shanghai) co., Ltd. (Namchow Food)	Food packaging, dairy product and product purchasing management and selling	82.23 %	81.24 %	Note 8
Namchow Cayman and Namchow Food	Shanghai Namchow Food co., Ltd. (Shanghai Namchow)	Selling, developing, manufacturing and processing of fats and frozen food.	82.23 %	81.24 %	Note 8

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name investor	Name of subsidiary	Main activities	Percentage of ownership		Description
			December 31, 2024	December 31, 2023	
Namchow Food	Tianjin Namchow Food Co., Ltd. (Tianjin Namchow)	Manufacturing, and selling of edible fat	82.23 %	81.24 %	Note 8
Namchow Food	Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow)	Manufacturing, and selling of edible fat	82.23 %	81.24 %	Note 8
Namchow Food	Chongqing Qiaoxing Co., Ltd. (Chongqing Qiaoxing)	Food packaging, dairy product and product purchasing management and selling	82.23 %	81.24 %	Note 8
Namchow Food	Wuhan Qiaoxing Co., Ltd. (Wuhan Qiaoxing)	The technical service of baking oil and fat product	82.23 %	81.24 %	Note 8
Namchow Food	Namchow Trading Singapore Pte., Ltd (Namchow Singapore)	The sales service of baking oil and fat product	82.23 %	81.24 %	Note 8
Namchow Food	Chongqing Namchow Food Co., Ltd. (Chongqing Namchow)	Manufacturing and processing of light cream and frozen dough	82.23 %	81.24 %	Note 8
Namchow Food	Namchow Trading Hong Kong Limited (Namchow Hong Kong)	The sales service of baking oil and fat product	82.23 %	81.24 %	Note 8
Namchow Food and Guangzhou Namchow	Namchow Food (Thailand) Co., Ltd. (Namchow Bangkok)	Manufacturing and selling of baking oil and fat product	82.23 %	81.24 %	Note 8
Tianjin Namchow	Tianjin Yoshi Yoshi Food Co., Ltd. (Tianjin Yoshi Yoshi)	Developing , manufacturing, and selling of dairy products and related services	82.23 %	81.24 %	Note 8
Tianjin Yoshi Yoshi	Guangzhou Yoshi Yoshi Food Co., Ltd. (Guangzhou Yoshi Yoshi)	Developing , manufacturing, and selling of dairy products and related services	82.23 %	81.24 %	Note 8

- Note 1: A resolution was passed during the shareholders' meeting held on December 23, 2024 and decided December 24, 2024 as the date of liquidation for Mostro.
- Note 2: The release of the shares of Lucky Royal held by the Company was resolved in the shareholder's meeting of the Company on May 30, 2024 and the board of directors' meeting on July 18, 2024. Please refers to the note 6(h) for related information.
- Note 3: Lucky Royal's Board of Directors approved to dispose all of its 10.00% shares in NBP to the Company on December 11, 2023. As a result, the Company's ownership percentage in NBP became 90.00%. The aforementioned transaction was an organizational restructuring under common control; there has been no substantial change to the reporting entity, thus no retrospective restatement of prior period's financial statements is required. A resolution was approved by the NBP's board of directors held on April 10, 2024 to increase its capital by issuing \$6,000 thousand. The Company participated in the cash injection of NBP, and acquired 600 thousand of its shares at the amount of \$6,000 thousand and increased NBP's ownership from 90.00% to 98.57%.
- Note 4: Lucky Royal's Board of Directors approved to sell 93.32% shares in Namchow BVI to Huaciang on February 29, 2024. As a result, the Company's ownership percentage in Namchow BVI became 93.32%. The aforementioned transaction was an organizational restructuring under common control; however, there has been no substantial change to the reporting entity, thus no retrospective restatement of prior period's financial statements is required.
- Note 5: The Company, directly or indirectly, holds 99.65% shares of Dian Shui Lou and Namchow Gastronomy Consulting on December 31, 2023; Lucky Royal's Board of Directors approved to sell all of its 100.00% shares in Dian Shui Lou to Huaciang on December 11, 2023. The aforementioned transaction was an organizational restructuring under common control; however, there has been no substantial change to the reporting entity, thus no retrospective restatement of prior period's financial statements is required.
- Note 6: A resolution was passed by Namchow Gastronomy Consulting's board of directors meeting held on December 21, 2023 and decided the date of its disband as January 9, 2024. Since Lucky Royal had lost control over Gastronomy Consulting, the Group no longer included Gastronomy Consulting in its consolidated financial statements. Namchow Gastronomy Consulting has completed its liquidation process on November 15, 2024. Lucky Royal received liquidation proceeds of \$1,868 thousand and recognized an investment disposal loss, which is recorded under other gains and losses.
- Note 7: On April 3, 2024, a resolution was passed by Namchow Cayman's board of directors meeting to contribute RMB 70,000 thousand in Shanghai Qiaohao's equity offering. Shanghai Qiaohao increased its capital by issuing RMB 34,256 thousand on June 7, 2024.
- Note 8: Namchow Food has submitted the application for A-share listing in the security market of China, thus, the board of directors of the Company has approved the resolution for the subsidiary to increase capital by cash injection and to award new shares of restricted stock on April 28, 2021 and on November 12, 2021. As the result, the Company's ownership percentage in the subsidiary decreased from 96.15% to 81.73% and then to 80.94%. In addition, due to the board of directors resolved to issue the remaining restricted shares on October 28, 2022 and the Company's ownership percentage in the subsidiary decreased further from 80.94% to 80.85%. In addition, due to the Company repurchased and write-off the remaining restricted shares for the three months ended March 31, 2023 and 2024, and the Company's ownership percentage in the subsidiary increased from 80.88% to 81.24% and then to 81.25%. On June 2024, Namchow Food repurchased its 266 thousand treasury shares from securities exchange market, thus the Company increased its ownership percentage of Namchow Food from 81.25% to 81.30%. For the three months ended September 30, 2024, the Company repurchased and write-off 1,744 thousand remaining restricted shares, and repurchased its 3,064 thousand treasury shares from securities exchange market, thus the Company increased its ownership percentage of Namchow Food from 81.30% to 82.23%.

(iii) There is no subsidiaries excluded from the consolidated financial statements.

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

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Exchange differences are generally recognized in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non current assets and liabilities

The Group classifies the asset as current under one of the following criteria, and all other assets are classified as non-current.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

The Group classifies the liability as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial assets is classified into the following categories: measured at amortized cost, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss (FVTPL). Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established, which in the case of quoted securities is normally the exdividend date.

3) Financial assets fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

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

4) Impairment of financial assets

The Group recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables and guarantee deposit paid).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for notes receivable and accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(Continued)

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

Financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

The cost of inventories consists of all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories includes an appropriate share of fixed production overhead based on normal capacity and allocated variable production overhead based on actual output. However, unallocated fixed production overhead arising from lower or idle capacity is recognized in cost of goods sold during the period. If actual capacity is higher than normal capacity, fixed production overhead should be allocated based on actual capacity. The method of valuing inventories is the weighted average method.

(Continued)

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

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses at the end of the period. When the cost of inventories is higher than the net realizable value, inventories are written down to net realizable value, and the write down amount is charged to current year's cost of goods sold. If net realizable value increases in the future, the cost of inventories is reversed within the original write down amount, and such reversal is treated as a reduction of cost of goods sold.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

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

The estimated useful lives, for the current and comparative years, of significant items of property, plant and equipment are as follows:

Buildings	3~65 years
Machinery equipment	1~25 years
Other equipment	1~20 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at, or before, the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprised the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

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

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment of the underlying assets purchase option; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss, if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss.

The Group presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize its right-of-use assets and lease liabilities for short-term leases and leases of its low-value assets, including its machinery and other equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

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

(l) Intangible assets — Goodwill

(i) Recognition

Upon conversion to the IFRSs endorsed by the Financial Supervisory Commission, R.O.C., the Group can choose to restate all its business combinations that occurred on and after January 1, 2012. For those acquisitions that occurred prior to January 1 2012, any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets recognized at the date of acquisition is recognized as goodwill.

(ii) Measurement

Goodwill is measured at cost, less, accumulated impairment losses. Goodwill is not amortized. Instead, it is tested for impairment annually, or more frequently, when there is an indication that the cash generating unit may be impaired.

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and employee benefit) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(n) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

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

Site restoration reservation is the obligation of removal, moving and reinstatement after the Group obtained or has used the lease asset for a while. The Group recognized its related cost as expense during the lease term.

(o) Treasury stock

Where the Group repurchases its common stock that has been issued, the consideration paid, including all directly attributable costs is recorded as treasury share and deducted from equity. When treasury share is reissued, the excess of sales proceeds over cost is accounted for as capital surplus – treasury shares. If the sales proceeds are less than cost, the deficiency is accounted for as a reduction of capital surplus arising from similar types of treasury shares. If such capital surplus is insufficient to cover the deficiency, the remainder is recorded as a reduction of retained earnings. The carrying amount of treasury share is calculated using the weighted-average cost of different types of repurchase.

If treasury share is retired, the weighted-average cost of the retired treasury share is written off against the par value and the capital surplus premium, if any, of the stock retired on a pro rata basis. If the weighted-average cost written off exceeds the sum of the par value and the capital surplus premium, the difference is accounted for as a reduction of capital surplus – treasury shares, or a reduction of retained earnings for any deficiency where capital surplus – treasury shares is insufficient to cover the difference. If the weighted-average cost written off is less than the sum of the par value and the capital surplus premium, if any, of the stock retired, the difference is accounted for as an increase in capital surplus – treasury shares.

The shares that are owned by the Company's subsidiaries are seen as treasury stock.

(p) Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Some contracts have already received partial considerations from clients but have no fulfilled the obligations, and they are required to recognize contractual liabilities after the initial application date.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

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

(ii) Customer loyalty program

The Group operates a customer loyalty program to its customers. The customers obtain points for purchases made, which entitle them to discount on future purchases. The Group considers that the points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. The Group has recognized contract liability at the time of sale on the basis of the principle mentioned above. Revenue from the award points is recognized when the points are redeemed or when they expire.

(iii) Food and beverage

Revenue from the sale of food and beverage at self-operated stores is recognized at the time of purchase by the customer. Prepayments for meal vouchers are recognized as contract liabilities until the customer redeems the vouchers for food and beverage.

(iv) Consulting and management services

The Group provides and management services, and recognizes revenue during the financial reporting period in which the services are rendered.

(q) Government grants

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Grant that compensates the Group for expenses or losses incurred is recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(s) Income tax

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

The Group has determined that the global minimum top-up tax – which it is required to pay under Pillar Two legislation – is an income tax in the scope of IAS 12. The Group has applied a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

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

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intends to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company, divided by the weighted average number of ordinary shares outstanding after the adjustment on the effects of all dilutive potential ordinary shares.

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

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group) and each operating segment consists of standalone financial information. Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

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

In preparing these consolidated financial statements, management has made judgments and estimates about the future, including climate-related risks and opportunities, 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.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management and climate-related commitments where appropriate. Revisions to estimates are recognised prospectively in the period of the change and future periods.

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) The loss allowance of accounts receivable

The Group has estimated the loss allowance of accounts receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions, and forward-looking information at the reporting date, to determine the assumptions to be used in calculating its impairments and selected inputs. For the relevant assumptions and input values, please refer to note 6(e).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(g) for further description of the valuation of inventories.

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

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	\$ 11,716	10,103
Savings and checking deposits	5,434,478	7,008,412
Time deposits	1,932,819	2,153,096
Cash equivalents	<u>802,295</u>	<u>345,319</u>
	<u>\$ 8,181,308</u>	<u>9,516,930</u>

Within three months of expiry date on deposit satisfy the highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes. Please refer to note 6(d) for the disclosure for the Group's time deposit with a maturity of over the three months and above one year were recorded under financial assets measured at amortized cost — current and financial assets measured at amortized cost — non-current.

Please refer to note 6(y) for the disclosure of the interest rate risks and the sensitivity analysis of the Group's financial assets and liabilities.

(b) Financial assets measured at fair value through profit or loss — current

	December 31, 2024	December 31, 2023
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward contracts	<u>\$ 3,675</u>	<u>-</u>

Please refer to note 6(x) for net gains and losses from financial assets measured at fair value through profit or loss.

The Group uses derivative financial instruments to manage the exposures due to fluctuations of foreign exchange risk from its operating activities. As of December 31, 2024, the Group reported the following derivatives financial instruments as financial assets measured at fair value through profit or loss without the application of hedge accounting.

	December 31, 2024		
	Contract amount (thousand dollars)	Currency	Maturity dates
Forward contracts	USD 13,000 /	USD/THB	2025.5.9~2025.6.17
	THB 443,717		

As of December 31, 2023, the Group did not hold outstanding forward contracts.

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

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

	December 31, 2024	December 31, 2023
Equity investments measured at fair value through other comprehensive income:		
Stocks listed on domestic markets	\$ <u>33,594</u>	<u>23,917</u>

- (i) Equity investments measured 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.

For the years ended December 31, 2024 and 2023, the Group recognized dividends income of \$1,947 thousand and \$570 thousand, respectively, related to equity investments at fair value through other comprehensive income.

The domestic private company Zhongsen Investment Co., Ltd. and Xiling Electronics Co., Ltd. were in a state of annulment. As such, the Group anticipated that the investment cannot be recovered, and the accumulated disposal loss amounted to \$45,000 thousand. The aforementioned accumulated loss has been transferred from other equity to retained earnings.

On December 30, 2024, the Group has sold its partial shares held in Capital Securities Co., Ltd. as part of its operational plan. The shares sold had a fair value of \$2,625 thousand and the Group realized a gain of \$1,259 thousand, which is already included in other comprehensive income. The gain has been transferred to retained earnings. As of December 31, 2024, this transaction has not yet been settled, and the receivable from equity instruments was recorded under other receivables.

- (ii) For the information of market risk, please refer to note 6(y).
- (iii) As of December 31, 2024 and 2023, the aforementioned equity investment held by the Group were not pledged as collateral.

- (d) Financial assets measured at amortized cost

	December 31, 2024	December 31, 2023
Bank's time deposits	\$ <u>3,126,493</u>	<u>1,638,372</u>
Current	\$ 476,975	-
Non-current	<u>2,649,518</u>	<u>1,638,372</u>
	\$ <u>3,126,493</u>	<u>1,638,372</u>

The Group has assessed that these financial assets are held to maturity to collect contract cash 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.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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As of December 31, 2024 and 2023, the Group did not pledge the aforementioned financial assets measured at amortized cost as collateral.

(e) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	\$ 174,426	197,365
Accounts receivable	2,182,119	2,040,049
Less: allowance for impairment	<u>20,757</u>	<u>27,769</u>
	<u>\$ 2,335,788</u>	<u>2,209,645</u>

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for notes and accounts receivable. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The Group's analysis of the expected credit losses on its notes and accounts receivable were determined as follows:

	December 31, 2024		
	Gross carrying amount of notes and accounts receivable	Weighted- average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,192,618	0~50.00	4,754
Past due 1~30 days	135,488	0.12~50.00	2,662
Past due 31~60 days	9,317	0.42~96.36	994
Past due 61~90 days	3,166	1.14~100.00	477
Past due 91~180 days	5,434	0.72~100.00	2,149
Past due 181~365 days	2,099	1.19~100.00	1,298
Past due over 365 days	<u>8,423</u>	100.00	<u>8,423</u>
	<u>\$ 2,356,545</u>		<u>20,757</u>

	December 31, 2023		
	Gross carrying amount of notes and accounts receivable	Weighted- average expected credit loss rate (%)	Loss allowance for lifetime expected credit losses
Not past due	\$ 2,072,879	0~50.00	7,060
Past due 1~30 days	120,549	0.14~50.00	4,096
Past due 31~60 days	21,714	0.47~68.78	1,952
Past due 61~90 days	5,102	0.90~100.00	1,860
Past due 91~180 days	6,145	1.00~100.00	2,773
Past due 181~365 days	3,404	69.80~100.00	2,407
Past due over 365 days	<u>7,621</u>	100.00	<u>7,621</u>
	<u>\$ 2,237,414</u>		<u>27,769</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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The movement in the allowance for impairment with respect to notes and accounts receivable were as follows:

	2024	2023
Balance at the beginning of the period	\$ 27,769	30,203
Impairment losses reversed	(6,642)	(1,882)
Amounts written off	(1,001)	(245)
Effect of changes in foreign currency exchange rates	631	(307)
Balance at the end of the period	<u><u>\$ 20,757</u></u>	<u><u>27,769</u></u>

As of December 31, 2024 and 2023, the Group had not provide its notes and accounts receivable as collateral or factored them for cash.

(f) Other receivables

	December 31, 2024	December 31, 2023
Other receivables	\$ 115,075	187,517
Less: allowance for impairment	<u>3,646</u>	<u>2,770</u>
	<u><u>\$ 111,429</u></u>	<u><u>184,747</u></u>

As of December 31, 2024 and 2023, the Group's other receivables have been assessed for impairment losses.

The movement in the allowance for impairment with respect to other receivables was as follows:

	2024	2023
Balance at the beginning of the period	\$ 2,770	2,266
Impairment losses recognized	775	554
Effect of changes in foreign currency exchange rates	101	(50)
Balance at the end of the period	<u><u>\$ 3,646</u></u>	<u><u>2,770</u></u>

(g) Inventories

	December 31, 2024	December 31, 2023
Merchandise	\$ 49,827	36,521
Finished goods	2,084,468	1,491,122
Work in progress	166,544	155,304
Raw materials	1,463,193	1,204,693
Supplies	305,091	358,226
Goods in transit	<u>27,206</u>	<u>44,783</u>
	<u><u>\$ 4,096,329</u></u>	<u><u>3,290,649</u></u>

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

	2024	2023
Loss on (reversal of) decline in market value of inventory	\$ 10,755	(7,346)
Loss on physical count, net	403	35
Loss on scrap of inventory	9,289	3,460
Income from sale of scrap	(17,606)	(17,820)
	<u><u>\$ 2,841</u></u>	<u><u>(21,671)</u></u>

As of December 31, 2024 and 2023, the Group did not pledge its inventories as collateral.

(h) Changes in ownership in subsidiaries

In order to prepare for the listing of the consolidated subsidiary, Lucky Royal and comply with the “Taiwan Stock Exchange Corporation Rules Governing Review of Securities Listings”, the release of the shares of Lucky Royal held by the Company was resolved in the shareholders' meeting of the Company on May 30, 2024 and board of directors' meeting on July 18, 2024. The shares shall be subscribed preferentially by all shareholders of the Company on the basis of the percentage of shareholdings, and the number of shares of subscription not fully been subscribed by the shareholders of the Company shall be purchased by a specific person's designated by the Chairman. The subscription price, which was referred to the reasonable opinion issued by the professional institution, was set at \$61 per share.

As of December 31, 2024, the Company has disposed of 21,101 thousand shares of Lucky Royal, with a total selling price of \$1,283,303 thousand (after deducting taxes of \$3,858 thousand). Therefore, the Company recognized a gain of \$1,060,520 thousand, which was accounted for capital surplus. Since the above transaction, the Company's shareholding percentage in Lucky Royal has decreased from 99.65% to 69.51%.

There was no such transaction by the Group for the year ended December 31, 2023.

(i) Material non-controlling interests of subsidiaries

Name of the subsidiary	The main operating place / register country	The percentage of ownership interests and voting rights held by non- controlling interests	
		December 31, 2024	December 31, 2023
Namchow Food	China	17.77 %	18.76 %
Lucky Royal	Taiwan	30.49 %	0.35 %

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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The financial information of the aforementioned subsidiaries have been prepared in accordance with the IFRSs Accounting standards endorsed by the FSC. The amounts included in this information is the fair value adjustment made during the acquisition and the relevant difference in accounting policies between the Group and its subsidiary as at the acquisition date. The amounts in the summarized financial information shall be the amounts before the inter-company eliminations.

(i) The summary of financial information of Namchow Food was listed as follows:

	December 31, 2024	December 31, 2023
Current assets	\$ 10,344,884	10,420,628
Non-current assets	8,918,010	7,275,704
Current liabilities	(3,544,659)	(2,826,265)
Non-current liabilities	(279,812)	(277,823)
Net assets	<u><u>\$ 15,438,423</u></u>	<u><u>14,592,244</u></u>
Carrying amounts of non-controlling interests	<u><u>\$ 2,615,401</u></u>	<u><u>2,702,705</u></u>
	2024	2023
Operating revenue	<u><u>\$ 14,036,838</u></u>	<u><u>13,501,387</u></u>
Net income	\$ 898,947	1,023,289
Other comprehensive income	-	-
Total comprehensive income	<u><u>\$ 898,947</u></u>	<u><u>1,023,289</u></u>
Net income attributable to non-controlling interests	<u><u>\$ 175,299</u></u>	<u><u>193,948</u></u>
Total comprehensive income attributable to non-controlling interests	<u><u>\$ 175,299</u></u>	<u><u>193,948</u></u>
	2024	2023
Net Cash flow from operating activities	\$ 463,964	1,826,752
Net Cash flow used in investing activities	(1,820,418)	(2,321,423)
Net Cash flow used in financing activities	(217,778)	(1,132,758)
Effect of exchange rate changes on cash and cash equivalents	(1,933)	(1,993)
Decrease in cash and cash equivalents	<u><u>\$ (1,576,165)</u></u>	<u><u>(1,629,422)</u></u>
Cash dividends paid to non-controlling interests	<u><u>\$ 38,979</u></u>	<u><u>108,097</u></u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(ii) The summary of financial information of Lucky Royal was listed as follows:

	December 31, 2024	December 31, 2023
Current assets	\$ 751,138	888,017
Non-current assets	3,164,637	3,040,067
Current liabilities	(611,772)	(453,289)
Non-current liabilities	(153,599)	(154,481)
Net assets	\$ 3,150,404	3,320,314
Carrying amounts of non-controlling interests	\$ 461,235	5,546
	2024	2023
Operating revenue	\$ 2,609,143	2,203,464
Net income	\$ 377,680	350,563
Other comprehensive income	(44,311)	222,606
Total comprehensive income	\$ 333,369	573,169
Net income attributable to non-controlling interests	\$ 133,719	4,181
Total comprehensive income attributable to non-controlling interests	\$ 133,719	4,077
	2024	2023
Net Cash flow from operating activities	\$ 277,756	304,836
Net Cash flow used in investing activities	(109,020)	73,415
Net Cash flow used in financing activities	(432,724)	(175,108)
Increase (decrease) in cash and cash equivalents	\$ (263,988)	203,143

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2024 and 2023 were as follows:

	Land	Buildings	Machinery	Other equipment	Unfinished construction	Total
Cost and revaluation :						
Balance as of January 1, 2024	\$ 2,730,995	6,683,429	8,112,514	4,575,093	352,076	22,454,107
Additions	-	35,294	68,846	199,005	1,666,910	1,970,055
Disposals	(62,568)	(27,923)	(357,533)	(285,633)	(5,496)	(739,153)
Reclassification	-	134,057	332,837	175,013	(611,885)	30,022
Effect of changes in foreign currency exchange rates	(12,233)	175,568	304,818	121,734	49,553	639,440
Balance as of December 31, 2024	\$ 2,656,194	7,000,425	8,461,482	4,785,212	1,451,158	24,354,471
Balance as of January 1, 2023	\$ 2,769,704	6,703,485	7,757,745	4,380,878	353,707	21,965,519
Additions	-	10,765	49,558	110,649	676,494	847,466
Disposals	-	(9,891)	(48,371)	(54,006)	(8,526)	(120,794)
Reclassification	-	99,569	409,908	189,600	(664,388)	34,689
Effect of changes in foreign currency exchange rates	(38,709)	(120,499)	(56,326)	(52,028)	(5,211)	(272,773)
Balance as of December 31, 2023	\$ 2,730,995	6,683,429	8,112,514	4,575,093	352,076	22,454,107

(Continued)

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

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Other equipment</u>	<u>Unfinished construction</u>	<u>Total</u>
Depreciation and impairment loss :						
Balance as of January 1, 2024	\$ 31,953	2,243,112	4,977,501	3,369,570	-	10,622,136
Depreciation	-	218,774	332,146	307,363	-	858,283
Disposals	(31,953)	(27,918)	(356,910)	(280,810)	-	(697,591)
Reclassification	-	(1,184)	-	1,991	-	807
Effect of changes in foreign currency exchange rates	-	59,417	179,345	87,272	-	326,034
Balance as of December 31, 2024	<u>\$ -</u>	<u>2,492,201</u>	<u>5,132,082</u>	<u>3,485,386</u>	<u>-</u>	<u>11,109,669</u>
Balance as of January 1, 2023	\$ 31,953	2,069,721	4,753,543	3,155,937	-	10,011,154
Depreciation	-	208,475	299,943	295,292	-	803,710
Disposals	-	(7,893)	(44,781)	(47,394)	-	(100,068)
Reclassification	-	-	-	2,321	-	2,321
Effect of changes in foreign currency exchange rates	-	(27,191)	(31,204)	(36,586)	-	(94,981)
Balance as of December 31, 2023	<u>\$ 31,953</u>	<u>2,243,112</u>	<u>4,977,501</u>	<u>3,369,570</u>	<u>-</u>	<u>10,622,136</u>
Carrying amounts :						
Balance as of December 31, 2024	<u>\$ 2,656,194</u>	<u>4,508,224</u>	<u>3,329,400</u>	<u>1,299,826</u>	<u>1,451,158</u>	<u>13,244,802</u>
Balance as of December 31, 2023	<u>\$ 2,699,042</u>	<u>4,440,317</u>	<u>3,135,013</u>	<u>1,205,523</u>	<u>352,076</u>	<u>11,831,971</u>
Balance as of 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>

(i) Loss and gain on disposal

For the years ended December 31, 2024 and 2023, the Group recognized loss and gain on disposal of property, plant and equipment, please refer to note 6(x).

(ii) Impairment loss

For the year ended December 31, 2024, the subsidiaries—Huaciang, Namchow Thailand, Mostro and Lucky Royal disposed their property, plant and equipment for the part of the Cooked Rice Business, Instant Noodles and Rice Crackers Divisions, respectively. Therefore, the accumulated impairment losses recognized in previous years on the aforementioned property, plant and equipment had been written off. For the year ended December 31, 2023, there was no such transactions by the Group.

The movements in accumulated impairment loss of the Group's property, plant and equipment were as follows:

	<u>2024</u>	<u>2023</u>
Balance at the beginning of the period	\$ 252,708	252,627
Amounts written-off	(203,465)	-
Effect of changes in foreign currency exchange rates	154	81
Balance at the end of the period	<u>\$ 49,397</u>	<u>252,708</u>

(iii) Collateral

As of December 31, 2024 and 2023, the Group pledged its property, plant and equipment as collateral for long-term loans and lines of credit, please refer to note 8.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(k) Right-of-use assets

The Group leases its assets including its land, buildings and other equipment. Information about leases, for which the Group is the lessee, is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Total</u>
Cost :				
Balance at January 1, 2024	\$ 373,375	854,904	83,154	1,311,433
Additions	-	161,509	49,920	211,429
Write-off	-	(102,516)	(17,928)	(120,444)
Reclassification	-	-	(1,698)	(1,698)
Effect of changes in foreign currency exchange rates	13,030	23,336	1,109	37,475
Balance at December 31, 2024	<u>\$ 386,405</u>	<u>937,233</u>	<u>114,557</u>	<u>1,438,195</u>
Balance at January 1, 2023	\$ 334,009	850,385	82,960	1,267,354
Additions	46,201	38,760	24,413	109,374
Write-off	-	(22,832)	(18,911)	(41,743)
Reclassification	-	196	(5,153)	(4,957)
Effect of changes in foreign currency exchange rates	(6,835)	(11,605)	(155)	(18,595)
Balance at December 31, 2023	<u>\$ 373,375</u>	<u>854,904</u>	<u>83,154</u>	<u>1,311,433</u>
Depreciation :				
Balance at January 1, 2024	\$ 105,794	439,344	46,961	592,099
Depreciation	8,053	140,283	26,936	175,272
Write-off	-	(90,776)	(16,948)	(107,724)
Reclassification	-	-	(807)	(807)
Effect of changes in foreign currency exchange rates	3,732	11,883	519	16,134
Balance at December 31, 2024	<u>\$ 117,579</u>	<u>500,734</u>	<u>56,661</u>	<u>674,974</u>
Balance at January 1, 2023	\$ 100,349	335,602	41,192	477,143
Depreciation	7,401	129,946	26,129	163,476
Write-off	-	(20,415)	(17,861)	(38,276)
Reclassification	-	-	(2,321)	(2,321)
Effect of changes in foreign currency exchange rates	(1,956)	(5,789)	(178)	(7,923)
Balance at December 31, 2023	<u>\$ 105,794</u>	<u>439,344</u>	<u>46,961</u>	<u>592,099</u>
Carrying amount:				
Balance at December 31, 2024	<u>\$ 268,826</u>	<u>436,499</u>	<u>57,896</u>	<u>763,221</u>
Balance at December 31, 2023	<u>\$ 267,581</u>	<u>415,560</u>	<u>36,193</u>	<u>719,334</u>
Balance at January 1, 2023	<u>\$ 233,660</u>	<u>514,783</u>	<u>41,768</u>	<u>790,211</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(l) Investment property

The cost and depreciation of the investment property for the Group's owned property is presented below:

	<u>Buildings</u>
Cost :	
Balance at January 1, 2024	\$ 71,561
Effect of changes in foreign currency exchange rates	<u>2,496</u>
Balance at December 31, 2024	<u>\$ 74,057</u>
Balance at January 1, 2023	\$ 72,900
Effect of changes in foreign currency exchange rates	<u>(1,339)</u>
Balance at December 31, 2023	<u>\$ 71,561</u>
Accumulated depreciation :	
Balance at January 1, 2024	\$ 41,863
Depreciation	3,316
Effect of changes in foreign currency exchange rates	<u>1,477</u>
Balance at December 31, 2024	<u>\$ 46,656</u>
Balance at January 1, 2023	\$ 39,366
Depreciation	3,270
Effect of changes in foreign currency exchange rates	<u>(773)</u>
Balance at December 31, 2023	<u>\$ 41,863</u>
Carrying amount:	
Balance at December 31, 2024	<u>\$ 27,401</u>
Balance at December 31, 2023	<u>\$ 29,698</u>
Balance at January 1, 2023	<u>\$ 33,534</u>
Fair value:	
Balance at December 31, 2024	<u>\$ 100,410</u>
Balance at December 31, 2023	<u>\$ 89,584</u>
Balance at January 1, 2023	<u>\$ 86,895</u>

The Group's investment property comprises a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancelable period of 5 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to notes 6(x) and 12 for further information (including leasing income and direct operating expenses).

The fair value of investment property is based on a valuation by the management of the Group. The range of yields applied to the net annual rentals to determine the fair value of the property was as follows:

<u>Region</u>	<u>2024</u>	<u>2023</u>
Xuhui Dist., Shanghai	2.00%	2.75%

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As of December 31, 2024 and 2023, the Group did not pledge its investment property as collateral for loans and lines of credit.

(m) Short-term borrowings, long-term borrowings and short-term commercial paper payables

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

(i) Short-term borrowings

December 31, 2024				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	RMB	1.45~3.65	2025	\$ 1,641,617
Unsecured loans	NTD	1.825~1.860	2025	1,083,000
Unsecured loans	JPY	0.73~1.43	2025	445,618
Total				<u><u>\$ 3,170,235</u></u>

December 31, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Unsecured loans	RMB	2.15~3.65	2024	\$ 1,505,878
Unsecured loans	NTD	1.60~1.86	2024	2,262,000
Unsecured loans	JPY	0.58~0.97	2024	536,050
Unsecured loans	THB	4.65	2024	7,213
Letter of credit	USD	6.61	2024	2,360
Total				<u><u>\$ 4,313,501</u></u>

As of December 31, 2024 and 2023, the unused bank's credit facilities of the Group's short-term borrowing amounted to \$19,069,287 thousand and \$18,017,657 thousand, respectively.

(ii) Short-term commercial paper payables

December 31, 2024				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payables	NTD	1.64~1.68	2025	\$ 325,000
Discount on commercial paper payable				(328)
Total				<u><u>\$ 324,672</u></u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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December 31, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Commercial paper payables	NTD	1.45~1.82	2024	\$ 235,000
Discount on commercial paper payable				(145)
Total				\$ 234,855

As of December 31, 2024 and 2023, the unused bank's credit facilities of the Group's short-term commercial paper payables amounted to \$355,000 thousand and \$630,000 thousand, respectively.

(iii) Long-term borrowings

December 31, 2024				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.25~1.275	2038~2039	\$ 557,666
Secured loans	NTD	1.80~1.85	2027	1,786,000
Unsecured loans	NTD	1.88~1.99	2026	380,000
Total				\$ 2,723,666
Current				\$ 35,506
Non-current				2,688,160
Total				\$ 2,723,666

December 31, 2023				
	Currency	Range of interest rates (%)	Year of maturity	Amount
Secured loans	JPY	1.25	2038~2039	\$ 613,318
Secured loans	NTD	1.8	2026	367,000
Unsecured loans	JPY	1.00545	2024	21,720
Unsecured loans	NTD	1.70~1.99	2024~2026	1,260,000
Total				\$ 2,262,038
Current				\$ 336,260
Non-current				1,925,778
Total				\$ 2,262,038

As of December 31, 2024 and 2023, the unused bank's credit facilities of the Group's long-term borrowings amounted to \$3,170,569 thousand and \$2,584,624 thousand, respectively.

(iv) Collateral of bank's loans

As of December 31, 2024 and 2023, the Group's property were used as pledge for long-term borrowings, please refer to note 8.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(n) Bonds payable

(i) The information of secured bonds payable issued by the Group were as follows:

	December 31, 2024	December 31, 2023
Total amount of secured ordinary corporate bonds — Tranche A	\$ 3,000,000	3,000,000
Total amount of secured ordinary corporate bonds — Tranche B	2,000,000	2,000,000
Less: unamortized discount on bonds payable	<u>(65,255)</u>	<u>(92,328)</u>
Ending balance of bonds payable	<u>\$ 4,934,745</u>	<u>4,907,672</u>
	2024	2023
Interest expenses	<u>\$ 51,773</u>	<u>51,773</u>

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

Item	110-1 Secured Bonds (Tranche A)
1) Issue date	August 11, 2021
2) Issue period	5 years, commencing from August 11, 2021 and matured on August 11, 2026.
3) Offering amount	3,000,000 thousand
4) Denomination	Issued by par value, each value at 10 million, and total of 300 bonds
5) Coupon Rate	Annual interest rate 0.47%
6) Repayment	Bullet repayment at an amount equal to the principal amount of the Bonds
7) Interest Payment	According to coupon rate. Interest is payable annually.
8) Way of guarantee	Commissioned by the First Commercial Bank Co., Ltd. as a guarantee institution
Item	110-1 Secured Bonds (Tranche B)
1) Issue date	August 11, 2021
2) Issue period	7 years, commencing from August 11, 2021 and matured on August 11, 2028.
3) Offering amount	2,000,000 thousand
4) Denomination	Issued by par value, each value at 10 million, and total of 200 bonds
5) Coupon Rate	Annual interest rate 0.53%
6) Repayment	Bullet repayment at an amount equal to the principal amount of the Bonds
7) Interest Payment	According to coupon rate. Interest is payable annually.
8) Way of guarantee	Commissioned by the First Commercial Bank Co., Ltd. as a guarantee institution

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(o) Provisions

The information of the Group's provisions for the years ended December 31, 2024 and 2023 were as follows:

	<u>Site restoration</u>
Balance at January 1, 2024 (Balance at December 31, 2024)	\$ <u><u>10,264</u></u>
Balance at January 1, 2023 (Balance at December 31, 2023)	\$ <u><u>10,264</u></u>

The provision was the estimation for removing, moving and restoring the lease assets according to the lease, which was recognized as long-term liability. The future cost shall result in an uncertainty of provision due to the long-term lease of the restaurant. Related costs are expected to paid in full after the lease term reaches its maturity.

(p) Lease liabilities

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

	<u>December 31,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
Current	\$ <u><u>151,380</u></u>	<u><u>140,676</u></u>
Non-current	\$ <u><u>397,676</u></u>	<u><u>364,083</u></u>

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

The amounts recognized in profit or loss were as follows:

	<u>2024</u>	<u>2023</u>
Interest expenses on lease liabilities	\$ <u><u>21,533</u></u>	<u><u>23,269</u></u>
Variable lease payments not included in the measurement of lease liabilities	\$ <u><u>30,522</u></u>	<u><u>25,919</u></u>
Income from sub-leasing right-of-use assets	\$ <u><u>(121)</u></u>	<u><u>(1,532)</u></u>
Expenses relating to short-term leases	\$ <u><u>70,237</u></u>	<u><u>67,834</u></u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u><u>8,895</u></u>	<u><u>6,282</u></u>

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

	<u>2024</u>	<u>2023</u>
Total cash outflow for leases	\$ <u><u>299,000</u></u>	<u><u>323,443</u></u>

(i) Real estate leases

The Group leases Buildings for use as offices, factories, restaurants and retail stores, which lease terms ranging from one to 20 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract-term.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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Some lease payments under certain contracts are based on changes in the local price index or calculated based on the sales amount of the leased store during the lease period. Variable payments calculated based on the sales amount of leased restaurant stores are common terms in restaurant store leases in the region where the Group operates. The variable lease payments made by the Group for the years 2024 and 2023 under these contracts are as follows:

	2024		2023	
	Variable payments	Estimated annual impact on rent of a 1% increase in sales	Variable payments	Estimated annual impact on rent of a 1% increase in sales
Leases with lease payments based on sales	<u>\$ 30,522</u>	<u>305</u>	<u>25,919</u>	<u>259</u>

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

The Group sub-leases some of its right-of-use assets under operating and finance leases.

(ii) Other leases

The Group leases transportation and office equipment, with lease terms of one to twelve years. These lease are short-term and / or leases of low-value items. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

(q) Employee benefits

(i) Defined benefit plans

The present value of the defined benefit obligations and the fair value adjustments of the plan assets for the Group were as follows:

	December 31, 2024	December 31, 2023
Present value of the defined benefit obligations	\$ 484,113	521,064
Fair value of plan assets	(285,033)	(314,534)
Net defined benefit liability	<u>\$ 199,080</u>	<u>206,530</u>

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labors. With a regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$285,033 thousand as of December 31, 2024. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Group's defined benefit obligations for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Defined benefit obligation at 1 January	\$ 521,064	497,361
Current service costs and interest	15,953	12,806
Remeasurements of the net defined benefit liability		
— Actuarial losses arising from changes in demographic assumptions	9,574	6,935
— Actuarial losses arising from changes in financial assumption	6,286	27,815
Benefits paid by the plan	<u>(68,764)</u>	<u>(23,853)</u>
Defined benefit obligation at December 31	<u><u>\$ 484,113</u></u>	<u><u>521,064</u></u>

(Continued)

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

3) Movements in fair value of plan assets

The movements in the fair value of the Group's plan assets for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Fair value of plan assets at January 1	\$ 314,534	308,753
Interest revenue	3,718	4,298
Remeasurements of the net defined benefit liability		
— The return on plan assets (excluding current interest income)	28,092	2,394
Contributions made	16,049	23,560
Benefits paid by the plan	(77,360)	(24,471)
Fair value of plan assets at December 31	<u><u>\$ 285,033</u></u>	<u><u>314,534</u></u>

4) Expenses recognized in profit or loss

The Group's expenses recognized in profit or loss for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Current service cost	\$ 10,532	6,636
Net interest on the defined benefit liability	1,703	1,872
	<u><u>\$ 12,235</u></u>	<u><u>8,508</u></u>

	2024	2023
Operating costs	\$ 8,570	6,079
Selling expenses	1,696	237
Administrative expenses	1,911	2,154
Research and development expenses	58	38
Total	<u><u>\$ 12,235</u></u>	<u><u>8,508</u></u>

5) Actuarial assumptions

The Group's assumptions used on calculating the present value of the defined benefit obligation at reporting date were as follows:

	2024.12.31	2023.12.31
Discount rate	1.750~2.000%	1.375~1.625%
Future salary increases rate	1.000~2.000%	1.000~2.000%

The expected contribution to be made by the Group to the defined benefit plans in the next year starting from the reporting date of 2024 is \$10,772 thousand.

The weighted average duration of the defined benefit plan is 7.63~10.46 years.

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

6) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Group uses judgments and estimations to determine the related actuarial assumptions, including discount rate, employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2024 and 2023, the effect of changes in actuarial assumption on the present value of defined benefit obligation were as follows:

	The impact of defined benefit obligation	
	Increase	Decrease
December 31, 2024		
Discount rate (changes 0.25%)	\$ (4,821)	4,954
Future salary increase rate (changes 0.25%)	4,557	(4,450)
December 31, 2023		
Discount rate (changes 0.25%)	(6,423)	6,610
Future salary increase rate (changes 0.25%)	6,257	(6,105)

The above sensitivity analysis is based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be linked together. The method used for the sensitivity analysis and calculation of the net defined benefit pension liability is the same.

The method used for sensitivity analysis for this year is the same as the method used in the previous year.

(ii) Defined contribution plans

The Company and its subsidiaries in Taiwan contributes an amount equal to 6% of the employee's monthly. The Company and its subsidiaries allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Subsidiaries in China contributes an amount equal to 20% of the employee's monthly. Its subsidiaries allocates 20% of each employee's monthly wages to China Social Security Fund in accordance with the provisions of the Endowment Insurance of the People's Republic of China. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of Labor Insurance and China Social Security Fund without additional legal or constructive obligation.

The Group's pension costs under the defined contribution method were \$234,367 thousand and \$210,332 thousand for the years ended December 31, 2024 and 2023, respectively.

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

(iii) Short-term employee benefit

	December 31, 2024	December 31, 2023
Compensated absence liabilities (recorded under other payables)	\$ 31,685	32,067

(r) Income taxes

i) Income tax expense

The Group's components of income tax expense for the years ended December 31, 2024 and 2023, were as follows:

	2024	2023
Current income tax expense		
Current period	\$ 327,437	386,393
Adjustment to prior years	<u>(10,990)</u>	<u>(876)</u>
	316,447	385,517
Deferred income tax expense		
Origination and reversal of temporary differences	<u>213,236</u>	<u>149,765</u>
Income tax expense from continuing operations	\$ 529,683	535,282

The Group had not recognized income tax in equity and other comprehensive income for the years ended December 31, 2024 and 2023.

Reconciliations of the Group's income tax expense and profit before tax for the years ended December 31, 2024 and 2023 were as follows:

	2024	2023
Profit before income tax	\$ 1,732,123	1,776,450
Income tax using the Company's domestic tax rate	\$ 346,424	355,290
Effect of tax rates in foreign jurisdiction	328,717	387,544
Adjustment to prior years	(10,990)	(876)
Adjustment according to tax law	(61,095)	(62,927)
Tax-exempt expense	(315)	(92)
Investment income	(121,020)	(151,455)
Estimated withholding tax of attributable earnings of subsidiaries in Mainland China	1,696	45,604
Previously unrecognized tax losses	(2,743)	(19,323)
Current-year losses for which no deferred income tax assets was recognized	31,262	28,740
Surtax on undistributed earnings	4,923	10,877
Others	<u>12,824</u>	<u>(58,100)</u>
Income tax expense	\$ 529,683	535,282

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

ii) Deferred tax assets and liabilities

i. Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with its investments in its subsidiaries as of December 31, 2024 and 2023. Also, the management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2024	December 31, 2023
Amount unrecognized as deferred tax liabilities	\$ 657,424	640,147

ii. Unrecognized deferred tax assets

Deferred tax assets have not been recognized by the Group in respect of the following items:

	December 31, 2024	December 31, 2023
Deductible temporary differences	\$ 6,548	6,158
Impairment loss	-	14,021
The carryforward of unused tax losses	1,015,408	710,256
	\$ 1,021,956	730,435

Tax losses are applied to Income Tax Act that can be carried forward for five to ten years, after assessed by tax authority, to offset taxable income before apply to tax rate. Deferred income tax assets have not been recognized in respect of these items because it is not probable that the future taxable profit will be available, against which, the Group can utilize the benefits therefrom.

As of December 31, 2024, the expiration periods for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards of the Taiwanese subsidiaries of the Group are as follows:

Year of loss	Unused tax loss	Year of expiry
2015	\$ 4,490	2025
2016	4,302	2026
2017	7,592	2027
2018	5,552	2028
2019	5,378	2029
2020	60,010	2030
2021	90,587	2031
2022	55,326	2032
2023	4,872	2033
2024	6,110	2034
	\$ 244,219	

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

As of December 31, 2024, the expiration periods for abovementioned unrecognized deferred tax assets of unused tax losses carryforwards China subsidiaries of the Group are as follows:

<u>Year of loss</u>	<u>Unused tax year</u>	<u>Year of expiry</u>
2021	\$ 309,689	2026
2022	175,072	2027
2023	110,238	2028
2024	176,190	2029
	<u>\$ 771,189</u>	

iii. Recognized deferred tax assets and liabilities

Changes in the amounts of recognized deferred tax assets and liabilities for the years ended December 31, 2024 and 2023 were as follows:

Deferred tax assets:

	<u>Loss carryforwards</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2024	\$ 65,556	106,662	172,218
Recognized in profit or loss	(54,107)	42,180	(11,927)
Foreign currency translation differences for foreign operations	2,018	4,248	6,266
Balance at December 31, 2024	<u>\$ 13,467</u>	<u>153,090</u>	<u>166,557</u>
Balance at January 1, 2023	\$ 118,098	86,214	204,312
Recognized in profit or loss	(51,158)	21,553	(29,605)
Foreign currency translation differences for foreign operations	(1,384)	(1,105)	(2,489)
Balance at December 31, 2023	<u>\$ 65,556</u>	<u>106,662</u>	<u>172,218</u>

Deferred tax liabilities:

	<u>Investment income from Mainland China accounted for using equity method</u>	<u>Foreign investment income accounted for using equity method</u>	<u>Depreciation difference between financial and tax reporting and other</u>	<u>Land value increment tax</u>	<u>Total</u>
Balance at January 1, 2024	\$ 215,469	1,073,815	27,682	304,572	1,621,538
Recognized in profit or loss	35,632	143,062	22,615	-	201,309
Foreign currency translation differences for foreign operations	7,445	-	1,593	-	9,038
Balance at December 31, 2024	<u>\$ 258,546</u>	<u>1,216,877</u>	<u>51,890</u>	<u>304,572</u>	<u>1,831,885</u>

(Continued)

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

	Investment income from Mainland China accounted for using equity method	Foreign investment income accounted for using equity method	Depreciation difference between financial and tax reporting and other	Land value increment tax	Total
Balance at January 1, 2023	\$ 227,800	956,512	16,609	304,572	1,505,493
Recognized in profit or loss	(8,270)	117,303	11,127	-	120,160
Foreign currency translation differences for foreign operations	(4,061)	-	(54)	-	(4,115)
Balance at December 31, 2023	<u>\$ 215,469</u>	<u>1,073,815</u>	<u>27,682</u>	<u>304,572</u>	<u>1,621,538</u>

iii) Assessments by the tax authorities

The tax authorities have completed the examination for income tax returns of the Company through 2020.

(s) Capital and other equity

(i) Common stock

As of December 31, 2024 and 2023, the total value of authorized ordinary shares amounted to \$4,000,000 thousand, with par value of \$10 per share, of which 400,000 thousand shares. The aforementioned total authorized capital are common stocks and the issued shares are 294,133 thousand common stocks. All issued shares were paid up upon issuance.

(ii) Capital surplus

The balances of the Company's capital surplus were as follows:

	December 31, 2024	December 31, 2023
Paid-in capital in excess of par value	\$ 1,280	1,280
Dividends time out received by shareholder and others	12,299	9,854
Treasury stock	1,491,217	1,376,517
Recognize changes in equity of subsidiaries	2,233,287	2,438,173
Difference between actual disposing subsidiaries equity and carrying amount	1,060,520	-
	<u>\$ 4,798,603</u>	<u>3,825,824</u>

The Company's subsidiary, Lucky Royal awarded with cash dividends for the years ended December 31, 2024 and 2023, amounting to \$114,700 thousand and \$91,760 thousand, respectively. These amounts were recognized as capital surplus-treasury stock transactions.

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

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

(iii) 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.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distribute cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

As the Company adopted for the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRSs 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 December 31, 2024 and 2023.

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.

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

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2023 and 2022 has been approved during the Company's Board meeting held on March 12, 2024 and March 14, 2023, respectively. The relevant dividend distributions to shareholders were as follows:

	2023		2022	
	Amount per share (NTD)	Total amount	Amount per share (NTD)	Total amount
Dividends distributed to common shareholders:				
Cash	\$ 2.5	<u>735,332</u>	2.0	<u>588,266</u>

The amounts of cash dividends on the appropriations of earnings approved during the Company's Board meeting for 2024 had been approved during the Company's Board meeting held on March 11, 2025. The relevant dividend distributions to shareholders were as follows:

	2024	
	Amount per share (NTD)	Total amount
Dividends distributed to common shareholders:		
Cash	\$ 2.5	<u>735,332</u>

(iv) Treasury stock

The Company's subsidiary has held the Company's shares for a long period and purchased the Company's shares in previous years. The subsidiary did not dispose of the Company's shares for the years ended December 31, 2024 and 2023. As of December 31, 2024 and 2023, the subsidiary held the Company's shares as follows:

December 31, 2024					
Subsidiary name	Number of shares (in thousand)	Market price per share	Acquisition cost per share	Total market value	Total treasury stock
Lucky Royal	46,041	49.75	11.51	\$ <u>2,290,553</u>	<u>530,114</u>

December 31, 2023					
Subsidiary name	Number of shares (in thousand)	Market price per share	Acquisition cost per share	Total market value	Total treasury stock
Lucky Royal	46,041	50.80	11.51	\$ <u>2,338,896</u>	<u>530,114</u>

In accordance with 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.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(v) Other equity, net of tax

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2024	\$ (928,392)	3,940	(924,452)
Foreign exchange differences arising from foreign operations	698,142	-	698,142
Unrealized gains on financial assets measured at fair value through comprehensive income	-	11,373	11,373
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	(1,259)	(1,259)
Balance at December 31, 2024	<u>\$ (230,250)</u>	<u>14,054</u>	<u>(216,196)</u>
Balance at January 1, 2023	\$ (710,951)	(49,100)	(760,051)
Foreign exchange differences arising from foreign operations	(217,441)	-	(217,441)
Unrealized gains on financial assets measured at fair value through comprehensive income	-	8,040	8,040
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	45,000	45,000
Balance at December 31, 2023	<u>\$ (928,392)</u>	<u>3,940</u>	<u>(924,452)</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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(vi) Non-controlling interests (net for tax)

	2024	2023
Balance at beginning of the year	\$ 2,713,570	2,907,307
Equity attributable to non-controlling interests:		
Profit for the year	192,411	199,353
Foreign exchange differences arising from foreign operations	115,173	(20,309)
Difference between actual disposing subsidiaries equity and carrying amount	222,783	-
Cash dividends paid by the subsidiaries	(38,979)	(108,097)
Changes in equity of subsidiaries and non-controlling interests	(162,951)	(309,650)
Unrealized gains on financial assets measured at fair value through comprehensive income	929	-
Effect on share-based payments	-	45,042
Remeasurements of defined benefit obligations	117	(76)
Balance at end of the year	<u><u>\$ 3,043,053</u></u>	<u><u>2,713,570</u></u>

(t) 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 16.425 per share of RSAs, the fair value was 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 16.425 per share to 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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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.

The related information of employee restricted stocks was as follows:

	Unit: thousand shares	
	2024	2023
Shares outstanding at January 1 (number)	1,810	3,834
Number of cancelled shares during the year	(1,810)	(2,024)
Shares outstanding at December 31 (number)	<u>-</u>	<u>1,810</u>
 (ii) Compensation cost (recorded under operating expenses)		
	2024	2023
Expenses resulting from employee restricted stocks	<u>\$ -</u>	<u>45,042</u>

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

The calculation of the Company's basic earnings per share and diluted earnings per share for the years ended December 31, 2024 and 2023, were as follows:

(i) Basic EPS

	Unit: thousand shares	
	<u>2024</u>	<u>2023</u>
Net income attributable to common shareholders of the Company	\$ <u>1,010,029</u>	<u>1,041,815</u>
Weighted-average number of common shares outstanding	<u>248,092</u>	<u>248,092</u>
Basic EPS (in New Taiwan dollars)	\$ <u>4.07</u>	<u>4.20</u>

ii) Diluted EPS

	Unit: thousand shares	
	<u>2024</u>	<u>2023</u>
Net income attributable to common shareholders of the Company	\$ <u>1,010,029</u>	<u>1,041,815</u>
Weighted-average number of common shares outstanding - basic	248,092	248,092
Influence of potentially dilutive shares		
– Remuneration to employees	<u>279</u>	<u>269</u>
Weighted-average number of shares outstanding – diluted	<u>248,371</u>	<u>248,361</u>
Diluted EPS (in New Taiwan dollars)	\$ <u>4.07</u>	<u>4.19</u>

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

(i) Disaggregation of revenue

		2024						
		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	\$	12,210,062	-	1,862,731	-	28,121	352,353	31,478
Taiwan		1,029,133	479,725	698,302	2,042,636	567,984	487,201	53,200
Thailand		-	-	-	-	314,129	-	17,847
New Zealand and Australia		-	-	-	-	1,025,217	-	-
United States		-	-	-	-	947,541	-	-
Europe		-	-	-	-	1,158,327	-	-
Others		91,438	-	-	-	324,595	16,295	-
	\$	<u>13,330,633</u>	<u>479,725</u>	<u>2,561,033</u>	<u>2,042,636</u>	<u>4,365,914</u>	<u>855,849</u>	<u>102,525</u>
								<u>23,738,315</u>
		2023						
		Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others
								Total
Area of distribution:								
China	\$	11,932,857	-	1,589,443	-	18,932	366,535	35,297
Taiwan		964,138	464,347	622,780	1,896,018	486,393	485,750	55,662
Thailand		-	-	-	-	271,182	-	5,365
New Zealand and Australia		-	-	-	-	1,154,314	-	-
United States		-	-	-	-	928,358	-	-
Europe		-	-	-	-	1,001,229	-	-
Others		60,053	-	-	-	323,579	17,774	-
	\$	<u>12,957,048</u>	<u>464,347</u>	<u>2,212,223</u>	<u>1,896,018</u>	<u>4,183,987</u>	<u>870,059</u>	<u>96,324</u>
								<u>22,680,006</u>

(Continued)

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

(ii) Contract balances

	December 31, 2024	December 31, 2023	January 1, 2023
Notes receivable	\$ 174,426	197,365	198,491
Accounts receivable	2,182,119	2,040,049	2,028,053
Less: allowance for impairment	<u>20,757</u>	<u>27,769</u>	<u>30,203</u>
Total	<u><u>\$ 2,335,788</u></u>	<u><u>2,209,645</u></u>	<u><u>2,196,341</u></u>
	December 31, 2024	December 31, 2023	January 1, 2023
Contract liability	<u><u>\$ 480,223</u></u>	<u><u>383,721</u></u>	<u><u>469,076</u></u>

For the details of disclosure on notes and accounts receivable and allowance impairment, please refer to note 6(e).

The amounts of revenue recognized for the years ended December 31, 2024 and 2023, that previously included in the contract liability balances at the beginning of the years were \$327,103 thousand and \$307,662 thousand, respectively.

(w) Remuneration to employees and directors

According to the Company's Articles of Incorporation, once the Company incurs profit in a fiscal year, no less than 1% will be distributed as employees' remuneration and no more than 5% will be allotted for directors' remuneration. However, if the Company has accumulated losses, the earnings shall first be offset against any deficit. Employees who are entitled to receive the aforementioned employee remuneration, in share or cash, include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2024 and 2023, the Company estimated its employee remuneration at \$11,553 thousand and \$12,190 thousand, and directors' remuneration at \$51,988 thousand and \$54,856 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax of each respective ending period, multiplied by the percentage of the remuneration to employees and directors as specified in the Company's article. The estimations are recorded under operating expenses and cost. The differences between the actual distributed amounts as determined by the Board of Directors and those recognized in the consolidated financial statements, if any, shall be accounted for as changes in accounting estimates and recognized in profit or loss in the following year. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for the years ended December 31, 2024 and 2023. The aforementioned remuneration to employees and directors are consistent to the estimated amounts disclosed in the Company's consolidated financial statements. The related information mentioned above can be accessed on the Market Observation Post System website.

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

(x) Non-operating income and expenses

(i) Interest income

The details of the Group's interest income for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Interest income from bank deposits	\$ <u><u>255,324</u></u>	<u><u>255,493</u></u>

(ii) Other income

The details of the Group's other income for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Rental income	\$ 15,690	11,583
Dividend income	2,349	431
Other income — other		
Government grants	102,477	92,517
Others	<u>50,405</u>	<u>41,748</u>
Total other income — other	<u>152,882</u>	<u>134,265</u>
Total other income	\$ <u><u>170,921</u></u>	<u><u>146,279</u></u>

(iii) Other gains and losses

The details of the Group's other gains and losses for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Gains (losses) on disposal of property, plant and equipment, net	\$ 24,809	(6,036)
Gains (losses) on disposal of investment	(68)	-
Gains on lease modification, net	1,050	39
Foreign exchange gains (losses), net	(13,162)	6,363
Gains on financial assets at fair value through profit or loss	3,500	-
Other gains and losses	<u>(31,302)</u>	<u>(2,260)</u>
Other gains and losses, net	\$ <u><u>(15,173)</u></u>	<u><u>(1,894)</u></u>

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

(iv) Finance costs

The details of the Group's finance costs for the years ended December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Interest expenses		
Interest expenses on bank's loans	\$ 141,123	135,323
Interest expenses on bonds payable	51,773	51,773
Interest expenses on lease liabilities	<u>21,533</u>	<u>23,269</u>
Finance costs, net	<u><u>\$ 214,429</u></u>	<u><u>210,365</u></u>

(y) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group's cash and cash equivalents and accounts receivable are the main source of potential credit risk. The Group's cash and cash equivalents is deposited in different financial institutions, and accounts receivable are due to a wide range of customers rather than concentrated in transactions with a single customer. Therefore, there is no significant concentration of credit risk for cash and cash equivalents and accounts receivable.

3) Credit risk of receivables and other financial assets at amortized cost

For the information of credit risk exposure for notes and accounts receivable, please refer to note 6(e).

Other financial assets at amortized cost include other receivables, bank's time deposits and refundable deposits. All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the consolidated financial instruments are considered to have low credit risk, please refer to note 4(g).

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

(ii) 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 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2024						
Non-derivative financial liabilities						
Secured loans	\$ 2,343,666	2,535,235	74,919	117,188	1,986,962	356,166
Unsecured loans	3,550,235	3,584,596	3,192,240	392,356	-	-
Short-term commercial paper payable	324,672	325,000	325,000	-	-	-
Accounts payable	1,656,702	1,656,702	1,656,702	-	-	-
Other payables	1,884,326	1,884,326	1,884,326	-	-	-
Bonds payable	4,934,745	5,000,000	-	3,000,000	2,000,000	-
Lease liabilities	549,056	600,561	170,238	144,586	263,783	21,954
Guarantee deposits received	60	60	60	-	-	-
Other non-current liabilities	34,174	34,174	-	17,668	16,506	-
	<u>\$ 15,277,636</u>	<u>15,620,654</u>	<u>7,303,485</u>	<u>3,671,798</u>	<u>4,267,251</u>	<u>378,120</u>
December 31, 2023						
Non-derivative financial liabilities						
Secured loans	\$ 980,318	1,069,659	50,346	94,086	512,934	412,293
Unsecured loans	5,595,221	5,673,993	4,652,926	811,286	209,781	-
Short-term commercial paper payable	234,855	235,000	235,000	-	-	-
Accounts payable	1,245,781	1,245,781	1,245,781	-	-	-
Dividends payable	247	247	247	-	-	-
Other payables	1,718,025	1,718,025	1,718,025	-	-	-
Bonds payable	4,907,672	5,000,000	-	-	5,000,000	-
Lease liabilities	504,759	559,455	158,939	111,468	236,909	52,139
Guarantee deposits received	60	60	60	-	-	-
Other non-current liabilities	59,965	59,965	-	25,291	34,674	-
	<u>\$ 15,246,903</u>	<u>15,562,185</u>	<u>8,061,324</u>	<u>1,042,131</u>	<u>5,994,298</u>	<u>464,432</u>

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

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

(iii) Currency risk

1) Currency risk exposure

The Group's financial assets and financial liabilities exposed to significant foreign currency risk were as follows:

	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>NTD</u>
December 31, 2024			
Financial assets:			
Monetary items:			
USD	\$ 5,055	32.785	165,720
THB	36,685	0.962	35,302
Financial liabilities:			
Monetary items:			
USD	\$ 7,003	32.785	229,607
EUR	10,196	34.140	348,102
December 31, 2023			
Financial assets:			
Monetary items:			
USD	\$ 21,185	30.705	650,494
THB	109,069	0.900	98,347
Financial liabilities:			
Monetary items:			
USD	\$ 3,725	30.705	114,365
EUR	9,272	33.980	315,061

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, loans, accounts payable and other payables that are denominated in foreign currency. A weakening of strengthening 1% appreciation or depreciation of the NTD against the USD, THB and EUR as of December 31, 2024 and 2023, would have increased or decreased the net income before tax by \$3,767 thousand and \$3,194 thousand, respectively.

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

3) Foreign exchange gain and loss on monetary items

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 December 31, 2024 and 2023, the foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(13,162) thousand and \$6,363 thousand, respectively.

(iv) Interest rate 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 exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate which increases or decreases by 1% when reporting to the internal management, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate increases or decreases by 1%, with all other variable factors remaining constant, the Group's net income would have decreased or increased by \$50,775 thousand and \$43,348 thousand for the years ended December 31, 2024 and 2023, respectively. This is mainly due to the Group's borrowings, financial assets measured at amortized cost and time deposits on floating rates.

(v) Other market price risk

There is no significant impact on the Group's other comprehensive income with the changes in the securities price at the reporting date for the years ended December 31, 2024 and 2023.

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

(vi) Fair value information

1) Categories and fair values of financial instruments

The Group's financial assets measured 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, including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, short-term borrowings, short-term commercial paper payables, long-term borrowings (included current portion), account payables, bonds payable, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2024				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through profit or loss					
Derivative financial assets for hedging	\$ 3,675	-	3,675	-	3,675
Financial assets measured at fair value through other comprehensive income					
Stocks listed on domestic markets	33,594	33,594	-	-	33,594
Total	<u>\$ 37,269</u>	<u>33,594</u>	<u>3,675</u>	<u>-</u>	<u>37,269</u>
	December 31, 2023				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ 23,917	23,917	-	-	23,917

2) Valuation techniques and assumptions used in fair value determination

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.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The stocks of publicly traded companies are financial assets which are traded in active markets under standard terms and conditions. The fair value of the abovementioned stocks is based on quoted market prices.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Fair value hierarchy

The Group determines fair value based on assumptions that market participants would use in pricing an asset or a liability in the principal market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- a) Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in active markets.
- b) Level 2 inputs: Other than quoted prices included within Level 1, inputs 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 the asset or liability that are not based on observable market data (unobservable inputs).

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

4) Transfers between Level 1 and Level 2

For the years ended December 31, 2024 and 2023, there were no transfers between Level 1 and Level 2 by the Group.

(z) Financial risk management

(i) Overview

The Group has exposure to the following risks arising from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note discloses information about the Group's exposure to each of the above risks, and its objectives, policies, and processes for measuring and managing risks, and the Group's management of capital. Please see other related notes for quantitative information.

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

(ii) Risk management framework

The Audit Committee and Board of Directors of the Company is full responsible for the establishment and management of the Group's risk management framework and policies. Management is responsible for developing and monitoring the Company's risk management policies and report regularly to the Audit Committee and Board of Directors on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and procedures, aims to develop a disciplined and constructive control environment in which related employees understand their roles and obligations.

The Group's Audit Committee and Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee and Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer, and these factors may have influence on credit risk. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly during deteriorating economic circumstances. For the years ended December 31, 2024 and 2023, there was no geographical concentration of credit risk regarding the Group's revenue.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer, which represent the maximum open amount without requiring approval; these limits are reviewed on a periodic basis. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

2) Investments

The exposure to credit risk for bank deposits, fixed income investments, and other financial instruments, is measured and monitored by the Group's finance department. The Group only deals with banks and corporate organizations, with good credit rating. The Group does not expect any of the counterparties above to fail in meeting their obligations; hence, there is no significant credit risk arising from these counterparties.

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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3) Guarantees

The Group's policy allows it to provide financial guarantees to companies which it has business relationship with, as well as those companies who hold more than 50% of the voting rights of the company, either directly or indirectly. As of December 31, 2024 and 2023, the Group provided financial guarantees to its subsidiary, please refer to note 12.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2024 and 2023, the unused credit facilities of the Group's bank loans amounted to \$22,594,856 thousand and \$21,232,281, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily NTD, CNY, JPY and THB. The currencies used in these transactions are the NTD, USD, THB and EUR.

Interest expenses are denominated in the same currency as that of the principal. Generally, the currency of loans matches that of the Group's operating cash flow, primarily consisting of NTD, USD, THB, CNY, and JPY.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The interest rates of the Group's long-term and short-term borrowings are floating. Hence, changes in market conditions will cause fluctuations in the effective interest rate of the aforementioned loans. The Group's finance department monitors and measures potential changes in market conditions to achieve a fixed interest rate on the Group's loans.

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

3) Other market price risk

The Group is exposed to equity price risk due to investments in equity securities. This is a strategic investment and is not held for trading. In order to manage market risk, the Group carefully selects trust companies with good reputations to engage in financial instrument transactions.

The Group does not enter into any commodity contracts other than to meet the Group's expected usage and sales requirements; such contracts are not settled on a net basis.

(aa) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, capital surplus, retained earnings, and non-controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group's debt-to-adjusted-capital ratio at the end of the reporting period were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	\$ 18,094,221	17,740,039
Less: cash and cash equivalents	<u>8,181,308</u>	<u>9,516,930</u>
Net debt	\$ 9,912,913	8,223,109
Total equity	\$ 14,839,522	12,540,933
Debt-to-adjusted-capital ratio	<u>67 %</u>	<u>66 %</u>

As of December 31, 2024, there was no changes in the Group's approach of capital management.

(ab) Investing and financing activities not affecting the current cash flow

The Group's investing and financing activities which did not affect the current cash flow for the years ended December 31, 2024 and 2023, were as follows:

- (i) For the acquisition of right-of-use assets, please refer to note 6(k).
- (ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2024	Cash flows	Non-cash changes			December 31, 2024
			Acquisition of right-of- use assets	Foreign exchange movement	Others	
Short-term borrowings	\$ 4,313,501	(1,179,128)	-	35,862	-	3,170,235
Short-term commercial paper payables	234,855	90,000	-	-	(183)	324,672
Bonds payable	4,907,672	-	-	-	27,073	4,934,745
Long-term borrowings (included current portion)	2,262,038	482,357	-	(20,729)	-	2,723,666
Lease liabilities	504,759	(167,934)	211,429	14,572	(13,770)	549,056
Other non-current liabilities	108,420	(341)	-	-	-	108,079
Total liabilities from financing activities	\$ 12,331,245	(775,046)	211,429	29,705	13,120	11,810,453

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

	January 1, 2023	Cash flows	Non-cash changes			December 31, 2023
			Acquisition of right-of- use assets	Foreign exchange movement	Others	
Short-term borrowings	\$ 3,283,265	1,092,989	-	(62,753)	-	4,313,501
Short-term commercial paper payables	299,909	(65,000)	-	-	(54)	234,855
Bonds payable	4,880,600	-	-	-	27,072	4,907,672
Long-term borrowings (included current portion)	3,571,902	(1,263,564)	-	(46,300)	-	2,262,038
Lease liabilities	609,397	(201,671)	109,374	(9,031)	(3,310)	504,759
Other non-current liabilities	138,651	(30,231)	-	-	-	108,420
Total liabilities from financing activities	<u>\$ 12,783,724</u>	<u>(467,477)</u>	<u>109,374</u>	<u>(118,084)</u>	<u>23,708</u>	<u>12,331,245</u>

(7) Related-party transactions

(a) Names and relationship with the Group

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Hwa Zhin Co., Ltd	The chairman of the board of Hwa Zhin Co., Ltd is same as the chairman of the Company
Chen Fei Lung	Key management personnel
Chen Chang Li	Other related parties
Key management personnel	Key management personnel

(b) Significant related-party transactions

(i) Leases

The Group entered into a two-year lease agreement with its key management personnel for a building on Huaining street. For the years ended December 31, 2024 and 2023, the Group recognized the amount of \$51 thousand and \$132 thousand as interest expense resulting from the aforementioned lease transactions, respectively. As of December 31, 2024 and 2023, the ending balance of lease liabilities amounted to \$0 thousand and \$10,377 thousand resulting from the aforementioned lease transactions, respectively.

(ii) Property transaction

<u>Relationship with the Company</u>	<u>Object</u>	<u>Number of shares (thousand of shares)</u>	<u>Disposal price</u>	<u>Gain / Loss from disposal</u>
Other related parties	Shares	66	\$ 4,040	(Note)
Key management personnel	Shares	6,844	417,505	(Note)

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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Note: In order to prepare for the listing of the subsidiary, Lucky Royal, the Company disposed the shares of Lucky Royal to other related parties and the key management personnel in September, 2024. Gains from disposal of the above transaction were recognized under capital surplus. There was no such transaction for the year ended December 31, 2023. The release of Lucky Royal's shares, please refer to note 6(h).

(c) Key management personnel compensation

Key management personnel compensation comprised the following:

	2024	2023
Short-term employee benefits	\$ 334,685	298,543
Post-employments benefits	2,366	2,112
	<u><u>\$ 337,051</u></u>	<u><u>300,655</u></u>

(8) Pledged assets

The Group's carrying amounts of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2024	December 31, 2023
Property, plant and equipment:			
Land	Long-term borrowings	\$ 1,619,394	1,716,872
Buildings	Long-term borrowings	634,370	722,996
		<u><u>\$ 2,253,764</u></u>	<u><u>2,439,868</u></u>

(9) Significant contingent liabilities and unrecognized commitments

(a) Significant unrecognized commitments:

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

	December 31, 2024	December 31, 2023
Acquisition of property, plant and equipment	<u><u>\$ 1,034,004</u></u>	<u><u>350,984</u></u>

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

	December 31, 2024	December 31, 2023
Unused letters of credit for purchases of materials	<u><u>\$ 444,614</u></u>	<u><u>440,615</u></u>

(iii) The Group's letters of credit guarantee bill for purchasing merchandise and credit facilities:

	December 31, 2024	December 31, 2023
Guarantee bill	<u><u>\$ 15,175,609</u></u>	<u><u>16,381,859</u></u>

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

- (b) Lucky Royal, 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.

	December 31, 2024
One year	\$ 819
Less than five years	3,073
	<u>\$ 3,892</u>

- (c) Dian Shui Lou entered into an agreement with several malls, it is agreed to take a certain percentage according to the turnover of each store.
- (d) Dian Shui Lou, Shanghai Qiaohao and Shanghai Qiaohao Food have negotiated a line of credit with different banks for their operational needs. According to the banks' requirements, the Group must issue a letter of support and commit to exercising its shareholders' rights over the borrowers to ensure they fulfill their financial obligations.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

A summary of employee benefit expenses, depreciation depreciation and amortization by function, were as follows:

By function By item	For the Year ended December 31, 2024			For the Year ended December 31, 2023		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Personnel expenses						
Salaries	1,130,596	1,729,600	2,860,196	1,019,631	1,504,766	2,524,397
Labor and health insurance	387,637	202,336	589,973	357,743	183,928	541,671
Pension	99,431	147,171	246,602	85,746	133,094	218,840
Remuneration of directors	-	59,034	59,034	-	60,648	60,648
Others	107,231	142,545	249,776	80,111	88,093	168,204
Depreciation (Note 1)	618,185	415,370	1,033,555	574,711	392,475	967,186
Amortization	-	-	-	-	-	-

Note 1: For the December 31, 2024 and 2023, the Group's depreciation expenses for investment property recognized under non-operating income and expenses amounting to \$3,316 thousand and \$3,270 thousand, respectively.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on the Group's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the year ended December 31, 2024:

(i) Loans 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	Amount actually drawn (Note 1)	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 (Note 2)	Maximum financing limit for the lender (Note 2)
													Item	Value		
1	Namchow Food	Tianjin Namchow Co.	Other receivables — related parties	Yes	1,175,788	206,785	206,785	-	Short term financing	-	Capital for operation	-	-	-	6,175,359	6,175,359
2	Namchow Food	Guangzhou Namchow Co.	Other receivables — related parties	Yes	1,674,663	569,265	569,265	-	Short term financing	-	Capital for operation	-	-	-	6,175,359	6,175,359
3	Namchow Food	Shanghai Namchow Co.	Other receivables — related parties	Yes	1,167,632	62,686	62,686	-	Short term financing	-	Capital for operation	-	-	-	6,175,359	6,175,359

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

Note 2: Base on the Namchow Food's guidelines, the allowable aggregate amount of financing provided to others and the maximum financing provided to an individual company shall not exceed 40% of the Namchow Food'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 (Note 2)	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 (Note 2)	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 (Note 1)										
0	The Company	Nankyo Japan Co.	2	11,796,469	1,139,010	1,104,480	445,618	-	9.36 %	11,796,469	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 as of December 31, 2024 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars/thousand shares

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Maximum investment in 2024	Remarks
				Number of shares	Book value	Holding percentage	Market value		
The Company	Stock: Capital Securities Co., Ltd.	—	Financial assets measured at fair value through comprehensive income — non-current	1,085	26,754	0.05 %	26,754	16,186	
Lucky Royal	Stock: The Company	The Company's subsidiary	Financial assets measured at fair value through comprehensive income — non-current	46,041	2,290,553	15.65 %	2,290,553	530,114	
Lucky Royal	Stock: Capital Securities Co., Ltd.	—	Financial assets measured at fair value through comprehensive income — non-current	277	6,840	0.0128 %	6,840	3,789	

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars / thousand shares

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Other adjustment (Note 2)	Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal (Note 1)		Shares	Amount
The Company	Stock: Lucky Royal	Investments accounted for using equity method.	Shareholders or specific person	-	95,338	938,643	-	-	21,101	1,283,303	222,783	1,060,520	317,244	48,657	398,616

Note 1: Gains from disposal was recognized as capital surplus.

Note 2: It included the amount of proceeds from capital reduction \$255,797 thousand (25,580 thousand shares), exchange differences on translation of foreign financial statements, dividends received, share of profit of subsidiaries accounted for using equity method, and remeasurements of defined benefit obligations.

- (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	108,470	12 %	Note	-	-	(438)	- %	Eliminated
Huaciang Co.	Lucky Co.	Subsidiary	(Sales)	(108,470)	(7) %	Note	-	-	438	- %	Eliminated
Huaciang Co.	Namchow Oil and Fat Co.	Subsidiary	Purchase	123,186	21 %	Note	-	-	(23,490)	(7) %	Eliminated
Namchow Oil and Fat Co.	Huaciang Co.	Subsidiary	(Sales)	(123,186)	(6) %	Note	-	-	23,490	26 %	Eliminated
Shanghai Qiaohao Trade Co.,Ltd	Shanghai Qiaohao Food Co.	Subsidiary	Purchase	170,824	130 %	Note	-	-	(7,563)	(99) %	Eliminated
Shanghai Qiaohao Food Co.	Shanghai Qiaohao Trade Co.,Ltd	Subsidiary	(Sales)	(170,824)	(90) %	Note	-	-	7,563	69 %	Eliminated
Tianjin Yoshi Yoshi Co.	Tianjin Namchow Co.	Subsidiary	Purchase	337,295	66 %	Note	-	-	(42,255)	(56) %	Eliminated
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	(Sales)	(337,295)	(13) %	Note	-	-	42,255	15 %	Eliminated
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	1,821,644	20 %	Note	-	-	(191,210)	(27) %	Eliminated
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,821,644)	(70) %	Note	-	-	191,210	68 %	Eliminated
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	1,546,365	17 %	Note	-	-	(16,324)	(2) %	Eliminated
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,546,365)	(48) %	Note	-	-	16,324	7 %	Eliminated
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	464,684	5 %	Note	-	-	(60,141)	(8) %	Eliminated
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(464,684)	(68) %	Note	-	-	60,141	65 %	Eliminated
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	181,220	9 %	Note	-	-	(73,376)	(28) %	Eliminated
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(181,220)	(2) %	Note	-	-	73,376	10 %	Eliminated
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	Purchase	2,212,982	24 %	Note	-	-	-	- %	Eliminated
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	(Sales)	(2,212,982)	(78) %	Note	-	-	-	- %	Eliminated
Chongqing Qiaoxing Co.	Tianjin Namchow Co.	Subsidiary	Purchase	347,526	7 %	Note	-	-	(31,276)	(4) %	Eliminated
Tianjin Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(347,526)	(13) %	Note	-	-	31,276	11 %	Eliminated
Chongqing Qiaoxing Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	213,952	4 %	Note	-	-	(27,359)	(3) %	Eliminated
Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(213,952)	(31) %	Note	-	-	27,359	30 %	Eliminated
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	523,306	11 %	Note	-	-	(62,672)	(8) %	Eliminated
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(523,306)	(18) %	Note	-	-	62,672	92 %	Eliminated

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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)	
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	937,898	19 %	Note	-	-	(15,871)	(2) %	Eliminated
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(937,898)	(29) %	Note	-	-	15,871	7 %	Eliminated
Guangzhou Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	692,482	70 %	Note	-	-	(189,843)	(71) %	Eliminated
Guangzhou Namchow Co.	Guangzhou Yoshi Co.	Subsidiary	(Sales)	(692,482)	(22) %	Note	-	-	189,843	84 %	Eliminated
Namchow Food Co.	Guangzhou Yoshi Co.	Subsidiary	Purchase	864,385	9 %	Note	-	-	(101,762)	(14) %	Eliminated
Guangzhou Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(864,385)	(65) %	Note	-	-	101,762	51 %	Eliminated
Chongqing Qiaoxing Co.	Guangzhou Yoshi Co.	Subsidiary	Purchase	454,629	9 %	Note	-	-	(99,435)	(13) %	Eliminated
Guangzhou Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(454,629)	(34) %	Note	-	-	99,435	49 %	Eliminated
Namchow Food Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	2,419,251	26 %	Note	-	-	(340,305)	(48) %	Eliminated
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	(Sales)	(2,419,251)	(41) %	Note	-	-	340,305	58 %	Eliminated

Note: Depending on capital movement motor adjustment.

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

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	191,210	9.82	-		191,210 (As of March 11, 2025)	-
Guangzhou Yoshi Co.	Namchow Food Co.	Subsidiary	101,762	18.37	-		101,762 (As of March 11, 2025)	-
Guangzhou Namchow Co.	Guangzhou Yoshi Co.	Subsidiary	189,843	2.21	-		189,843 (As of March 11, 2025)	-
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	340,305	8.31	-		340,305 (As of March 11, 2025)	-
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	206,785 (Note 2)	-	-		- (As of March 11, 2025)	-
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	569,265 (Note 2)	-	-		- (As of March 11, 2025)	-

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

Note 2: Loan to the subsidiary.

(ix) Trading in derivative instruments: Please refer to note 6(b).

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Inter company transaction 2024			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
1	Tianjin Namchow	Tianjin Yoshi Yoshi	3	Sales revenue	337,295	No significant differences	1.42 %
1	Tianjin Namchow	Tianjin Yoshi Yoshi	3	Accounts receivable	42,255	No significant differences	0.13 %
1	Tianjin Namchow	Namchow Food	3	Sales revenue	1,821,644	No significant differences	7.67 %
1	Tianjin Namchow	Namchow Food	3	Accounts receivable	191,210	No significant differences	0.58 %
1	Tianjin Namchow	Chongqing Qiaoxing	3	Sales revenue	347,526	No significant differences	1.46 %
1	Tianjin Namchow	Chongqing Qiaoxing	3	Accounts receivable	31,276	No significant differences	0.09 %

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

No.	Name of company	Name of counter-party	Nature of relationship	Inter company transaction 2024			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
2	Guangzhou Namchow	Namchow Food	3	Sales revenue	1,546,365	No significant differences	6.51 %
2	Guangzhou Namchow	Chongqing Qiaoxing	3	Sales revenue	937,898	No significant differences	3.95 %
2	Guangzhou Namchow	Guangzhou Yoshi Yoshi	3	Sales revenue	692,482	No significant differences	2.92 %
2	Guangzhou Namchow	Guangzhou Yoshi Yoshi	3	Accounts receivable	189,843	No significant differences	0.58 %
3	Tianjin Yoshi Yoshi	Namchow Food	3	Sales revenue	464,684	No significant differences	1.96 %
3	Tianjin Yoshi Yoshi	Namchow Food	3	Accounts receivable	60,141	No significant differences	0.18 %
3	Tianjin Yoshi Yoshi	Chongqing Qiaoxing	3	Sales revenue	213,952	No significant differences	0.90 %
3	Tianjin Yoshi Yoshi	Chongqing Qiaoxing	3	Accounts receivable	27,359	No significant differences	0.08 %
4	Shanghai Namchow	Namchow Food	3	Sales revenue	181,220	No significant differences	0.76 %
4	Shanghai Namchow	Namchow Food	3	Accounts receivable	73,376	No significant differences	0.22 %
4	Shanghai Namchow	Chongqing Qiaoxing	3	Sales revenue	523,306	No significant differences	2.20 %
4	Shanghai Namchow	Chongqing Qiaoxing	3	Accounts receivable	62,672	No significant differences	0.19 %
5	Guangzhou Yoshi Yoshi	Namchow Food	3	Sales revenue	864,385	No significant differences	3.64 %
5	Guangzhou Yoshi Yoshi	Namchow Food	3	Accounts receivable	101,762	No significant differences	0.31 %
5	Guangzhou Yoshi Yoshi	Chongqing Qiaoxing	3	Sales revenue	454,629	No significant differences	1.92 %
5	Guangzhou Yoshi Yoshi	Chongqing Qiaoxing	3	Accounts receivable	99,435	No significant differences	0.30 %
6	Chongqing Qiaoxing	Namchow Food	3	Sales revenue	2,419,251	No significant differences	10.19%
6	Chongqing Qiaoxing	Namchow Food	3	Accounts receivable	340,305	No significant differences	1.03 %
7	Namchow Oil and Fat	Huaciang	3	Sales revenue	123,186	No significant differences	0.52 %
7	Namchow Oil and Fat	Huaciang	3	Accounts receivable	23,490	No significant differences	0.07 %
8	Huaciang	Lucky	3	Sales revenue	108,470	No significant differences	0.46 %
9	Namchow Food	Tianjin Namchow	3	Other receivables-related parties	206,785	Determined capital demand	0.63 %
9	Namchow Food	Guangzhou Namchow	3	Other receivables-related parties	569,265	Determined capital demand	1.73 %
9	Namchow Food	Shanghai Namchow	3	Other receivables-related parties	62,686	Determined capital demand	0.19 %
9	Namchow Food	Shanghai Namchow	3	Sales revenue	2,212,982	No significant differences	9.32 %
10	Shanghai Qiaohao Food	Shanghai Qiaohao Trading	3	Sales revenue	170,824	No significant differences	0.72 %

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.

(Continued)

NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2024 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Maximum investment amount in 2024	Net income (losses) of investee	Investment income (losses)	Remarks
				December 31, 2024	December 31, 2023	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 %	4,226,862	1,027,405	619,096	619,096	Eliminated
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	10,525	10,201	15,351	15,351	Eliminated
The Company	Nacia	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	13,498,100	343,443	531,565	531,565	Eliminated
The Company	Chow Ho	Taipei, Taiwan	Catering services, food and beverage retailing, and frozen food manufacturing	156,500	137,000	2,900	100.00 %	23,135	156,500	(6,072)	(6,068)	Eliminated
The Company	Lucky Royal	Taipei, Taiwan	Manufacturing, selling and processing various food and beverage products	486,572	953,335	48,657	69.51 %	398,616	953,335	377,680	243,961	Eliminated
The Company	NBP	Taipei, Taiwan	Publishing, distributing and selling printed publications	6,792	792	690	98.57 %	4,740	6,792	(1,476)	(1,453)	Eliminated
The Company	Nankyo Japan	Tokyo, Japan	Catering services, Bistro and wine-selling	900,269	690,580	- (Note 2)	100.00 %	214,351	900,269	(85,669)	(85,669)	Eliminated
The Company	Namchow Consulting	Taipei, Taiwan	Catering services, food and beverage retailing and other consulting	21,200	9,200	1,700	100.00 %	13,768	21,200	(2,858)	(2,859)	Eliminated
The Company	Namchow Oil and Fat	Taipei, Taiwan	Manufacturing, processing and selling of edible oil and frozen dough	411,731	411,731	41,173	100.00 %	700,454	411,731	177,166	179,068	Eliminated
The Company	Huaciang	Taipei, Taiwan	Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food	792,341	792,341	70,000	100.00 %	681,988	792,341	37,476	37,380	Eliminated
Lucky Royal	Namchow BVI	Tortola, British Virgin Islands	Holding of investments	-	293,793	-	- %	-	293,793	(12,054)	(11,249)	Eliminated (Note 3)
Lucky Royal	Namchow Gastronomy Consulting	Taipei, Taiwan	Catering services and food consulting	-	18,300	-	- %	-	18,300	-	-	(Note 4)
Huaciang	Dian Shui Lou	Taipei, Taiwan	Liquor importing and retailing	20,135	20,135	13,100	100.00 %	35,649	20,135	10,898	10,898	Eliminated
Huaciang	Namchow BVI	Tortola, British Virgin Islands	Holding of investments	72,270	-	6,705	93.32 %	88,793	72,270	21,242	19,824	Eliminated (Note 3)
Nacia	Namchow Cayman	Gayman Islands British West Indies	Holding of investments	2,522,207	2,522,207	35,378	100.00 %	13,478,957	2,522,207	530,357	530,357	Eliminated
Namchow Food	Namchow Singapore Pte.	Singapore	The sales service of baking oil and fat product	30,517	30,517	-	82.23 %	22,943	30,517	4,400	3,596	Eliminated
Namchow Food	Namchow Hong Kong	Hong Kong	The sales service of baking oil and fat product	31,408	31,408	-	82.23 %	24,485	31,408	(1,262)	(1,030)	Eliminated
Namchow Food	Namchow Bangkok	Bangkok, Thailand	Manufacturing and selling of baking oil and fat product	95,366	95,366	-	81.41 %	64,707	95,366	(24,066)	(19,526)	Eliminated
Guangzhou Namchow	Namchow Bangkok	Bangkok, Thailand	Manufacturing and selling of baking oil and fat product	964	964	-	0.82 %	654	964	(24,066)	(197)	Eliminated

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 8 shares.

Note 3: In response to the Group's reorganization, Lucky Royal has separately signed equity transfer agreements with Huaciang to sell all of its shares in Namchow BVI Co.

Note 4: A resolution was passed during the board of directors meeting of Namchow Gastronomy Consulting held on December 21, 2023 and decided January 9, 2024 as the date of its disband. Since Lucky Royal had lost control over Gastronomy Consulting, the Group no longer included Gastronomy Consulting in its consolidated financial statements. Namchow Gastronomy Consulting has completed its liquidation process on November 15, 2024.

(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, 2024	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2024	Net income (losses) of investee	Direct / indirect investment holding percentage	Maximum investment in 2024	Investment income (loss) (notes 2 and 3)	Book value as of December 31, 2024 (Note 3)	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
Shanghai Qiaohao Co.	Holding of investments and international trade	1,262,581	(3)	-	-	-	-	(132,103)	100.00 %	1,262,581	(132,103) ((2)b.)	332,711	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	961	- ((2)b.)	896	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	925,111	(3)	-	-	-	-	(83,850)	100.00 %	925,111	(83,850) ((2)b.)	342,508	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(4,116)	100.00 %	90,836	(4,116) ((2)b.)	10,169	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	1,134,770	(3)	-	-	-	-	898,947	82.23 %	1,134,770	723,648 ((2)a.)	12,823,022	1,282,626
Tianjin Namchow Co.	Manufacturing and selling of edible fat	936,498	(3)	372,813	-	-	372,813	318,568	82.23 %	936,498	259,876 ((2)a.)	2,734,572	45,974
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	136,840	(3)	-	-	-	-	213,295	82.23 %	136,840	174,053 ((2)a.)	1,125,906	-

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES
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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, 2024	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2024	Net income (losses) of investee	Direct / indirect investment holding percentage	Maximum investment in 2024	Investment income (loss) (notes 2 and 3)	Book value as of December 31, 2024 (Note 3)	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
Guangzhou Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	200,545	82.23 %	452,150	163,716 ((2)a.)	740,564	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	644,246	(3)	-	-	-	-	281,127	82.23 %	644,246	229,394 ((2)a.)	1,875,814	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	1,107,453	(3)	-	-	-	-	36,930	82.23 %	1,107,453	30,000 ((2)a.)	1,666,730	-
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	211,278	82.23 %	94,200	172,526 ((2)a.)	844,720	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	1,515	82.23 %	215,250	1,245 ((2)a.)	182,998	-
Chongqing Namchow Co.	Manufacturing and processing of light cream and frozen dough	1,445,967	(3)	-	-	-	-	18,204	82.23 %	1,445,967	14,877 ((2)a.)	1,247,855	-
Shanghai Qizhi Co.	Business management and investment consulting service	4,541	(3)	-	-	-	-	178	100.00 %	4,541	178 ((2)b.)	9,015	-
Bao Lai Na Co.	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	9,783	93.32 %	112,018	9,130 ((2)c.)	84,147	35,967

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

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

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

- (1) There is no investment income for the preparatory case.
- (2) Investment gains and losses were based on three basic:
 - a. The financial statements audited by an international accounting firm that has a cooperative relationship with accounting firms of the Republic of China.
 - b. The financial statements audited by the auditors of the parent company.
 - c. Others: the financial statements audited by the auditors of the local accounting firm, and the working papers were reviewed by the auditors of the parent company.

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 December 31, 2024	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	3,783,667	7,077,881
Huaciang	72,270	72,270	407,350
Lucky Royal	154,379	194,406	1,890,242

Note: Huaciang's Board of Directors approved to acquire 93.32% shares in Namchow BVI from Lucky Royal on February 29, 2024. The acquisition price of above transaction amounted to \$ \$72,270 thousand. The original investment amount which was approved by the Department of Investment Review, Ministry of Economic Affairs, R.O.C. will be cancelled upon being submitted to Department of Investment Review, Ministry of Economic Affairs, R.O.C.. for reference.

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

(d) Major shareholders:

Unit: Shares		
Shareholder's Name	Shareholding	Percentage
Lucky Royal Co., Ltd.	46,041,259	15.65 %
Chen Fei Lung	33,814,934	11.49 %
Chen Yu Wen	32,541,619	11.06 %

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.

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

(a) General 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.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Group uses the internal management report and the chief operating decision maker reviews the basis to determine allocation of resource and makes a performance evaluation. The internal management report includes profit before taxation, but not includes any extraordinary activity. Because taxation and extraordinary activity are managed on a group basis, they are not able to be allocated to each reportable segment. In addition, not all profit or loss from reportable segments includes significant non-cash items such as depreciation and amortization. The reportable amount is consistent with the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Material Accounting Policies".

The Group treated intersegment sales and transfers as third-party transactions and are measured at market price.

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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:

Year ended December 31, 2024									
	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Adjustments or elimination	Total
Revenue:									
Revenue from external customers	\$ 13,330,633	479,725	2,561,033	2,042,636	4,365,914	855,849	102,525	-	23,738,315
Inter-segment revenues	203,038	-	3,124	1,301	119,061	18,028	163,281	(507,833)	-
Total revenue	\$ 13,533,671	479,725	2,564,157	2,043,937	4,484,975	873,877	265,806	(507,833)	23,738,315
Reportable segment profit or loss	<u>\$ 816,859</u>	<u>(31,613)</u>	<u>100,515</u>	<u>225,028</u>	<u>690,655</u>	<u>(44,665)</u>	<u>(228,278)</u>	<u>6,979</u>	1,535,480
Interest income and other income									426,245
Other gains and losses									(15,173)
Finance costs									(214,429)
Net income before tax									<u>\$ 1,732,123</u>

Year ended December 31, 2023									
	Edible and non-edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others	Adjustments or elimination	Total
Revenue:									
Revenue from external customers	\$ 12,957,048	464,347	2,212,223	1,896,018	4,183,987	870,059	96,324	-	22,680,006
Inter-segment revenues	214,846	1,393	3,147	24,276	193,177	14,855	193,094	(644,788)	-
Total revenue	\$ 13,171,894	465,740	2,215,370	1,920,294	4,377,164	884,914	289,418	(644,788)	22,680,006
Reportable segment profit or loss	<u>\$ 935,766</u>	<u>(26,775)</u>	<u>18,270</u>	<u>184,675</u>	<u>669,766</u>	<u>3,087</u>	<u>(184,769)</u>	<u>(13,083)</u>	1,586,937
Interest income and other income									401,772
Other gains and losses									(1,894)
Finance costs									(210,365)
Net income before tax									<u>\$ 1,776,450</u>

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NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (i) For the years ended December 31, 2024 and 2023, inter-segment revenues of \$507,833 thousand and \$644,788 thousand respectively, should be eliminated from total revenue.
- (ii) For the years ended December 31, 2024 and 2023, reportable segment profit or loss of \$6,979 thousand and \$(13,083) thousand, respectively, should be adjusted or eliminated from segment profit or loss.

(c) Information on the products and services

Revenue from the external customers of the Group was as follows:

Products and services	2024	2023
Baking oil, cooking oil and industrial oil	\$ 13,330,633	12,957,048
Frozen dough, noodles and cooked rice	6,926,947	6,396,210
Restaurant Business	855,849	870,059
Ice cream products	2,042,636	1,896,018
Others	582,250	560,671
Total	\$ 23,738,315	22,680,006

(d) Geographical information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers, and segment non-current assets are based on the geographical location of the assets.

Geographical information	2024	2023
Revenue from external customers:		
China	\$ 12,679,667	12,375,076
Taiwan	7,297,015	6,710,516
Thailand	3,761,633	3,594,414
Total	\$ 23,738,315	22,680,006

Geographical information	December 31, 2024	December 31, 2023
Non-current assets:		
Taiwan	\$ 3,509,660	3,282,125
China	6,977,695	6,385,085
Thailand	2,706,214	1,877,153
Japan	1,195,093	1,258,252
Total	\$ 14,388,662	12,802,615

Non current assets include property, plant and equipment, right of use assets, investment property, intangible assets and other assets, but do not include financial instruments, and deferred tax assets.

(e) Information about major customers

There was no major customer whose revenue was more than 10% of operating revenue of the Group for the years ended December 31, 2024 and 2023.