



**Namchow Holdings Co., Ltd**

## **2023 Annual Report**

### **Notice to readers**

*This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

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*Company website: <http://www.namchow.com.tw>*

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### VI. Company website: <http://www.namchow.com.tw>

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# **I. Letter to Shareholders**

## **I. 2023 Operating Results Report**

The Company's consolidated turnover for 2023 was NT\$22,680,006 thousand; which increased by NT\$2,201,601 thousand (10.75%) compared to NT\$20,478,405 thousand for 2022. The profits amounted to NT\$1,041,815 thousand in 2023, a increase of NT\$482,146 thousand (+86.15%) from NT\$559,669 thousand in 2022. The Company has sought the profit growing in 2023 from 2022, because the team adapt ed to changes rapidly and seized the post-pandemic business opportunities to boost business growth. The operating revenue generated from production and catering business reached high quarter by quarter, especially the remarkable contribution of frozen dessert in China, Thailand and Taiwan to the earnings.

In terms of financial income and expenditure, the consolidated total liabilities in 2023 reached NT\$17,740,039 thousand (debt ratio of 58.58%), which decreased by NT\$343,770 thousand (0.78%) compared to the consolidated total liabilities of NT\$18,083,809 thousand (debt ratio of 59.36%) for 2022. In 2023, the net cash inflow from operating activities was NT\$3,015,993 thousand, net cash outflow from investing activities NT\$2,472,571 thousand, and net cash outflow from financing activities NT\$1,353,683 thousand. The 2023 current ratio was 182.17%, lower than that, 226.25%, in 2022, due to the increase in short-term borrowings used as working capital. Notwithstanding, the Company's overall financial position was sound.

Driven by sustainable development, Namchow has established a global presence and increased its involvement in the business in Taiwan, Thailand, China and Japan to produce differentiated and high-quality products for marketing all over the world. Take a trading organization as the core, it links the resources of various industries and applies the resources and talents around the world to achieve resource sharing and mutual connection in terms of raw materials, R&D, production, customers and services. In response to the changes in consumption patterns, it achieves business synergy through joint development, thoroughly execute strategies, deepen the Group's core competitiveness and build the business model, so as to achieve operating performance and profit growth.

## **II. 2024 Business Plan Outline**

Namchow, with the insights into international market trends, develops high value-added products, utilizes the dynamic corporate organization flexibly, seeks opportunities for cooperation with enterprises in various industries, and creates a multi-win situation among customers, consumers, society and industries.

Namchow has operated its oil business in Mainland China for 27 years, and its comprehensive services have become the community of life and the critical business partner for clients. Namchow Food Group (Shanghai) Co., Ltd. was listed on the Shanghai A Share Index (SHAI) in May 2021, becoming the first publicly listed food company in mainland China. The funds raised by it are applied to increase the production capacity of baking grease and frozen dough and also expand the cold chain warehousing and R&D centers. In 2022, a new production base was constructed in Chongqing. The

estimated investment for this project was approximately RMB480 million, which included the construction of facilities for whipped cream, frozen dough production and processing plans, research and development, and supporting structures. Also, it plans to construct a second frozen dough production line in Guangzhou, which is expected to increase the operating revenue. Based on the trading organization's business strategy, Namchow Shanghai has established subsidiaries in Singapore, Hong Kong and Thailand, and also successfully marketed the baking grease products made in China to Hong Kong, Macau and ASEAN markets to expand its service areas.

Namchow has developed its business in Thailand for 33 years and, therefore, become an expert in a full range of rice products globally. Its rice crackers, cooked rice, and porridge are distributed and well received in the global market. In 2018, the new plant expansion project was implemented. In the first phase, about 1.37 billion baht has been invested to build intelligent plant and install a production line of baby rice cracker and baked bread and snacks. The rice cracker production line has been launched in Q2 2020. In addition, the production line of baked bread and snacks has commenced the production successfully in January 2023. Namchow Thailand's Phase II new plant construction project is expected to be completed and commissioned in 2H of 2024, which will be primarily engaged in the production of baby rice crackers and bakery products. The production capacity is expected to grow significantly in the future, which may provide the momentum needed by the global customers for business growth. Particularly, the bakery products which are produced for the first time have unlimited market potential.

### **III. Future Development Strategies and Impact on the External Environment**

Future development strategy: Namchow will continue to focus on its core business and continue to increase investment in equipment, talents, and R&D for baking grease-related products, frozen dough, rice products, and frozen dessert. So far, its operating revenue generated from foods have exceeded 97% of the operating revenues throughout the Group. In the future, we will continue to develop safe, high-standard and healthy products, and meet the needs of customers with a more diversified supply of materials.

In the home products business, we will continue to develop detergents that meet the needs of consumers in various scenarios, and focus on the market segments providing more functional and exquisite services. We will practice corporate social responsibility for a sustainable environment based on the belief in a healthy, eco-friendly and loving planet.

Competitive environment: For example, in the grease business, we will continue to invest in R&D and services to connect the international trends, and also deepens the capabilities in the professional and functional areas of grease business to address the fierce competition among peer companies and make Namchow as the first-choice expert in grease products for customers. In response to the recent rising eco-friendly and health awareness, for the grease business, we continue to launch "clean" and "additive-free" NEBOS series grease products that meet international standards, and engage in R&D to integrate the circular economy system to achieve the core goal of sustainability.

Laws & regulations: As time progresses, the public has paid more attention to product quality & safety, and hygiene laws and regulations. Since the 1980s, Namchow has introduced the concept of consumer protection, and actively implemented the comprehensive quality management, a pioneer at that time. Recently, the society has evolved more rapidly, and in order to survive, enterprises need to follow the grand concept about environmental protection and care for the earth to become those with green competitiveness and practicing the ESG policy. Namchow always identifies itself as an enterprise for the social public, by upholding the people-orientation, openness, transparency and sustainability policies, and also the idea about co-existence and co-prosperity with the society.

Overall environment: After the epidemic persisting for three years, the sudden changes in the business environment caused unprecedented challenges to enterprises. In 2023, the attacks from inflation and lift rate, and geopolitical conflicts, such as the ongoing Russia-Ukraine War, Israel-Hamas War, and the Red Sea Crisis, made the overall economic environment weird and changeable. Notwithstanding, as people have gradually returned to their normal life in the post-pandemic era, the booming catering, leisure and entertainment business opportunities drove the operating revenue growth of retail and catering businesses. Namchow provides the public with the access to pursue "health and beauty" in life and keep growing therefor.

Looking forward to 2024, generally speaking, the political and economic environment is still full of variables, such as the economic competition between the United States and China, and the monetary policies of major economies, which may drive volatility of the global financial markets. Multiple geopolitical risk, and climate change are critical to business management and supply & demand of energy, agricultural/industrial raw materials. The general environmental variables still exist. However, as the consumption market is recovering, Namchow is also developing its business positively, and the outlook is optimistic.

It has been 72 years since Namchow was founded. Experiencing countless changes in the times, it can always seize the opportunities and jump after passing through turning points. Its people-oriented corporate culture has been shaped for a long time as a learning organization. The philosophy of "Knowing Changes, Responding to Changes, Seeking to Change, Remaining Unchanged," which keeps pace with the times helps us combine the employees' functional development and corporate development. Always believing in ethical management and identifying social and economic trends, we improve the corporate resilience, pursue consumers' interests and rights permanently, and create better investment returns for all stakeholders and shareholders.

To

Namchow General Shareholders Meeting

Chairman *Fei-Lung Chen*



## **II. Company Profile**

### **I. Date of Establishment: March 29, 1952**

(The registered name was changed to Namchow Holdings Co.,Ltd. on August 25, 2017.)

### **II. Company History:**

Namchow Holdings Co.,Ltd. was established in 1952 by Mr. Qizhi Chen, an overseas Chinese in the Philippines. He took over Namchow Industrial Co., Ltd. and reorganized it. The operations have been developed with diversified approaches, focusing on four major areas, “raw materials, technology, distribution and culture,” and cultivates the fields of “fats, dairy products, flour, rice, food and beverages, cleaners and daily necessities, biotechnology, and hotel complex.” It positions the global niche markets with the operation bases spreading in Taiwan, Thailand, Mainland China, and Japan, with products sold all over the world.

In 2017, Namchow became a investment holding company and by the end of the year, its Shanghai subsidiary launched an initial public offering (IPO) in China. The IPO approved by China Securities Regulatory Commission in January 2021, and Namchow Food Group (Shanghai) Co went public on the Shanghai Stock Exchange on May 18 as A shares - the first Taiwanese food firm to achieve this feat in China.

#### **(I) Businesses of Namchow in Taiwan**

1. Home products Business -- We started to produce soap in 1952 and glycerol in 1956. The most advanced soap making equipment at the time, Mazzoni in Italy, was purchased in 1963 and then crystal detergent soap was launched, and remains as the leading brand of laundry soap. Adhering to the business philosophy of "Health, Environmental Protection, and Love for the Planet," we will continuously develop cleaning products that are suitable for consumers to use while coexisting with the natural environment, to contribute to a healthy global environment.

In recent years, we have enriched a wide range of products, featured natural and environmentally friendly washing crystal soap liquids, utensil washing liquids, antibacterial hand soap, and antibacterial spray etc.

In 2022, a replica and refined version of "ZingZing Soap" was launched. The product has added probiotics and is made with ingredients from natural sources, but additive-free artificial flavors and pigments; it is the optimized formula for skin-cleansing only is developed.

Namchow launched the "Antrodia Bath Soap" in 2014 which uses antrodia essence extracted by legacy exquisite soap manufacturing processes. In 2018, Namchow launched a series of six products called "Repairwear Antrodia Cinnamomea Essence Soap" for different skin types of men and women.

2. Oil & Fat Business -- Namchow started technical collaboration with Miyoshi Soap Corporation, one of the Top 10 oils and fats enterprises in Japan in 1971 for the production of baking oils and fats to supply bread, pastry, cookies, ice cream, and instant noodles manufacturers. Namchow butter oil substitute, Yufeng Brand, and VEGE series among numerous oil and fat products have been deeply trusted and supported by customers over the years. In recent years, Namchow has been focusing on the promotion of Chinese pastry and successfully developed dedicated oil and flour for Chinese pastry. In 2019, Namchow's “NEBOS Oil & Fat series”



products were introduced. To be fully compliant with pertinent international regulations, it has obtained Clean Label certification (clean and no additive). In recent years, we have promoted bakery as dining, and dining as bakery to develop baking fats applications in different fields. Foreign butter, whipped cream and other products from overseas will be gradually introduced to serve customers with a full range of products.

3. Ice Cream Business -- International Royal Dairy Products Company was established in 1988. (In December 1997), Royal and Lucky merged to be Lucky Royal Co. Ltd., using "Duroyal" as its brand to develop leading product trends and it became one of the largest ice cream production and distribution companies with comprehensive product offerings across Taiwan. The Company developed the high-end ice cream brand "Kabisuo" in 2004, and entered the market of Mainland China in 2013. Since 2013, the Company has supplied soft cream to convenience stores and other merchants. In 2016, the Company began to partner with well-known domestic and foreign brands and retail distributors to develop collaborated products in-depth, and launched black glutinous rice cake taro puree ice cream jointly with the affiliate, Dian Shui Lou. In 2021, we strictly selected OEM ice products from global high-quality suppliers, cooperated with Japanese ice cream manufacturers, and developed Duroyal Japanese Ranch fresh milk puff ice cream. The competitiveness has been developed continuously to lead the peer.
4. Frozen Dough Business -- Namchow set up the frozen dough factory at the Zhongli site in 1991. As the business grows, another production line was set up in Taoyuan Factory, and started the production officially since January 2018. Namchow frozen dough is featured with competitive advantages including "high quality, safety and sanitation; saving time, money, and manpower; reducing material loss and simple operation." There are eight categories and more than 300 kinds of Chinese and Western bakery items for a complete product line. In recent years, health-maintenance, healthcare, and specialty nutritious materials, among other ingredients, have been introduced to cope with the trend of focusing on a healthy diet, and are the ideal assistance to bakery operators.
5. Frozen Noodles Business -- The frozen noodles technical collaborative contract was signed with Katoji Co., Ltd. in Japan in 1998. Namchow became the first frozen noodles company in Taiwan. Ever since the launch of "Sanuki" Frozen Noodles in January 1999, the Company has successfully developed Japanese Noodles, Pasta and Chinese Noodles three major category and with dozens of products. Frozen Noodles are "delicious, convenient, fast, safe and sanitation," making it an optimum choice for dining businesses seeking to enhance their operational performance.
6. Cooked Rice Business -- NT\$300 million was invested in 2004 in the Zhongli site for the production of ambient temperature ready-to-serve rice. The company made cooked rice and cooked rice made of dietary fiber takes health and wellness as its demand, and has the effect of regulating blood sugar and blood lipids. It is the first domestic product that has been awarded a health food certification. Ambient temperature ready-to-serve rice is functional, and has been awarded by the various food certifications.
7. Gastronomy Business Division
  - (1) Chow Ho Honbaryu Professional Noodles Stores --- Chow Ho Enterprise was established in 1999 and the demonstrative noodles store Honbaryu was opened to be the antenna for collecting market information on frozen noodles and serve as the platform for exchange with customers. The store is located in the tourism factory in Taoyuan

- (2) Dian Shui Lou Restaurant -- opening the Taipei Nanjing flagship store in 2005, currently there are 6 restaurants in Taiwan and 2 restaurant in Japan. Dian Shui Lou inherits and promotes the Chinese culinary culture, uses local ingredients, and enriches the food culture. It develops high-quality cuisines carefully based on the seasons to satisfy the dietary tastes of gourmets. It is highly recommended by gourmets and foodies.
- (3) Taipei Paulaner Restaurant -- BLN Restaurants & Caterings returned to Taiwan from Shanghai, to open a branch at Taipei National University of the Arts, Guandu, and Brewery in Taoyuan Tourism Factory in 2009. In 2020, we relocated to a new location close to Guandu MRT Station and became the first composite restaurant that serves freshly baked pastry and a community demonstration store for baking customers.
- (4) Le vol du petit prince French Restaurant -- The establishment opened at Taipei National University of the Arts in December, 2020. The restaurant supplies safe and delicious French cuisine, providing custom-made meals, and giving more options to consumers and teachers and students of the university.
8. Taoyuan Tourism Factory of Namchow -- Certified by the Government to be a tourism factory, Namchow Tourism Factory debuted in 2012, without charging an entrance fee. It has developed a new look for it is closely related to tourism, education, people-to-people diplomacy and small groups to showcase our commitment to corporate social responsibility and our intention to promote the development of local industries.

In the park occupying space of more than 10,000 m<sup>2</sup>, it establishes: Namchow Founder Memorial Park; Oil & Fat Visitor Hallway; Crystal Soap Experience; Dian Shui Lou Cultural Dining; Honbaryu Demonstrative Noodles Store, Paulaner Brewery, and Dining Demonstrative Center; Thailand Erawan Shrine Worship Area; and Thailand Cultural House & Thai Food Restaurant, among other diversified fields.

## (II) Overseas Businesses of Namchow

1. Namchow (Thailand) -- Established in -1989, Namchow Thailand is the first overseas operating base of Namchow. The Ban Pong Factory became operational in 1990 to produce instant noodles, rice crackers, among other products. With settlement-oriented management and focus on sustainable development, we have received multiple food certificates and awards over the years. Namchow Thailand has even been recognized as a benchmark enterprise by the Thai government, and sells products to more than 80 countries worldwide. In light of the increasingly booming ASEAN market and the company's global deployment strategies, apart from expanding our existing product lines, Namchow has also built the brand new intelligent production bases. The first phase of the investment plan began in 2019, and the new plant of the second phase will be completed and commissioned in the second half of 2024, to become a new driving force for business revenue and profit growth.

The cultivation and operation for more than three decades in Thailand, Namchow Thailand focuses on various rice products as its core business and has established its Rice Cracker Research Center to specialize in the development of rice crackers and different rice-based products in the hopes of becoming a world-renowned manufacturer of rice products and preferred partner of collaboration for other major brand names. The Company established its cross border e-commerce sales team in 2020, with the goal of promoting products in the Mainland Chinese market and other regions in the world through e-commerce.

In 2015, Namchow Thailand's "Little Cook" instant noodles returned to Taiwan for sale, positioned as "Slow-Meal Noodles," providing new options for formal meals with exquisite cuisine, and a variety of products with unique flavors were launched one after another.

2. Oils, fats and bakery businesses in Mainland-- Tianjin Namchow Oils and Fats Company was established in 1996 as a supplier of oil & fats, whipped cream, frozen dough, ice cream, baked goods fillings, and other products. In recent years, the strategy of "bakery as dining" has been promoted, to continuously develop quality products and to provide one-stop services for customers.

In 2007, Namchow Oils and Fats Guangzhou Plant was put into operation; In 2016, Shanghai Jinshan No. 1 Plant was built and put into use, which is a food processing plant with food safety, full traceability, environmental protection and energy saving, and Jinshan No. 2 Plant was built in the same year; Cooperation with Shanghai Jinshan Agriculture; In 2017, the western operation center was established in Chongqing, Sichuan; In 2020, with Wuhan as the core, the Greater Wuhan Operation Center of the Yangtze River Economic Belt was established, and the Guangdong-Hong Kong-Macao Greater Bay Area Operation Center was established in Guangzhou; Shanghai Namchow became an A-Share listed in Shanghai Stock Exchange on May 18, 2021, the first Taiwanese food company listed as an A-share. In 2022, investment of CNY480 million was made for Chongqing Namchow Food, a wholly-owned subsidiary in Chongqing, and the ceremony of groundbreaking was held in November 2023, to be incorporated and to serve as a production base connecting the western Mainland and Southeast Asian markets. The trading company is established in Hong Kong and Singapore for the plan of further expansion in markets of Hong Kong, Macao, and ASEAN.

3. BLN Restaurants & Caterings -- BLN Restaurants & Caterings was established in 1996 with technical authorization from the Germany Paulaner Group. The first BLN Restaurants & Caterings was opened on Fenyang Road, Shanghai, in 1997. Touting its unique charms as an exotic restaurant, we work hard to highlight and promote our beliefs and ideals for fine cuisine, to provide customers with service of experiencing diversified international gourmet cultures.

In recent years, under the influence of the COVID-19 pandemic, the food and beverage business has been exposed to severe challenges. Paulaner continued to build on its existing strengths and made adjustments according to local conditions. At present, the overall consumer market is recovering, and the future business development is quite optimistic. Currently, there are four Paulaner restaurants, and one BAKTRO bakery bistro just opened in April 2023. The newest store expansion plan is also ongoing.

The world has been affected by multiple changing factors such as the raging epidemic, geopolitical tensions, extreme weather impacts, and soaring raw material prices, so the overall market operation is becoming more and more difficult, however, Namchow faces practical challenges with the confidence of sustainable development. Leading to the establishment of policies, the Company copes with the evolving corporate environment and the amendments to relevant laws and regulations, and has established a "Food Safety Committee" with a laboratory meeting international high standards; we began to prepare the "Sustainability Report" since 2015, and established the committee for the constant implementation and promotion of relevant policies; the sustainability report disclosure standards of SASB and TCFD were introduced in 2021, to gradually

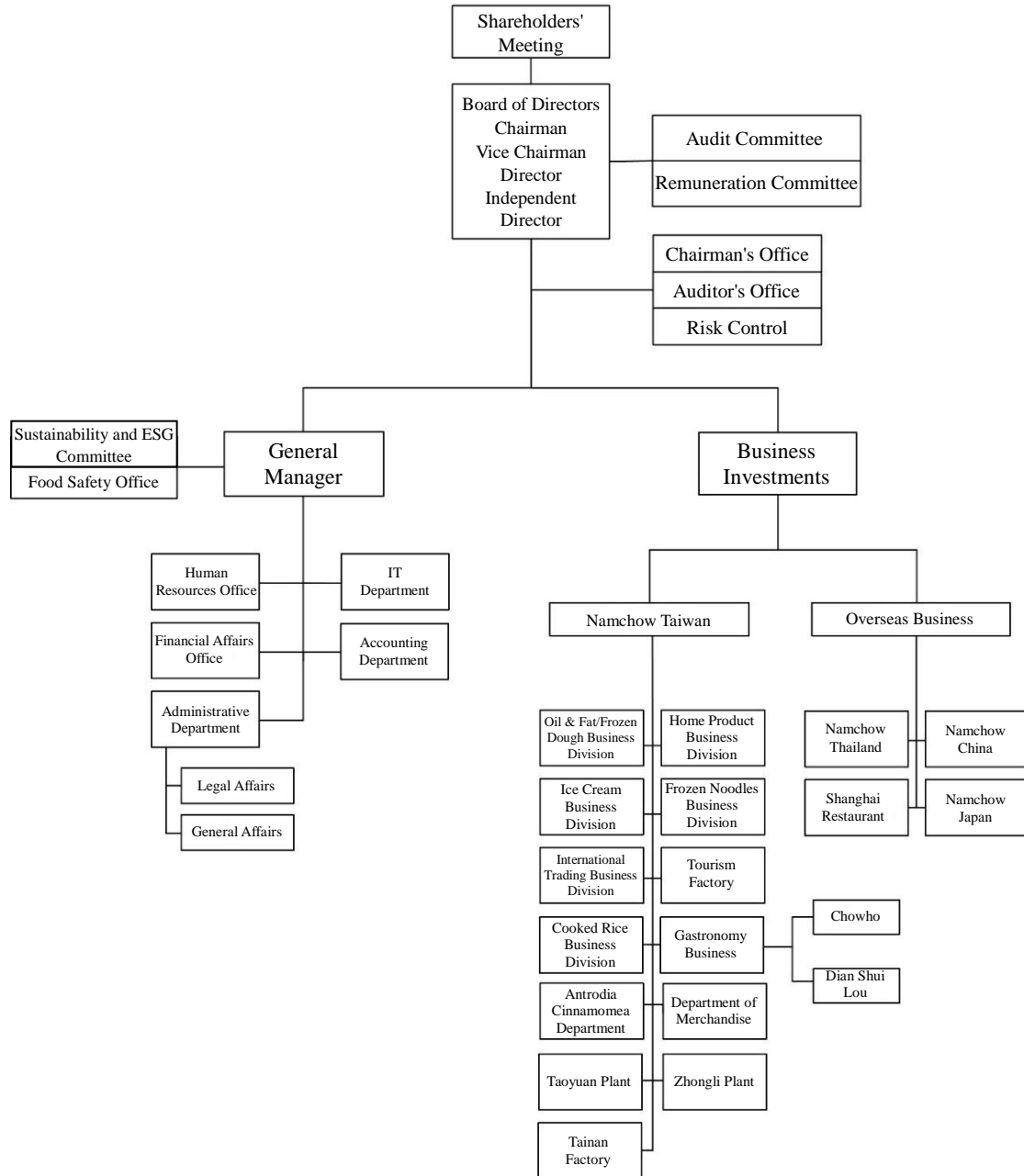
establish the carbon emission inventory, verification, and registration system, etc., to demonstrate fulfillment of the corporate social responsibility.

Namchow Group was established 72 years ago, and since then it has adhered to the attitude of “Knowing changes, Seeking to change, Responding to change, Remaining unchanged,” to insist the philosophy of "integrity" and "sustainable management" while promoting the spirit of "as nature's movement is ever vigorous, so must a gentleman ceaselessly strive along." In terms of the business landscape, the Company connects resources and talents around the world, adopts a trading-oriented organization as the core, grasps the pulse and trends of the industrial environment, jointly develops raw materials, R&D, production, customers and services to achieve operational synergy, while deepening the core group competitiveness and building the innovative operation model, to contribute the best business performance and the most stable profit growth to all stakeholders, shareholders and employees.

# III. Corporate Governance Report

## I. Organizational System

### (I) Organizational structure



(II) Major Departments and Their Scope of Operations

Department	Scope of Operations
Oil & Fat /Frozen Dough Business Division	Research and development, production, and distribution of professional oils and fats and frozen dough products
Ice Cream Business Division	Research and development, production, and distribution of ice cream products
Home Product Business Division	Research and development, production, and distribution of daily cleaners
International Trading Business Division	Importation and exportation of goods, exportation affairs and procurement of raw materials, packing materials and equipment
Frozen Noodles Business Division	Research and development, production and distribution of frozen noodles
Cooked Rice Business Division	Research and development, production and distribution of Cooked Rice
Antrodia Division	Research and development, production and distribution of Antrodia cinnamomea soaps and "ZingZing Soap" soaps and related products
Little Cook Division	Research and development, production and distribution of "Little Cook" instant noodles
Joint Logistics Office for the Dining Business	Planning, implementation, and service windows for Namchow and reinvested dining businesses
Administrative function	Management of legal affairs and general affairs
Information	Development, construction, and management of the information system
Financial Affairs	Financial management and capital utilization plan
Accounting	Bookkeeping and taxes processing and management
Human Resources	Management of human resources and organizational development

## II. Background Information on Directors, Supervisors, General Managers, Vice General Managers, Assistant Managers and Heads of Various Departments and Branches

### Director and Supervisor Information (I)

April 1, 2024

Title (Note 1)	Nationality	Name	Gender and age (Note 2)	Date of Election/Ina uguration Date	Tenure	Initial date of inauguration (Note 3)	Number of shares held at the time of election		Number of shares currently held		Current shares held by spouse and minors		Shares held in someone else's name		Main experience/education (Note 4)	Positions served at the Company and other companies at present	Other supervisors, directors or supervisors that are a spouse or within second degree of kinship			Remarks (Note 5)
							Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio	Quantity of shares	Shareholdin g ratio	Quantity of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	R.O.C.	Hwa Zhin Co., Ltd.  Representative: Fei-Lung Chen	Male Age 81-90	2021/7/15	3 years	06/09/2006  04/04/1959	864,884  33,814,934	0.29%  11.50%	864,884  33,814,934	0.29%  11.50%	0  3,577,413	0.00%  1.22%	0  0	0.00%	Masters of Public Administration, University of San Francisco	Chairman of Chow Ho Enterprise Co., Ltd. Chairman of Qizhi Culture Co., Ltd. Chairman of Hwa Zhin Co., Ltd. Chairman of Namchow BV Ltd. Chairman of Nacia International Corporation Chairman of Namchow (Cayman Islands) Holding Corp. Director of Mostro (Thailand) Ltd. Director of Dian Shui Lou Restaurant Business Co., Ltd.	Director         Director	Namchow Holdings CO., Ltd. Employee Welfare Committee Representative         Hwa Zhin Co., Ltd. Representative Cheng-Wen Chen	Father and Daughter         Father and Son	None
Director	R.O.C.	Lucky Royal Co., Ltd.  Representative: Kan-Wen Lee	Male Age 61-70	2021/7/15	3 years	06/09/2006  06/09/2006	46,041,259  26,583	15.65%  0.01%	46,041,259  26,583	15.65%  0.01%	0	0.00%	0	0.00%	Master of Agricultural Economics, National Taiwan University Masters of Business Administration, National Chung Hsing University	Director of Nacia International Corporation Director of Namchow (Cayman Islands) Holding Corp. Director of Tianjin Yoshi Yoshi Co., Ltd. Director of Tianjin Namchow Food Co., Ltd. Director of Guangzhou Namchow Food Co., Ltd. Chairman of Namchow (Thailand) Ltd. Director of Mostro (Thailand) Ltd. Director of Guangzhou Yoshi Yoshi Co., Ltd Director of Namchow Food Group (Shanghai) Co., Ltd. Director of Namchow Oil and Fat Co., Ltd.	None	None	None	None

Title (Note 1)	Nationality	Name	Gender and age (Note 2)	Date of Election/Ina uguration Date	Tenure	Initial date of inauguration (Note 3)	Number of shares held at the time of election		Number of shares currently held		Current shares held by spouse and minors		Shares held in someone else's name		Main experience/education (Note 4)	Positions served at the Company and other companies at present	Other supervisors, directors or supervisors that are a spouse or within second degree of kinship			Remarks (Note 5)
							Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio	Quantity of shares	Shareholdin g ratio	Quantity of shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	Hwa Zhin Co., Ltd.  Representative: Cheng-Wen Chen	Male Age 51-60	2021/7/15	3 years	06/09/2006  06/10/2015	864,884  0	0.29%  0.00%	864,884  0	0.29%  0.00%	0  1,469,000	0.00%  0.50%	0  0	0.00%	Masters, Graduate Institute of Financial Affairs, Golden Gate University	Director of Lucky Royal Co., Ltd. Director of Qizhi Culture Co., Ltd. Director of Namchow BV Ltd. Director of Nacia International Corporation Director of Namchow (Cayman Islands) Holding Corp. Director of Tianjin Namchow Food Co., Ltd. Director of Tianjin Yoshi Yoshi Co., Ltd. Chairman of BLN Restaurants & Caterings Director of Namchow (Thailand) Ltd. Chairman of Shanghai Qiaohao Trading Co., Ltd. Director of Guangzhou Namchow Food Co., Ltd. Executive Director of Shanghai Qizhi Business Consultation Company. Chairman of Namchow Food Group (Shanghai) Co., Ltd. Executive Director of Shanghai Qiaohao Business Administration Co., Ltd. Executive Director of Shanghai Qiaohao Food Co., Ltd. Director of Shanghai Namchow Food Co., Ltd. Director of Tianjin Qiaohao Food Co., Ltd. Executive Director of Chongqing Qiaoxing Co., Ltd. Director of Guangzhou Yoshi Yoshi Co., Ltd Chairman of Namchow Oil and Fat Co., Ltd. Executive Director of Wuhan Qiaoxing Co., Ltd. Director of Namchow Trading Singapore Pte. Ltd. Chairman of Chongqing Namchow Food Co., Ltd. Director of Namchow Trading Hong Kong Pte. Ltd. Director of Namchow Food (Bangkok) Ltd.	Chairman  Director	Hwa Zhin Co., Ltd. Representative Fei-Lung Chen  Namchow Holdings CO.,Ltd. Employee Welfare Committee Representative	Father and Son  Sister and Brother	None
Director	R.O.C.	Lucky Royal Co., Ltd.  Representative: Ming-Fen Chou	Female Age 61-70	2021/7/15	3 years	06/09/2006  05/30/2018	46,041,259  9,000	15.65%  0.00	46,041,259  9,000	15.65%  0.00	0	0.00%	0	0.00%	Master of Educational Technology, Texas A&M University Entrepreneurship Class of National Chengchi University	Chairman of Lucky Royal Co., Ltd. Director/General Manager of Chow Ho Enterprise Co., Ltd. Director of Namchow (Thailand) Ltd. Director of Shanghai Qiaohao Trading Co., Ltd. Director of Tianjin Yoshi Yoshi Co., Ltd. Director of Guangzhou Yoshi Yoshi Co., Ltd Director/General Manager of Huciang Industry Co., Ltd. Director of Namchow Oil and Fat Co., Ltd. General Manager of Dian Shui Lou Restaurant Business Co., Ltd.	None	None	None	None



Title (Note 1)	Nationality	Name	Gender and age (Note 2)	Date of Election/Ina uguration Date	Tenure	Initial date of inauguration (Note 3)	Number of shares held at the time of election		Number of shares currently held		Current shares held by spouse and minors		Shares held in someone else's name		Main experience/education (Note 4)	Positions served at the Company and other companies at present	Other supervisors, directors or supervisors that are a spouse or within second degree of kinship			Remarks (Note 5)
							Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio	Quantity of shares	Shareholdin g ratio	Quantity of shares	Shareholding ratio			Title	Name	Relationship	
Director	R.O.C.	Namchow Holdings CO.,Ltd. Employee Welfare Committee Representative Yi-Wen Chen	Female Age 61-70	2021/7/15	3 years	05/30/2019	4,908,960	1.67%	4,908,960	1.67%	0	0	0	0.00%	Master of Arts, University of San Francisco	Director of Lucky Royal Co., Ltd. Supervisor of Chow Ho Enterprise Co., Ltd. Supervisor of Qizhi Culture Co., Ltd. Director of Namchow BV Ltd. Director of Nacia International Corporation Director of Namchow (Cayman Islands) Holding Corp. Chairman of Tianjin Namchow Food Co., Ltd. Chairman of Tianjin Yoshi Yoshi Co., Ltd. Vice Chairman of BLN Restaurants & Caterings Director of Namchow (Thailand) Ltd. Director of Shanghai Qiaohao Trading Co., Ltd. Chairman of Dian Shui Lou Restaurant Business Co., Ltd. Chairman of Guangzhou Namchow Food Co., Ltd. Director of Namchow Food Group (Shanghai) Co., Ltd. Supervisor of Shanghai Qiaohao Business Administration Co., Ltd. Chairman of Shanghai Qiaohao Food Co., Ltd. Chairman of Shanghai Namchow Food Co., Ltd. Chairman of Namchow Japan Co., Ltd. Supervisor of Namchow Consultancy Co., Ltd. Chairman of Tianjin Qiaohao Food Co., Ltd. Supervisor of Chongqing Qiaoxing Co., Ltd. Chairman of Guangzhou Yoshi Yoshi Co., Ltd. Director of Namchow Oil and Fat Co., Ltd. Chairman of Huciang Industry Co., Ltd. Supervisor of Hwa Zhin Co., Ltd.	Chairman  Director  Vice General Manager/E xecutive Vice President	Hwa Zhin Co., Ltd. Representative Fei-Lung Chen  Representative of Hwa Zhin Co., Ltd. Cheng-Wen Chen  Cheng-Wen Chen	Father and Daughter  Sister and Brother  Sister and Brother	None
Director	R.O.C.	Hwa Zhin Co., Ltd.  Representative Yu-Wen Chen	Male Age 51-60	2022/12/13	3 years	06/09/2006 2022/12/13	864,884 18,003,624	0.29% 6.12%	864,884 32,541,619	0.29% 11.06%	0 0	0.00% 0.00%	0 0	0 0	Bachelor of Accounting, George Brown University, Canada	Director of Lucky Royal Co., Ltd. Director of Chow Ho Enterprise Co., Ltd. Director of Qizhi Culture Co., Ltd. Director of Namchow (Thailand) Ltd. Director of Dian Shui Lou Restaurant Business Co., Ltd. Director of Namchow Food Group (Shanghai) Co., Ltd. Director of Namchow Consultancy Co., Ltd. Director of Namchow Oil and Fat Co., Ltd. Director of Huciang Industry Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Ting-Kuo Chen	Male Age 81-90	2021/7/15	3 years	06/10/2015	0	0	0	0	0	0	0	0	PhD in Business Administration, University of Michigan	Founder and Honorary Chairman of the Chinese Academy of Business Managing Supervisor, Chinese Professional Management Association Managing director, Chinese Management Association Independent director, member of Audit Committee and member of Remuneration Committee, Shiny Chemical Industry Co., Ltd. Independent director, member of Audit Committee and member of Remuneration Committee, Taiwan Speciality Chemicals Corporation Remuneration Committee Member, EasyCard Corporation	None	None	None	None
Independent Director	R.O.C.	Chin-Shih Lin	Male Age 61-70	2021/7/15	3 years	06/10/2015	0	0	0	0	0	0	0	0	Department of Accounting, Tamkang University	CPA at Chin-Shih Lin Accounting Firm Director of Prolific Technology Inc. Independent director, member of Audit Committee and member of Remuneration Committee, WIN Semiconductors Corp.	None	None	None	None

Title (Note 1)	Nationality	Name	Gender and age (Note 2)	Date of Election/Ina uguration Date	Tenure	Initial date of inauguration (Note 3)	Number of shares held at the time of election		Number of shares currently held		Current shares held by spouse and minors		Shares held in someone else's name		Main experience/education (Note 4)	Positions served at the Company and other companies at present	Other supervisors, directors or supervisors that are a spouse or within second degree of kinship			Remarks (Note 5)
							Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio	Quantity of shares	Shareholdin g ratio	Quantity of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	R.O.C.	Chun-Hsueh Chen	Male Age 71-80	2021/7/15	3 years	05/30/2019	2,000	0.00%	2,000	0.00%	0	0.00%	0	0.00%	Ph.D. candidate of EDBA, School of Management, National Taiwan University of Science and Technology	Representative of Eni Chemicals (Italy) Taiwan Office General Manager of Taiwan Branch of SAB Asia Pacific General Manager of Pulong Enterprise Co., Ltd.	None	None	None	None

Note 1: Corporate shareholders shall list the names and representatives of corporate shareholders separately (if it is a representative of a juristic person shareholder, the name of the juristic person shareholder should be indicated); and the following Table 1 should be filled in.

Note 2: Please state the actual age of shareholders in specific age range (i.e. 41~50 or 51~60).

Note 3: Fill in the time of first serving as director or supervisor of the company. If there is any interruption, it should be noted.

Note 4: For the experience relevant to the current position, such as employment at an audit and certification accounting firm or an associated enterprise during the said period, the title and responsibilities shall be specified.

Note 5: When the company's chairman and general manager or equivalent (top manager) are the same person, or spouse or relative within one degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures should be explained (e.g., the number of independent directors should be increased, more than half of the directors should not be concurrent employees or managers, etc.).

Table 1: Major shareholders of institutional shareholders

April 1, 2024

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)
Lucky Royal Co., Ltd.	Namchow Holding Co., Ltd.(99.65%)
Hwa Zhin Co., Ltd.	Fei-Lung Chen (45%), Yu-Wen Chen (45%)
Namchow Holdings CO.,Ltd . Employee Welfare Committee	Not applicable

Note 1:If the directors and supervisors are representatives of juristic person shareholders, the name of the juristic person shareholders should be filled in.

Note 2:Fill in the name of the main shareholder of the juristic person shareholder (whose shareholding ratio falls in the top ten) and its shareholding ratio. If its major shareholder is a juristic person, it should be disclosed in Table 2 below.

Note 3:When the juristic person shareholder is not a company organizer, the names of shareholders and shareholding ratios that should be disclosed beforehand are the names of the funders or donors (refer to Judicial Yuan Announcement Query) and their contributions or contribution ratios. If a donor had passed away, please denote said donor as “deceased”.

Table 2: Major shareholders of major shareholders who are institutions

April 1, 2024

Name of institution	Serial No.	Name of major shareholder of the institution	Shareholding ratio
Namchow Holdings Co., Ltd.	1	Lucky Royal Co., Ltd.	15.65%
	2	Fei-Lung Chen	11.50%
	3	Yu-Wen Chen	11.06%
	4	Bank SinoPac as Custodian for Reva Spring Ltd. Investment Account	4.23%
	5	Yuguan Investment Advisors Limited	3.65%
	6	Nomura Asset Management Taiwan Ltd. as fully authorized by Fubon Life Insurance Co., Ltd.	2.53%
	7	Yong-Wen Chen	1.72%
	8	Namchow Holdings CO.,Ltd . Employee Welfare Committee	1.67%
	9	Shiao-Chuan Chen-Huang	1.22%
	10	Sanduo Investment Co., Ltd.	1.20%

Note 1:If the main shareholder is a juristic person as shown in Table 1 above, the name of the juristic person should be filled in.

Note 2:Fill in the name of the main shareholder of the juristic person (whose shareholding ratio falls in the top ten) and its shareholding ratio.

Note 3:When the juristic person shareholder is not a company organizer, the names of shareholders and shareholding ratios that should be disclosed beforehand are the names of the funders or donors (refer to Judicial Yuan Announcement Query) and their contributions or contribution ratios. If a donor had passed away, please denote said donor as “deceased”.

## Director and Supervisor Information (II)

### I. Director and Supervisor Professional Qualifications and Independent Director Independence Disclosure:

Requirement Name	Professional qualifications and experience (Note 1)	Compliance with the independence requirement (Note 2)	Number of other public offering companies where the position of part-time independent director is held
Hwa Zhin Co., Ltd. Representative: Fei-Lung Chen	With no less than five years of work experience in a business, financial, accounting or corporate entity without any violation of offenses described in Article 30 of the Company Act.	Not an independent director and thus not applicable (For more information on the Board's independence, please refer to (II) Board Independence on page 20 in this Report).	0
Lucky Royal Co., Ltd. Representative: Kan-Wen Lee	With no less than five years of work experience in a business, financial, accounting or corporate entity without any violation of offenses described in Article 30 of the Company Act.		0
Hwa Zhin Co., Ltd. Representative: Cheng-Wen Chen	With no less than five years of work experience in a business, financial, accounting or corporate entity without any violation of offenses described in Article 30 of the Company Act.		0
Lucky Royal Co., Ltd. Representative: Ming-Fen Chou	With no less than five years of work experience in a business, financial, accounting or corporate entity without any violation of offenses described in Article 30 of the Company Act.		0
Namchow Holdings CO.,Ltd . Employee Welfare Committee Representative: Yi-Wen Chen	With no less than five years of work experience in a business, financial, accounting or corporate entity without any violation of offenses described in Article 30 of the Company Act.		0
Hwa Zhin Co., Ltd. Representative: Yu-Wen Chen	With no less than five years of work experience in a business, financial, accounting or corporate entity without any violation of offenses described in Article 30 of the Company Act.		0

Ting-Kuo Chen	With no less than five years of work experience in a business, financial, accounting or corporate entity; served as the Dean of College of Management, Tamkang University. He is currently serving as the Charity Chairman of the Chinese Academy of Business and he has no prior violation of offenses described in Article 30 of the Company Act.	1. Not an employee of the Company or its affiliates. 2 Not a director or supervisor of the Company or its associated enterprise. 3. Not a natural person shareholder that holds by himself/herself or by his/her spouse or minor child in someone else's name more than 1% of all circulating shares of the Company or is on the Top 10 shareholding list.	2
Chin-Shih Lin	With no less than five years of work experience in a business, financial, accounting or corporate entity; he has passed the CPA National Examination and is currently serving as a certified public served as the Dean of College of Management, Tamkang University. He is currently serving as a CPA at Chin-Shih Lin Accounting Firm and has no prior violation of offenses described in Article 30 of the Company Act.	4. Not a manager of those listed in (1), or someone having a relationship with those listed in (2) or (3) including a spousal relationship, a second-degree kinship or closer, or an immediate blood relative within three degrees of kinship. 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its a representative to serve as a director or supervisor of the company under Article 27, Paragraph 1 or 2 of the Company Act. 6. The majority of the company's director seats or voting shares and those of any other company are not controlled by the same person: a director, supervisor or employee of that other company.	1

Chun-Hsueh Chen	With no less than five years of work experience in a business, financial, accounting or corporate entity. He has previously served as the General Manager of Pulong Enterprise Co., Ltd. and has no prior violation of offenses described in Article 30 of the Company Act.	<p>7. The chairperson, general manager or person holding an equivalent position of the company and a person in any of those positions at another company or institution are not the same person or spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>8. Not a director, supervisor, manager or a shareholder holding more than 5% of the shares of a specific company or institution with financial or business activities with the company.</p> <p>9. Not a partner, director, supervisor, manager, or spouse thereof of a company or institution that provides commercial, legal, financial, financial, accounting services or consultation to the company or any affiliate of the Company for amounts exceeding NTD 500,000 in the past two years.</p> <p>10. Not the spouse or a relative within the second degree of kinship to any other director of the Company.</p> <p>11. Not a government agency, juristic person or its representative set forth in Article 27 of the Company Act.</p>	0
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Note 1: Professional qualifications and experience: State the professional qualifications and experience for each director and supervisor. If he/she is acting as a member of the Audit Committee with backgrounds/credentials in accounting or finance, be sure to include his/her relevant backgrounds/prior experiences in accounting and finance, as well as prior violations of Article 30 of the Company Act.

Note 2: Independent directors are required to declare their status of independence, (i.e. whether he/she, his/her spouse or relative within 2nd degree of kinship is also serving as a director, supervisor or employee of Namchow or its subsidiaries; the number of shares and percentage of the company's shares in their possession or the possession of their spouse or relative within 2nd degree of kinship; whether he/she is serving as a director/supervisor/employee at specific companies with financial/business relationships with Namchow and so forth. Refer to Article 3, Section 1 Clauses 5~8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies for details). Independent directors must also declare the amount of compensation they have received in the past 2 years for their auditing/commercial/legal/financial/accounting or related services.

## II. Board Diversity and Independence:

### (I) Board Diversity:

In addition to the company's Articles of Incorporation, Namchow has also established its Procedure of Directors Appointment, which explicitly requires that candidates must be nominated and reviewed to verify their eligibility before the Board of Directors resolve their nomination for election and appointment at the Shareholders' Meeting. Pursuant to Article 3 of "Board of Directors Appointment Procedure", composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic conditions and values: gender, age, nationality and culture.
2. Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. Perspective of international market
7. Leadership ability.
8. Decision-making ability.

Namchow's incumbent Board of Directors consists of 9 directors. A summary of our board composition diversity policy and status of achievement for specific management goal is provided as below:

Management Goal	Status of Achievement
The Board of Directors shall has at least 1 female member	Achieved
No independent director shall serve as a member of the Board for more than three terms	Achieved
Board members shall contribute diverse professional knowledge and skills that are relevant and applicable	Achieved

The implementation status of our Board Diversity policy is as follows:

Item of diversification  Name of director	Basic composition			More than five years of work experience and the following professional eligibility	Professional background			Professional knowledge and skills				
	Nationality	Gender	Also serving as an employee at the company	Lecturer or higher ranking at the business, legal affairs, financial affairs or accounting department, or other departments relating to corporate operation of public and private colleges and universities	Business	Financial	Industry	Business Management	Knowledge of the industry.	Finance and Accounting	Perspective of international market	Risk management
Hwa Zhin Co., Ltd. Representative: Fei-Lung Chen	R.O.C.	Male	V			V	V	V	V	V	V	V
Lucky Royal Co., Ltd. Representative: Kan-Wen Lee		Male	V			V	V	V	V	V	V	V
Hwa Zhin Co., Ltd. Representative: Cheng-Wen Chen		Male	V			V	V	V	V	V	V	V
Lucky Royal Co., Ltd. Representative: Ming-Fen Chou		Female	V			V	V	V	V	V	V	V
Namchow Holdings CO.,Ltd . Employee Welfare Committee Representative: Yi-Wen Chen		Female	V			V	V	V	V	V	V	V
Hwa Zhin Co., Ltd. Representative: Yu-Wen Chen		Male	V			V	V	V	V	V	V	V
Ting-Kuo Chen		Male		V		V	V	V	V	V	V	V
Chin-Shih Lin		Male		V		V	V	V	V	V	V	V
Chun-Hsueh Chen		Male				V	V	V	V	V	V	V

- (II) Board Independence: There are 9 incumbent members in the current term of the Board of Directors. Among them, 2 are female directors and 3 are independent directors. 33% of the members are independent directors. None of the 3 independent directors have violated Clauses 3 and 4 of Article 26-3 of the Securities and Exchange Act. Among the board members, three directors have spouses or relatives within the 2nd degree of kinship serving at the company or its affiliated businesses. For more information on each director's academic credentials and work experience, please refer to Page 11~14 Directors' Profile in this Report.



(II) Background Information of General Managers, Vice General Managers, Assistant Managers and Heads of Various Departments and Branches.

Job Title (Note 1)	Nationality	Name	Gender	Date of Election/Inauguration Date	Quantity of shares		Current shares held by spouse and minors		Shares held in someone else's name		Main experience/education (Note 2)	Positions at other companies held at present	Managers who are a spouse or a relative within the second degree of kinship			Remarks (Note 3)
					Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio			Title	Name	Relationship	
General Manager	R.O.C.	Kan-Wen Lee	Male	09/09/1997	26,583	0.01%	0	0.00%	0	0.00%	Master of Agricultural Economics, National Taiwan University MBA, National Chung Hsing University	Director of Tianjin Namchow Food Co.,Ltd. Director of Tianjin Yoshi Yoshi Co., Ltd. Director of Guangzhou Namchow Food Co.,Ltd. Director of Namchow Food Group (Shanghai) Co., Ltd. Director of Guangzhou Yoshi Yoshi Co., Ltd Chairman of Namchow (Thailand) Ltd. Director of Mostro (Thailand) Ltd. Director of Namchow (Cayman Islands) Holding Corp. Director of Nacia International Corporation Director of Namchow Oil and Fat Co., Ltd.	None	None	None	None
Chief Operation Officer	R.O.C.	Ming-Fen Chou	Female	05/24/2016	9000	0.00%	0	0.00%	0	0.00%	Texas A&M University Master of Educational Technology Entrepreneurship Class of National Chengchi University	Chairman of Lucky Royal Co., Ltd. Director/General Manager of Huciang Industry Co., Ltd. Director of Namchow Oil and Fat Co., Ltd. Director /General Manager of Chow Ho Enterprise Co., Ltd. Director of Tianjin Yoshi Yoshi Co., Ltd. General Manager of Dian Shui Lou Restaurant Business Co., Ltd. Director of Shanghai Qiaohao Trading Co., Ltd. Director of Namchow (Thailand) Ltd. Director of Guangzhou Yoshi Yoshi Co., Ltd Supervisor of Namchow Restaurant Consultancy Co., Ltd.	None	None	None	None
Chief Risk Officer	R.O.C.	Mei-Hui Liao	Female	09/25/2023	0	0.00%	0	0.00%	0	0.00%	Saginaw Valley State University of Michigan MBA	None	None	None	None	None
Chief Financial Officer	R.O.C.	Ching-Hui Chiu	Female	08/13/2018	0	0.00%	0	0.00%	0	0.00%	B.Sc. Department of Risk Management and Insurance, Feng Chia University	Supervisor of Namchow Oil and Fat Co., Ltd. Supervisor of Namchow Japan Co., Ltd.	None	None	None	None
Chief of Staff	R.O.C.	Zhou-Jing Chen	Male	05/01/1996	0	0.00%	0	0.00%	0	0.00%	Bachelor in Law, Soochow University	Director of Tianjin Namchow Food Co.,Ltd. Director of Shanghai Namchow Food Co., Ltd. Director of Tianjin Yoshi Yoshi Co., Ltd. Director of Namchow Consultancy Co., Ltd. Director of Guangzhou Namchow Food Co.,Ltd. Executive Director of Shanghai Qiaohao Food Co., Ltd. Director of Tianjin Qiaohao Food Co., Ltd. Supervisor of Huciang Industry Co., Ltd. Director of Namchow Restaurant	None	None	None	None

Job Title (Note 1)	Nationality	Name	Gender	Date of Election/Inauguration Date	Quantity of shares		Current shares held by spouse and minors		Shares held in someone else's name		Main experience/education (Note 2)	Positions at other companies held at present	Managers who are a spouse or a relative within the second degree of kinship			Remarks (Note 3)
					Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio			Title	Name	Relationship	
												Consultancy Co., Ltd.				
Vice General Manager	R.O.C.	Lung-Wen Xue	Male	01/18/2023	0	0.00%	0	0.00%	0	0.00%	Bachelor, Department of Labor Relations, Chinese Culture University	None	None	None	None	None
Vice General Manager	R.O.C.	Lan-Hsin Chou	Female	09/15/2022	0	0.00%	0	0.00%	0	0.00%	Master of Marketing and Distribution Management, National Kaohsiung University of Science and Technology	Supervisor, Wuhan Qiaoxing Co., Ltd.	None	None	None	None
Assistant Manager	R.O.C.	Jui-Tzu Chu	Female	01/01/2015	0	0.00%	0	0.00%	0	0.00%	Master, Institute of Food and Nutrition, Providence University	None	None	None	None	None
Assistant Manager	R.O.C.	Shih-Wei Wang	Male	10/09/2018	22,000	0.01%	0	0.00%	0	0.00%	EMBA, Business Administration Program, National Chengchi University	Supervisor of Tianjin Namchow Food Co.,Ltd. Supervisor of Guangzhou Namchow Food Co.,Ltd. Supervisor of Shanghai Qizhi Business Consulting Co., Ltd. Supervisor, Namchow Food Group (Shanghai) Co., Ltd. Supervisor of Shanghai Qiaohao Food Co., Ltd. Supervisor of Shanghai Namchow Food Co., Ltd. Supervisor of Tianjin Qiaohao Food Co., Ltd.	None	None	None	None

\*Associate Mr. Ke-Cheng Chen, resigned on April 14, 2023

\*Associate Ms. Yu-Hung Tan resigned on November 30, 2023

\*Namchow Restaurant Consultancy Co., Ltd. was dissolved on December 31, 2023, and the relevant liquidation procedures are in progress.

Note 1:It shall include the information of general managers, vice general managers, assistant managers, and heads of respective departments and branches; regardless of their title, the information has to be disclosed as long as their ranking is equivalent to that of a general manager, vice general manager, or assistant manager.

Note 2:For the experience relevant to the current position, such as employment at an audit and certification accounting firm or an associated enterprise during the said period, the title and responsibilities shall be specified.

Note 3:When the general manager or equivalent (top manager) and the chairman are the same person, or spouse or relative within one degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures should be explained (e.g., the number of independent directors should be increased, more than half of the directors should not be concurrent employees or managers, etc.).

### III. Remunerations paid to directors, supervisors, general managers and vice general managers in recent years

(I)

#### (1-1) Remuneration of general directors and independent directors

Title	Name	Remuneration for directors								Sum of A, B, C, and D and the ratio to after-tax earnings (Note 10)		Remunerations for part-time employees								Sum of A, B, C, D, E, F, and G (%) and its ratio to after-tax earnings ratio of the (Note 10)		Remuneration received from investee companies outside of subsidiaries or from the parent company (Note 11)
		Remunerations (A) (Note 2)		Retirement and pension (B)		Remunerations for directors (C) (Note 3)		Operational expenditure (D) (Note 4)				Salary, bonus, and special expenditure (E) (Note 5)		Retirement and pension (F)		Remunerations for employees (G) (Note 6)						
		The Company	All companies within the Financial Report (Note 7)	The Company	All companies within the Financial Report (Note 7)	The Company	All companies within the Financial Report (Note 7)	The Company	All companies within the Financial Report (Note 7)	The Company	All companies within the Financial Report (Note 7)	The Company	All companies within the Financial Report (Note 7)	The Company	All companies within the Financial Report (Note 7)	The Company		All companies within the Financial Report (Note 7)		The Company	All companies within the Financial Report (Note 7)	
																Current value	Stock value	Current value	Stock value			
Chairman	Fei-Lung Chen, Representative of Hwa Zhin Co., Ltd.	0	0	0	0	42,513,687	42,513,687	115,200	1,600,737	42,628,887 4.09%	44,114,424 4.23%	44,645,868	46,972,478	385,524	419,388	0	0	0	0	87,660,279 8.41%	91,506,290 8.78%	
Director	Cheng-Wen Chen, Representative of Hwa Zhin Co., Ltd.	0	0	0	0	12,342,682	12,342,682	0	1,850,934	12,342,682 1.18%	14,193,616 1.36%	30,857,939	99,392,374	557,640	895,836	282,873	0	959,028	0	44,041,134 4.23%	115,440,854 11.08%	
Director	Yu-Wen Chen, Representative of Hwa Zhin Co., Ltd.																					
Director	Kan-Wen Lee, Representative of Lucky Royal Co., Ltd.																					
Director	Ming-Fen Chou, Representative of Lucky Royal Co., Ltd.																					
Director	Yi-Wen Chen, Representative of Namchow Holdings Co.,Ltd. Employee Welfare Committee																					
Independent Director	Ting-Kuo Chen	0	0	0	0	0	0	2,340,000	2,340,000	2,340,000 0.22%	2,340,000 0.22%	0	0	0	0	0	0	0	0	2,340,000 0.22%	2,340,000 0.22%	
Independent Director	Chin-Shih Lin																					
Independent Director	Chun-Hsueh Chen																					
1. Please state the policies, systems, standards and structure of independent directors' remuneration, and, according to the responsibilities, risks, time invested and other factors, describe the relevance to the remuneration amount: Independent directors of the Company are paid travel expenses, and are paid monthly regardless of profit or loss including business execution related expenses, and they do not participate in the Company's annual profit distribution. No other compensation, remuneration or expenses shall be paid. 2. Besides those disclosed in the above table, remunerations paid to directors in the most recent year for having provided services to all companies covered in the Financial Report (such as working as a consultant at the parent company/all companies covered in this Report/spin-off companies who is not an employee): None																						

Remuneration bracket table

Remuneration level of each director of the company	Name of director			
	Sum of the said four types of remunerations (A+B+C+D)		Sum of the said seven types of remunerations (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies within the Financial Report (Note 9) H	The Company (Note 8)	All companies within the Financial Report (Note 9) I
Less than NTD 1,000,000	Chin-Shih Lin, Ting-Kuo Chen, Chun-Hsueh Chen	Chin-Shih Lin, Ting-Kuo Chen, Chun-Hsueh Chen	Chin-Shih Lin, Ting-Kuo Chen, Chun-Hsueh Chen	Chin-Shih Lin, Ting-Kuo Chen, Chun-Hsueh Chen
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)	Yi-Wen Chen, Representative of Namchow Holdings Co.,Ltd. Employee Welfare Committee, Yu-Wen Chen, Representative of Hwa Zhin Co., Ltd.	Yu-Wen Chen, Representative of Hwa Zhin Co., Ltd.	Yi-Wen Chen, Representative of Namchow Holdings Co.,Ltd. Employee Welfare Committee, Yu-Wen Chen, Representative of Hwa Zhin Co., Ltd.	
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	Kan-Wen Lee ,Representative of Lucky Royal Co., Ltd. Ming-Fen Chou, Representative of Lucky Royal Co., Ltd.	Kan-Wen Lee ,Representatives of Lucky Royal Co., Ltd. Ming-Fen Chou, Representatives of Lucky Royal Co., Ltd. Yi-Wen Chen,Representative of Employee Welfare Committee, Namchow Holdings Co.,Ltd.	Ming-Fen Chou, Representative of Lucky Royal Co., Ltd.	Yu-Wen Chen, Representative of Hwa Zhin Co., Ltd.
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)	Cheng-Wen Chen, Representative of Hwa Zhin Co., Ltd.	Cheng-Wen Chen, Representative of Hwa Zhin Co., Ltd.	Cheng-Wen Chen, Representative of Hwa Zhin Co., Ltd.	
NTD 5,000,000 (inclusive) - NTD 10,000,000 (exclusive)				
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)				
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)				Yi-Wen Chen,, Representative of Namchow Holdings Co.,Ltd. Employee Welfare Committee, Ming-Fen Chou, Representative of Lucky Royal Co., Ltd.
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	Fei-Lung Chen, Representative of Hwa Zhin Co., Ltd.	Fei-Lung Chen, Representative of Hwa Zhin Co., Ltd.	Kan-Wen Lee ,Representative of Lucky Royal Co., Ltd.	Kan-Wen Lee ,Representative of Lucky Royal Co., Ltd. Cheng-Wen Chen, Representative of Hwa Zhin Co., Ltd.
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)			Fei-Lung Chen, Representative of Hwa Zhin Co., Ltd.	Fei-Lung Chen, Representative of Hwa Zhin Co., Ltd.
Over NTD 100,000,000				
Total	9 people	9 people	9 people	9 people

Note 1: Names of directors shall be listed separately (both the name of the institution and its representative shall be listed for an institutional shareholder), and listing general directors and independent directors separately, and individual payments made shall be disclosed through a summary. If the director is also a general manager or vice general manager, this table and the

following table shall be completed (Remuneration of general manager and deputy general manager).

Note 2: The remunerations paid to directors in the latest year (including salaries, additional pay, service pay, various prizes, rewards, among others)

Note 3: The value of remunerations approved to be assigned to directors by the Board of Directors in the most recent year

Note 4: Related expenses for carrying out tasks incurred by directors in the latest year (including transportation, special expenditure, various allowances, dormitory, and car, among other actual items provided) For housing, automobiles and other transportation tools or expenses that are specific to individuals, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations.

Note 5: Salaries, additional pay, service pay, various prizes, rewards, transportation, special expenditure, various allowances, dormitory, cars and other actual items that are claimed by directors and employees (including part-time general managers, vice general managers, other managers and employees) in the latest year. For housing, automobiles and other transportation tools or expenses that are specific to individuals, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations. In addition, salaries recognized in accordance with IFRS 2: "stock-based payment transaction", including employee stock option certificates, restricted employee shares, and participation in subscribing shares in cash capital increase, shall also be included as part of the remunerations.

Note 6: This means that directors and employees (including part-time general managers, vice general managers, other managers, and employees) having claimed employee remunerations (including shares and cash) shall disclose employee remunerations distributed through the Board of Directors in the most recent year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculated proportionally and Exhibit 1-3 shall be completed.

Note 7: The total value of remunerations paid to directors of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note 8: For the total value of various remunerations paid to each director by the Company, disclose the name of the director in the respective bracket.

Note 9: For the total value of various remunerations paid to each director of the Company by all companies (including the Company) in the Consolidated Report, disclose the name of the director in the respective bracket.

Note 10: Net profit after tax refers to the net profit after tax in the most recent year's individual or separate entity financial reports.

Note 11: a. The value of related remunerations claimed by directors of the Company from reinvested businesses other than subsidiaries or the parent company shall be specified in this column. (If there is none, please fill in "None")

b. In the event that directors of the Company claim related remunerations from reinvested businesses other than subsidiaries or the parent company, the said remunerations shall be combined in Column I of the remuneration bracket table and the name of the column shall be changed to "parent company and all reinvested businesses."

c. Remunerations are the compensation, rewards (including rewards for employees, directors, supervisors) and operational expenditures claimed by supervisors of the Company who serve as the director, supervisor, or manager at a reinvested business other than the subsidiary or at the parent company.

\* The content of the remunerations disclosed in this table differs from the idea of income indicated in the Income Tax Act. As such, the purpose of this table is for disclosure of information only, not for taxation.

### Remunerations for general managers and vice general managers

Title	Name	Salaries (A) (Note 2)		Retirement and pension (B)		Bonuses, special expenditure and etc. (C) (Note 3)		Employee remunerations (D) (Note 4)				After-tax earnings ratio of the sum of A, B, C, and D (%) (Note 8)		Remuneration received from investee companies outside of subsidiaries or from the parent company (Note 9)
		The Company	All companies within the Financial Report (Note 5)	The Company	All companies within the Financial Report (Note 5)	The Company	All companies within the Financial Report (Note 5)	The Company		All companies within the Financial Report (Note 5)		The Company	All companies within the Financial Report (Note 5)	
								Current value	Stock value	Current value	Stock value			
General Manager	Kan-Wen Lee	22,002,052	27,789,235	1,013,340	1,144,824	37,923,800	49,991,300	1,043,401	0	1,250,809	0	61,982,593 5.95%	80,176,168 7.70%	None
Chief Operation Officer	Ming-Fen Chou													
Chief Risk Officer	Mei-Hui Liao													
Chief Financial Officer	Ching-Hui Chiu													
Chief of Staff	Zhou-Jing Chen													
Executive Vice President	Lan-Hsin Chou,													
Vice General Manager	Lung-Wen Xue													

\* Regardless of their title, the information has to be disclosed as long as their ranking is equivalent to that of a general manager or vice general manager (e.g. president, chief executive officer, general director, etc.).

Remuneration bracket table

Bracket by which remunerations are paid to respective general managers and vice general managers of the Company	Name of General Manager/Vice General Manager	
	The Company (Note 6)	All companies within the Financial Report (Note 7) E
Less than NTD 1,000,000		
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)		
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)		
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)	Mei-Hui Liao	Mei-Hui Liao
NTD 5,000,000 (inclusive) - NTD 10,000,000 (exclusive)	Ching-Hui Chiu, Chou-Ching Chen, Lan-Hsin Chou, Long-Wen Xue	Ching-Hui Chiu, Chou-Ching Chen, Lan-Hsin Chou, Long-Wen Xue
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)		
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)		Ming-Fen Chou
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	Kan-Wen Lee	Kan-Wen Lee
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)		
Over NTD 100,000,000		
Total	6 people	7 people

Note 1: Names of general managers and vice general managers shall be listed separately and individual payments made shall be disclosed through a summary. If the director is also a general manager or vice general manager, this table and the above table (1-1) shall be completed.

Note 2: Salaries, additional pay, and service pay for general managers and vice general managers in the latest year.

Note 3: Various prizes, awards, transportation, special expenditure, various allowances, dormitory, cars, and other actual items provided and other compensations for general managers and vice general managers in the latest year. For housing, automobiles and other transportation tools or expenses that are specific to individuals, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations. In addition, salaries recognized in accordance with IFRS 2: "stock-based payment transaction", including employee stock option certificates, restricted employee shares, and participation in subscribing shares in cash capital increase, shall also be included as part of the remunerations.

Note 4: Employee remunerations (including stock and cash) distributed to general managers and vice general managers as approved by the Board of Directors in the latest year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. In addition, the attached Table 1-3 shall be completed.

Note 5: The total value of remunerations paid to general managers and vice general managers of the Company by all companies in the Consolidated Report (including the Company) shall be disclosed.

Note 6: For the total value of various remunerations paid to each general manager and vice general manager by the Company, disclose the name of the general manager and the vice general manager in the respective bracket.

Note 7: For the total value of various remunerations paid to each general manager and vice general manager of the Company by all companies (including the Company) in the Consolidated Report, disclose the name of the general manager and vice general manager in the respective bracket.

Note 8: Net profit after tax refers to the net profit after tax in the most recent year's individual or separate entity financial reports.

Note 9: a. The value of related remunerations claimed by General Manager and Vice General Manager of the Company from reinvested businesses other than subsidiaries or the parent company shall be specified in this column. (If there is none, please fill in "None")

b. In the event that general managers and vice general managers of the Company claim related remunerations from reinvested businesses other than subsidiaries or the parent company, the said remunerations shall be combined in Column E of the remuneration bracket table and the name of the column shall be changed to "the parent company and all re-invested businesses."

c. Remunerations are the compensation, rewards (including rewards for employees, directors, and supervisors) and operational expenses, among others, claimed by general managers and vice general managers of the parent company who serve as the director, supervisor, or manager at a reinvested business other than the subsidiary.

\* The content of the remunerations disclosed in this table differs from the idea of income indicated in the Income Tax Act. As such, the purpose of this table is for disclosure of information only, not for taxation.

(II) Names and distribution of managers assigned with employee rewards

	Title (Note 1)	Name (Note 1)	Stock value	Current value	Total	After-tax earnings ratio (%)
Manager	General Manager	Kan-Wen Lee	0	1,460,957	1,460,957	0.14%
	Chief Operation Officer	Ming-Fen Chou				
	Chief Risk Officer	Mei-Hui Liao				
	Chief Financial Officer	Ching-Hui Chiu				
	Chief of Staff	Zhou-Jing Chen				
	Executive Vice President	Lan-Hsin Chou				
	Vice General Manager	Lung-Wen Xue				
	Assistant Manager	Jui-Tzu Chu				
	Assistant Manager	Shih-Wei Wang				

Note 1: The name and title of the individual shall be disclosed but distribution of profits may be disclosed through a summary.

Note 2: Employee remunerations (including stock and cash) distributed to managers through the Board of Directors in recent years. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. After-tax pure earnings are those in the latest year. When the International Financial Reporting Standards are adopted, after-tax pure earnings are those indicated in the entity or individual financial report from the most recent year.

Note 3: For the applicability of managers, follow the Tai-Cai-Zheng-San No. 0920001301 letter dated March 27, 2003.

- (1) General Managers and people of equivalent ranking
- (2) Vice general managers and people of equivalent ranking
- (3) Assistant managers and people of equivalent ranking
- (4) Head of Department of Finance
- (5) Head of Accounting Department
- (6) Other people handling corporate affairs and signature rights

Note 4: If directors, general managers, and vice general managers receive employee remunerations (including stock and cash), this table needs to be completed in addition to Exhibit 1-1.



(III) Compare and describe separately the analysis of ratios of total remunerations paid to directors, supervisors, general managers, and vice general managers of the Company for the past two years by the Company and all companies in the Consolidated Report in after-tax earnings indicated in the entity or individual financial reports. In addition, describe correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management efficacy and risks in the future.

1. Analysis of ratios of total remunerations paid to directors, general managers, and vice general managers of the Company for the past two years by the Company and all companies in the Consolidated Report in after-tax earnings indicated in the entity or individual financial reports.

Year	The Company				All companies in the Consolidated Report			
	2022		2023		2022		2023	
	Total	Percentage in net income after tax	Total	Percentage in net income after tax	Total	Percentage in net income after tax	Total	Percentage in net income after tax
Total remunerations for directors	89,356,998	15.97%	134,041,413	12.87%	147,118,059	26.29%	209,287,144	20.09%
Total value of remunerations for general managers and vice general managers	35,266,679	6.30%	61,982,593	5.95%	54,633,104	9.76%	80,176,168	7.70%
Net profit after tax	559,668,601		1,041,814,963		559,668,601		1,041,814,963	

2. Correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management efficacy and risks in the future:

(I) Policies, standards and packages for the payment of remuneration

1. The Company has set up the Remuneration Committee in compliance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange." The Committee evaluates and decides on the remuneration payment policy according to the company's management strategy, manpower utilization policy, and payment capability and establishes and periodically reviews the remuneration levels for directors and managers of the Company and provides the Board of Directors with suggestions in accordance with the latter's reference while making decisions by referring to the findings obtained by the Company through the compensation survey conducted by a professional compensation survey institution.
2. In accordance with Article 31 of the Company's Articles of Incorporation, if the Company makes a profit for a year, it shall provide no more than 5% as the remuneration to the directors. The monthly remuneration to independent directors is determined by the board of directors, and they do not participate in the Company's remuneration distribution when making profits. According to the "Regulations Governing the Performance Evaluation of the Board of Directors" ( please refer to page 50 of the annual report for the evaluation items ), the Remuneration Committee evaluates the links between the annual performance appraisal and operating performance, and makes recommendations on the actual contribution ratio to the Board of Directors for resolution.

(II) Procedures for determining remuneration

1. In order to regularly evaluate the remuneration to directors and managerial officers, the appraisal results by implementing the Company's "Regulations Governing Performance Evaluation of the Board of Directors" and "Regulations Governing Performance" applicable to managerial officers and employees are referred to; additionally, the general manager and deputy general managers' remunerations are determined based on their personal performance and contribution to the overall operation of the Company, with reference to the market remuneration level surveyed by professional institutions; the proposal is reviewed by the Remuneration Committee and submitted to the Board of Directors for approval.

2. In 2023, the results of the performance evaluation on the Board of Directors, directors, and functional committee members all exceeded the standard. The Company's 2023 profit grew by 86.15% from 2022 and has returned to the pre-pandemic profit level. Therefore, the performance of directors/managerial officers for the 2023 has exceeded the defined target, and the evaluation results of the Company's annual operational indicators have also reached the highest standards

3. The Company's directors' and managerial officers' performance appraisal and the reasonableness of their remuneration are regularly assessed and reviewed by the Remuneration Committee and the Board of Directors every year. In addition to individual performance achievement rates and contributions to the Company, the Company's overall operating performance, industry future risks and development trends, and business conditions and relevant laws and regulations are referred to for reviewing the remuneration system from time to time. In addition, after comprehensive consideration of the current corporate governance trends, reasonable remunerations are paid to seek a balance between the Company's sustainable operation and risk control. The actual amount of remuneration to directors and managerial officers paid in 2023 is deliberated by the Remuneration Committee and then submitted to the board of directors for approval.

(III) Correlation between business performance and future risks:

1. The review of the standards and systems for payment of remuneration is based on the overall operating conditions of the Company, and the payment standards are approved according to the performance compliance rate and contribution degree to enhance the overall organizational team effectiveness of the Board of Directors and the management department. In addition, with reference to industry standards, we ensure that the remuneration for the Company's management is competitive in the industry to retain outstanding management talents.

2. The performance objectives of the Company's managers are combined with risk management and control to ensure that possible risks within the scope of responsibility are managed and prevented, and the results of the actual performance verification and evaluation are linked to the relevant human resources and related salary and remuneration policies. The significant decisions are made by the Company's management by taking into consideration risk factors, and the performance of relevant decisions is reflected in the Company's profit making, and then the remuneration for the management class is related to the risk control performance.

## IV. Status of Corporate Governance

### (I) Operation of the Board of Directors

The Board of Directors met 6 times (A) in the latest year. Attendance of directors in the meetings is as follows:

Title	Name (Note 1)	Actual frequency of attendance (being seated) in meetings B	Frequency of attendance through proxy	Actual attendance (seated) rate (%) [B/A] (Note 2)	Remarks
Chairman	Fei-Lung Chen, Representative of Hwa Zhin Co., Ltd.	6	0	100%	Shareholders' Meeting of July 15, 2021 Newly appointed by co-option
Director	Kan-Wen Lee, Representative of Lucky Royal Co., Ltd.:	6	0	100%	Shareholders' Meeting of July 15, 2021 Re-election
Director	Cheng-Wen Chen, Representative of Hwa Zhin Co., Ltd.:	2	4	33%	Shareholders' Meeting of July 15, 2021 Re-election
Director	Ming-Fen Chou, Representative of Lucky Royal Co., Ltd.:	6	0	100%	Shareholders' Meeting of July 15, 2021 Re-election
Director	Yi-Wen Chen, Representative of Namchow Holdings CO.,Ltd. Employee Welfare Committee	2	4	33%	Shareholders' Meeting of July 15, 2021 Re-election
Director	Yu-Wen Chen, Representative of Hwa Zhin Co., Ltd.	6	0	100%	Newly elected on 12/13/2022
Independent Director	Ting-Kuo Chen	6	0	100%	Shareholders' Meeting of July 15, 2021 Re-election
Independent Director	Chin-Shih Lin	6	0	100%	Shareholders' Meeting of July 15, 2021 Re-election
Independent Director	Chun-Hsueh Chen	6	0	100%	Shareholders' Meeting of July 15, 2021 Re-election

Other details to be documented:

- I. The items included in Article 14-3 of the Securities and Exchange Act and other comments objected or retained by other Independent Directors in record or the resolutions of the Board of directors in a written statement should indicate the date, period, content of the motion, opinions of all Independent Directors and how the company handles the opinion of the Independent Directors.  
A total of six Board of Directors meetings were held by the company throughout 2023. There are no items included in Article 14-3 of the Securities Exchange Act and comments objected or retained by other Independent Directors in record or the resolutions of the Board of directors in a written statement.
- II. For the enforcement of recusal upon conflicts of interest among directors, the name of the director, content of the proposal, reason for the recusal, and participation in the voting process or not shall be described.
  1. Article 31 of the Company's Corporate Governance Best-Practice Principles stipulates that:

Directors of the Company shall be highly self-disciplined. For proposals brought forth by the Board of Directors that will undermine the interests of directors themselves and the Company's interests, the directors shall recuse themselves and may not take part in the discussion and voting process. They may not exercise voting rights on behalf of other directors in this case, either. Self-discipline shall be expected among directors, too. No inadequate mutual support is allowed.

For spontaneous recusals of directors, they shall be specified in the meeting agenda of the Board of Directors.

2. Article 15 of the Board of Directors Meeting Rules of the Company stipulates:

For matters to be discussed in the meeting that concern the interests of participating directors or the institutions they represent, there should be descriptions of important contents concerning conflicts of interest in the current meeting. In cases of undermining interests of the Company, the directors may not take part in the discussion and voting process and shall recuse themselves during discussion and voting and they may not exercise voting rights on behalf of other directors.

For a resolution, the votes that directors are not allowed to exercise as voting rights as indicated in the foregoing paragraph are entitled to will not be counted in the overall number of voting rights.

3. Proposals relating to the Company's Board of Directors and concerning directors in the latest year up to the date of printing of Annual Report:

- (1) On January 17, 2023, the Board of Directors discussed the individual remuneration payment amounts payable and special rewards to the President, Kan-Wen Lee, submitted by the Remuneration Committee. Director Kan-Wen Lee recused themselves in compliance with the Company Act and the requirements in Article 15 of the Company's Board of Directors Meeting Rule for conflicting interest between him and what was being discussed.

Voting outcome of this proposal: The proposal was approved unanimously among the attending directors, without taking into account the Director Kan-Wen Lee as he recused himself from discussion and voting.

- (2) On January 17, 2023, the Board of Directors discussed the individual remuneration payment amounts payable and year-end bonus to the Representative of the Corporate Director, Cheng-Wen Chen, submitted by the Remuneration Committee. Director Cheng-Wen Chen recused themselves in compliance with the Company Act and the requirements in Article 15 of the Company's Board of Directors Meeting Rule for conflicting interest between him and what was being discussed.

Voting outcome of this proposal: The proposal was approved unanimously among the attending directors, without taking into account the Director Cheng-Wen Chen as he recused himself from discussion and voting.

- (3) On March 14, 2023, the Board of Directors discussed the individual remuneration payment amounts payable and year-end bonus to the Representative of the Corporate Director, , submitted by the Remuneration Committee. Director recused themselves in compliance with the Company Act and the requirements in Article 15 of the Company's Board of Directors Meeting Rule for conflicting interest between him and what was being discussed.

Voting outcome of this proposal: The proposal was approved unanimously among the attending directors, without taking into account the Director as she recused herself from discussion and voting.

- (4) On May 10, 2023, the Board of Directors discussed the proposal for individual payment of 6 directors' remuneration for 2022 as submitted by the Remuneration Committee. Six directors of the Company, namely Chairman Fei-Lung Chen (Representative of Hwa Zhin Co., Ltd.), Director Kan-Wen Lee (Representative of LUCKY ROYAL CO., LTD.), Cheng-Wen Chen (Representative of Hwa Zhin Co., Ltd.), Ming-Fen Chou (Representative of LUCKY ROYAL CO., LTD.) Yi-Wen Chen (Representative of Employees' Welfare Committee), and Yu-Wen Chen (Representative of Hwa Zhin Co., Ltd.) were recused in accordance with the Company Act and Article 15 of the Board of Directors Meeting Rules of the Company: Directors who are stakeholders of matters being discussed shall recuse themselves.

Voting outcome of this case: The case was approved unanimously among the attending directors, without taking into account the directors who recused themselves from discussion and voting.

- (5) On May 10, 2023, the Board of Directors discussed the proposal for individual payment of managerial officers' remuneration for 2022 as submitted by the Remuneration Committee. The two directors and concurrent as managers of Lucky Royal, namely Kan-Wen Lee, and Ming-Fen Chou were recused in accordance with the Company Act and Article 15 of the Board of Directors Meeting Rules of the Company: Directors who are stakeholders of matters being discussed shall recuse themselves.

Voting outcome of this case: The case was approved unanimously among the attending directors,

without taking into account the directors Kan-Wen Lee, and Ming-Fen Chou who recused themselves from discussion and voting.

- (6) On August 9, 2023, the Board of Directors discussed the proposal detailing individual values of year-end bonus of 2022 for six directors and six managerial officers of the Company submitted by the Remuneration Committee six directors of the Company, namely Chairman Fei-Lung Chen (Representative of Hwa Zhin Co., Ltd.), Director Kan-Wen Lee (Representative of LUCKY ROYAL CO., LTD.), Cheng-Wen Chen (Representative of Hwa Zhin Co., Ltd.), Ming-Fen Chou (Representative of LUCKY ROYAL CO., LTD.), Yi-Wen Chen (Representative of Employees' Welfare Committee), and Yu-Wen Chen (Representative of Hwa Zhin Co., Ltd.) were recused in accordance with the Company Act and Article 15 of the Board of Directors Meeting Rules of the Company: Directors who are stakeholders of matters being discussed shall recuse themselves.

Voting outcome of this case: The case was approved unanimously among the attending directors, without taking into account the directors who recused themselves from discussion and voting.

- (7) On December 21, 2023, the Board of Directors discussed the proposal detailing individual values of year-end bonus of 2022 for six directors and seven managers of the Company submitted by the Remuneration Committee. Six directors of the Company, namely Chairman Fei-Lung Chen (Representative of Hwa Zhin Co., Ltd.), Director Kan-Wen Lee (Representative of LUCKY ROYAL CO., LTD.), Cheng-Wen Chen (Representative of Hwa Zhin Co., Ltd.), Ming-Fen Chou (Representative of LUCKY ROYAL CO., LTD.), Yi-Wen Chen (Representative of Employees' Welfare Committee), and Yu-Wen Chen (Representative of Hwa Zhin Co., Ltd.) were recused in accordance with the Company Act and Article 15 of the Board of Directors Meeting Rules of the Company: Directors who are stakeholders of matters being discussed shall recuse themselves.

Voting outcome of this case: The case was approved unanimously among the attending directors, without taking into account the directors who recused themselves from discussion and voting.

III. Information on the period, duration, range, method, content of evaluation and etc. of the self-evaluation of board of directors of the company: The execution of evaluation as follows:

Period of Evaluation	Duration of Evaluation	Range of Evaluation	Method of Evaluation	Content of Evaluation
Conducted annually	Evaluating the performance of January 1, 2023 to December 31, 2023.	The Board of Directors, individual member of the board of directors and functional committee(Audit Committee and Remuneration Committee)	Internal self-evaluation of the Board of Directors, individual member of the board of directors and functional committee(Audit Committee and Remuneration Committee)	<p>1. Overall Evaluation of the Board of Director: Including participation in the operation of the company; quality of board of directors' decision making; composition and structure of the board of directors; election and continuing education of the director; and internal control. Total of 10 questions in five major aspects.</p> <p>2. Individual Evaluation of the Board of Directors: Including alignment of the goals and missions of the company; awareness of the duties of a director; participation in the operation of the company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control. Total of 18 questions in six major aspects.</p> <p>3. Evaluation of the Audit Committee: participation in the operation of the company; awareness of the duties of the</p>

				<p>functional committee; quality of decisions made by the functional committee; make up of the functional committee and election of its member; and internal control. Total of 22 questions in six major aspects.</p> <p>4. Evaluation of the Remuneration Committee: participation in the operation of the company; awareness of the duties of the functional committee; improvement of quality of decisions made by the functional committee; make up of the functional committee and election of its member; and internal control. Total of 19 questions in five major aspects.</p>	
<p>IV. Reinforced assessments of functional objectives of the Board of Directors (e.g. to set up the Audit Committee and to enhance information transparency, among others) and implementation status of the objectives of the immediate year and the latest year.</p> <ol style="list-style-type: none"> <li>1.It was decided in the general shareholders' meeting of 2014 that independent directors will be added according to law under Article 18 of the Company's "Articles of Incorporation".</li> <li>2.In response to the addition of independent directors, the "Guidelines for Electing Board Directors and Supervisors" and the "Procedures for the Acquisition or Disposal of Assets of the Company" were amended through the general shareholders' meeting in 2014.</li> <li>3.December 11, 2014 The Board of Directors decided to revise the Company's "Corporate Governance Best-Practice Principles" and "Ethical Corporate Management Best Practice Principles".</li> <li>4.June 10, 2015 Ting-Kuo Chen and Chin-Shih Lin were elected independent directors through the general shareholders' meeting.</li> <li>5.December 29, 2015 the Board of Directors decided to establish the Company's "CSR Practical Principles".</li> <li>6.March 13, 2017 The Board of Directors decided to establish the "Code of Conduct", the "Operating Procedure for Handling Major Internal Information", the "Merger and Acquisition Information Disclosure Self-discipline Regulations", and the "Regulations Governing Controlling Legal Person Shareholders Exercising Rights and Participating in Decision-making".</li> <li>7.March 28, 2017 The Board of Directors decided to formulate the "Honest Management Operating Procedure" and "Self-Evaluations or Peer Evaluation of the Board of Directors".</li> <li>8.January 16, 2019, The Board of Directors decided to establish the "Organic Rules for Audit Committee" and to set up an audit committee.</li> <li>9.The board of directors approved the revision of the "Self-Evaluations or Peer Evaluation of the Board of Directors" and the "Organizational Rules of Audit Committee" on August 13, 2019.</li> <li>10.June 17, 2019 An audit committee was formally established, consisting of three independent directors.</li> <li>11.The Board of Directors approved the revision of amendment to "Remuneration Committee Charter", "Audit Committee Charter" and "Corporate Social Responsibility Best Practice Principles" on May 14, 2020.</li> <li>12.The Board of Directors approved the revision of amendment to "Articles of Association of Special Committee on mergers and Acquisition" and "Audit Committee Charter" on August 13, 2020.</li> <li>13.The board of directors approved the revision of the "Guidelines of self-assessment or peer-assessment of the Board of directors" and the "Organizational Rules of Remuneration Committee" on November 12, 2020.</li> <li>14.Report on the self-evaluation of the board of director(including all of the functional committee) on January 28, 2021. Score for Overall Board of Directors is 86(out of 100); Score for Individual Board of Directors is 3.88; Score for Audit Committee is 3.7; Score for Remuneration Committee is 4(Out of</li> </ol>					

4); Therefore, the operating of Board of Directors, Audit Committee and Remuneration Committee were good.

15.The Board of Director approved the revision of amendment of “Rules and Procedures for Shareholders Meetings”, “Procedures for Election of Directors” and “Rules of Procedure for Board of Directors Meetings” on January 28, 2021.

16.The Board of Directors approved the revision of amendment of “Rules and Procedures for Shareholders Meetings” on March 12, 2021.

17.The Company appointed its Head of Corporate Governance on May 13, 2021.

18.Nomination of director Ting-Kuo Chen, independent directors Jin-Shih Lin and Professor Hai-Ming Chen to be the members of the 5th Intake of Compensation Committee on July 21, 2021.

19.The Board of Directors approved the revision of amendment of “Articles of Incorporation” to enable shareholders’ meetings to be held via video conference on March 15, 2022.

20.Report on the self-evaluation of the board of director (including all of the functional committee) on March 15, 2022. Score for Overall Board of Directors came to 92 (out of 100); Score for Individual Board of Directors came to 3.94; Score for Audit Committee was 4; Score for Remuneration Committee came to 3.94 (Out of 4); Therefore, the operating of Board of Directors, Audit Committee and Remuneration Committee were good.

21.On November 10, 2022, the Board of Directors resolved to formulate the "Procedures for Preparing and Verifying Sustainability Reports" for the Company and to amend the "Sustainability Best Practice Principles".

22.On December 27, 2022, the Board of Directors resolved to amend the “Rules of Procedure for Board of Directors Meetings”, “Rules and Procedures for Shareholders Meetings”, “Operating Procedure for Handling Major Internal Information” and “Ethical Corporate Management Best Practice Principle and Guide”.

23.On March 14, 2023, the Board of Directors resolved to formulate the General Principles of Pre-approval of Non-convicted Service Policies.

24.Report on the self-evaluation of the board of director (including all of the functional committee) on March 14, 2023. Score for Overall Board of Directors came to 94 (out of 100); Score for Individual Board of Directors came to 3.94; Score for Audit Committee was 3.98; Score for Remuneration Committee came to 4 (Out of 4); Therefore, the operating performances of Board of Directors, Audit Committee and Remuneration Committee were good.

25.The Board of Directors approved the revision of amendment of “Rules and Procedures for Shareholders Meetings” on December 21, 2023.

26.Report on the self-evaluation of the board of director (including all of the functional committee) on March 12, 2024 Score for Overall Board of Directors came to 100 (out of 100); Score for Individual Board of Directors came to 3.96; Score for Audit Committee was 4; Score for Remuneration Committee came to 4 (Out of 4); Therefore, the operating performances of the Board of Directors, Audit Committee and Remuneration Committee were good.

Note 1: If directors and supervisors are institutions, names of shareholders and the representative of the institutions shall be disclosed.

Note 2: (1) In the event that directors or supervisors leave before a year is completed, the date when they leave should be indicated in the memo column. The actual attendance (seated) rate (%), on the other hand, shall be calculated by the number of Board of Directors meetings held during service and the frequency number of attendance (being seated) in the meetings.

(2) Before a year is completed, upon any re-election of the directors or supervisors, names of the said directors/supervisors, new and old, shall be listed and it shall be specified in the remarks column that a specific director or supervisor is old, new, or re-elected and the date of re-election. The actual attendance (seated) rate (%), on the other hand, is to be calculated by the number of Board of Directors meetings held during service and the frequency number of attendance (being seated) in the meetings.

(II) State of operations of the Audit Committee

The Audit Committee of the Company comprises 3 independent directors. The Audit Committee assists the Board of Directors in fulfilling its oversight of the quality and integrity of the accounting, auditing, reporting, and financial control practices of the Company.

The Audit Committee convened 6 meetings from 2023 to March, 2024. The Audit Committee is responsible to review the following major matters: Auditing Financial Statements, Accounting Policies and Procedures; Internal Control Systems and Related Policies and Procedures; Material Assets or Derivatives Transactions; Material Lending Funds and Endorsements or Guarantees; Offering or issuance of any Equity-type Securities; Investment of Derivatives and Cash; Law Compliance; Related-party Transactions and Potential Conflicts of Interests involving Managers and Directors; Evaluating Qualification, Independence and Performance of CPAs; Hiring or Dismissal of an attesting CPA, or the Compensation Given thereto; Assessment of Committee Charter and Fulfillment of Audit Committee duties; and Assessment of the Committee's Performance, etc.

- Reviewing Financial Statements

The Board of Director has prepared the 2023 Business Report, Financial Statement, Proposal of Earnings Distribution and etc. The CPA firm of KPMG was retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements. The above-stated Business Report, Financial Statement and Proposal of Earning Distribution have been reviewed by the Audit Committee and found no discrepancy.

- Evaluating the effectiveness of internal control system

The Audit Committee evaluates the effectiveness of the policies and procedures of internal control system (including finance, operating, risk management, information safety, law compliance and other control measures); and examines the audit department of the company, the CPAs and the regular report of management, including risk management and law compliance. The Audit Committee considered that the risk management and internal control system of the company is effective, the company takes the required control systems to monitoring and correct its irregularities.

- Engagement of CPAs

The Audit Committee's duty is to monitoring the CPAs executing their duties with independency and to ensure the fairness of the Financial Statements. In general, the CPAs' were not allowed to provide other services to the company except the services related to tax and the special approved items. The standards for assessing the accountability of accountants have been determined by reference to Article 47 of the Certified Public Accountant Act and Article 10 of the Norm of Professional Ethics for Certified Public Accountants. They also evaluate related items such as the independence of accountants, the number of years of auditing services, the interests of the company and its related companies that are not involved, and the management level that does not involve the decision-making of the company and its related companies, obtaining related documents and statements from the CPAs and firm and propose the result to Audit Committee and the Board of Directors. The latest report date was completed on November 14, 2023 by the approval of 12th Meetings of 2nd Audit Committee and the Board of Directors.

As of November 14, 2023, the Board of Directors uses the five major aspects of professionalism, quality control, independence, supervision and innovation ability and 13 indicators as a reference for replacing certified public accountants in accordance with the evaluation procedures for audit quality indicators (AQIs), so as to improve the quality of financial reporting information.



The Audit Committee met 6 times (A) in 2023. Attendance of independent directors in the meetings is as follows:

Title	Name	The actual frequency of attendance in the meetings (B)	Frequency of attendance through proxy	Actual attendance rate (%) (B/A) (Note 1. Note 2)	Remarks
Independent Director	Ting-Kuo Chen	6	0	100%	
Independent Director	Chin-Shih Lin	6	0	100%	
Independent Director	Chun-Hsueh Chen	6	0	100%	

Other details to be documented:

I. If there any of the following situations arise the operation of the Audit Committee, the date of the board meeting should be stated, as well as the period, and motion content, oppositions from independent directors, their qualified opinions or contents of material suggestions, the results of the Audit Committee's resolutions and the Company's handling of the Audit Committee's comments.

(I) Items of Article 14-5 of the Securities and Exchange Act and other important resolution matters  
The operation conditions as until 2023 and the date of published and printed of this annual report.

Audit Committee Date	Period	Content of the matters	Contents of suggestions/ oppositions from Independent Director	Result of Audit Committee Resolution	The Company's handling of the opinions of the audit committee
2023.03.14	The 2nd Term 9th Meeting	1. Review the Company's 2022 annual business report and parent only and consolidated financial statements. 2. The Company's 2022 earnings distributions. 3. Establishment of one related internal regulation in total. 4. 3. Replace the Company's financial report CPA from 2023. 5. Design of internal control system in 2022 and implementation of valid "Statement of Internal Control System". 6. Endorsement guarantees of the Company acting as a subsidiary	None of the independent directors opposed or provided qualified opinion	Unanimous resolution from all participating members	None
2023.05.10	The 2nd Term 10th Meeting	1. The Company's consolidated financial report for Q1, 2023 2. Endorsement guarantees of the Company acting as a subsidiary	None of the independent directors opposed or provided qualified opinion	Unanimous resolution from all participating members	None
2023.08.09	The 2nd Term 11th Meeting	1. The Company's consolidated financial report for Q2, 2023 2. Endorsement guarantees of the Company acting as a subsidiary	None of the independent directors opposed or provided qualified opinion	Unanimous resolution from all participating members	None
2023.11.14	The 2nd Term 12th Meeting	1. The Company's consolidated financial report for Q3, 2023 2. Periodic assessment of the CPA's independence and suitability. 3. Endorsement guarantees made to subsidiaries by the Company	None of the independent directors opposed or provided qualified opinion	Unanimous resolution from all participating members	None
2023.12.21	The 2nd Term 13th Meeting	1. For the requirements of operating capital in 2024, it was requested to authorize the chairman to represent the Company in finance-related matters such as contracting of loan cases with financial institutions. 2. In respect to working capital	None of the independent directors opposed or provided qualified opinion	Unanimous resolution from all participating members	None

			<p>requirements of subsidiaries and other companies with business dealings with Namchow in 2024 (subsidiaries including reinvestments by subsidiaries), when the Company intends to act as an endorsement guarantor, it authorizes the chairman to represent the Company to handle matters connected with financial institutions.</p> <p>3. Cash capital increase of Huaciang Industry Co., Ltd.</p> <p>4. Proposal of capital decrease by Lucky Royal Co., Ltd.</p> <p>5. 2023 Professional fees for CPAs.</p> <p>6. The Company's 2024 annual Audit Plan.</p> <p>7. Endorsement guarantees made to a subsidiary by the Company</p>			
2024.03.12	The 2nd Term The 14th meeting	<p>1. Review the Company's 2023 annual business report and parent only and consolidated financial statements.</p> <p>2. The Company's 2023 earnings distributions.</p> <p>3. Plan of the subsidiary Lucky Royal Co., Ltd. to apply for listing on TWSE/TPEX in Taiwan.</p> <p>4. Share transfer plan of the subsidiary Lucky Royal Co., Ltd. before application for listing on TWSE/TPEX.</p> <p>5. Design of internal control system in 2023 and implementation of valid "Statement of Internal Control System".</p> <p>6. Capital increase/decrease for subsidiary Chow Ho Enterprise.</p> <p>7. Endorsement guarantees of the Company acting as a subsidiary</p>	None of the independent directors opposed or provided qualified opinion	Unanimous resolution from all participating members	None	

(II) Except for above-stated matters, other resolutions that have not been approved by the Audit Committee but have been approved by two-thirds or more of all directors: No such situation.

II. For the enforcement of recusal upon conflicts of interest among independent directors, the name of the independent director, content of the proposal, reason for the recusal, and participation in the voting process or not shall be described: No such situation.

3. Communication between independent directors and the internal audit head and the CPA (Should include major matters, methods and results of communication on the company's financial and business conditions).

1. In accordance with the 2023 audit plan approved by the board of directors, the Company prepares an "Audit Report" every month and submits it to the Audit Committee for inspection. It has been completed on schedule on a monthly basis, and follows the guidelines of public issuing companies to establish an internal control system. The audit report and follow-up report will be delivered or notified to independent directors for inspection, providing audit conclusions and various reporting materials for future reference.
2. Each audit report must track the improvement of its internal control deficiencies and abnormal events, and make a tracking report quarterly to submit to the Audit Committee.
3. The internal audit supervisor attends the Audit Committee and the board of directors to report audit business quarterly in accordance with regulations, and communicates with independent directors through the Audit Committee.
4. The summary of the communication between independent directors and internal audit supervisors in 2023 is summarized as follows:

Date	Communication meeting	Communication items	Communication results
2023.03.14	Audit Committee	Internal audit results report of December, 2022	No comments at this meeting

2023.05.10	Audit Committee	Internal audit results report from January to March 2023	No comments at this meeting
2023.08.09	Audit Committee	Internal audit results report from April to May 2023	No comments at this meeting
2023.11.14	Audit Committee	Internal audit results report from June to September 2023	No comments at this meeting
2023.12.21	Audit Committee	Internal audit results report of October, 2023	No comments at this meeting
2024.03.12	Audit Committee	Internal audit results report from November to December 2023	No comments at this meeting

5. The Company submits the results of the annual financial statement check of the CPAs to the audit committee meeting, and regularly arranges accountants to brief and explain to the audit committee before the committee meeting. The audit committee of the Company has good communication with CPAs.

Communication between independent directors and accountants is summarized as follows:

Date	Communication items	Communication results
2023/03/12	1.Explanations on audit matters and key audit matters of Annual Financial Statements, and communication on the newly revised laws and regulations related to the Securities and Exchange. 2. Key accounting standards or interpretations, updates of regulations of securities supervision and taxation (the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, among other things) 3. Disclosure of the Audit Quality Indicators (AQI).	No comments at this meeting
2023/05/10	1. The Q1 2023 consolidated financial report review scope, responsibilities, content (accounts receivable, inventory), legal compliance, and internal controls and other matters. 2. Other matters communicated with the governance unit - strengthening the internal control process of the investment evaluation cycle. 3. Updates to important laws and regulations (extra deduction for the wage expenses paid the employees on leave due to education recall; international tax reform, among other things).	No comments at this meeting
2023/08/09	1. The Q2 2023 consolidated financial report review scope, responsibilities, content (accounts receivable, inventory), legal compliance, and internal controls and other matters. 2. Other matters communicated with the governing body - amendments to Q&A of the Regulations Governing the Preparation of Financial Reports by Securities Issuers. 3. Updates to important laws and regulations (amendments to Articles 14-4, 14-5, 178, and 181-2 of the Securities and Exchange Act.) 4. An introduction to the new filing regulations governing the offshore listings of China domestic enterprises. 5. Introduction to the International Sustainability	No comments at this meeting
2023/11/14	1. The Q3 2023 consolidated financial report review scope, responsibilities, content (accounts receivable, inventory), legal compliance, and internal controls and other matters. 2. Annual audit planning - expected key audit matters (evaluation of investments accounted for using equity method, impairment of accounts receivable, and inventories after the reporting period). 3. The recent update of auditing standards (the main impact of the expected amendments to the Auditing Standard No. 600 "Special Considerations—Audits of Group Financial Statements"). 4. Updates to important laws and regulations (Regulations Governing Information to be Published in Annual Reports of Public Companies, Regulations Governing Information to be Published in Public Offering and Issuance Prospectuses...).	No comments at this meeting

2024/03/12	1.Explanations on audit matters and key audit matters of Annual Financial Statements, and communication on the newly revised laws and regulations related to the Securities and Exchange. 2. Key accounting standards or interpretations, updates of regulations of securities supervision and taxation (the Regulations Governing Procedure for Board of Directors Meetings of Public Companies, the Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, among other things) 3. Communication of the firm's quality management system. 4. Disclosure of the Audit Quality Indicators (AQI). 5. Updates to important laws and regulations (disclosure of carbon reduction target and schedule in annual reports and prospectus, amendments to the Regulations Governing the Exercise of Powers by Audit Committees, new system for cyber security of TWSE/TPEX listed companies...)	No comments at this meeting	
<p>Note 1:In the event that independent directors resign before a year is completed, the date of resignation should be indicated in the remark column. The actual attendance rate (%), on the other hand, shall be calculated by the number of Audit Committee meetings held during service and the frequency number of attendance in the meetings.</p> <p>Note 2:Before a year is completed, upon any re-election of independent directors, names of the said independent directors, new and old, shall be listed and it shall be specified in the remarks column that a specific independent director is old, new, or re-elected and the date of re-election. The actual attendance rate (%), on the other hand, is to be calculated by the number of Audit Committee meetings held during service and the frequency number of attendance in the meetings.</p>			

(III) Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons

Assessed areas	Operational status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Does the company establish and disclose its Corporate Governance Best-Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The company enacted the “Corporate Governance Best-Practice Principles” to ensure shareholders' benefits and interest; strengthen the functions of the Board of Directors; respect the stakeholders’ benefits and interest; promoting transparency of information; and etc. The Corporate Governance Best-Practice Principles and the related internal regulation and its implementation disclose for reference on the company’s website and MOPS.	None
II. Shareholding structure and shareholders' rights				
(I) Does the Company have internal operating procedures in place to deal with shareholder recommendations, doubts, disputes and litigation matters according to the procedures?	V		(I) Establish internal operating procedures in accordance with the Corporate Governance Best Practice Principles to deal with shareholder suggestions, doubts, disputes and litigation, and implement them in accordance with the procedures; Establish a spokesperson and proxy spokesperson system for communication to ensure the rights and interests of shareholders, and there is also an investor contact platform on the website to handle shareholder suggestions, doubts, disputes or inquiries.	None
(II) Does the company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	V		(II) The Information of changes were offered by the directors, managerial officers and major shareholders of the company every month, and declared in accordance to the rules. The company appointed the Share Affairs Agency Department of the China-trust Commercial Bank to in charge of shareholders’ service, actual control of the distribution of major shareholders’ shareholding and the change in equity of ultimate controlling party of major shareholders.	None
(III) Has the company established and implemented risk management and firewall systems within its affiliated enterprises?	V		(III) The assets, liabilities, responsibilities and authorities of finance management and others between the company and the affiliated corporate were hold under the related laws and regulations; the company’s internal control systems; and etc.	None
(IV) Has the company established internal rules against insiders trading with undisclosed information?	V		(IV) 1. The Company has stipulated “Management Control Operation Measures to Prevent Insider Transactions,” “Code of Conduct,” and “Procedures for Ethical Management and Guidelines for Conduct,” which governs all employees, managers and directors of the Company, and anyone who	None

Assessed areas	Operational status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>knows the news of the Company based on occupation or control relationships, It prohibits any conduct that may involve insider trading, and is publicized to directors and managers at appropriate times every year.</p> <p>2. This year, the relevant education and promotion for the incumbent directors, managerial officers and employees were held on December 1, 2023 and December 15, 2023. The content of the courses included how the board of directors formulates the ESG sustainable governance strategy and the era of strong supervision over personal information.</p>	
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors established policies of diversification with specific management goals and made relevant implementations?</p>	V		<p>(I) 1. In order to ensure that the Board of Directors will be adequately equipped to achieve the goal of sound corporate governance, diversification of expertise shall be taken into account with regards to board composition so that members will be competent in the required knowledge, skill and trainings.</p> <p>Article 20 of the Company's Corporate Governance Best-Practice Principles stipulate that members of the Board of Directors shall be competent in the following abilities:</p> <p>I. To make sound judgments about operations.</p> <p>II. To perform accounting and financial analysis.</p> <p>III. To perform administrative and operational management.</p> <p>IV. To handle and manage risks.</p> <p>V. Knowledge of the industry.</p> <p>VI. An international market perspective.</p> <p>VII. Leadership skills.</p> <p>VIII. Decision-making skills.</p> <p>2. The Company pays attention to gender equality in the composition of the Board, and we have at least two female directors on the Board as the Company has two female directors and three independent directors among the nine directors; eight of whom are from business and financial backgrounds. One director comes from accounting background.</p>	None

Assessed areas	Operational status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(II) Does the Company voluntarily establish other functional committees in addition to Remuneration Committee and Audit Committee that are established as required by laws?		V	<p>3. In terms of board diversification and relevant implementations, the company has duly adhered to the standards described in Article 20 of the Company's Corporate Governance Best-Principles. In the future, the company shall revise its board diversification policy based on various factors such as the board's operation, the status of the company's operation and relevant developmental needs to ensure that all board members are adequately equipped with the knowledge, skills and training that are needed for them to perform their duties.</p> <p>4. The implementation of the diversity policy of the Board of Directors in 2023, along with specific management objectives and status of implementation have been disclosed on the company's website, and refer to page 20 in the annual report.</p> <p>(II) The company established the Remuneration Committee and Audit Committee in accordance of Laws. Currently, no other functional committees were established.</p>	Continuously evaluating the need of establishment
(III) Does the company formulate the board's performance assessment and evaluation method, conduct performance evaluation annually and regularly, and report the results of the performance evaluation to the board of directors, and apply it to individual directors' remuneration and nomination renewal?	V		<p>(III) 1. The company enacted the Self-Evaluation or Peer Evaluation of the Board of Directors on March 28, 2017. According to the guideline, the company conducted internal evaluation once per year and external evaluation once every three years and conducted before the end of first quarter of the next fiscal year.</p> <p>2. The company conducted the internal evaluation in 2023 (including the entire Board of Directors, individual member of the Board of Directors and functional committee) and reported to the result of evaluation to the Board of Directors on March 12, 2024. (Note 2)</p> <p>3. The results of the performance evaluation on the board of directors will be used as a reference for the selection and remuneration of elected directors (including independent directors) or individual directors.</p>	None
(IV) Does the Company assess the independence of CPAs on an annual basis?	V		<p>(IV) 1. According to Article 29 of the Company's "Corporate Governance Best-Practice Principles," the Company should regularly</p>	None



Assessed areas	Operational status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>(at least once a year) evaluate the independence and suitability of the appointed accountant.</p> <p>2. The standards for assessing the accountability of accountants have been determined by reference to Article 47 of the Certified Public Accountant Act and Article 10 of the Norm of Professional Ethics for Certified Public Accountants. They also evaluate related items such as the independence of accountants, the number of years of auditing services, the interests of the company and its related companies that are not involved, and the management level that does not involve the decision-making of the company and its related companies, obtaining related documents and statements from the CPAs and firm and propose the result to the Board of Directors. The latest report date was completed on November 14, 2023. (Note 3)</p> <p>3. As of November 14, 2023, the Board of Directors uses the five major aspects of professionalism, quality control, independence, supervision and innovation ability and 13 indicators as a reference for replacing certified public accountants in accordance with the evaluation procedures for audit quality indicators (AQIs), so as to improve the quality of financial reporting information. (Note 3)</p>	
IV. For a TWSE/TPEX listed company, is it equipped with qualified and an appropriate number of corporate governance personnel, and does it appoint a corporate governance director responsible for corporate governance related matters (including but not limited to providing information needed by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the board of directors and shareholders' meeting in accordance with the law, and producing	V		<p>1. The company set up the concurrent unit for corporate governance by the executive secretary of the Board of Director and in charge of the documents required for directors to executing their duties, holding board of directors' meeting and shareholders' meeting in accordance of law, preparing agenda for board of directors' meeting and shareholders' meeting, assisting the company to comply with the related laws and regulations of the board of directors' meeting and the shareholders meeting and others. Currently the associate of the accounting department concurrently as the executive secretary of the Board of Directors. The related matters of Corporate Governance were handling by the finance department, accounting department, administration department(legal affairs), human resources department, sourcing and purchasing department, audit office and other units.</p> <p>2. The company established the head of corporate governance by the approval of board of directors on May 13, 2021, and the Head of Accounting,</p>	None



Assessed areas	Operational status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
minutes of board meetings and shareholders' meetings)?			<p>Associate Shih-Wei Wang would serve as the Head of Corporate Governance. He shall be in charge of holding board of directors' meeting and shareholders' meeting in accordance of law, preparing agenda for board of directors' meeting and shareholders' meeting, assisting the appointment and continuous studies of the directors, providing documents for directors to executing their duties, assisting directors to comply with the laws and regulations and other corporate governance related matters.</p> <p><u>Major executions for affairs pertaining to corporate governance are summarized as below:</u></p> <p>(1) In 2023, a total of six Board of Directors' Meetings and six Audit Committee Meetings were held.</p> <p>(2) The Shareholders' Meeting was held once in 2023.</p> <p>(3) All members of the Board of Directors have completed no fewer than six credits for further education courses.</p> <p>(4) The company has provided liability coverage for its directors and key personnel and relevant reports have been submitted to the Board of Directors.</p> <p>(5) The company has conducted performance evaluations for its Board of Directors and functional committees. The results of performance evaluation for the Board of Directors, the Audit Committee and Remuneration Committee were all "surpassed the standard".</p> <p>(6) Ranked among 21~35% in the 9th Corporate Governance Evaluation.</p> <p>(7) In 2023, the Head of Corporate Governance had completed a total of 12 hours of training and completed the registration on the Market Observation Post System website.</p> <p>(8) The company has already disclosed the information regarding to execution of the head of corporate governance in 2023 on the company's website.</p>	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including without limitation shareholders, employees, customers, and suppliers, etc.) and properly respond to corporate social responsibility issues that stakeholders are concerned about?	V		The public website of the company set the Stakeholders' Zone for Customers/consumers, Suppliers, Employees, Investors and other Stakeholders and indicated the contact person and ways of contact separately. The company were well responding to the concern of significant corporate social responsibility issues by the stakeholders (Note 4). The communication policy of different categories of stakeholders in each year were disclosed on the Sustainability report and the company's ESG webpage.	None
VI Does the company designate a professional shareholder	V		The company appointed China-trust Commercial Bank for their professions of share affairs to hold the matters	None

Assessed areas	Operational status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
service agency to deal with affairs relating to shareholders meetings?			of Shareholders' Meeting.	
VII Disclosure of Information				
(I) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance status?	V		(I) The investor-specific zone on the company's website disclosure of the company's financial information, annual report and information on corporate governance, product sales and etc.	None
(II) Does the company have other information disclosure channels (e.g., maintaining an English website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?	V		(II) The company maintained the English website; established the spokesperson and deputy spokesperson system; appointing the Accounting Department to be responsible to handle information collection; update the information on the company's website regularly in accordance of the laws and regulations; disclosure Irregularly disclosed significant information and connects to MOPS of TWSE in order to put information disclosure in practice.	None
(III) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?		V	(III) The Company announced the 2022 financial report in March 2023. The Q1, Q2, and Q3 2023 financial reports and Monthly Revenue were announced and declared on the MOPS before the required date, and uploaded on the company's website .	The company complete with announcement and declaration before the date required by the competence authority.
VIII. Is there any other important information available to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk	V		1. Employees' benefit and interest and caring of employees: The company takes the concord of employer-employees relations very well and focusing on the employees' welfare, benefits and interest. We established diverse communication channels to promoting the companies policy, system, measures of welfare and all kinds of activities. 2. Investors Relations: The company keeps well interaction with our investors, including: disclosure of financial information, communicate with our investors regularly through different activities (for example, institutional investor conference, investors meeting hold by the securities trader). The company takes the feedback and opinion as the company's	None

Assessed areas	Operational status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>reference and make improvements and adjustments. The company will continue to strengthen the relationship with investors in the future, and maintain well communication and interaction between our investors.</p> <p>3. Supplier Relationship: Maintain good supplier relationship. By comparing prices, it ensures the legitimacy of raw materials pricing and compliance with Act Governing Food Safety and Sanitation and regulations such as FGMP, HACCP, ISO9001, ISO22000, FSSC22000, certification criteria for health foods and recommendation requirements for disease preventive products to help control quality of raw materials and equipment and to ask suppliers to provide with corresponding product laboratory test certificates.</p> <p>4. The rights of stakeholders: The company provide diverse communication channels and information disclosure. The company maintain good dialogue and communication with our stakeholders and collect the issues of their concern to review the business activities were responding to our stakeholders. For related information, please refer to the company's website and Sustainability Report.</p> <p>5. The condition of directors' advanced studies: The duration of directors' and independent directors' advanced studies in 2023 exceeded the legal requirements. The condition of directors' advanced studies were disclosed on the MOPS and the annual report (Note 5), and the company arranged the liabilities insurance to our directors in accordance of the Article 19-1 of the article of incorporate and the Article 39 of Corporate Governance Best Practice Principles.</p> <p>6. Implementation of risk management policies and risk measurement standards: The Company's major operational policies, investment cases, endorsement guarantees, capital loans, bank financing and other major proposals have been evaluated and analyzed by appropriate authorities and implemented in accordance with the resolution of audit committee and the board of directors. The audit office has also drafted its annual audit plan based on the results of the risk assessment and implements it exactly. This is done to implement the supervision mechanism and control the implementation of various risk management functions.</p> <p>7. Implementation of customer policies:  (1) Protection of consumer rights of end customers: It is the Company's policy to provide consumers with healthy, safe, and desirable quality products so that they can eat healthily and safely. Related</p>	

Assessed areas	Operational status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>certifications on the manufacture and the sanitary, safe, and healthy benefits of products have been obtained; products of optimum quality are provided to consumers. The liability insurance has been purchased for products. In addition, there is the 0800 hotline for customer service.</p> <p>(2) Competitive advantages of clients: It is the Company's policy to create a Win-Win situation that contributes to co-prosperity and co-sharing of maximum benefits among downstream customers. Downstream clients are provided with the Company's information through the Company's website, the Outlook feature, and the ERP system. In addition, quality, health, and safety of products are maintained to seek various certifications, to promote brand publicity, and to provide clients and employees with information on how to enhance their technical and marketing/management capabilities by means of the bi-monthly professional journal entitled "Namchow Frozen Dough and Baking Oils and Fats" that is issued by an associated enterprise.</p>	
IX. Explain improvements made according to corporate governance evaluation results released in the most recent year by the corporate governance center of Taiwan Stock Exchange and provide priorities to be reinforced and measures among those pending improvement.				
1.1	Did the company report at the AGM the remuneration received by directors, including the remuneration policy, the content and amount of individual remuneration?			Status quo for the time being.
1.6	Did the company hold the AGM before the end of May?			The AGM was held on May 31, 2023
1.15	Did the company adopt bylaws prohibiting insiders, including directors and employees, from using information not publicly disclosed in the market to trade securities, with content including (but not limited to) a prohibition against directors trading the company's stock during a blackout period of 30 days before the publication of the company's annual financial report and 15 days before the publication of each quarterly financial report, and were those bylaws and the status of their implementation disclosed on the company's website?			Status quo for the time being.
1.17	Is it true that the company did not have any government agencies or any single legal entity and its subsidiaries accounting for one-third or more of the board?			Status quo for the time being.
2.4	Is it true that there were no more than two directors having a relationship of spouse or of kinship within the second degree?			Status quo for the time being.
2.5	Is it true that the number of the directors on the company's board of directors who are employees of the company or of its parent, subsidiary, or sister company is less than or equal to one-third of the total number of directors?			Status quo for the time being.
2.9	Has the company adopted succession planning for board members and key executives, and disclosed the operational status of such planning on its website and in its annual report?			No plan of establishment for the time being.

Assessed areas	Operational status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
2.14			Did the company have any non-statutory functional committees such as a nomination committee, risk management committee, or sustainable development committee, and did such functional committees have not less than three members, with at least half of the members being independent directors, and with one or more members possessing the particular professional competences required by the respective committees, and did the company disclose the organization, functions, and operations of such committees?	Status quo for the time being.
2.19			In the year being evaluated, did the average rate of actual attendance of all directors at board meetings reach 85% or more and were at least two independent directors personally in attendance at each board meeting?	The attendance in 2023 reached 85.2%
2.22			Has the Company established risk management policies and procedures approved by the Board of Directors, to disclose the scope of risk management, organizational structure and operation status, and reported to the Board of Directors at least once a year?	Status quo for the time being.
2.27			Has the Company formulated an intellectual property management plan that is linked to operational objectives, and disclosed the implementation status on the Company's website or annual report, and reported to the board of directors at least once a year?	Status quo for the time being.
3.4			Did the company file its audited annual financial report within two months from the end of the fiscal year?	Status quo for the time being.
3.8			Has the Company voluntarily announced its quarterly financial forecasts, and the relevant operations have not been corrected by the competent authorities nor any defects was recorded by Taiwan Stock Exchange or Taipei Exchange?	No voluntary announcement has been made so far.
3.13			Did the company voluntarily disclose the individual remuneration details of each director and supervisor its annual report?	No disclosure for the time being.
3.14			Did the company disclose the connection between director and managerial officer performance assessment and remuneration in its annual report?	No plan of establishment for the time being.
3.21			Did the company voluntarily disclose the individual remuneration details of each general manager and vice general manager its annual report?	No disclosure for the time being.
4.2			Did the company have a designated unit in charge of promoting ethical corporate management, with responsibility for establishing and supervising the implementation of the ethical corporate management policies and prevention programs, and disclose the unit's operations and implementation on the company's website and in its annual report, and did the unit report to the board of directors at least once a year?	The implementation status was reported to the Board of Directors on December 21, 2023.
All production sites continuously invest in energy-saving or green energy-related environmental protection and sustainable equipment, and cooperate with the competent authorities to follow greenhouse gas inventory related schedules; regarding the indicators related to social issues and sustainability, workplace diversity, community impact, and cultural development are added, to optimize the corresponding measures for implementing corporate social responsibility.				

Note 1: Regardless of the answer, "Yes" or "No", descriptions need to be provided in the summary column.

Note 2: Implementation of the internal performance evaluation of the Board of Directors in 2023 is described as below:

	Index of Self-Evaluation	Items	Score and Result of Evaluation
Board of Directors	<ol style="list-style-type: none"> <li>1. Participation in the operation of the company</li> <li>2. Improvement of the quality of the board of directors' decision making</li> <li>3. Composition and structure of the board of directors</li> <li>4. Election and continuing education of the directors</li> <li>5. Internal control</li> </ol>	10	The score of internal self-evaluation of the Board of Directors was 100 (out of 100).
Member of Directors	<ol style="list-style-type: none"> <li>1. Alignment of the goals and mission of the company</li> <li>2. Awareness of the duties of a director</li> <li>3. Participation in the operation of the company</li> <li>4. Management of internal relationship and communication</li> <li>5. The director's professionalism and continuing education</li> <li>6. Internal control</li> </ol>	18	The score of self-evaluation of the Board members was 3.96 (out of 4), the result of evaluation was <u>surpassed the standard</u>
Remuneration Committee	<ol style="list-style-type: none"> <li>1. Participation in the operation of the company</li> <li>2. Awareness of the duties of the functional committee</li> <li>3. Improvement of quality of decisions made by the functional committee</li> <li>4. Makeup of the functional committee and election of its member</li> </ol>	19	The Score of Self-Evaluation of the Remuneration Committee is 4 (out of 4), the result of evaluation as <u>Significantly Exceed Standards</u>
Audit Committee	<ol style="list-style-type: none"> <li>1. Participation in the operation of the company</li> <li>2. Awareness of the duties of the functional committee</li> <li>3. Improvement of quality of decisions made by the functional committee</li> <li>4. Makeup of the functional committee and election of its member</li> <li>5. Internal control</li> </ol>	22	The Score of Self-Evaluation of the Remuneration Committee is 4 (out of 4), the result of evaluation as <u>Significantly Exceed Standards</u>

Note 3: The assessment items of the Independence, Suitability and Audit Quality Indicators (AQIs) of CPAs are as follows:

**CPA Independence Evaluation:**

Item	Result	Independent
1. Does the CPA have direct or significant indirect financial relationship with the Company?	No	Yes
2. Does the CPA have financing or guarantees with the Company or its directors?	No	Yes
3. Does the CPA have close business relationship and potential client and commission relationship with the Company?	No	Yes
4. Had the CPA and their audit team members served as directors, managers or taken up positions that have significant influence on audit work at the Company at present or in the last two years?	No	Yes
5. Does the CPA provide non-audit service items that may directly affect the audit work provided to the Company?	No	Yes
6. Does the CPA possess stocks or securities issued by the Company?	No	Yes
7. Had the primary/secondary attesting CPA served for more than seven consecutive years?	No	Yes
8. Has the CPA acted as agent for stocks or securities issued by the Company?	No	Yes
9. Had the CPA acted as the defender of the Company or mediated conflicts with third parties on behalf of the Company?	No	Yes
10. Is the CPA related to the Company's directors, managers or personnel with significant influence on the audit case?	No	Yes

**CPA Accountability Evaluation:**

Item	Accountable
1. The CPA had not served as the attesting auditor for the Company more than seven years (until the most recent attestation).	Yes
2. The CPA has no significant financial relationship with the client.	Yes
3. The CPA has taken steps to refrain from engaging in any inappropriate relationship with the client.	Yes
4. The CPA has taken steps to ensure that his assistants adhere to pertinent guidelines and standards on honesty, impartiality and independence.	Yes
5. The CPA had not performed attestation for financial reports published by the company they served two years prior to obtaining their CPA qualification.	Yes
6. The CPA may not authorize any other individual to perform relevant services in their name.	Yes
7. The CPA does not possess stocks or securities issued by the Company or its affiliated businesses.	Yes
8. The CPA had not borrowed money from the Company or its affiliated businesses.	Yes
9. The CPA is not involved in a joint-investment or mutually beneficial relationship with the Company or its affiliated businesses.	Yes
10. The CPA is not also serving as an employee, performing day-to-day work and collecting fixed wage at the Company or its affiliated businesses.	Yes
11. The CPA is not involved in the decision-making management functions of the Company or its affiliated businesses.	Yes
12. The CPA is not managing other businesses that may compromise their independence.	Yes
13. The CPA is not the spouse, a relative within the second degree of kinship or a direct blood relative to any managers at the Company.	Yes
14. The CPA has not collected any business related commission.	Yes
15. The CPA has not been penalized or involved in any incident thus far that would compromise their independence.	Yes



Assessment of CPA Audit Quality Indicators (AQIs):

Five major aspects	NO	AQI Indicator	Key points of measurement	Result
Professionalism	1	Auditing experience	Whether the senior auditors have sufficient audit experience to perform the audit work.	V
	2	Training hours	Whether CPAs and senior auditors receive sufficient education and training each year to continuously acquire professional knowledge and skills.	V
	3	Turnover rate	Whether the firm maintains sufficient senior human resources.	V
	4	Professional support	Whether the firm has sufficient professionals (e.g. evaluators) to support the audit team.	V
Quality control	5	Workload of CPAs	Whether the workload of CPAs is too heavy.	V
	6	Investment in audits	Whether the input of audit team members is appropriate at each stage of audit.	V
	7	EQCR review	Whether the EQCR CPAs have taken sufficient time to perform review of the audited cases.	V
	8	Quality control support capability	Whether the firm has sufficient quality control manpower to support the audit team.	V
Independence	9	Non-audit professional fees	The impact of the proportion of non-audit professional fees on the independence	V
	10	Customer familiarity	The impact of the audit on the independence of the cumulative number of years in the firm's certification of annual financial reports	V
Supervision	11	Defects found in external inspections and disposition	Whether the quality management and audit by the firm are conducted in accordance with the relevant laws and standards.	V
	12	Improvements demanded by the letter sent from the competent authority		V
Innovation ability	13	Innovative planning or initiatives	The commitment of the accounting firm to improve the quality of audits, including the innovation and planning of the accounting firm.	V



Note 4: Status, issue of pay attention, communication channel and way of replying of the stakeholders.

Stakeholders	Concerned issues	Communication channel and frequency	Actions and ways of response
Shareholders/investors	<ul style="list-style-type: none"> <li>* Corporate Governance</li> <li>* Business performance</li> <li>* Risk control</li> <li>* Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>* Regular shareholder meetings</li> <li>* Regularly announce annual report, financial statement and monthly revenue report</li> <li>* Announcing significant information (ad hoc)</li> <li>* Accepting Press Interview (ad hoc)</li> </ul>	<ul style="list-style-type: none"> <li>* A group internal management meeting is held every month, with a consolidated revenue of NT\$22.7 billion, growing 10.7% year-on-year.</li> <li>* Held the Shareholders Meeting as required by law; held institutional investor conference two times; communicated with institution investors for nearly ten times.</li> <li>* The results of the 9th corporate governance assessment placed the company in the range 21%-35% of all companies.</li> <li>* 88 significant information have been released on the Market Observation Post System (MOPS) and financial information is regularly disclosed on the company's website.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>* Occupational Health and Safety</li> <li>* Anti-corruption</li> <li>* Labor/management relations</li> <li>* Training &amp; Education</li> </ul>	<ul style="list-style-type: none"> <li>* Regular and ad-hoc labor-management meetings</li> <li>* Ad hoc publication of internal reports and establishment of grievance hotlines and mailboxes</li> <li>* Ongoing education and training</li> </ul>	<ul style="list-style-type: none"> <li>* Each factory holds regular or ad hoc labor and management meetings 2-4 times a year.</li> <li>* Welfare Committee meetings are held on a quarterly basis or from time to time, as well as employee health seminars and health examinations.</li> <li>* The Company organizes occupational safety meetings from time to time, fire drills and general safety/health education and training are conducted, as well as the promotions of the prevention of sexual harassment in the workplace.</li> <li>* The total annual education and training hours reached 64,462 hours (including categories such as ethical business practices, regulatory compliance, food safety, occupational health and safety, and management and business.)</li> </ul>
Consumers	<ul style="list-style-type: none"> <li>* Food quality, safety and certification</li> <li>* Product innovation</li> <li>* Product information and application</li> <li>* Service and consumer</li> </ul>	<ul style="list-style-type: none"> <li>* Placement of 0800 customer service hotline</li> <li>* Public announcement and interaction over the Company's website</li> <li>* Media coverage</li> <li>* Marketing campaigns</li> </ul>	<ul style="list-style-type: none"> <li>* Press conferences and advertising</li> <li>* Exhibition and various marketing events, and release product information through the WeChat public account from time to time.</li> <li>* Official website, 0800 customer service hotline, fan pages and diverse</li> </ul>

Stakeholders	Concerned issues	Communication channel and frequency	Actions and ways of response
	satisfaction		<p>communication channels.</p> <p>*The Facebook fan page of Namchow (Thailand) had a total of 152,596 followers.</p> <p>*BLN Restaurants &amp; Caterings obtains 12,568 WeChat fans, 10,513 Paulaner members and 6,334 Sina Weibo followers.</p> <p>Raw materials and products from Guangzhou Factory and Tianjin factory have been tested a total of 628 times or more.</p> <p>*No product was recalled in any area, but conducted two mock recall simulations.</p> <p>*Collaborated with the 0800 customer service center to engage with consumers, understand their needs, and make continuous improvements.</p>
Corporate customers/ Distributors	<ul style="list-style-type: none"> <li>* Food quality, safety and certification</li> <li>* Product traceability</li> <li>* Service and consumer satisfaction</li> <li>* Product information and application</li> </ul>	<ul style="list-style-type: none"> <li>*Irregularly hold product launches/seminars.</li> <li>* Regular business visits</li> <li>* Annual contract review and communication</li> <li>* Telephone and email communication</li> </ul>	<p>*In Taiwan, there were a total of 74 customer inspections (internal/external) and educational training sessions, 88 customer sample requests, and seven new product development projects.</p> <p>*Auditors in mainland China regularly visit major customers in each region. In 2023, a total of 45 customers were visited to listen to customer feedback and suggestions, conduct anti-fraud surveys and advocacy, and promote bilateral cooperation.</p> <p>* Establish the “Procedures of handling customers complaint” to fulfill the need of our customer, build up their faith and continuously improving.</p> <p>*In Taiwan, three baking seminars were held in 2023 with a total of 177 participants; three seminars for imported cream application were held with a total of 205 participants.</p> <p>*Regularly contact distributors by phone and email every week, and schedule monthly visits to distributors. Respond promptly to issues of concern to distributors.</p>
Government agencies	* Laws and	* Participation or hosting of	*Irregularly participate in

Stakeholders	Concerned issues	Communication channel and frequency	Actions and ways of response
and associations	Regulation Compliance * Food quality, safety and certification * Product information and application * Corporate Governance	forums * Issued official statements in line with government announcements * Issued official statements in line with regulatory announcements	government or public association-related seminars and workshops in various regions. * The Food Safety Office and the Food Technician irregularly organized the regulations and announcements from the TFDA and the Department of Health to ensure the products complied with the requirements from the laws and regulations. * Obey the Food Tracing System by the Ministry of Health and Welfare, upload the product information regularly for transparency and connect the upstream and downstream. Product QR Code label management system was also introduced to track product distribution, strengthen management, and enable the rapid recall of problem goods. * In 2023, the Food Safety Office in Taiwan participated in six governmental or industry association communication events (with nine participants). * Shanghai Factory and Qiaohao Factory irregularly participated in total nine seminars. * Tianjin Factory irregularly participated in 2 seminars and received 25 government documents, letters, and regulatory announcements. * Guangzhou Factory participated three times in the quarterly Food Safety Seminar and Food Safety Supervisor Training organized by the State Administration for Market Regulation and conducted 10 self-inspection/audits and 11 product inspections as required by official statements.
Media/Social Network	* Food quality, safety and certification * Marketing communication	* Product launches (ad hoc) * Media coverage (ad hoc) * Press conferences (ad hoc) * Press releases (ad hoc)	* Regional business divisions actively engage with stakeholders through Facebook fan pages, regular trade shows, seminars, and

Stakeholders	Concerned issues	Communication channel and frequency	Actions and ways of response
	<ul style="list-style-type: none"> <li>* Product innovation</li> <li>* Greenhouse gas emissions</li> </ul>		<p>promotional events.</p> <ul style="list-style-type: none"> <li>*Utilized live streaming, short videos, and other formats to promote the company and product image. Concurrently, updated company and product developments through platforms such as WeChat public accounts, mini-programs, and video channels, strengthening interaction between customers and the company.</li> <li>*Actively participated in baking exhibitions and events like the China International Import Expo, collaborated with influential media within the industry, sponsored industry competitions, and explored cross-category, cross-discipline partnerships in China.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>* Food quality, safety and certification</li> <li>* Supply chain management</li> <li>* Product traceability</li> </ul>	<ul style="list-style-type: none"> <li>* Annual contract review and communication</li> <li>* Annual audit and source inspection</li> <li>* Routine meetings</li> <li>* Telephone and email communication</li> </ul>	<ul style="list-style-type: none"> <li>*Irregularly hold meetings or video conferences with suppliers to confirm delivery quality and product specifications, ensuring that the sources of supply comply with food safety requirements.</li> <li>*In Mainland China, by following the factory audit plans and keeping in touch with suppliers via mail, a total of 124 on-site audits at our suppliers' facilities was conducted to ensure the safety and traceability of food ingredients in 2023.</li> <li>*Auditing colleagues in China participated in 430 supplier selection and negotiation meetings following the company's procurement management procedures. This was primarily done to ensure that supplier qualifications met the company's standards, and the supplier selection process was compliant and adhered to principles of fairness, transparency, and integrity. The company also conveyed its commitment to ethical and transparent business practices during the meetings and in tender documents.</li> <li>*BLN Restaurants &amp; Caterings</li> </ul>

Stakeholders	Concerned issues	Communication channel and frequency	Actions and ways of response
			signed a “Primary Supplier Code of Conduct Commitment” with 40 suppliers. *Confirm the supply of seasonal ingredients or special ingredients on a quarterly basis.
Community and others (NGOs, academia)	<ul style="list-style-type: none"> <li>* Laws and Regulation Compliance</li> <li>* Food quality, safety and certification</li> <li>* Greenhouse gas emissions</li> <li>* Waste management</li> <li>* Water Resource Management</li> </ul>	<ul style="list-style-type: none"> <li>* Organize discussion and coordination meetings at Service Center of the industrial zone</li> <li>* Implementation of service number and grievance mailbox</li> <li>* Participation or hosting of forums</li> <li>* Participation or hosting of conferences</li> <li>* Media coverage</li> <li>* Hosting of special cultural activities</li> </ul>	<ul style="list-style-type: none"> <li>*In Taiwan, continued to sponsor and participate in community activities promoting neighborly bonds and goodwill.</li> <li>* China business continued to take part in poverty alleviation projects.</li> <li>*The 2023 Christmas market organized by BLN Restaurants &amp; Caterings was attended by 15,197 people.</li> <li>* The Thailand Business continuously holding the activities of planting trees and cleaning of forest road.</li> </ul>

Note 5: The condition of directors’ s advanced studies of 2023, as follows:

Title	Name	Date of Advanced Studies	Main organizer	Name of the Course	Duration of Advanced Studies	Total continuing education hours in 2023
Legal Person Directors Representatives	Fei-Lung Chen	2023/12/01	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainable Governance Strategy	3	6.0
		2023/12/15	Taiwan Corporate Governance Association	The Coming of Strong Supervision of Personal Information	3	
Legal Person Directors Representatives	Kan-Wen Lee	2023/03/27	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	Corporate Resilience, Taiwan's Competitiveness	3	9.0
		2023/06/02	Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	2023 Taishin Net Zero Electricity Summit	3	
		2023/12/01	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainable Governance Strategy	3	
Legal Person Directors Representatives	Cheng-Wen Chen	2023/12/01	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainable Governance Strategy	3	6.0
		2023/12/15	Taiwan Corporate Governance Association	The Coming of Strong Supervision of Personal Information	3	
Legal Person Directors Representatives	Ming-Fen Chou	2023/12/01	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainable Governance Strategy	3	6.0

Title	Name	Date of Advanced Studies	Main organizer	Name of the Course	Duration of Advanced Studies	Total continuing education hours in 2023
		2023/12/15	Taiwan Corporate Governance Association	The Coming of Strong Supervision of Personal Information	3	
Legal Person Directors Representatives	Yi-Wen Chen	2023/12/01	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainable Governance Strategy	3	6.0
		2023/12/15	Taiwan Corporate Governance Association	The Coming of Strong Supervision of Personal Information	3	
Legal Person Directors Representatives	Yu-Wen Chen	2023/12/01	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainable Governance Strategy	3	6.0
		2023/12/15	Taiwan Corporate Governance Association	The Coming of Strong Supervision of Personal Information	3	
Independent Director	Ting-Kuo Chen	2023/12/01	Taiwan Corporate Governance Association	How the Board of Directors Formulate ESG Sustainable Governance Strategy	3	6.0
		2023/12/15	Taiwan Corporate Governance Association	The Coming of Strong Supervision of Personal Information	3	
Independent Director	Chun-Hsueh Chen	2023/09/12	Taiwan Corporate Governance Association	Corporate growth strategy and external innovation	3	6.0
		2023/10/12	Taiwan Corporate Governance Association	Sustainable Governance Seminar for Empowerment of the Board of Directors	3	
Independent Director	Chin-Shih Lin	2023/01/17	National Federation of Certified Public Accountant Associations of the Republic of China	Mergers and acquisitions, and due diligence	3	18.0
		2023/03/21	National Federation of Certified Public Accountant Associations of the Republic of China	Directors' fiduciary duties and liability for misstatement of financial reports	3	
		2023/08/07	National Federation of Certified Public Accountant Associations of the Republic of China	IFRS 2 share-based payment and material issues of IFRS 9, IFRS 15 and IFRS 16	3	
		2023/08/11	Corporate Organization Association	Internal investigation of enterprises - advance deployment to avoid new risks brought by the ESG wave	3	
		2023/11/08	National Federation of Certified Public Accountant Associations of the Republic of China	Analysis of the Practical Operation of Independent Directors and Audit Committee	3	
		2023/11/09	Corporate Organization Association	Global trends and business opportunities for low-carbon economy and enterprise's low-carbon innovation	3	

(4). If the Company has a Compensation Committee, the composition, responsibilities, and operations of the Committee shall be disclosed.

1. Information on the Remuneration Committee members

Status	Requirement Name	Professional qualifications and experience	Compliance with the independence requirement	Number of other public offering companies with part-time membership of their Remuneration Committee
Independent Director	Ting-Kuo Chen	Please refer to page 13 for information related to the directors' professional qualifications and experience	In accordance with the provisions of the Company's Articles of Incorporation and the Corporate Governance Best-Practice Principles, election of directors was done applying the nomination system. The Company has obtained a written statement, work experience, current employment certificate and kinship form provided by each director at the time of nomination and selection of the Board members to verify and confirm the independence of himself, his spouse and direct blood relative within the third degree of kinship from the Company. The Company has also verified that the two independent directors listed left have met the eligibility requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act within the two years prior to their appointment and during their tenure, and that the independent directors have been granted the authority to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and have independently performed relevant functions and powers.	3
Independent Director	Chin-Shih Lin			1

Others	Hai-Ming Chen	<p>Hai-Ming Chen, a committee member, PhD, College of Management Science, National Chiao Tung University, was a full-time professor at the Institute of Management Science, Tamkang University, and is currently an honorary professor of the university. Mr Chen specializes in human resources management, organizational behavior, management, strategic management and organizational theory, and has rich experience in industry and academia. He currently serves as a member of the Remuneration Committee of the Company, an independent director and convener of the Remuneration Committee of TECOM CO.,LTD., and a member of the Remuneration Committee of WIN SEMICONDUCTORS CORP. Moreover, he does not fall into any of the circumstances mentioned in Article 30 of the Company Act.</p>	<p>During the two years prior to his appointment and during his term of office, he did not violate the independence provisions of Article 6 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange."</p>	2
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## 2. Operation of the Remuneration Committee

(1) The Company's Remuneration Committee has three members in total.

(2) Current members will serve from July 21, 2021 to July 14, 2024. The Remuneration Committee met 6 times (A) in the latest year. Qualification and attendance of members are as follows:

Title	Name	The actual frequency of attendance in the meetings (B)	Frequency of attendance through proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Ting-Kuo Chen	6	0	100%	Re-elected
Member	Chin-Shih Lin	6	0	100%	Re-elected
Member	Hai-Ming Chen	6	0	100%	Re-elected

Other details to be documented:

- I. If the Board of Directors does not accept or modifies suggestions provided by the Remuneration Committee, the date of the Board of Directors meeting, the session number, contents of the proposal, decisions made by the Board of Directors, and management of opinions from the Remuneration Committee by the Company should be stated (If the compensation and rewards approved by the Board of Directors are superior to those advised by the Remuneration Committee, there should be descriptions of the differences and reasons considered).
- II. For decisions made by the Remuneration Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Remuneration Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: None.
- III. The date of meeting, the session number, contents of the proposal, resolution and the company handled the opinions from the remuneration Committee, as follows:

Remuneration Committee	Content of the matters	Resolution	The Company's handling of the opinions of the Remuneration Committee
5th Remuneration Committee 9th Meeting 2023/01/17	1. Evaluate and formulate the individual remuneration payment amounts payable and special rewards to the Namchow Presiden, Kan-Wen Lee. 2. Evaluate and formulate the individual remuneration payment amounts payable and year-end bonus to the Hwa Zhin Co., Ltd. representative, Cheng-Wen Chen.	The entire committee in attendance agreed unanimously	Proposed to the Board of Directors and agreed by the attending directors unanimously.
5th Remuneration Committee 10th Meeting 2023/03/14	1. Evaluate and formulate the suggestions to the issuance of remunerations to directors in 2022. 2. Evaluate and formulate the suggestions to the issuance of compensations to employees (including managerial employees) in 2022. 3. Evaluate and formulate individual remuneration payment amounts payable to Namchow Holdings CO.,Ltd .	The entire committee in attendance agreed unanimously	Proposed to the Board of Directors and agreed by the attending directors unanimously.

	Employee Welfare Committee representative, Yi-Wen Chen. 4. Evaluate and formulate individual remuneration payment amounts payable to Vice General Manager for Administration of the Company, Lung -Wen Shiue.		
5th Remuneration Committee 11th Meeting 2023/05/11	1. Evaluate and formulate the recommendation of 2022 distributable remuneration to directors intended of the year 2. Evaluate and formulate the recommendation of 2022 distributable remuneration to employees (managerial officers as employees included) intended of the year	The entire committee in attendance agreed unanimously	Proposed to the Board of Directors and agreed by the attending directors unanimously.
5th Remuneration Committee 12th Meeting 2023/08/09	1. Evaluating and determining the individual contents and amounts of interim bonuses to directors and managerial officers in 2023.	The entire committee in attendance agreed unanimously	Proposed to the Board of Directors and agreed by the attending directors unanimously.
5th Remuneration Committee 13th Meeting 2023/11/14	1. Evaluate and formulate individual remuneration payment amounts payable to Mei-Hui Liao, Namchow Chief Risk Officer. 2. Evaluate and formulate individual remuneration payment amounts payable to Lan-Hsin Chou, Namchow executive Vice General Manager. 3. Evaluate and formulate individual remuneration payment amounts payable to Ching-Hui Chiu, Namchow Chief Financial Officer. 4. Evaluate and formulate individual remuneration payment amounts payable to Shih-Wei Wang, Namchow Assistant Manager of Accounting Department.	The entire committee in attendance agreed unanimously	Proposed to the Board of Directors and agreed by the attending directors unanimously.
5th Remuneration Committee The 14th meeting 2023/12/21	1. Evaluating and determining the individual contents and amounts of year-end bonuses to directors and managerial officers in 2023.	The entire committee in attendance agreed unanimously	Proposed to the Board of Directors and agreed by the attending directors unanimously.

IV. Information on Nominating Committee members and its operation: Not applicable

Note:

- (1) In the event that members of the Remuneration Committee resign before a year is completed, the date of resignation should be indicated in the remark column. The actual attendance rate (%), on the other hand, shall be calculated by the number of Remuneration Committee meetings held during service and the frequency number of attendance in the meetings.
- (2) Before a year is completed, upon any re-election of Remuneration Committee members, new and old, shall be listed and it shall be specified in the remark column that a specific member is old, new, or re-elected, and the date of re-election. The actual attendance rate (%), on the other hand, is to be calculated by the number of Remuneration Committee meetings held during service and the frequency number of attendance in the meetings.

(V) Promotion of sustainable development and discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
I. Has the Company established and promoted its governance structure for sustainable development and established a department that is fully (or partially) committed to the promotion of sustainable development by senior management with authorization from the Board of Directors perform relevant tasks, under the supervision of the Board of Directors?	V		<p>1. In March 2015, the Company held its Corporate Social Responsibility Kick Off Meeting and later established its CSR Committee in April of the same year. The convener of the committee is the President of the Namchow Group. There are Management Governance, Product responsibility, environmental sustainability and social relations four division, the members of each divisions are served by the associate or higher to be in charge of planning in policies and executing strategies. In August 2022, in order to cooperate with the "Sustainable Development Roadmap of Listed Companies", the Board of Directors changed its name to "Namchow Group Sustainable Development and ESG Committee" by making adjustments to the CSR committee organization of Namchow Group; at the same time, a task force on climate change was set up to carry out greenhouse gas inventory and verification related operations.</p> <p>2. The Board of Directors serves as the ultimate monitoring unit to the committee, and the Secretariat reports to the Board of Directors regularly with the implementation and the future plans/ The Board of Directors reported the outcome of ESG execution and future plans to the directors in December 2023 (Note 3).</p> <p>3. The Board of Directors is informed by the Secretariat every quarter on progress of the company's implementations in ESG. Meanwhile, the management team is expected to pay attention to the development of local and foreign ESG-related standards at all times in order to review relevant ESG mechanisms and systems that the company has established and make adjustments as needed in order to boost the effectiveness of the company's corporate social responsibilities.</p>	None
II. Does the Company follow the principle of materiality, conduct risk assessments on environmental, social and corporate governance issues related to company operations, and formulate relevant risk management policies or strategies? (Note 2)	V		<p>1. The information herein covers the company's performance in sustainability development at major locations between January 2023 and December 2023. The company has been identified as the boundary of risk assessment, covering regions including Taiwan, Mainland China and Thailand as our material aspects of consideration so that the boundary of disclosure will encompass all of Namchow's production facilities and major business locations.</p> <p>2. Analyses have been made in accordance with the materiality principles of the Sustainability Report after</p>	None

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies						
	Yes	No	Summary							
			<p>our communication with internal and external stakeholders. Not only that, we have also reviewed relevant local and foreign studies and reports, international standards and compiled applicable data from different departments to identify ESG issues of materiality, along with relevant risks and potential impacts. With careful assessment, we formulated corresponding management guidelines, policies for supervision and risk management and adopted concrete action plans to alleviate the potential impact of relevant risks.</p> <p>3. After the assessment of relevant risks, the following risk-management policies/strategies have been established:</p> <table><tr><th>Material Issue</th><th>Items of Risk Assessment</th><th>Explanation</th></tr><tr><td>Environmental Dimension</td><td>Environmental Impact and Management</td><td><p>1. As climate change has resulted in frequent extreme weather, government agencies have strengthened supervision of energy. The Company’s various categories of consumption of water, electricity, gas, and other energy resources are one of the main components included in daily operating costs. A reasonable layout of energy facilities and management and control functions can improve the utilization efficiency of the facilities and energy significantly and reduce costs.</p><p>2. Namchow assesses the impact of climate risks and opportunities on its operations by means of climate scenario analyses. We will also analyze the possible</p></td></tr></table>	Material Issue	Items of Risk Assessment	Explanation	Environmental Dimension	Environmental Impact and Management	<p>1. As climate change has resulted in frequent extreme weather, government agencies have strengthened supervision of energy. The Company’s various categories of consumption of water, electricity, gas, and other energy resources are one of the main components included in daily operating costs. A reasonable layout of energy facilities and management and control functions can improve the utilization efficiency of the facilities and energy significantly and reduce costs.</p> <p>2. Namchow assesses the impact of climate risks and opportunities on its operations by means of climate scenario analyses. We will also analyze the possible</p>	
Material Issue	Items of Risk Assessment	Explanation								
Environmental Dimension	Environmental Impact and Management	<p>1. As climate change has resulted in frequent extreme weather, government agencies have strengthened supervision of energy. The Company’s various categories of consumption of water, electricity, gas, and other energy resources are one of the main components included in daily operating costs. A reasonable layout of energy facilities and management and control functions can improve the utilization efficiency of the facilities and energy significantly and reduce costs.</p> <p>2. Namchow assesses the impact of climate risks and opportunities on its operations by means of climate scenario analyses. We will also analyze the possible</p>								

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
				<p>worst-case future scenarios, to better avoid underestimating the possible impact. Furthermore, based on the identified risk levels, we gradually plan the corresponding management strategies, and start to assess the operational and financial impacts that climate risks may have on Namchow.</p> <p>3. Greenhouse gas emissions are regularly inventoried according to ISO 14064-1 to examine the impact on corporate operations. Based on the results of carbon inventory, we continue to implement carbon reduction measures to effectively reduce the risk of Scope 1 emissions and the indirect emissions of Scope 2 greenhouse gases caused by the use of electricity.</p> <p>4. We have conducted audits on the Company's compliance with relevant environmental laws and regulations, and confirmed that all operating procedures comply with relevant statutory requirements.</p>
			<p>Social Dimension</p> <p>Supply chain management</p>	<p>1. Supplier review and risk assessment were strengthened,</p>

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
				<p>non-compliant suppliers removed, frequency of on-site audits increased, and suppliers required to provide their sustainability report as a reference for audits.</p> <p>2. Ensured the steady supply and quality of all raw materials to reduce food safety risks and to grow together with suppliers.</p>
			Product safety	<p>1. Establish a comprehensive product tracing system for the entire process from the raw materials to the product and its user. Meanwhile, to ensure the quality of customer service, the Company proactively conducts customer service satisfaction survey every year, to strengthen the partnership with customers.</p> <p>2. Simulate product tracing every year and ensure that the product is 100% traceable.</p>
			Customer Privacy	<p>1. Establish an authorization mechanism for the collection of customers. Customer data is to be stored in highly secure and reliable data storage systems. All data access and use require</p>

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
				proper authorization. 2. With regards to the the collection, processing and use of customer data, the company has adhered and complied with pertinent privacy protection laws and regulations in the place of operation.
			Corporate Governance Dimension	Corporate Governance Performance 1. By establishing and enforcing relevant schemes and systems for governance structure and internal control, the company ensures that all personnel and operations are compliant with pertinent laws and regulations. 2. Execute external corporate governance evaluations and internal control assessments to provide a clear picture of risk management.
				Compliance with risk management regulations 1. Comply with various local laws, regulations, and policies, and abide by each department's standard operating procedure strictly 2. Establish multiple management mechanisms and guidelines to implement compliance.
			4. For relevant risk management policies the company has established, refer to our Sustainability Report.	
III. Environmental Issues (I) Has the Company established a suitable	V		(I) All of the Company's plants and subsidiaries have established environmental management	None

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
environmental management system based on its industrial characteristics?			systems in accordance with ISO 14001 and have continued to pass third-party certifications. They have also conducted annual greenhouse gas inventories in accordance with ISO 14064-1, tracked emission reduction results and publicly disclosed them in the sustainability report and on the Company's website . (The latest certificate for ISO 14001 Environmental Management System for Thailand is valid from 2024/1/5 to 2027/1/5; for Mainland China is valid from 2023/11/12 to 2026/11/11; the latest ISO 50001 energy management system certificate is valid from 2022/6/2 to 2025/6/1.)	
(II) Has the Company endeavored to improve the efficiency of energy utilization and used recycled materials which have a low impact on the environment?	V		<p>(II) 1. The company has actively promoted various energy usage reduction measures, adopted highly energy-efficient equipment with energy-saving designs to reduce our corporate and product energy consumption. Not only that, the company has also expanded its use of renewable energies to optimize energy efficiency.</p> <p>2. The company is primarily involved in food production, and as such, all of our materials must be compliant with pertinent food-grade regulations. Not only that, we also source from EPA certified suppliers of corrugated boxes as the external packaging for our products. For distribution in the Mainland Chinese market, we have also endeavored to prioritize our sourcing of paper packaging from FSC certified suppliers. In 2023, our purchase of FSC certified boxes reached 100% and for Namchow Thailand, the percentage of eco-friendly paper boxes purchased came to 36%.</p>	None
(III) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take measures to deal with climate-related issues?	V		<p>(III) 1. Pursuant to the framework presented in the TCFD guide published by the Financial Stability Board for the identification of its material climate-change risks and opportunities and leveraged the framework to refine the company's management of climate change. Meanwhile, the Company reviews the status of its implementation and discuss future plans for its climate change strategies and goals on a yearly basis and report to the Board of Directors.</p>	None



Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies									
	Yes	No	Summary										
(IV) Did the company count greenhouse gas emissions, water consumption and the volume of total waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water management or other waste management?	V		<p>2. After identifying and ranking the factors of relevant climate risks through the TCFD framework, the company would assess viable opportunities and formulate specific response measures. With regards to the alleviation of climate changes, the company will focus on relevant developments in energy management and green building; as for climate change adaptation, the company will take steps to fortify its basic infrastructures and bolster its capacity for sustainable operations. Detailed descriptions of Namchow’s climate change risk and opportunity analysis have been disclosed in our Sustainability Report.</p> <p>(IV) 1. The company gathered the statistics of carbon emissions, use of water and total weight of waste over the past two years; the status of achieving the goals of environment; and the related data. The company shall disclose and explain the implementation in our Sustainability Report every year. Greenhouse gas emission volume and intensity in the last two years: (Data in Scope 1 and 2 cover our manufacturing operations in Taiwan, Mainland China and Thailand and our gastronomy business operations in Taiwan and Mainland China)</p> <p style="text-align: right;">Unit: Tons CO<sub>2</sub>e</p> <table><tr><th>Year</th><th>Scope 1</th><th>Scope 2</th></tr><tr><td>111</td><td>87,119.32</td><td>99,179.33</td></tr><tr><td>112</td><td>91,340.88</td><td>103,784.53</td></tr></table> <p>In 2023, our total Scope 1 and Scope 2 greenhouse gas emission came to 195,125.4 tons, and our GHG emission intensity for Scope 1 and 2 came to 4.03 and 4.58 ton CO<sub>2</sub>e /NT\$ million of revenue. Production bases in mainland China have successively established ISO 50001 energy management system and gone through third-party verification and ISO 14064-1 greenhouse gas inventory and third-party verification in 2022(Valid until 2025.06.01). In the future, the production bases in each region will regularly disclose the results of greenhouse gas inventories and review the carbon reduction results year by year.</p>	Year	Scope 1	Scope 2	111	87,119.32	99,179.33	112	91,340.88	103,784.53	None
Year	Scope 1	Scope 2											
111	87,119.32	99,179.33											
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Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies																		
	Yes	No	Summary																			
			<p>2. The company remains attentive to issues of environmental protection and water resource conservation. In terms of water conservation, the company has introduced a number of improvement measures, such as incorporation of recycling system in our effluent system and improvement of relevant processes and so forth. By introducing comprehensive water-conservation measures and mechanisms in our day-to-day activities, we would be able to achieve greater success in improving water efficiency.</p> <p><u>Water consumption in the last two years:</u> (Covering our manufacturing operations in Taiwan, Mainland China and Thailand and our gastronomy business operations in Taiwan and Mainland China)</p> <p>Unit: Cubic meters</p> <table><tr><th>Year</th><th>Total water consumption</th><th>Water intensity</th></tr><tr><td>111</td><td>1,591,294</td><td>0.0803</td></tr><tr><td>112</td><td>1,773,316</td><td>0.0863</td></tr></table> <p>The Taoyuan Factory recycled a total of 1,020 kl, and the recycling rate increased to 0.65% (2022: 0.36%) to reduce waste of water resources. In the future, we will continue to explore the feasibility of water recycling and reuse.</p> <p>3. Our factories and facilities in different regions have adhered to local regulations in their disposal, treatment or reuse of wastewater and have completed routine online registrations and declarations. The company has also been querying and verifying the disposal, treatment and recycling of industrial wastes online before the given deadlines.</p> <p><u>Waste generation in the recent two years:</u> (Covering our manufacturing operations in Taiwan, Mainland China and Thailand and our gastronomy business operations in Taiwan and Mainland China)</p> <p>Unit: tons</p> <table><tr><th>Year</th><th>Hazardous waste</th><th>Non-hazardous waste</th></tr><tr><td>111</td><td>35</td><td>14,104</td></tr><tr><td>112</td><td>53</td><td>15,147</td></tr></table> <p>The “Solid Waste Management Regulations”</p>	Year	Total water consumption	Water intensity	111	1,591,294	0.0803	112	1,773,316	0.0863	Year	Hazardous waste	Non-hazardous waste	111	35	14,104	112	53	15,147	
Year	Total water consumption	Water intensity																				
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Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
			<p>and “Hazardous Waste Management Regulations” have been implemented in China. Factories have designated storage locations for sorted waste to avoid cross-contamination. Thailand Factory continues to adhere to 3R (Reduce, Recycle, Reuse) to teach employees about waste reduction and how to create value from waste. Production attrition targets were also set to reduce waste.</p> <p>4. The company keeps reviewing the progression and the effectiveness of the reduction project in each factory and evaluates the trend by gathering the related information internationally and domestically. The company will gradually plan the policies of energy saving, carbon reduction, reduction in greenhouse gases, reducing in water usage or other management of waste and related management goals.</p>	
<p>IV. Social Issues</p> <p>(I) Has the Company developed the relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?</p>	V		<p>(I) 1. To fulfill our corporate social responsibility as well as protect the basic human rights of all employees, customers and stakeholders, Namchow Group acknowledges and adheres to the spirit and basic principles of human rights protection defined under the “UN Declaration of Human Rights,” “UN Global Compact,” “International Labor Organization Conventions,” and other international conventions. All employees are treated equally and with respect. No human rights abuses or violations in any form are tolerated.</p> <p>2. All the operating branches of the company in compliance of the labour laws, regulations and administrative orders to enacted the internal rules and procedures, to protect the human rights within the occupational environment, respect the basic rights to our regular employees, contract personnel, temporary personnel and interns. The company requested that the contracts between the Company and its major suppliers include termination or dismissal clauses which come into force once the suppliers breach the corporate social responsibility policy and cause significant impact on the environment and society.</p> <p>Namchow’s management policy on human</p>	None

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies	
	Yes	No	Summary		
			rights is as follows:		
			Policy	Explanation	
			Compliance with pertinent labor laws	We pledge to comply with all pertinent laws and regulations in the countries/regions where our businesses are located. Child labor is strictly forbidden, as well as any form of forced labor.	
			Safeguarding human rights in the workplace	We are committed to creating friendly workplaces of equality, and this means all of our employees, regardless of their race, rank, language, ideologies, religious beliefs, political affiliation, place of ancestry, birthplace, sexual orientation, age, marital status, physical appearance, physical/mental handicap or previous membership in labor union, shall be protected against all forms of unequal treatment or discrimination to ensure equality in employment.	
			Building a healthy and safe workplace	Pursuant to pertinent occupational safety and health regulations, the company implements routine health checkups for employees and assessment of safety hazards in the workplace so as to create a healthy, safe and comfortable working environment.	
			Harmonious labor/management relations	The company has established diverse channels of communication to	

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
(II) Has the Company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflected business performance or results in employee compensation?	V		<div> <div></div> <div>disseminate company policies, systems, benefits and relevant activities on top of organizing scheduled labor-management meetings in order to ensure harmonious, “win-win” labor/management relations.</div> </div> <p>(II) 1. Employee wage: We determine each employee’s salary based on his/her academic background, work experience, abilities, and job requirements, support gender equality in the salary system, and our salaries provided do not differ between men and women. To encourage employees to attach importance to the Company's business goals, we determine the amount of year-end bonus or performance bonus based on the profitability of each business unit, the strategic targets, and the nature of each business while with a reference to each employee's personal performance, to motivate them to perform well. Pursuant to the Articles of Incorporation, employees’ remuneration shall be no less than 1% of the company’s profit for the current fiscal year.</p> <p>2. Employee benefits: the company has established its Employee Welfare Committee and all employees are entitled to a basic employee benefit of approximately NT\$ 11,000 per year, along with various perks including: educational subsidies for employee’s children, club/event expense subsidies, gifts for three holidays/birthday, insurance coverage, pension, medical care services and so forth.</p> <p>3. Workplace diversification and equality: Namchow Group adheres to a corporate culture that creates diversity and inclusiveness, values work and life, and provides gender equality development opportunities. The male and female workers are evenly distributed, and in average, 35% of management level workers are female. The average salary ratio of male and female employees at all ranks and the average salary</p>	None

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
(III) Does the Company provide employees with a safe and healthy work environment as well as periodic safety and health education?	V		<p>of male and female employees at each operating base are almost 1:1, with the difference not being gender-based. This an important indicator of a gender-friendly business.</p> <p>The Company values the rights and benefits of employees and has always shared its profit with employees, including total care of employees of different circumstances in terms of body, mind, and soul. In 2023, the Company has employed a total of 28 employees with physical/mental disabilities or were of indigenous origins and this exceeds the provisions of the People with Disabilities Rights Protection Act and Indigenous Peoples Employment Rights Protection Act.</p> <p>4. Reflection of the company's operational performance in employees' remuneration: Pursuant to Article 31 of the Articles of Incorporation: In cases of profits for the year, the company shall set aside no less than 1% to be the remunerations for employees and no more than 5% to be those for board directors and supervisors. If there are accumulated losses, however, the value to make up for the losses should be set aside first. The remuneration to employees may be paid in stock or cash, and the employees of subsidiaries meeting specific condition are entitled to the payment. For the overall remuneration policies, the company regularly participated in the International Market Salary Survey to adjusted in the level of salaries and providing compensation with market competitiveness. The company made salary adjustment in accordance of the company operation, price index, economic growth rate, personal performances and etc. In 2023, the company adjusted the salaries based on the personal performance.</p> <p>(III) 1. Occupational safety and health policy: all of our production factories have established their respective Occupational Safety and Health Committees to be responsible for the management and tracking of occupational hazards/illness incidents. In the event of an occupational safety incident, relevant</p>	None

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
			<p>personnel ought to report said incident during the occupational safety and health committee meeting and announce the incident publicly to improve the company's occupational safety and health performance and ensure effective risk control.</p> <p>By compiling different occupational safety and health issues from different plants, the company endeavors to propose effective counter-measures and continue promoting our culture of occupational safety. Not only that, the company has also taken steps to strengthen personnel protection for employees and invested more resources towards the prevention of occupational illnesses in the hopes of creating a hazard free environment. In 2023, the injury rates (IR) for our factories were 2.14 (Taiwan), 0.41 (China) and 0.18 (Thailand). The Company's officers actively care for the physical and mental well-being of employees to ensure their safety at work.</p> <p>2. Workplace monitoring: Workplace inspection is conducted at least twice per year at each of our production factories to ensure the workplace safety for employees.</p> <p>3. Work safety audit: all factories are required to perform routine audits and organize corresponding departments to conduct specific safety inspections. In addition, responsible units would follow-up on the outcomes of safety audits and inspections and implement relevant planning, promotion and closing of response to anomalies or projects on a monthly basis.</p> <p>4. Equipment safety management: for specialized equipment, the company commissions collaborating partners each year to perform full safety inspection and obtain inspection reports to ensure safe operation of relevant equipment for employees.</p> <p>5. The company strives to provide a safe and healthy workplace environment, routinely performs education on safety and health, promoting management measures to for health, simple emergency first-aid facilities in the area, providing annual health examination for the entire staff and given related guides and health education.</p> <p>Below are statistics of occupational safety</p>	

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies												
	Yes	No	Summary													
(IV) Has the Company implemented an effective training program that helps employees develop skills over the course of their career?	V		<p>and health training conducted in the last three years:</p> <table> <tr> <th>Year</th> <th>No. of trainees</th> <th>No. of training hours completed</th> </tr> <tr> <td>110</td> <td>5,403</td> <td>20,946</td> </tr> <tr> <td>111</td> <td>4,272</td> <td>18,733</td> </tr> <tr> <td>112</td> <td>4,162</td> <td>16,527</td> </tr> </table> <p>6. Certifications: Shanghai Namchow, Shanghai Qiaohao, Tianjin Namchow, Tianjin Yoshi Yoshi, Guangzhou Namchow, and Guangzhou Yoshi Yoshi are certified with ISO 45001 occupational health and safety management systems.</p> <p>7. In 2023, there was no fire accident in each region.</p>	Year	No. of trainees	No. of training hours completed	110	5,403	20,946	111	4,272	18,733	112	4,162	16,527	None
			Year	No. of trainees	No. of training hours completed											
110	5,403	20,946														
111	4,272	18,733														
112	4,162	16,527														
<p>(IV) The company enacted the related training plans for the employees career development systematically and with different job levels. Building up the profession ability for different staff and providing diverse educational training to build up the essential skills for employees to be in service and gaining abilities for future development and promotion. In 2023, a total of 5,511 employees have completed their annual career planning, which is equivalent to 95,358 hours of training (online courses included). During the scheduled annual performance interview, employees would discuss their personal competence development plan for the year with their supervisors. Through periodic review and feedback, we strive to assist employees to develop optimal career planning.</p>																
(V) Regarding the issues of customer health and safety, customer privacy, marketing and labeling of products and services, whether the company complies with relevant regulations and international standards, and formulates relevant consumer protection	V		<p>(V) 1. The company has set up a food safety office to strictly control the safety of products to protect the health of customers. Through transparent and legal compliance marketing and labeling, it lets customers feel at ease.</p> <p>2. Respecting customer privacy, the collection, processing and use of customer data are subject to the regulations of the relevant privacy protection laws and regulations in the place of operation.</p> <p>3. For the policy of consumers' benefits and</p>	None												



Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
<p>policies and appeal procedures?</p> <p>(VI) Has the Company formulated supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor and their implementation?</p>		V	<p>interests, we set up service center(0800) to respond to consumers' inquiries and concerns immediately.</p> <p>(VI) 1. The contract signed between the company and the suppliers with the basic condition of comply the local laws and regulations. All of the company's suppliers shall comply with local laws and regulations of corporate governance, environmental protections, labour and human rights.</p> <p>2. The Company has not yet formulated a policy on environmental and social assessment of suppliers. However, the contract signed by the main supplier has specified that if the supplier is involved in violation of its corporate social responsibility policy and it has a significant impact on the environment and society, the terms of the contract may be terminated or cancelled at any time.</p> <p>3. Suppliers and raw materials are evaluated in accordance with "Raw Material Risk Assessment and Supplier Risk Management", "Procurement Control Procedures", "Supplier Evaluation Control Procedures", and internal control procedures of the Company. Regular and unscheduled factory inspection and audits of suppliers are conducted to ensure compliance with company strategies and operational requirements. For information on the annual assessment of existing suppliers and the selection and review of new suppliers, please refer to the Company's official website and the Sustainability Report.</p>	Evaluating, planning and formulating the related policies of suppliers management
<p>V. Does the Company refer to the internationally-prepared reporting standards or guidelines, preparation of sustainability reports and other reports that disclose the company's non-financial information? Did the preliminary report obtain the confidence or assurance opinion of the collaborating vendors' verification unit?</p>	V		<p>1. The company has prepared the "2022 Namchow Group Sustainability Report" based on the guidelines described in GRI Standards published by Global Reporting Initiative. More specifically, the Report has been prepared based on GRI Standard and for disclosure standards for food processing industry.</p> <p>2. KPMG has been commissioned as a verification body to implement an independent limited assurance process according to the Assurance Standards Bulletin No. 3000, "Assurance Cases for Audits or Reviews of Non-historical Financial Information" issued by the Accounting Research and Development Foundation to prepare the required assurance report.</p>	None

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
VI. If the Company has its own Sustainable Development Best Practice Principles established according to the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the differences between its implementation and the principles: The Company's "Corporate Social Responsibility Best Practice Principles," approved by the Company's Board of Directors in December 2015, have been renamed as the “Sustainable Development Best Practice Principles” along with the amendments to related provisions in November 2022, to cope with international development trend, realize the goal of sustainable development, and strengthen the Company's implementation of sustainable development. Pursuant to the guidelines, the company has conducted periodic review of relevant implementations and made corresponding improvements. There has been no discrepancy thus far.				
VII. Other vital information that would facilitate greater awareness of Namchow’s sustainability promotion include: “Community Management and grow locally” is the company’s core concept of society caring. The company bearing the original intention of “taken from society and give back to society” proactively plan and participate various charity event with the combination of the government policy and the resources from platforms. The company take the social participation as part of corporate culture with the activities of “Charity-helping the difficulties and poverty”, “Industry-improve together with the industry”, “Cross-strait-promoting in interaction between Taiwan and Mainland China” and others, for more information please refer to the ESG report prepared by the company. The main content and summary of different kinds or society activities in 2023, as follows: <u>Taiwan:</u> 1. Namchow Oils and Fats sponsored charitable events including the “2023 Sending Warmth in Winter Charity Donation”, “2023 Working Hand in Hand—Chinese Reunion Dinner for New Immigrant Families in Need of Assistance”, events held by the Boyo Social Welfare Foundation, Seed of Love Education Foundation, and took part in “Nantou County’s Trip of Love” event organized by the Chinese National Federation of Industries by donating sugar and snacks. 2. Lucky Royal sponsored NT\$170,000 for the exchange expense of the Taoyuan Elementary School baseball team from Beitou to Kure City in Hiroshima, Japan; NT\$600,000 for the Guandu Culture and Arts Foundation's "2023 Vivid Guandu Festival." We also foster family members of distributors to successfully take over the family business to achieve long-term relationships with partners. 3. Namchow Group's Qizhi Culture and Arts Foundation donated NT\$630,000 to the "Local Revitalization Project of Native Wild Clams in Guandu" with Hungkuo Delin University of Technology. Based on corporate social responsibility, the Namchow Group's Qizhi Culture and Arts Foundation commissioned Hungkuo Delin University of Technology to carry out the "Local Revitalization Project of Native Wild Clams in Guandu." Led by Assistant Professor, Yu-Man Huang, undergraduate and graduate students from the Department of Business Administration jointly participated in the local revitalization project of native wild clams in Guandu, Taiwan. The main purpose is to assist places including Guandu and Zhuwei to preserve the unique culture of Taiwanese ecology and enhance local revitalization ability. It also encourages the protection of natural ecosystems to improve ecological sustainability; at the same time, it protects and helps pass on local traditional culture, art and history. 4. Offices are committed to "net-zero emissions," by using Gogoro electric scooters to support environmental protection, and participating in community development, sponsoring the Guandu Arts Festival every year; strengthen the community harmony by visiting neighbors for better neighborhood relationship.  <u>China:</u> 1. In June 2023, the Namchow Chinese Pastry Artisan Cultural Museum welcomed students from nine universities and colleges in Taiwan. They participated in the "Chinese Pastry Seed Classroom" event, including visits to exhibitions in the museum, cultural courses, and Chinese Pastry trivia classes, to learn about the history, culture and related knowledge of Chinese Pastry in a relaxed and interactive way. 2. After the heavy rains hit North China in 2023, Chairman Cheng-Wen Chen of Namchow Food Group immediately took action. Special attention was paid to the Tianjin-Hebei area. After conducting research in the				

Actions	Implementation status (Note 1)			Discrepancies from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reasons for the discrepancies
	Yes	No	Summary	
<p>victim city, Langfang, Namchow Tianjin made a donation of CNY 200,000 to the Hebei Red Cross Society to help rebuild local schools.</p> <p>3. The 11th Cycling Angel Charity Dream Fulfillment Tour was completed the trip around Taiwan from July 8 to 14, 2023, and from July 16 to 25, 2023, from Shanghai to Inner Mongolia. On July 18, after visiting the Shanghai Factory of Namchow, 55 cycling angels rode their journey with bright smiles, self-confidence, and youth, to complete the 1,000 kilometers route in this cross-strait charity and sports event.</p> <p>4. In 2023, creative public welfare teaching events were held at the Sunshine Home on Hongmei Street, including handicrafts, baking, and paper-cut courses; taking baking as the theme, more baking-inspired creative events will be carried out in the future.</p> <p>5. Held the BLN Restaurants &amp; Caterings Christmas Charity Market, invited Sunshine Home to participate in this event. Employees provided hands-on instruction of coffee bean Christmas trees and other items for sale, fostering self-confidence among participants and helping them integrate into society.</p> <p><u>Thailand:</u></p> <p>1.A monthly merit charity event is held. Initiated by Factories, employees are invited to participate. The proceeds from the event are donated to nearby schools, hospitals and temples.</p> <p>2.Continuous supports to medical care and education, monetary donations and instant noodle donations demonstrate care for the local communities, and promote sustainable development, as well as enhance the Company's positive image.</p>				

Note 1: If “Yes” is checked, please specify in detail the vital policy/strategy/measure/status of implementation; If “No” is checked instead, please explain the nature of the discrepancy from the Sustainability Best Practice Principles for TWSE/GTSM Listed Companies and reason for the discrepancy, along with the planning of relevant policies/strategies/measures that will be taken in the future. However, for Items 1 and 2, the TWSE/TPEX listed company shall describe its governance and supervisory framework for sustainable development, including but not limited to management policy, strategy and goal formulation, review measures, etc. It additionally shall describe the company's risk management policies or strategies for operations-related environmental, social, and corporate governance issues, and their assessment status.

Note 2: The principle of materiality refers to those who have significant environmental, social and corporate governance issues that have a significant impact on the company's investors and other stakeholders.

Note 3:

### Namchow Group Sustainability and ESG Committee



Relevant Issues Concerned by Each Divisions, as follows:

Divisions	Relevant Issues Concerned
Corporate Governance Division	Information of Shareholders' Meeting and Board of Directors' Meeting; Compensations and Bonuses; Business Operation; Organization of Corporate Governance; Law Compliance; and etc.
Product Responsibility Division	Food Safety and Health; Traceability and Tracking of Products; Quality of Products/Food; Certification of Products/Food; and etc.
Environmental Sustainability Division	Use of Energy Sources; Energy Saving and Carbon Reduction; Pollution Control; Biodiversity; Issues on Genetic Modification; and etc.
Social Relations Division	Supply Chain Management; Allocation of Human Resources; Human Rights; Complaints; Interaction with Customers; Charity Event; and etc.

### The key points of ESG implementation and plan of Namchow Group in 2023

The execution of the year	Working Plan of Next Year
<ul style="list-style-type: none"> <li>✓ Accommodating the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" to promote the greenhouse gas inventory and verification of all subsidiaries.</li> <li>✓ According to the TCFD climate risk identification results, select a risk with high impact and high probability of occurrence to conduct financial impact assessment, and provide the financial department and relevant units, climate risk</li> </ul>	<ul style="list-style-type: none"> <li>✓ Based on the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" to continuously promote the greenhouse gas inventory and verification of all subsidiaries.</li> <li>✓ Combining industry benchmark enterprise cases and the latest climate research information, a climate risk list faced by Namchow's Zhongli Factory was developed. Based on the list, the Factory's operating activities and main product</li> </ul>

<p>management authority and responsibility units with the forecasts of the impact of climate risk factors on financial performance as a follow-up reference.</p> <p>✓ Continuously promoting charity events for caring the society.</p> <p>✓ Maintain diverse channel to communicate with stakeholders smoothly.</p>	<p>characteristics were considered, thereby the specific climate risks and possible impact scope were defined to manage the impact of these risks.</p> <p>✓ Continuously promoting charity events for caring the society.</p> <p>✓ Maintain diverse channel to communicate with stakeholders smoothly.</p>
<p>The ESG performance of Namchow Group in 2023</p>	
<p><b>Environmental</b></p> <p>◎In order to keep abreast of the power consumption status of each process and collect big data, the Taoyuan and the Zhongli Factories installed an EMS energy management system in Q4 to facilitate the collection, monitoring, and analyses of the power consumption status of the power-driven equipment in the factories. This replacement is conducted in phases, for the energy-intensive equipment and equipment energy-saving renovation to improve the energy efficiency of equipment to save power and reduce carbon emissions, and NT\$998,000 has been invested.</p> <p>◎The Taoyuan Factory has invested NT\$60,000 on the roof of the oils and fats warehouse to recycle rainwater, which is expected to reduce water consumption by 500 m3 each year.</p> <p>◎The Zhongli Factory replaced the outdated air conditioner mainframes and air conditioners in offices and public spaces. Air compressors were also upgraded to improve cooling performance and achieve higher energy efficiency. It is expected to reduce power consumption in the Factory by 36,000 kWh per year and reduce carbon emissions by about 17.87 tons per year. NT\$1.68 million was invested.</p> <p>◎The Tainan Factory purchased a new type of air compressor in March to improve system stability and achieve higher energy efficiency, while reducing power consumption. NT\$1.19 million was invested to reduce power consumption by 80,000 kWh/year and carbon emissions by approximately 40 tons/year.</p> <p>◎In order to reduce the moisture content of the sludge cake and reduce waste at the same time, the Tainan Factory invested NT\$7.21 million in May to install additional sludge dewatering machines and dryers. The waste reduction in the early stage was expected to be 100 tons per year; in addition to incineration, burial, and composting, the Company also seeks other solutions with high-value revitalizing and reusing the dry sludge.</p> <p>◎The Shanghai Factory optimized the public cooling water system, by calculating cooling water consumption, it adjusts the operating frequency of the water pump to reduce the power consumption. The power consumption was reduced by 48,000 KWH/year, and the investment was about NT\$92,000 .</p> <p>◎NT\$10,219,000 was invested in the Tianjin Factory to upgrade the factory affair and energy management center, for the renovation and update of related equipment, which saves 100,000 KWH of power per year, 910 tons of steam per year, and 98 tons of standard coal per year. .</p> <p>The Guangzhou Factory replaced the combustion heads of two boilers with low-nitrogen combustion heads, and added air pre-heaters to reduce the NOx emissions from the exhaust gas from the boilers. It is estimated that the NOx emissions can be reduced by 0.9389 tons per year, and the investment is about NT\$3,017,000.</p> <p>◎Namchow Thailand installs solar panels on the roof of factories to generate power for increasing the use of green energy. In October 2023, NT\$45,015,000 was invested to complete the installation of the roofs of buildings A and B (Building E was completed in 2022), which saved about electricity expenses by NT\$6.38 million/year, reducing carbon emissions by 1,093 tons/year.</p>	
<p><b>Social</b></p> <p>◎Based on corporate social responsibility, Qizhi Culture and Arts Foundation commissioned Hungkuo Delin University of Technology to carry out the "Local Revitalization Project of Native Wild Clams in Guandu." Led by Assistant Professor, Yu-Man Huang, undergraduate and graduate students from the Department of Business Administration jointly participated in the local revitalization project of native wild clams in</p>	

Guandu, Taiwan. The main purpose is to assist places including Guandu and Zhuwei to preserve the unique culture of Taiwanese ecology and enhance local revitalization ability. It also encourages the protection of natural ecosystems to improve ecological sustainability; at the same time, it protects and helps pass on local traditional culture, art and history.

- ◎The Guangzhou Factory invested CNY 310,000 to install natural gas pressure-reducing equipment to improve the work safety of employees.
- ◎NCT CULTURE training activities are held monthly in Thailand to advocate four aspects: environmental protection, energy-saving, food safety, and occupational safety to employees. Approximately 500 people participated in each training session, to be encouraged to contribute and promote energy-saving and environmental protection, while promoting food and work safety, for better image of the organization.
- ◎A Monthly merit charity event is held. Initiated by Factory in Thailand, employees are invited to participate. The proceeds from the event are donated to nearby schools, hospitals and temples. THB 120,000 was invested in 2023.
- ◎Various community management and care activities in each region are constantly conducted.

#### **Corporate Governance**

- ◎The Board of Directors Performance Assessment (self-assessment) for 2022 has been declared and registered in Q1 2023.
- ◎The Sustainability Report has been announced and filed by the end of September; the chapter on Climate-Related Financial Disclosures (TCFD) also explains the financial impact caused by the difficulty in obtaining raw materials, to comply with the competent authorities' enhanced ESG information disclosure for TWSE listed companies.
- ◎The Company reports the greenhouse gas progress and plans of the parent company and consolidated subsidiaries pursuant to the requirements of the competent authority on a quarterly basis, and submits it to the Board of Directors.
- ◎The results of the 9th Corporate Governance Evaluation announced in 2023, Namchow Holdings was ranked in the 21%-35% range (range 3).

【Please refer to the more relevant information on the Company's Sustainability Report】

## Climate-Related Information of TWSE/TPEX Listed Company

### 1. Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	In April 2015, the CSR Committee was established. The convener of the committee is the President of the Namchow Group, and there are four directors in the Committee. The Board of Directors is the highest supervisory and governing body of the Committee. There are Management Governance, Product responsibility, environmental sustainability and social relations four division, the members of each divisions are served by the associate or higher to be in charge of planning in policies and executing strategies. In August 2022, the Board of Directors approved the change of name to "Namchow Group Sustainability and ESG Committee" and the addition of "Climate Change Task Force." The Committee reports to the Board of Directors on climate change and energy management issues on a quarterly basis. In terms of climate change and energy management, through the Climate Change Task Force, the Company's energy consumption and carbon emissions are evaluated, and the climate change risks faced by the Company are reviewed; in response to material risks, relevant strategies are formulated to ensure that the Company can effectively respond to these challenges .
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	Based on the potential impact timeframes arising from climate risk and opportunities on the group, three timeframes, namely short-(within three years), mid- (three to five years) and long-term (more than five years) are defined, and 11 risks are identified. The risks are categorized as high-risk, mid-risk, and low-risk based on the materiality. The Company continues to adopt a rolling strategy to address various risks, to reduce climate risks and improve business and climate opportunities. Please refer to the Company's sustainability report for relevant information.
3. Describe the financial impact of extreme weather events and transformative actions.	In response to the identified climate risks, the potential impacts of these risks on the company have been also analyzed, and has gradually formulated management and response plans based on the magnitude of the risks. Currently, the most significant risk of climate change transformation identified is the "Difficulty in sourcing raw materials and increased acquisition costs." The rise in global average temperatures and extreme weather events may affect the stability of raw material supplies (e.g., agricultural crops, livestock products, etc.) and lead to higher prices. By collecting geographic and climate information, the possible impact and impact path of climate risks on the difficulty of sourcing raw materials, and on Namchow's operations were assessed. Please refer to the Company's Sustainability Report for the related information.



Item	Implementation status
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	In terms of identification, assessment, and management of climate risks, Namchow identified a total of 11 climate-related risks by taking into account the TCFD guidelines and industry-specific recommendations, research reports, industry characteristics, and benchmarking analysis, and by integrating the opinions of various Namchow departments. There are three types of transformation risks: regulations and policies, market, and business reputation; physical risks include long-term ones and extreme ones. Potential material risks are sorted by their potential impact, vulnerability and likelihood of occurrence. Actively promote the risk countermeasures in response to the main risk issues the Company is exposed to. Through regular rolling monitoring and review of risk changes, and grasping the business opportunities brought about by risks, the Company formulates the development strategy. In addition, the internal audit and internal control functions are combined to ensure that various operational risks related to the Company's operations are effectively managed and controlled.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The scenario simulation, including the financial impact on palm oil under 4°C warming scenario, the financial impact on soybean oil under RCP 8.5 scenario, and the financial impact on ghee under IPCC A1FI scenario. To ensure a consistent baseline for assessing the impacts of various raw materials, we selected the worst-case climate scenario, where temperatures rise by over 4°C, as the common climate scenario basis for analyzing the reduction in raw material yields and quantifying the financial impacts. Using a single variable, we simulated potential financial impacts based on different pathways, assuming possible impact pathways for raw material procurement. Please refer to the Company's Sustainability Report for the related information.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company has integrated the risk management mechanisms for the identified climate risks, fully disclosed climate-related information and sustainability information, and formulated short-, mid-, and long-term transformation plans, to ensure that the organization effectively responds to the challenges brought about by climate change. The project includes: deepening the TCFD disclosure (for all regions); establishing the Company's low-carbon strategy blueprint; establishing SBTi reduction targets for renewable energy utilization and evaluation; establishing net zero targets and low-carbon product planning by phases; evaluating how to reduce food consumption Identification of supply chain carbon emissions, raw material management risks, and formulation of management policies and goals. Please refer to the Company's Sustainability Report for the related indicators and objectives.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Internal carbon pricing is not currently used as a planning tool.



Item	Implementation status
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	To cope with the government's 2050 net zero carbon emissions goal, and based on the disclosure schedule of greenhouse gas inventory information of TWSE/TPEX-listed companies, climate-related goals, greenhouse gas emission scope, and planning schedules are formulated. Carbon offsets or Renewable Energy Certificates (RECs) are not yet used.
9. Greenhouse gas inventory and assurance status, as well as reduction targets, strategies and specific action plans.	Disclosure will be made in accordance with the GHG inventory information schedule of TWSE/TPEX listed companies. Namchow has initiated the greenhouse gas inventory and verification work and will report progress to the board on a quarterly basis to enhance control. Based on the results of the inventory and verification, as well as the assessment and management of climate-related risks, short-, mid- and long-term reduction targets and corresponding action plans will be formulated.

(VI) Ethical business performance conditions, as well as differences and reasons for differences with Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies

Assessed areas	Operational status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policy and proposal				
(I) Has the Company formulated the ethical management policy approved by the board of directors, and in the regulations and external documents expressed the policies and practices of operating in good faith, and the commitment of the board of directors and senior management to actively implement business policies?	V		(I) In 2014, the board of directors of the Company formally adopted the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct." And then in 2017, the "Procedures for Ethical Management and Guidelines for Conduct" was formulated. In addition to disclosing the Company's ethical management policy in its internal regulations, company websites or other promotional channels, it shall also declare this on occasions such as product conferences and external events such as corporate briefings, so that suppliers, customers, and related institutions and personnel can clearly understand the philosophy and regulation of the Company in the pursuit of business integrity, establishing a corporate culture of ethical management.	None
(II) Has the company established an assessment mechanism for the risk of dishonesty, regularly analyzing and evaluating business activities with a high risk of dishonesty in the business scope, and formulated a plan to prevent dishonesty, and cover at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?"	V		(II) In its "Ethical Corporate Management Best Practice Principles," the Company respectively adopts the precautionary measures for the conduct of the second paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX-listed Companies." This includes the prohibition of giving and receiving bribes, prohibition of illegal political contributions, improper charitable donations or sponsorships, unreasonable gifts, hospitality or other improper benefits.	None
(III) Does the company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?	V		(III) The company prohibits dishonest behaviors in the "Ethical Corporate Management Best Practice Principles." It also has operating procedures and conduct guidelines for honest operations, and clearly sets out preventive measures to prevent dishonesty.	None
II. Consolidation of ethical corporate management				
(I) Has the Company evaluated the ethical records of parties it does	V		(I) The Company conducts business activities in a fair manner, and before business	None

Assessed areas	Operational status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
<p>business with and stipulated ethical conduct clauses in business contracts?</p> <p>(II) Has the Company set up a special unit under the board of directors to promote corporate ethical management, and regularly reports (at least once a year) to the board of directors on its ethical management policies and plans to prevent dishonesty and supervision and implementation?</p>	V		<p>correspondence begins, it considers the legitimacy and presence of dishonest behavior records or not of the agents, suppliers, customers, or other counterparts in business transactions and avoid doing business with those with prior records of dishonest behavior. In addition, the Prohibition of Bribery Clause has been added to the procurement contract and the engineering contract draft. It also specifies the terms of good faith in each important transaction contract.</p> <p>(II) 1. The Company's Human Resources Department is the dedicated unit to handle the revision, implementation, interpretation and consultation service, as well as documentation of reports regarding the Procedures for Ethical Management and Guidelines for Conduct; assisting the Board of Directors and the management to formulate and supervise the implementation of ethical corporate management policy and preventive plans to ensure the implementation of the Ethical Corporate Management Best Practice Principles; the implementation status was reported to the Board of Directors on December 21, 2023.</p> <p>2. The promotion of ethical corporate management in each region is as follows:</p> <p><u>Taiwan region</u> The Company has posted 1. Ethical Corporate Management Best Practice Principles, 2. Procedures for Ethical Management and Guidelines for Conduct, and 3. Sustainable Development Best Practice Principles in the internal and external network systems, to declare the Company's principle of ethical management and oppose any form of corruption and bribery. All new employees have to sign the Employee Ethic Commitment when onboarding.</p> <p><u>Mainland China region</u> From January to October 2023, there were 79 suppliers with a purchase amount greater than CNY 1 million; of which 72 signed the "Ethical Corporate Management/Integrity Clauses", accounting for 64.6% of the total annual procurement amount and accounting for 31.6% of the total annual suppliers.</p> <p><u>Thailand region</u> The Thailand Factory organized the Ethical Trading Initiative (ETI) training twice in April and August 2023, for a total of 133 attendees (84</p>	None

Assessed areas	Operational status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(III) Has the Company established policies to prevent conflict of interests, provided appropriate channels for filing related complaints and implemented the policies accordingly?	V		<p>in April were Thai employees of staff and above, and 49 in August were for foreign employees).</p> <p>(III) The Company has established its “Ethical Corporate Management Best Practice Principles,” “Code of Conduct,” and “Procedures for Ethical Management and Guidelines for Conduct” to make sure that the staff of the Company act in compliance with its moral standards and to let stakeholders know the moral standards that should be followed by the Company’s staff while carrying out tasks. In case of any violation of regulatory requirements or the Code of Moral Conduct found with the Company’s staff, it shall be reported to the manager, the internal audit head, the human resources department or other appropriate supervisors and sufficient information shall be provided so that the Company can handle it properly. The Company shall keep the identity of the informants and the content of report in strict confidence and spare no efforts to protect the personal safety of the informants.</p>	None
(IV) Has the Company established an effective accounting system for the implementation of ethical management, internal control system, and the evaluation result of the risk of dishonesty by the internal audit unit, to formulate relevant audit plans, and check the compliance with the plan to prevent dishonesty, or entrusted an accountant to perform the audit?	V		<p>(IV) The Company has established effective accounting and internal control systems for business activities at higher risk of dishonest behavior. There is no outstanding account or secretly retained account. The systems are discussed from time to time as well to make sure that their design and implementation continue to be valid. The internal audit staff of the Company shall periodically inspect compliance with the system indicated in the preceding paragraph and produce the Audit Report to be submitted to the Board of Directors.</p> <p>The internal audit unit evaluates the risk of dishonesty at the end of each year, draws up the related audit plan every other year and uses it to check compliance with the plan to prevent dishonesty.</p>	None
(V) Does the Company hold internal and external educational training on operational integrity regularly?	V		<p>(V) In the management meeting, it promotes the ethical management policy and does not regularly conducts internal ethical management education and training. It invites well-known experts and scholars in the industry to teach topics related to ethical management. And, if necessary, it sends supervisors and related personnel to participate in external training on</p>	None

Assessed areas	Operational status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			ethical management organized by the competent authorities and relevant agencies.	
III. Reporting System of the Company				
(I) Does the Company provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate reported malpractices?	V		(I) The internal whistleblower mail address (whistleblower@namchow.com.tw) and hotline (02-66193650) are established. Namchow Group encourages both internal and external individuals to report any unethical or improper behavior. Depending on the severity of the reported incident, employees may be rewarded in accordance with the Employee Rewards and Punishments Regulations. However, if internal personnel are found to have made false or malicious accusations, they may face disciplinary actions, including dismissal in severe cases.	None
(II) Has the Company established standard operating procedures for accepting complaints, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?	V		(II) The Company is staffed by the Human Resources Department as the designated unit, and if necessary, the legal unit or other relevant departments provide assistance. If the persons involved in the report are regular employees, report to the division/function head. If the persons involved are Directors or senior executives, report to an Independent Director or Audit Committee.  If it is confirmed that there is a violation of relevant laws and regulations, or the ethical corporate management policies and regulations of the Company, the reported party shall be required to immediately stop the relevant conduct and shall be subject to appropriate measures. When necessary, it shall be reported to the competent authority, transferred to the judicial for investigation, or be claimed against for damages through legal proceedings to protect the Company's reputation and rights. The acceptance of a whistleblowing, the investigation process, and the results of the investigation shall be kept in writing and retained for five years, which can be retained in electronic means. Before the expiry of the retention period, in case of a lawsuit related to the content of the report arises, the relevant information shall be retained until the end of the lawsuit.	None
(III) Does the Company assure employees who reported on malpractices that they will not be prosecuted for making such	V		(III) The personnel of the Company responsible for handling reports and complaints will keep the identity of the informants and the content of report in strict confidence and promise to	None

Assessed areas	Operational status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
reports?			protect the informants against improper treatment due to the report. However, the content of whistle-blowing shall not involve personal attacks or privacy matters.	
IV. Reinforced Information Disclosure Has the Company, on its website and on the market observation post system, disclosed the content and promotion effectiveness of its Ethical Corporate Management Best Practice Principles?	V		1. On the official website, the "Ethical Corporate Management Best Practice Principles," "Code of Conduct," and "Procedures for Ethical Management and Guidelines for Conduct" are disclosed, and the same are reported to MOPS. 2. The Company discloses the annual "Implementation of Ethical Corporate Management" on the Company's website every year.	None
V. If the Company has its own Ethical Corporate Management Best Practice Principles established according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please describe the differences between its implementation and the principles: The Company established the Ethical Corporate Management Best Practice Principles. Upon the review, no difference between actual implementation and the established principles is found.				
VI. Other important information that helps understand the implementation of ethical corporate management of the Company: (e.g. discussion and correction of the Ethical Corporate Management Best Practice Principles established by the Company) On December 27, 2022, the Company made the third amendment to the "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies."				

Note: Regardless of the answer, "Yes" or "No," descriptions need to be provided in the summary column.

(VII) How they may be found shall be disclosed if the Company has established Corporate Governance Principles and related regulations:

Website of Namchow Group: [www.namchow.com.tw](http://www.namchow.com.tw)

MOPS <http://mops.twse.com.tw/mops/web/index>

(VIII) Other important information that is sufficient to boost knowledge of corporate governance shall be disclosed as well:

Website of Namchow Group: [www.namchow.com.tw](http://www.namchow.com.tw)

MOPS <http://mops.twse.com.tw/mops/web/index>

(IX) Matters that should be disclosed regarding the implementation of the internal control system:

1. Internal Control Statement:

Namchow Holdings Co., Ltd.  
Internal Control System Statement

Date: March 12, 2024

For the Company's internal control system of 2023, we would like to declare as follows according to the results of spontaneous inspections:

- I. The Company knows that establishing, enforcing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), reliability of financial reports, and compliance with applicable laws and regulations, among other goals.
- II. The internal control system has its inherited restrictions that cannot be overcome with improved design. An effective internal control system can also only reasonably ensure the fulfillment of the three goals stated above and its effectiveness may change as the environment or situation changes. There is a self-surveillance mechanism; however, built inside the internal control system of the Company that helps the Company take a corrective action against deficiencies confirmed.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Governing Regulations for Public Company's Establishment of Internal Control System" (hereinafter referred to as "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the "Governing Regulations" for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. Please refer to "Governing Regulations" for details.
- IV. The Company has adopted the abovementioned determining items and conducted inspection of the design and effectiveness of its internal control system.
- V. Pursuant to the results of the abovementioned inspections, the Company is of the view that the design and implementation of its internal control system as of December 31, 2023 (including its supervision and management of subsidiaries), including its awareness the extent by which the operating effects and efficiency goals are fulfilled, reliability of financial reporting, and compliance with relevant laws and regulations, are such that it is effective and capable of reasonably ensuring that the aforementioned goals can be achieved.
- VI. This Statement constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. The Company shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act with respect to any unlawful aspects such as falsehood or concealment of facts in relation to the aforesaid statement.
- VII. This Statement was approved at the meeting of the Company's Board of Directors on March 12, 2024 with no Directors expressing dissent out of the 9 Directors in attendance.

Namchow Holdings Co., Ltd.

Chairman: Fei-Lung Chen    Signature/Seal:

General Manager: Kan-Wen Lee    Signature/Seal:

2. When a CPA is authorized to review the internal control system, the Review Report prepared by the CPA shall be disclosed: None.

- (X) Any legal sanctions against the Company or its internal personnel, or any disciplinary action taken by the Company against its own personnel for violating internal control requirements (if such sanction could potentially result in major impact on shareholders' rights or securities pricing, state the content of such sanction if applicable), in the latest year or during the current fiscal year up to the printing of the Annual Report; and a description of the main shortcomings in the company's internal control system as well as an indication of measures for improvement: None.
- (XI). Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

Shareholders' Meeting:

1. The following were approved in the general shareholders' meeting on May 31, 2023
  - (1) The 2022 Business Report and Financial Statement were recognized.  
Implementation: Announcement and declaration of financial reports, among others, were completed on March 16, 2023.
  - (2) Ratifying the Table of 2022 Earn Distributions of the Company, the total amount of distributing cash dividends of NT\$588,265,924 and with NT\$2 per share.  
Implementation status: According to the Board of Directors' Meeting on March 14, 2023, authorized the chairman to decide the Ex-dividends date and Payment Date. The company set June 7 as the ex-dividends date and the payment date on June 30, and the cash dividends were distributed.
  - (3) New revisions to the Company's "Rules and Procedures for Shareholders Meetings"

Board of Directors:

1. Approved on January 17, 2023
  - (1) Recommendation of the individual remuneration payment amounts payable and special rewards to the President, Kan-Wen Lee as submitted by the Remuneration Committee.
  - (2) Proposal for the individual remuneration payment amounts payable and year-end bonus to the Representative of the Corporate Director, Cheng-Wen Chen, submitted by the Remuneration Committee.
2. Approved on March 14, 2023
  - (1) The 2023 general shareholders' meeting (physical) will be held at 9:00 am on May 31, 2023 (Wednesday), in the Vision Room of Taipei Foundation of Finance on 6F-6 at No. 51, Hengyang Road, Taipei City.
  - (2) The Company's 2022 directors' compensation and employee's compensation distribution ratio.
  - (3) Proposal for the individual remuneration payment amounts payable and year-end bonus to the Representative of the Corporate Director, Yi-Wen Chen, submitted by the Remuneration Committee.
  - (4) Appointed Long-Wen Xue to serve as the Vice General Manager for Administration of the Company, and the Remuneration Committee provided suggestions on his remuneration after assessment.
  - (5) The Company's 2022 business report and parent company only and consolidated financial statements and submit to the shareholders' meeting for ratification.
  - (6) The Company's 2022 earning distribution is submitted to the shareholders' meeting for ratification.
  - (7) Shareholders' dividends to be distributed by the Company for 2022 will be paid out in cash dividends for NT\$2 per share.
  - (8) To establish the acceptance of shareholders' proposals related to the 2023 regular shareholders' meeting.
  - (9) On March 14, 2023, the Board of Directors resolved to formulate the "General Principles of Pre-approval of Non-convicted Service Policies."
  - (10) The CPAs for the Company's Financial Statement are changed to Chung-Shun Wu and Chun-Yi Chang since 2023.
  - (11) The Internal Control System Statement that both the design and implementation of the 2022 internal control system of the Company submitted by the Audit Office were valid was approved.



- (12) The 2023 Shareholders Meeting Agenda of the Company was stipulated.
  - (13) Subsidiary Namchow Japan renews the short-term loan amount of USD10 million from DBS Bank, and was signed by the chairman of the company as the guarantor's follow-up approval case.
  - (14) Subsidiary Namchow Japan intends to renew the short-term loan of 500 million yen with First Commercial Bank, and the Company serves as a guarantor.
3. Approved on May 10, 2023
- (1) The Company's consolidated financial report for Q1, 2023
  - (2) Proposal for individual payment of directors' remuneration for 2022 as submitted by the Remuneration Committee.
  - (3) The Remuneration Committee submitted employee compensation to be paid individually for the company's managers in 2022.
  - (4) Subsidiary Namchow Japan renews the short-term loan amount of 1 billion yen with Taishin International Bank, and the Company serves as a guarantor.
4. Approved on August 9, 2023
- (1) The Company's consolidated financial report for Q2, 2023
  - (2) Proposal detailing individual values of mid-year bonus of 2023 for directors and managers of the Company submitted by the Remuneration Committee.
  - (3) To ratify that the subsidiary Namchow Japan renews the short-term loan amount of 150 million yen to CTBC, and the Company serves as a guarantor.
5. Approved on November 14, 2023.
- (1) The Company's consolidated financial report for Q3, 2023
  - (2) Appointing Mei-Hui Liao as the Chief Risk Officer of the Company, and the Remuneration Committee provided suggestions on her remuneration after assessment.
  - (3) The Remuneration Committee submitted to the recommendation of remuneration adjustment to the Company's managerial officers, Ching-Hui Chiu, CFO, Executive Vice President Lan-Hsin Chou, and Associate Shih-Wei Wang.
  - (4) Periodic assessment of the CPA's independence and suitability.
  - (5) Subsidiary Namchow Japan continued to sign a short-term loan amount of 100 million yen to Mizuho Bank, and the company signed a guarantor's follow-up approval case.
6. Approved on December 21, 2023.
- (1) When the company needs working capital in 2024, the chairman of the board of directors is authorized to represent the Company with financial institutions in contracting loans and other financial matters.
  - (2) In respect to working capital requirements of subsidiaries and other companies with business dealings with Namchow in 2024 (subsidiaries including reinvestments by subsidiaries), when the Company intends to act as an endorsement guarantor, it authorizes the chairman to represent the Company to handle matters connected with financial institutions.
  - (3) Proposal detailing individual values of year-end bonus of 2023 for directors and managers of the Company submitted by the Remuneration Committee.
  - (4) Cash capital increase of Huaciang Industry Co., Ltd.
  - (5) Proposal of capital decrease by Lucky Royal Co., Ltd.
  - (6) Amendment to the "Rules and Procedures for Shareholders Meetings" and proposed to the shareholders' meeting.
  - (7) CPA professional fees of the Company in 2023.
  - (8) The Audit Office formulated the Company's 2024 Audit Plan.
  - (9) Subsidiary Namchow Japan renewed a short-term loan amount of 450 million yen with Mega Bank, and the Company serves as a guarantor.
  - (10) Subsidiary Namchow Japan renewed a short-term loan amount of 500 million yen with Changhua Bank, and the Company serves as a guarantor.
7. Approved on March 12, 2024.
- (1) The 2024 general shareholders' meeting (physical) will be held at 9:00 am on May 30 (Thursday), 2024, in the Vision Room of Taipei Foundation of Finance on 6F-6 at No. 51,

Hengyang Road, Taipei City.

- (2) The Company's 2023 directors' compensation and employee's compensation distribution ratio.
  - (3) The Company's 2023 business report and parent company only and consolidated financial statements and submit to the shareholders' meeting for ratification.
  - (4) The Company's 2023 earning distribution is submitted to the shareholders' meeting for ratification.
  - (5) Shareholders' dividends to be distributed by the Company for 2023 will be paid out in cash dividends for NT\$2.5 per share.
  - (6) Election of Board of Directors
  - (7) The Duration, Number of Openings, and Processing Sites for the Nomination of Candidates for Directors (Including Independent Directors)
  - (8) Approved the list of Candidates of the Board of Directors nominated by the Board of Directors.
  - (9) To establish the acceptance of shareholders' proposals related to the 2024 regular shareholders' meeting.
  - (10) Plan of the subsidiary Lucky Royal Co., Ltd. to apply for listing on TWSE/TPEX in Taiwan.
  - (11) Share transfer plan of the subsidiary Lucky Royal Co., Ltd. before application for listing on TWSE/TPEX.
  - (12) The Internal Control System Statement that both the design and implementation of the 2023 internal control system of the Company submitted by the Audit Office were valid was approved.
  - (13) Capital increase/decrease for subsidiary Chow Ho Enterprise.
  - (14) The 2024 Shareholders Meeting Agenda of the Company.
  - (15) Subsidiary Namchow Japan renews the short-term loan amount of USD10 million from DBS Bank, and was signed by the chairman of the company as the guarantor's follow-up approval case.
  - (16) Subsidiary Namchow Japan intends to renew the short-term loan of 500 million yen with First Commercial Bank, and the Company serves as a guarantor.
- (XII). Main contents of different opinions of directors or supervisors that are recorded and stated in writing on important decisions made by the Board of Directors in the latest year and as of the date of printing of Annual Report: None.
- (XIII). Summary of resignations and dismissals of the Company's Chairman, general managers, accounting heads, financial heads, internal audit heads, and R&D heads in the latest year as of the date of printing of Annual Report:
- It was approved during the Board of Directors meeting held on August 13, 2018 that Ching-Hui Chiu would be appointed as the financial head.
- It was approved during the Board of Directors meeting held on August 13, 2018 that Jung-Chang Lien, the accounting assistant manager, would retire on September 1, 2018.
- It was approved during the Board of Directors meeting held on October 9, 2018 that Shih-Wei Wang, a senior manager, would be the accounting head.
- It was approved in the board meeting on May 13, 2021 that Shih-Wei Wang, is appointed as the governance officer.

## V. Public Expenditure on CPAs

- (I) When the accounting firm is changed and the audit public expenditure in the year of replacement is reduced compared to that in the preceding year, the audit public expenditures before and after the replacement and the reasons shall be disclosed: None.
- (II) When the audit public expenditure is reduced by more than 10% from the preceding year, the value reduced and its ratio and cause shall be disclosed: None.

### Public Expenditure on Certifying CPAs

Value: NTD Thousand

Name of accounting firm	Name of CPA	CPA inspection period	Audit public expenditure	Non-audit public expenditure	Total	Remark
KPMG	Chong-Shun Wu	2023.01~2023.12	3,505	1,221	4,726	Non-audit professional fee: professional fees including ESG report Assurance by the CPAs.
	Chun-Yi Chang	2023.01~2023.12				

Note: If any CPA or the accounting firm is replaced for the Company this year, the inspection periods shall be listed separately. In addition, the reason for the replacement shall be indicated in the remark column and information on audit and non-audit public expenditure shall be disclosed. For non-audit public expenditure, state the content of services rendered.

**VI. Information on replacement of CPAs: in order to cope with the internal adjustment needs of KPMG Taiwan, the CPAs have been replaced by CPAs Chung-Shun Wu and Chun-Yi Chang from CPAs Po-Shu Huang and Chung-Shun Wu since the Q1 2023 report.**

**VII. Disclosure of Name, Position and Duration of Service at Firms or Their Associated Enterprises within the Past Year of Chairman, General Manager, and Managers in Charge of Financial or Accounting Affairs: None.**

# **VIII. Transfer of Stock Options and Changes in Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of Shares in the Latest Year and as of the Date of Printing of the Annual Report**

(I) Changes in the stock options of directors, supervisors, managers, and heavyweight shareholders:

Title (Note 1)	Name	2023		As of April 1 of the current year	
		Increase/decrease in the number of shares held	Increase/decrease in the number of shares pledged	Increase/decrease in the number of shares held	Increase/decrease in the number of shares pledged
Chairman	Hwa Zhin Co., Ltd. Representative: Fei-Lung Chen	0	0	0	0
Director	Hwa Zhin Co., Ltd. Representative: Cheng-Wen Chen				
Director	Hwa Zhin Co., Ltd. Representative: Yu-Wen Chen				
Director	Lucky Royal Co., Ltd. Representative: Kan-Wen Lee	0	0	0	0
Director	Lucky Royal Co., Ltd. Representative: Ming-Fen Chou				
Shareholder holding more than 10% of shares	Lucky Royal Co., Ltd.				
Director	Namchow Holdings CO.,Ltd. Employee Welfare Committee Representative: Yi-Wen Chen	0	0	0	0
Independent Director	Ting-Kuo Chen	0	0	0	0
Independent Director	Chin-Shih Lin	0	0	0	0
Independent Director	Chun-Hsueh Chen	0	0	0	0
General Manager	Kan-Wen Lee	0	0	0	0
Vice General Manager/Executive Vice President	Cheng-Wen Chen	0	0	0	0
executive deputy general manager	Lan-Hsin Chou	0	0	0	0
Vice General Manager	Lung-Wen Shiue (Date of inauguration: January 18, 2023)	0	0	0	0
Head of the Staff Department	Zhou-Jing Chen	0	0	0	0
Chief Financial Officer	Ching-Hui Chiu	0	0	0	0
Chief Risk Control Officer	Mei-Hui Liao(Date of inauguration: September 25, 2023)	0	0	0	0
Assistant manager and head of the Accounting Department and Head of Corporate Governance	Shih-Wei Wang	16,000	0	0	0
Assistant Manager	Jui-Tzu Chu	0	0	0	0
Shareholder holding more than 10% of shares	Fei-Lung Chen	0	0	0	0
Shareholder holding more than 10% of shares	Yu-Wen Chen	0	0	14,537,995	14,903,000
Assistant Manager	Yu-Hung Tan (Date of dismissal: May 31, 2023)	0	0	0	0
Assistant Manager	Chen Ke Cheng(Date of dismissal: April 15, 2023)	0	0	0	0

Note 1: Shareholders in possession of more than 10% of the company's shares shall be identified as major shareholder and listed separately.

Note 2: Shareholders whose counterparty for the transfer or pledge of stock options is a related party shall be listed in the table below.

(II)The counterparty for the transfer of stock options is a related party

Name (Note 1)	Reason for stock option transfer (Note 2)	Date of Transaction	Trading counterpart	Relationship between the trading counter part and the company/director/supervisor/manager and shareholder with more than 10% of the company's shares	Quantity of shares	Transaction price
Yu-Wen Chen	inheritance	2024.01.19	Fei-Peng Chen	Father and Son	4,142,323	44.35
Yu-Wen Chen	inheritance	2024.01.23	Fei-Peng Chen	Father and Son	10,395,672	44.35

Note 1:List the names of the company's directors, supervisors, managers and shareholders holding more than 10% of the shares.

Note 2: Specify acquisition or disposal.

(III)The counterparty for the pledge of stock options is a related party: None.

## IX. Information of Relationship among Top 10 Shareholders Who Are Related, Spouses, or Relatives within the Second Degree of Kinship

As of April 1, 2024.

No.	Name (Note 1)	Oneself		Current shares held by spouse and minors		Total shares held in someone else's name		The title or name and relationship among shareholders in the Top shareholding list who are related, spouse to each other, or relatives within the second degree of kinship (Note 3)		Remarks
		Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio	Name	Relationship	
1	Lucky Royal Co., Ltd. Representative: Ming-Fen Chou	46,041,259	15.65%	0	0	0	0	None	None	None
		9,000	0.00%	0	0.00%	0	0			
2	Fei-Lung Chen	33,814,934	11.50%	3,577,413	1.22%	0	0	Hsiao-Chuan Chen-Huang	Spouse	None
								Namchow Holdings CO.,Ltd . Employee Welfare Committee Representative: Yi-Wen Chen	Father and Daughter	None
3	Yu-Wen Chen	32,541,619	11.06%	0	0	0	0	Yong-Wen Chen	Brother and Sister	None
4	Bank SinoPac as Custodian for Reva Spring Ltd. Investment Account	12,456,165	4.23%	0	0	0	0	None	None	None
5	Yuguan Investment Advisors Limited	10,744,992	3.65%	0	0	0	0	None	None	None
6	Nomura Asset Management Taiwan Ltd. as fully authorized by Fubon Life Insurance Co., Ltd.	7,428,000	2.53%	0	0	0	0	None	None	None
7	Yong-Wen Chen	5,056,257	1.72%	0	0	0	0	Yu-Wen Chen	Brother and Sister	None
8	Namchow Holdings CO.,Ltd . Employee Welfare Committee Representative: Yi-Wen Chen	4,908,960	1.67%	0	0	0	0	Fei-Lung Chen	Father and Daughter	None
		0	0	686,635	0.23%	0	0	Hsiao-Chuan Chen-Huang	Mother and Daughter	None
9	Shiao-Chuan Chen-Huang	3,577,413	1.22%	33,814,934	11.50%	0	0	Fei-Lung Chen	Spouse	None
								Namchow Holdings CO.,Ltd . Employee Welfare Committee Representative: Yi-Wen Chen	Mother and Daughter	None
10	Sanduo Investment Co., Ltd.	3,515,700	1.20%	0	0	0	0	None	None	None

Note 1: The top ten shareholders shall be duly listed and institutional shareholders shall be listed together with the name of their representative.

Note 2: The calculation of shareholding ratio shall reflect the percentage of shares owned under the shareholder's name or under the name of his/her spouse or children (minor) or another individual.

Note 3: The relationship between the shareholders (both legal and natural person) disclosed previously shall also be disclosed in accordance with the security issuer's standards governing the preparation of financial reports.

**X. Shares Held by the Company, Directors, Supervisors, Managers of the Company and Businesses Controlled Directly or Indirectly by the Company of the Same Re-investment Business and the Consolidated Calculation of the Comprehensive Shareholding Ratio**

Unit: Share; %

Re-invested business (Note)	Company		Directors, supervisors, managers, and directly or indirectly controlled businesses		Comprehensive investment	
	Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio	Quantity of shares	Shareholding ratio
Namchow (Thailand) Ltd.	9,244,995	100.00	4	0.00	9,244,999	100.00
Yongju (Thailand) Ltd.	100,000	100.00	-	-	100,000	100.00
Nacia International Corporation	1,250	100.00	-	-	1,250	100.00
Lucky Royal Co., Ltd.	95,337,885	99.65	330,486	0.35	95,668,371	100.00
Chow Ho Enterprise	2,899,994	100.00	4	0.00	2,899,998	100.00
Qizhi Co., Ltd.	80,000	80.00	20,000	20.00	100,000	100.00
Namchow Japan Co., Ltd.	6	100.00	-	-	6	100.00
Namchow Consultancy Co., Ltd.	500,000	100.00			500,000	100.00
Namchow Oils and Fats	41,173,127	100.00	-	-	41,173,127	100.00
Huciang Industry	70,000,000	100.00	-	-	70,000,000	100.00

Note: The long-term investments of the Company adopting the equity method

## IV. Fundraising

### I. Capital and Shares

#### (I) Source of capital stock

Year/ Month	Issue price	Authorized capital		Paid-in capital stock		Remarks		
		Quantity of shares	amount	Quantity of shares	amount	Source of share capital	Capital increased by assets other than cash	Others
1998 August	10	400,000,000 shares	NTD 4 billion	294,132,962 shares	NTD 2,941,329,620	Capital increase with capital reserve	-	Approval date and document number for the capital increase: FSC (I) No. 0930131932 dated July 19, 2004

Type of share	Authorized capital			Remarks
	Number of shares issued	Shares yet to be issued	Total	
Common stock	294,132,962 shares	105,867,038 shares	400,000,000 shares	Listed stock

Related information of the general declaration system: Not applicable

#### (II) Shareholder structure

April 1, 2024

Shareholder structure Number	Government agencies	Financial institutions	Other corporate entity	Individual	Foreign institution and foreigner	Total
Headcount	1	9	276	61,899	189	62,374
Shares held	2,491	13,015,000	69,753,731	168,773,555	42,588,185	294,132,962
Shareholding ratio	0.00%	4.42%	23.72%	57.38%	14.48%	100.00%

Note: Primary exchange (or OTC) listed companies are required to disclose their percentage of shares held by a Mainland China investor; pursuant to Article 3 of the Measures Governing Investment Permit to the People of Mainland Area, any person, legal person, organization, institutions or investment firms in other region based in Mainland China shall be defined as a Mainland China investor.

## (III) Diversification of share options

April 1, 2024

Shareholding classification	Number of shareholders	Shares held	Shareholding ratio (%)
1 Until 999	44,888	2,485,469	0.85%
1,000 Until 5,000	14,371	27,452,537	9.33%
5,001 Until 10,000	1,655	12,980,473	4.41%
10,001 Until 15,000	492	6,320,696	2.15%
15,001 Until 20,000	281	5,217,441	1.77%
20,001 Until 30,000	226	5,765,276	1.96%
30,001 Until 40,000	108	3,866,914	1.31%
40,001 Until 50,000	61	2,829,112	0.96%
50,001 Until 100,000	142	10,183,258	3.46%
100,001 Until 200,000	69	9,351,264	3.18%
200,001 Until 400,000	37	11,077,703	3.77%
400,001 Until 600,000	7	3,598,973	1.22%
600,001 Until 800,000	11	7,548,385	2.57%
800,001 Until 1,000,000	2	1,859,884	0.63%
More than 1,000,001 shares	24	183,595,577	62.43%
Total	62,374	294,132,962	100.00%

Special stock: Not applicable

## (IV) Names of major shareholders: Shareholders holding 5% or more of total shares or in the Top 10 stock option holding ratio list

Name of major shareholder/shares held	Shares held	Shareholding ratio
Lucky Royal Co., Ltd.	46,041,259	15.65%
Fei-Lung Chen	33,814,934	11.50%
Yu-Wen Chen	32,541,619	11.06%
Bank SinoPac as Custodian for Reva Spring Ltd. Investment Account	12,456,165	4.23%
Yuguan Investment Advisors Limited	10,744,992	3.65%
Nomura Asset Management Taiwan Ltd. as fully authorized by Fubon Life Insurance Co., Ltd.	7,428,000	2.53%
Yong-Wen Chen	5,056,257	1.72%
Namchow Holdings CO.,Ltd . Employee Welfare Committee	4,908,960	1.67%
Shiao-Chuan Chen-Huang	3,577,413	1.22%
Sanduo Investment Co., Ltd.	3,515,700	1.20%



(V) Related information of market price per share, net value, earnings and dividends for the past two years

Year		2022	2023	As at April 1, 2024	
Items					
Market Value per Share (Note 1)	Highest	50.50	52.00	59.20	
	Lowest	42.30	44.50	49.80	
	Average	46.57	48.95	54.85	
Net Value per Share (Note 2)	Before distribution	38.18	39.61	—	
	After distribution	35.81	36.65	—	
Earnings per share	Weighted average number of shares	294,132,962	294,132,962	294,132,962	
	Earnings per share (Note 3)	2.26	4.20	—	
Dividends per Share	Cash		2.0	2.5	—
	Free share distribution	Earnings-based share assignment	0	0	—
		Capital reserve-based share assignment	0	0	—
		Accumulated unpaid dividends (Note 4)	0	0	—
	Analysis of Investment Return	Price-earnings ratio (Note 5)		21	12
Cost-benefit ratio (Note 6)		23	20	—	
Cash dividend yield (Note 7)		4.29%	5.11%	—	

\* If there are shares assigned with earnings or upon capital increase with capital reserve, information of the market price and cash dividends adjusted retroactively according to the number of shares issued shall also be disclosed.

Note 1: The highest and lowest market prices of common stock each year are shown and the annual average market price is calculated according to the strike price and the trading volume in each year.

Note 2: Please fill in distributions decided in the shareholders' meeting (or directors' meeting) of the following year according to the number of shares that were already issued for the specific year.

Note 3: If retroactive adjustments are required because of free share distribution, earnings per share before and after adjustments shall be shown.

Note 4: For the equity shares issuance criteria, if there are requirements that dividends not distributed for a specific year can be carried over to the year with earnings, the dividends that have not been paid up to the said year with earnings shall be disclosed separately.

Note 5: Price-earnings ratio = Average closing price per share for the year/earnings per share.

Note 6: Cost-benefit ratio = Average closing price per share for the year/cash dividends per share.

Note 7: Cash dividend yield = cash dividends per share/average closing price per share for the year.

Note 8: For the net value per share and earnings per share, data inspected (reviewed) by CPAs from the latest quarter up to the date of printing of the Annual Report shall be provided. For the other columns, data of the immediate year up to the date of printing of the Annual Report shall be provided.

(VI) Company's dividend policy and implementation status

1. Dividend policy

The Company's dividend policy is based on its current and future development plans, taking into consideration the investment environment, demand for capital, and domestic and international competition as well as shareholders' benefits. Each year, no less than 30% of earnings available for distribution are appropriated to be the dividend bonus for shareholders. While dividend bonus is to be distributed to shareholders, they may be done in cash and (or) stock. Cash dividends may not be below 10% of the total value of dividends.

2. Intended distribution of dividends through the current shareholders meeting: Cash dividends are intended to be distributed as per the decision made by the Board of Directors on March 12, 2024; that is, NTD 2.5 per share will be distributed.

(VII) Impacts of free share assignment intended through the current shareholders meeting on the Company's operational performance and earnings per share: None.

(VIII) Remuneration for employees and directors

1. Percentages or ranges of remunerations for employees and directors under the Articles of Incorporation:

Article 31 of the Articles of Incorporation: In cases of profits for the year, the company shall set aside no less than 1% to be the remunerations for employees and no more than 5% to be those for board directors. If there are accumulated losses, however, the value to make up for the losses should be set aside first. The remuneration to employees may be paid in stock or cash, and the employees of subsidiaries meeting specific condition are also entitled to the payment.

Article 31-1 of the Articles of Incorporation: In the event that the annual audit renders earnings, the company shall pay taxes according to law and cover accumulated 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 shareholders' 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.

2. Basis for estimating the amount of remunerations for employees and directors, basis for calculating the number of shares to be distributed as employee remunerations, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

The Company based its estimation of remunerations for employees and directors for 2023 on the pre-tax income before remunerations for employees, directors, and supervisors are calculated for the year and estimated as advised by the Articles of Incorporation and the Compensation Committee and according to the ratio approved as a decision of the Board of Directors. If the actually distributed value differs from the estimated value, it is considered as changes in accounting estimates and will be listed as gains or losses of the year where the value is actually distributed.

3. Remuneration proposals passed by the Board of Directors:
  - (1) Remunerations distributed to employees or directors in cash or in stock:

For 2023, the Company decided according to the Company's Articles of Incorporation and by the Board of Directors that 4.5% of the pre-tax income before the remuneration of directors and employees is to be set aside as directors' compensation and 1% as employee's compensation. The value of remunerations for directors set aside this year totals NTD 54,856 thousand and that for employees amounts to NTD 12,190 thousand. If the actually distributed value differs from the original estimated value, the difference will be listed as losses for the current term of 2024.
  - (2) Employee remunerations distributed in stock and their ratio in the after-tax income indicated in the Entity Financial Statement of the current term and their ratio in the overall remunerations assigned to employees: Not applicable.
4. Actual distribution of remunerations for employees and directors for the previous year:
  - (1) Remunerations for employees: NTD 6,645 thousand.
  - (2) Remunerations for directors: NTD 26,578 thousand

There is no difference from the original intended distribution decided by the Board of Directors.

(IX) Buyback of the Company stock: None.

## II. Corporate Bonds:

Type of corporate bond		First secured corporate bonds of 2021
Date issued		August 11, 2021
Denomination		NTD 10 million
Location of issuance and transaction		Taipei Exchange
Issuing price		At full denomination
Total		NTD 5 billion only
Interest rate		5-year annual interest rate 0.47% 7-year annual interest rate 0.53%
Duration		5 years Maturity: August 11, 2026 7 years Maturity: August 11, 2028
Guarantor		First Commercial Bank
Trustee		E. Sun Commercial Bank Trust Division
Underwriter		E. Sun Commercial Bank
Attorney		Hui-Chi Kuo
CPA		Po- Shu Huang, Chung-Shun Wu
Payback method		Lump-sum repayment of principal at maturity
No re-payment of principal (as of 03/29/2024)		NTD 5 billion
Terms of redemption or application for repayment		None
Restrictions		None
Name of credit rating institution, date of rating and corporate bond rating outcome		Taiwan Ratings Date rated: September 21, 2020 Rating outcome: First Commercial Bank twAA+
Additional rights	Value of common stock, global depositary receipts or other securities already converted (exchanged or subscribed) as of the date the Annual Report is printed	None
	Issuance and conversion (exchange or subscription) guidelines	None
Possible impacts of guidelines and criteria for the issuance and conversion, exchange, or subscription of shares and possible dilution of stock options and impacts on existing shareholder rights		None
Name of the custodian for the exchange object		None

## III. Special Shares, Global Depositary Receipt, Employee Stock Option Certificate, Restricted Employee Shares and M&A or Acceptance of Transferred Shares of Another Company for Issuance of New Shares: None

## IV. Implementation of Capital Utilization Plan: None

## V. Operational Status

### I. Business Content

#### (I) Scope of activity

##### 1. Main activities and their ratios in operations

Business activities	Main products	Proportion of the Group's consolidated revenues (%)
A. Manufacturing and sale of detergents and household products	Crystal Soap series, personal hygiene series	2
B. Manufacturing and distribution of bakery products	Oil & Fat, frozen dough	67
C. Manufacturing and sale of flour-based foods	Frozen Noodles, instant noodle	7
D. Manufacturing and sale of ice products	Duroyal ice cream, Kabisuo ice cream	8
E. Manufacturing and sale of rice-based foods	Cooked Rice and leisure foods such as rice cracker	12
F. Dining business	Catering Service of Paulaner, Dian Shui Lou, Honbaryu, Le vol du petit prince French Restaurant, and etc.	4

##### 2. New products planned to be developed

- (1) Home Product: To protect consumers from bacteria and viruses, we plan to develop multi-functional antibacterial cleaning products to protect the health of the public in all aspects.
- (2) Baking Oil: The Company continues to develop healthy and functional products, and provide diverse oils required for baking to satisfy customers' needs for different types of pastries.
- (3) Frozen dough: Assuring, tasty, and unique products are being developed.
- (4) Frozen noodles: Tasty, nutritious and high-quality products are being developed.
- (5) New flavors of instant noodles continue to be researched and developed.
- (6) Ice cream: To cope with the demographics structure under the low birth rate, and the consumption trend of instant entertainment and health-conscious after the pandemic, it continuously develops products of high quality, differentiated, and with a barrier of entrance.
- (7) Cooked Rice: Producing healthy and quality products
- (8) Rice crackers: Namchow will continue to develop products that meet health demands and are suitable for respective age groups, such as babies, teenagers and old people.
- (9) Dining: Ingredient traceability is valued and seasonal cuisines are introduced with the best use of local quality ingredients and sufficient utilization of local food ingredients to continuously innovating dishes and gifts.

#### (II) Industrial Overview

##### 1. Current status and developments of the industry

###### (1) Home Product Business

The constantly improving living standards and rising awareness of environmental protection have made consumers constantly pay attention to cleaning products that are highly biodegradable and will not hurt the ecological environment. The Namchow crystal soap series is made of natural oils and fats, with simple composition and free of additives; it is highly recognized by general consumers.

## (2) Baking Oil Business

### A. Baking Oil in Taiwan

Oils and fats have been a core business for the Namchow Group. Featuring one-stop professional service, outstanding technology and tailored product specifications. Putting effort and time in baking industry in Taiwan for half century and co-prosperity with the development of the industry. Under the post-pandemic era, the industry and consumer market develop the new normal of “Healthy”, “Delicious” and “Convenient” as the key factor for catering.

As the pandemic subsides, the Company held a physical exchange exhibition in May 2023, after a three-year window. The exhibition focuses on "seasonal and local" and used clean-certified NEBOS baking oil to combine with local food ingredients in its pastries, to create products that meet consumers' expectations with health trends, and inject new ideas and new impetus into the industry. After three year of pandemic, Namchow has been striving to transform with customers. Although the global pandemic brought the challenges that were never experienced before, the company is still introducing new elements to the industry. The company creates the differences in our products to increase the competitiveness and the additional value, assisting baking practitioners to respond to the difficulties, to insight the opportunities, be stable in the industry with our customer and increase the profit and sales of the company.

### B. Baking Oil in Mainland China

The baked goods industry in Mainland China started relatively late, and was first introduced from Hong Kong and Taiwan in the 1980s. In recent years, with the growth of per capita consumption level, the adjustment of the residents' dining consumption structure, and the diverse eating habits of the younger generations, the market scale of the baking industry continues to grow. Bread, cakes, and pastries have gradually become an important part of consumers' diets as not only as staple food but also leisure snacks, foods for festivals, and even fashionable lifestyles, becoming the key components of consumers' diet structures. Consumers have higher demands for product quality and consumption experience, which drives the diversified and high-end development of the baking industry, and helps the baking industry to increase both volume and price.

## (3) Frozen Dough Business

### A. Frozen dough in Taiwan

While the world embraced post-pandemic recovery in 2023, the baking and catering industries constantly face challenges due to fluctuations in the raw material supply chain, changes in consumption/diet concepts, and severe labor shortage in the catering industry. Namchow has a rich experience and advanced R&D capabilities to make use of the convenience, speed, and deliciousness of frozen dough, to continue to provide products that are closest to the market demand. The Company is the most loyal business strategy partner of the baking industry, and works with customers to create new value in the industry.

### B. Frozen dough in Mainland China

As the consumption environment evolves, the baking industry is diversifying into various sectors, which accelerates the public's awareness and acceptance of prepared baked goods. In order to meet the needs of consumers for freshly baked and healthy and delicious products, the benefits brought by "pre-baking," including convenience of production, the stability of product quality, and the expansion of delivery scope, have all played significant and irreplaceable roles under the comprehensive evaluation of various aspects.

With years of development in Mainland China, Namchow has accumulated abundant experience and resources in terms of frozen dough. We continue to research and develop and create unique bakery products that make consumers feel secure. We are committed to provide products that satisfying the current market demands. The consumption locations for bakery products are increasingly diversified, from chained bakeries, coffee shops, restaurants, even convenience stores and supermarkets. Consumers' demand for the quality and quantity of freshly bakery products has also become more exquisite and diversified, and the fierce market competition drives the industry to upgrade. Namchow, with the customer's strongest backing, continues to increase investment in professional and modern pre-baked production base equipped with intelligent and large-scale production lines, as well as advanced cold storage and distribution system, to greatly improve the product production technology and production capacity, for providing efficient, convenient, delicious and safe pre-made bakery products to a broader and diverse customer group.

#### (4) Frozen Noodles Business

##### A. Frozen noodles in Taiwan

Noodles know no borders. According to the Ministry of Economic Affairs, Taiwan's noodle production value has exceeded NT\$10 billion and grows year by year. Taiwanese love noodles. Namchow anticipates the trend and took the lead in introducing frozen noodles, which are very popular in developed countries including Europe, the U.S. and Japan, leading the food industry to be more technologically advanced and innovative. Due to the five-working-day system and the health awareness rise in Taiwan, frozen noodles will be needed in the market; in the R&D, production, sales and service, Namchow serves all in one step, with standardized professional plants, the advanced rapid-freezing noodle production equipment leading the world, and top technology, the Company passes a number of international high-standard food safety certifications and won the highest honorary medal of the world's gourmet cuisine. These include: Safe Quality Food (SQF), International Food Safety Verification Standard Level 3 highest level verification, MUI halal verification, Ciyue International's highest standard double-clean-mark Cixin organic processing verification, Asia Pacific Anti Additive (AA) Development Promotion Association's highest level 100% non-additive verification, Gold Award from Monde Appraisal of World Quality for consecutive four years, and iTQi International Flavor and Quality Evaluation Award-Three Star Award for four consecutive years. As we strictly monitor food safety, world-class high-quality noodles raise the level of the pasta industry, set up benchmarks, and open up new opportunities.

##### B. Frozen noodles in Mainland China

As the domestic economy quickly rebounds, people's living standards are steadily normalizing and the pace in life is much faster than before, which accordingly increases their demand for foods. Consumers require higher standards for food hygiene and safety, seeking healthy, tasty, and high-quality food. For dining service providers, they must not only satisfy consumers' requirements for food safety but also further enhance the operation efficiency in order to satisfy consumers' needs. QiaoHao adequately began its current management pattern to address the demand on the dining market. With its abundant experience accumulated in producing professional noodles and the solid resources available, it is committed to providing consumers with unique, tasty noodles and to continue developing together with its partners in the dining industry.

#### (5) Ice Cream Business

With the improvement of living standards, low birth rates, and the aging population structure, in Taiwan's ice cream market, the mid-to-high price range is the mainstream market. With the rise of food safety awareness, consumers pursue the food ingredient traceability, health and safety, and high-quality food ingredients, and thus frozen products with healthy and natural ingredients are more and more popular. In addition, ice cream as desserts add joy to life and are an indispensable little happiness. Consumers are willing to pay more for ice cream desserts with differentiated features and value-added.

Duroyal is positioned as a leading brand in the mass mid-to-high-priced market, and continues to provide a variety of high-quality and differentiated ice cream products. A variety of high-quality ingredients, innovative flavor combinations, and novel and rich new products have made Duroyal a leader in the ice cream market in Taiwan brand.

#### (6) Cooked Rice Business

To go with the trends in society and taking into consideration the consumers' demand for healthy, safe, tasty and convenient products, the cooked rice continues to develop healthy, sanitary, safe, tasty and delicious cooked rice products with nutrient, fiber and phytochemical-rich localized grains so that consumers can eat healthily and safely.

#### (7) Gastronomy Business

The dining business of Namchow features the introduction of new cuisines by constantly seeking local and seasonal food ingredients. Besides introducing new options by the season, there are theme cuisines and gifts from time to time to best satisfy the needs of consumers. Recently, the COVID-19 pandemic has slowed down. Although the economy is recovering, the restaurant business is caught in a pit of insufficient recruitment. Therefore, it is developing high-value meals and increasing the unit price per customer. Booking vacancies are filled using computer systems (e.g.: online reservation system and online ordering system for take-out/delivery).

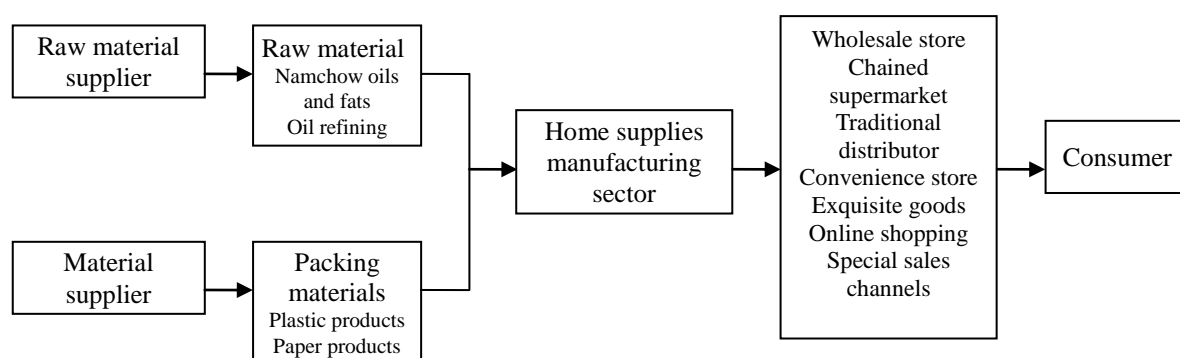
For modern people, it is a very common habit to have a cup of coffee with dessert or fruit after a meal. However, coffee service is seldom offered in most Chinese restaurants. Dian Shui Lou spares no effort to satisfy customers' needs in all aspects to complete dining service in a relaxed and joyful atmosphere coffee is offered proactively, which is well received by many customers. Starting in 2023, the Company cooperates with Ho café, which has more than 20 years of experience in professionally roasting coffee beans, and Ho café has formulated the Dian Shui Lou exclusive royal espresso beans to enhance the quality of service. The continuous development of business mode and products to fulfilling the demand of consumers and to satisfy them to the maximum.

(8) Namchow Thailand

The main products are instant noodles, rice crackers, rice snacks, conditioning bags, Cooked Rice, and French toast crisp products. After 34 years of business operation, the products are sold to more than 80 countries around the world. With rice products as the core business, the "R&D Center for Rice Crackers" was established to develop more advantageous products. In 2018, a smart plant was built and a baby rice cracker production line was installed to expand operations in the global market and the local markets in ASEAN and Thailand. In 2023, the new snack business was developed, with mass production of the thin bread crisp production line. The frozen dough production line is installed at the Ban Pong Factory to pave the way for future business. In 2024, the Company will focus on the development and market positioning of seasoned rice and functional rice, to provide healthy Ready to Eat rice products for people with diabetes, kidney disease and the elderly.

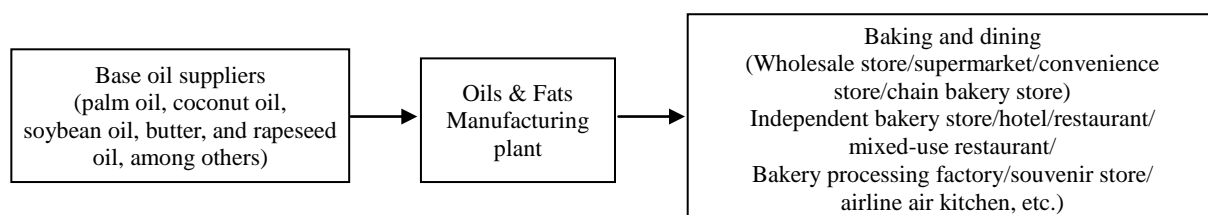
2. Correlation between the upstream and the downstream of the industry

(1) Home Product

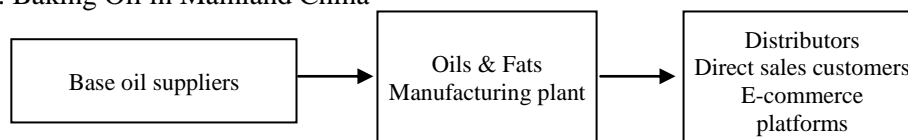


(2) Baking Oil

A. Baking Oil in Taiwan



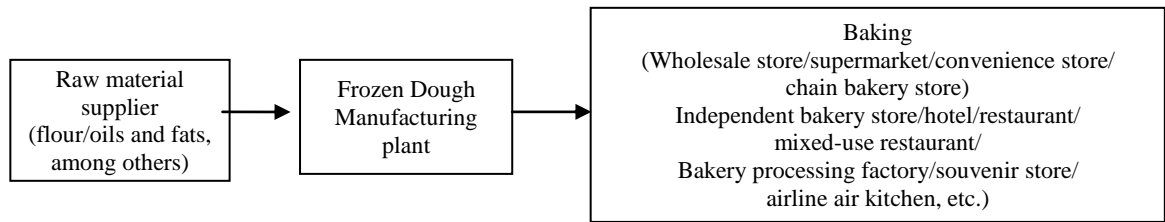
B. Baking Oil in Mainland China



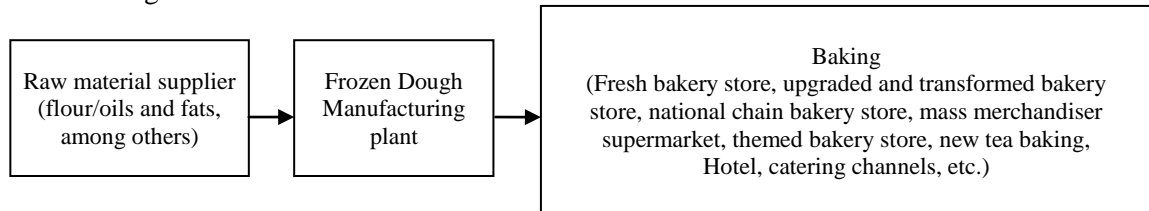


### (3) Frozen dough

#### A. Frozen dough in Taiwan

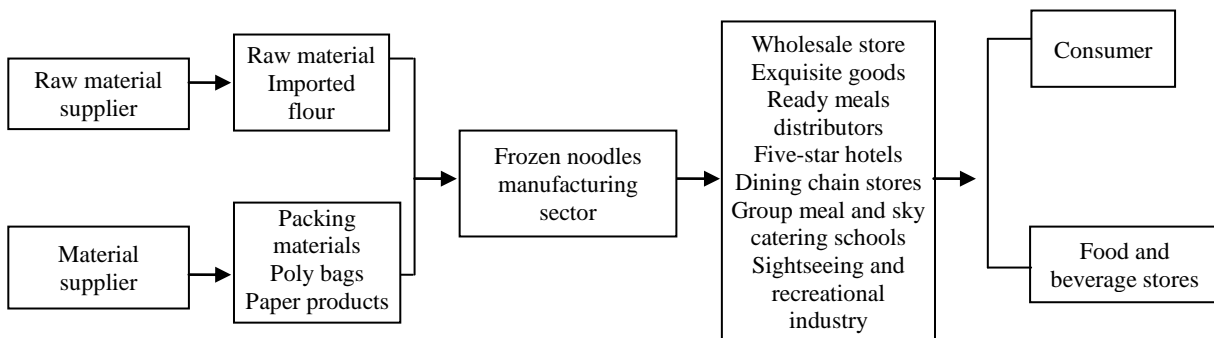


#### B. Frozen dough in Mainland China

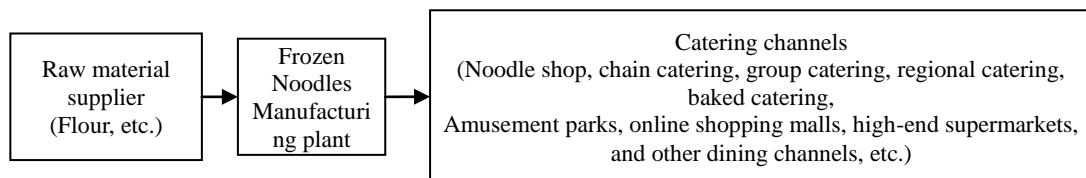


### (4) Frozen Noodles

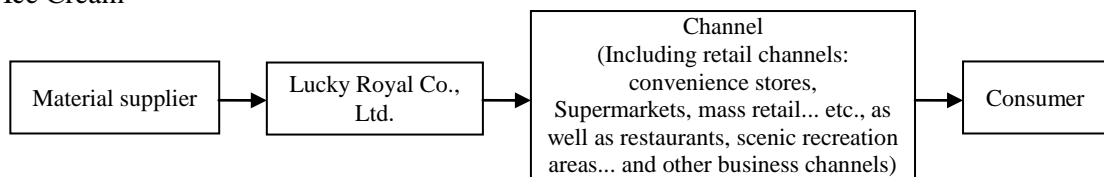
#### A. Frozen noodles in Taiwan



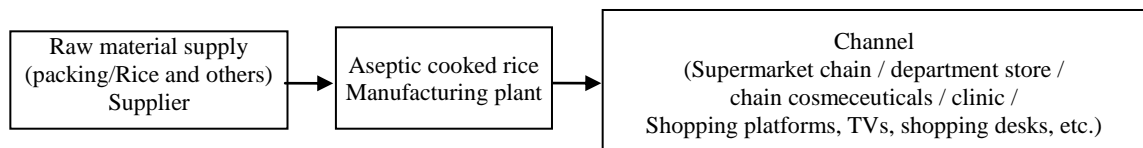
#### B. Frozen noodles in Mainland China



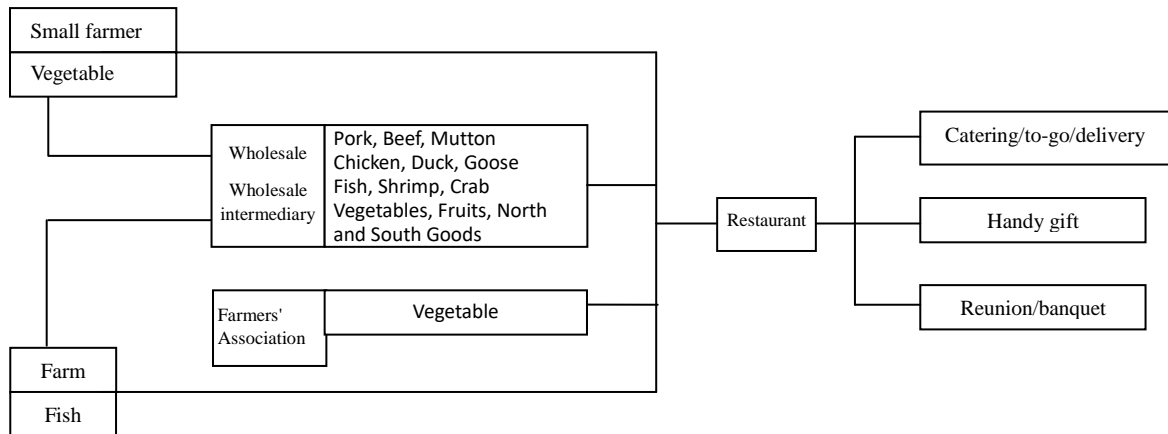
### (5) Ice Cream



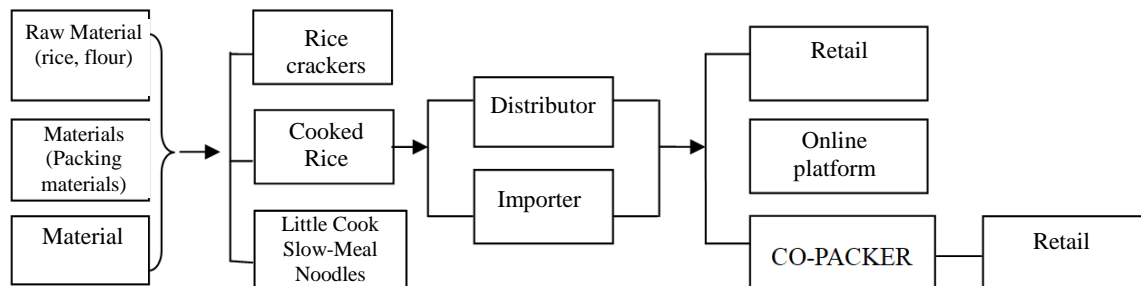
### (6) Cooked Rice



### (7) Dining



### (8) Namchow Thailand - rice cracker, instant noodle, cooked rice



## 3. Product trends and competition

### (1) Home Product Business

- The rise of natural and environmentally-friendly cleaners: The constantly improving living standards and rising awareness of environmental protection have made consumers constantly pay attention to cleaning products that are highly biodegradable and will not hurt the ecological environment.
- Multi-purpose products gaining prominence: Besides the existing cleaning feature, consumers also care about whether a cleaner has other additional features, such as anti-bacterial, mildew, mite, soft fiber protection, deodorizing, low sensitizing and removal of stains, among others; these are also popular among consumers.
- Safety and assurance first for cleaners: Many cleaners come into contact with people's skin. As such, their ingredients, safety, certification by professional testing organizations and brand creditability are becoming priority concerns for consumers before they make a purchase.
- Popular in selling the anti-bacteria products: due to the impact of pandemic, people were paying highly attention to the importance of personal clean and hygiene and the cleaning in home environment, therefore products with anti-bacteria, anti-virus, gentle to our skin and other functional products as best-selling products.

### (2) Baking Oil Business

#### A. Baking Oil in Taiwan

Oils and fats products are competitive in that they meet customers' demands and form an interdependent relationship with one being the upstream and the other downstream. Supported by its huge customer base for its management belief in providing customers with products of the highest safety standards that are healthy and of optimal quality. In response to domestic and international market trends, the latest R&D and production technologies have been applied in recent years. We have launched various series of Oil & Fat that meet customer needs and successfully introduced them to the market.

- In 2019, in response to the international food industry and consumer market's emphasis on "Clean Label," Namchow drew on its nearly 50 years of professional research in the field of roasted fats and oils to spearhead the launch of a new generation of Namchow NEBOS Baking Oil series. The Namchow NEBOS Baking Oil series features exclusive natural emulsifying material technology to develop professional Oil & Fat with simple ingredients, reducing or avoiding food additives. It can be used together with natural cream or can replace it altogether. We are assisting domestic marketers to increase the added value of baked goods, while also helping exporters meet high-quality bakery products that comply with local food regulations and standards, and expand export opportunities. At the same time, it is the best solution for natural cream international price fluctuations and unstable supply.
- The instability and the crisis of broken supply chain in the raw material due to the pandemic in 2020. The company show the strength of manufacturing locally and the stable supply of Oil & Fat to the industry. The company still expanding the product of Clean Label NEBOS series and launched the new soya milk flavoured Oil & Fat to fulfill the demand of vegetarian and healthy diet, the company continuously act as the back supporter of the baking industry.
- In 2022, in response to the shortage of workers in the baking industry in the post-epidemic era, we will develop the oil for Chinese pastry made by machine, and provide a Total Solution service model by cooperating with machinery manufacturers, integrate mechanical production conditions tailored to customer needs, develop products that take into account flavor and adaptability, and perform consultative and one-step services to create a triple win situation.

#### B. Baking Oil in Mainland China

Baking oils and fats, light cream and fillings are the most fundamental materials of production for baking products. Since Namchow operates as an upstream supplier, the company mainly deals with mid- and downstream customers including baking product processing businesses and bakeries that produce products on site. In recent years, the vigorous development of the baking industry in Mainland China has also driven the rapid development of the upstream baking ingredients industry.

With the improvement of income levels and changes of consumption concepts, consumers pay more attention to the quality and taste of baked products, which also affects the selection of raw materials by downstream baking enterprises, promoting the market share of medium and high-end baking oils and fats to increase; additionally, as the acceptance of bakery products by Chinese residents continues to increase, the market for bakery products is rapidly expanding from tier-1 and tier-2 cities to tier-3 and tier-4 cities and even villages and towns. In the future, bakery product ingredient enterprises owning broader sales and marketing networks, diversified channels and operational capabilities will have more competitive advantages.

### (3) Frozen Dough Business

#### A. Frozen dough in Taiwan

After investigation, we find that government agencies and associations do not have related data on the market scale of frozen dough products. The following only describes related matters about the status of peers and channels: There are around 10 small-scale producers of frozen dough in Taiwan. Their technicality, equipment and manpower restrict the items and quality of products they can supply and the level of customers they reach as well as the scope of business operations covered. The distinction from the level of operations of the Company is significant. There are less than 5 frozen dough suppliers that are relatively of a given scale including the Company. Among our counterparts, some focus on baking-related raw materials in bulk and some on the bread needed for their own distribution channels and the frozen dough business is secondary. Channel operators also import frozen dough themselves or set up frozen dough processing plants. Foreign frozen dough manufacturers import frozen dough for sale through agents or set up branches in Taiwan. This shows that market demand for frozen dough is increasing.

After the COVID-19 pandemic, consumers tend to seek food and beverage content that is rich in healthcare, fun, and fashion elements. Against the background of manpower shortages and soaring raw material costs, diversified frozen dough that can be quickly prepared, to reduce manpower and time cost pressure, will be the best solutions for integrating resources and improving efficiency by operators. Namchow Frozen Dough continues to expand the breadth and depth of sales.

#### B. Frozen dough in Mainland China

Namchow has been insisting on providing customers with quality products over the long term through a series of measures from careful selection of raw materials and food materials to continuous innovation and modification of production technologies, and has till now developed hundreds of frozen dough products. Be it basic dough or shaped dough produced through complicated processes, Namchow has been always tried its best to invest research and development resources and carry out production from the perspective of market and customer demands. To meet the need of different types of customers, it provides them with diversified products. Together with customers in all walks of life, we purchase all necessary products at one time and are creating a complete series of bakery products.

#### (4) Frozen Noodles Business

##### A. Frozen noodles in Taiwan

Thanks to the pursuit of health, high quality and delicious food, with Sanuki Frozen Noodles that feature unique commodity advantages and professional frozen noodles core production technology, Namchow has been able to become the first professional manufacturer and supplier in the industry of frozen noodles for 20 years. Sales in the market have doubled and all production lines are full-loaded because there is more demand than supply. Sales in the market have been multiplied, and all production lines are fully-loaded due to the supply short than demand. Professional and advanced production lines for frozen noodles provide more affluent production volume and diversify product options, satisfying the demands from both domestic and international consumers around the world.

##### B. Frozen noodles in Mainland China

As consumers have increased dietary requirements, dining businesses have also come to realize that only fresh, delicious, and quick food with continuous innovation is the most satisfying for consumers. As such, the traditional hand noodles are gradually dying out and being replaced by refrigerated or frozen noodles that are as fresh as those made on the spot. In order to meet the needs of the current dining market, many noodle brands are proactively transforming to produce pre-cooked noodles, too. They are trying to break away from the traditional framework. The simple, convenient, and easy-to-handle cooked noodles hence came into being. QiaoHao is also constantly researching and developing various options of frozen noodles; there are more than 20 products now to better satisfy the needs of businesses applying different distribution channels and the various dining patterns.

#### (5) Ice Cream Business

Duroyal and Kabisuo, the royal Russian ice products, have been the focus of product innovation and brand investment over the long term. Unique products are being researched and developed to fulfill consumers' expectations for novelty and variation and to create differential competitive advantages for customers.

In 2023, responding to the trends in the development of the ice product industry, new products under Duroyal for retailers were introduced, namely:

- Strawberry apple yogurt ice cream bar, enjoy ice cream of blueberry yogurt flavor
- Papaya milk ice cream bar, watermelon milk ice cream bar

#### (6) Cooked Rice Business

Modern people are busy at work; they eat well yet exercise little. This is why disease of civilization is getting more and more common. The Company will continue to pro-actively develop a series of healthy and tasty, while being functional, ready-to-serve rice and porridge in the future to satisfy the needs of modern people for staying healthy.

#### (7) Gastronomy Business

Innovation, differentiation, pursuit of excellence and doing it right the first time are the Company's unchanged beliefs and practice towards creating a comfortable dining environment. In terms of cuisines, fresh and unique local ingredients are used to prepare each intriguing and affectionate entree in a skilled and experienced way.

Dian Shui Lou has always defined itself as a restaurant that serves authentic Zhejiang cuisine and dishes. That said, as Dazhi Store is fortunate to have resources in different areas (i.e. with chefs

and staffs who are knowledgeable in Teochew and Canton cuisine), the store also offers classic and popular Teochew/Canton dishes/snacks apart from authentic Zhejiang dishes/snacks. As for Huaining store, apart from the popular Zhejiang dishes/snacks, the restaurant also serves classic Taiwanese dishes in order to cater to more patrons who are passionate about food. Each store has developed exclusive cuisines with common characteristics according to the internal and external environmental conditions and respectively offers unique food to make sure visitors can enjoy different features in each store.

Namchow Gastronomy is very particularly about cleanness and hygiene in the kitchen. Each store tries its best to have an open transparent kitchen where the food preparing process is self-explanatory with assuring quality.

The consumption habits of the general public have changed significantly due to the COVID-19 pandemic in recent years. The demand for frozen foods or conditioning bag for households has increased. Dian Shui Lou has also developed handmade Taiwanese black pork dumplings and sticky rice balls, and is expanding the scope of frozen food with the development of takeaway product line, to provide consumers with the convenience to enjoy delicious five-star meals at home.

#### (8) Namchow Thailand

Due to the changes in market distribution channels, in addition to physical channels, online sales have risen rapidly as well. In Thailand alone, the domestic online market sales have multiplied, and it is expected that 2024 to be even more explosive. In China, the company has ventured into the arena of international e-commerce distribution back in 2020, and relevant operations are steadily growing.

While the competitors constantly launch new products, we have also established an online sales platform in the ASEAN market to grasp various sales opportunities. Namchow (Thailand) has also established long-term partnerships with upstream and downstream partners and sales channels to build a win-win situation based on mutual trust and benefit is the foundation of us and customers.

### (III) Technical and research and development status

#### 1. Amount spent in research and development in the latest year by the Company

Year	2022	2023	2024 (estimated)
Total (NTD thousand)	382,610	458,140	345,981

#### 2. Technologies or products successfully developed

##### (1) Home Product Business

Namchow Crystal launched the "Indoor Drying - Grapefruit Seed Antibacterial and Anti-mildew Liquid Laundry Soap" in the second quarter of 2023. The exclusive natural antibacterial ingredient "grapefruit seed extract" is added to, for the bacteria-inhibition rate of 99.9%, making it the only laundry detergent on the market able to inhibit nine major bacteria, as proved by the SGS tests, and it is also certified by Intertek to be effective against mildew. Even clothes are dried indoor, the disinfection effect by sunlight remains the same, leaving no bacteria on the clothes to affect the health.

##### (2) Baking Oil Business

###### A. Baking Oil in Taiwan

The Company now has around 200 options of oil and fat products available, which, by their application, include mixing, wrap, stuffing, pastry, mother's cakes, deep-fry, special purpose, and functional ones. Besides those produced by Namchow, we also import butter from Europe and continue to maximize service aspects and consolidate operations.

###### B. Baking Oil in Mainland China

Distribution and production of premium baking oils and fats and related products, along with light cream, milk, ingredients of drinks, fillings and so forth. Oils and fats products: mixing oils and fats, wrapping oils and fats, liquid oils and fats, stuffing oils and fats, oils and fats for Chinese pastry, and SFI series grease products; fresh milk series: light cream products, cream products, raw materials for beverages, and filling products, etc.

### (3) Frozen Dough Business

#### A. Frozen dough in Taiwan

Frozen dough products that are available at present are divided into 8 categories: toast, hard, sweet bread, puff, Danish, bakery, Chinese and artisan. With travel and various commercial activities gradually becoming more active, in recent years, Namchow Frozen Dough has met consumer preferences by introducing basic dough applications, popular series, community baking series, baked light food series. It has also targeted different customers with gifts popular and viral, to inject new momentum to the baking industry.

#### B. Frozen dough in Mainland China

There are nearly a hundred frozen dough products available at present. They are divided into the following based on the market and from the perspective of consumers: pineapple bun, Danish, croissant, puff, boiled, dim sum, artisan, toast, Western dessert series, and bagel series products. Responding to different customer requirements, the frozen dough products have been developed from basic frozen dough to frozen bread, in many forms. The supply of products meeting the customers' needs may depend on the baking environment, equipment and human resources of end customers.

### (4) Frozen Noodles Business

Japanese Udon, Ramen, Soba, Red Quinoa Noodles, Yuzu Noodles, Pasta, Northern China Knife-sliced Noodles, Northern China Hand-pulled Noodles, Henan Stewed Noodles, Northern China Homemade Noodles, Chinese Noodles, Belt Noodles, Stewed Noodles, Yolk Noodles, and other products.

### (5) Ice Cream Business

Developed products: Strawberry apple Yogurt Ice Cream, Enjoy Blueberry Yogurt Ice Cream, Papaya Milk Ice Cream, and Watermelon Milk Ice Cream.

### (6) Cooked Rice Business

The Company already offers Cooked Rice from High-fiber Aseptic Cook Rice series now; it is certified as health food that can effectively regulate blood sugar and blood lipids. There is also the organic quinoa rice and Cooked Rice from the imperial series in 2020.

### (7) Gastronomy Business

Driven by its mission to promote the culture of fine traditional Chinese cuisine, Dian Shui Lou makes an effort to capitalize each and every festive occasion for promotional purposes. For example, on Lantern Festival, the restaurant would offer live demonstration of sweet dumpling rolling by its chefs and signature dish for the festival such as fried sweet dumplings, meat rice dumpling soup. In addition, a shop-in-shop area is developed to promote takeaway, and the cooked food cabinets are installed to meet the needs of different business districts to supply simple and reheating cooked food. In order to ensure the quality of food delivery, the restaurant insists on having its own employees to make the deliveries and to have professional, five-star chefs to prepare cuisines for home catering services. The restaurant endeavors to enable customers to enjoy the classic dishes prepared on-spot by professional chefs and restaurant-quality services in the comfort of their own homes. In addition, small-scale catering service for company meetings is provided to expand the scope of services.

### (8) Namchow Thailand

Investment or development projects are as follows:

- The second phase of the solar power generation was planned to increase 1.03MW; non-Halal plants were added; frozen dough production lines were added; crispy baked thin rice crackers production lines were officially put into production, and combined with pre-baked products to add offerings

## 3. Future research and development plans

### (1) Home Product Business

To respond to the changes in the market demand and developing more diverse core products, the company extend and innovate them from the existing production line. For example, products connects to the local agricultural characteristic, with the professions and technics from other field, fulfilling the demand of changing rapid customer demand by the collaboration of different

industries.

## (2) Baking Oil Business

### A. Baking Oil in Taiwan

With the international fashion trend, the rising awareness of domestic consumers about diet consumption and higher understanding of and attention towards food safety and additives, the Clean Label and absence of food additives have become the new trend in the food industry. Namchow Oil & Fat took the lead in the industry and took the lead in the development of Clean Label Oil & Fat and oils, and developed the Namchow NEBOS Baking Oil series. Under the challenges such as impact of the new coronavirus pandemic, and delayed transportation of imported raw materials, the costs have been rising. The Namchow NEBOS Oil & Fat series can replace or be used together with natural cream in a comprehensive manner, to improve the opportunities and solutions of the international price fluctuations and unstable supply of imported natural cream, and to help the baking industry to continue to improve. This creates value and makes it the first choice for bakers to promote Clean Label bakery products.

### B. Baking Oil in Mainland China

Aiming at market movement, continue to introduce new products, and develop new products in line with market trends. Namchow launched fresh milk baking fat. By placing fresh milk at the top of the ingredient list, we create baking fats that use fresh milk as the main ingredient. This product benefits from the patented enzymatic hydrolysis technology, supplemented by the exclusive emulsification technology, making bread soft and moist with natural scent of milk. It has been highly praised after being launched. In the near future, the series of fresh milk baking fats will be expanded further. In addition, the brand new product, Miller Butter from Britain has been introduced to enrich the Company's dairy product portfolio. In the future, the Company will actively develop more high-end dairy baking ingredients to respond to the broader and diversified needs of upgrading in the domestic baking industry.

## (3) Frozen Dough Business

### A. Frozen dough in Taiwan

- Community bakeries have remained the first choice for consumers to purchase bakery products in recent years. Namchow has a wide variety of frozen dough; in addition to classic products, it will also strive to develop various popular products. With the simple and fast operation, and quality-assurance, frozen dough products can help community bakeries respond to sales needs more efficiently and improve their competitiveness at the same time.
- After the pandemic, consumers are more willing to purchase frozen products. Upholding the principle of mutual benefits and prosperity, Namchow Frozen Dough has joined hands with diverse retail channels to promote products that are suitable for households. Meanwhile, through events, to increase the awareness of consumers to the products, so that consumers can enjoy freshly and delicious bakery products at any time.
- To cope with the focus of government and general consumers on topics including food and beverage hygiene, food safety, health and nutrition, Namchow Frozen Dough continues the international food trend of introducing of fewer or even free of additives, and connected the practitioners from up-stream, mid-stream and down-stream of the industrial chain to develop more baking ingredient with few additives or low additives and launched to the market.

### B. Frozen dough in Mainland China

Items will be differentiated on the basis of existing products to get closer to the market evolutions: Products will be designed so that they will have various stuffings, unique stuffings and exciting styles and flavors. Products will be arranged to satisfy the requirements and tastes of consumers.

Research and development of new products will focus on Chinese cuisine: With the rapid development of the concept of “Chinese pastry renaissance”, dim sum with flavors unique to every region will be developed to pass on the features of traditional cake stores and drive the development of gift market.

Accelerating the development and application scenes of pre-baked products: The coffee and tea beverage industry is still in a period of rapid development, and the consumers born after the 1980s and 2000s are the main consumers. Therefore, the diversification of scenarios, appearance, social interaction, and functionality have become the mainstream. How to integrate with the sector

functions, provide fast and efficient meal serving to meet the market demand, has become the core of expansion in this market. Considering that the hypermarket, supermarket and some catering business are without professional bakers, we develop more convenient pre-bakery products in addition to the diversity, creativity, and fast delivery of the bakery products.

(4) Frozen Noodles Business

A. Frozen noodles in Taiwan

With a focus on the global market, we have launched a variety of eastern and western noodles, expanded the introduction of northern gourmet noodles, entered the world's largest mainstream Chinese noodle market for Chinese, and have been assigned as the official noodles for the Taipei International Beef Noodles Festival for many times. Our noodles are sold at PX Marts, departmental supermarkets, wholesalers, fresh produce and farmers' associations across Taiwan along with e-commerce shops and Shopee stores. The sales and profits of the company are enhanced and created. The future is in perspective while Namchow stands in Taiwan and tries to reach out to the world.

B. Frozen noodles in Mainland China

Developing professional and good authentic features in all respects. Various types of noodles using regional special ingredients as raw materials have been introduced; claims for healthy, safe, differentiated and beautiful.

(5) Ice Cream Business

New extended flavors will be developed based on existing brands in response to market demands and new featured products will be introduced through cooperation with outstanding brands. By observing the need of the market, which bearing the concept of health and wellness over the long time, we developing ice cream with health concept and additive free.

(6) Cooked Rice Business

Modern people are busy working, eating well yet moving less, which leads to more and more diseases of civilization. We will continue to actively develop a series of healthy and delicious ready-to-eat rice, porridge, and dessert products to meet the needs of modern people who value health and wellness.

(7) Gastronomy Business

Closely reflective of consumers' needs, healthy, tasty, unique, exquisite and safe options will continue to be researched and developed for tailored service. Dian Shui Lou has endeavored to cultivate chefs with comprehensive skills and opportunities of learning and development will be offered to make sure that the chefs can not only cook delicious dishes but are also qualified and that the organization is learning-oriented. With regards to food ingredients, the restaurant strives to use all ingredients in full to prevent any waste. For example, the dish of West Lake Fish in Vinegar Gravy is served with the entire fish, and beef tendons are prepared as aspic and so forth. The restaurant shoulders the mission of promoting traditional Chinese cuisine. To achieve this goal, the chefs would incorporate traditional Shaoxing wine in various dishes or use it as part of seasonings whenever possible. The restaurant would also promote relevant dietary and culinary cultures during festive celebrations. For example, on Lantern Festival, the restaurant would serve the the festival's signature dish of fried sweet dumpling in order to inform patrons on the difference between yuanxiao and tangyuan - yuanxiao is made by wrapping filling in dry sticky rice flour and rolled by hand while tangyuan is prepared with glutinous rice with fillings inside. The restaurant has introduced a new position of QA manager, whose responsibility is to ensure that all chefs and assistants at different stores are preparing relevant dishes in accordance with the SOP. Not only that, relevant multimedia equipment and materials have also been introduced for personnel training in conjunction with on-site inspection conducted by the QA manager and food safety inspectors to ensure the quality of food and services at each store. Continue to improve service quality and strengthen staff's competence in table-side dish presentation, dish serving and dish description. By refining our dish serving and description services, patrons will be able to better appreciate the effort and thought that the restaurant puts into its dishes. This will in turn bolster customer adhesion and frequency of patronage.

Each store shall create its FaceBook fan page in order to post promotional materials via the online platforms while interacting with patrons in various ways to help patrons become more familiar



with the restaurant and boost their confidence in the restaurant, to create loyalty.

(8) Namchow Thailand

Combining the products and operating abilities of Namchow Taiwan, China and Thailand, we plan to introduce frozen noodles, frozen dough, ice cream and other products from Namchow China to Thailand, and rice crackers and instant noodles from Thailand are also introduced through the three-area trading with Namchow Taiwan and Mainland China, for sales in local markets. At present, Duroyal Frozen Noodles has been introduced to Thailand, and various kinds of products are sold via B2B and B2C for planting roots. In 2024, the cross-selling of products among Taiwan, China, and Thailand will be combined, while expanding the ASEAN market.

Rice-based recreational foods are gluten free and non-GMO to make them able to meet modern consumers' demand for staying healthy. They have started to gain prominence and become more and more acceptable as a mainstream product in the western markets, as suitable products can be developed for babies, women, men and old people. Namchow Thailand will establish the research center of rice cracker, to accelerate the development of rice cracker products.

(IV) Long-term and short-term business development plans

1. Short-term business development plans

Corporate resources will be integrated to exert the R&D and advantages of existing products, while devoting to the research and service relating daily consumer products, enhancing the development of innovative applications, increase the product differentiation, develop new products, start new product lines and new niches, seeking to provide the general public with natural, healthy, unique niche market products to create high added value and to improve the Group's profits.

2. Long-term business development plans

Connecting the production sites and global bases of the Group, with the resources and talents around the world, adopt a trading-oriented organization as the core, to grasp the pulse and trends of the industrial environment, jointly develop in raw materials, R&D, production, customers and services to achieve operational synergy, while deepening the core group competitiveness and building the innovative operation model, to operate Namchow Group sustainably.

## II. Overview of Marketing and Production/Distribution

Since it began to produce soap in 1952, Namchow has been adhering to elements of relevance, namely raw materials, technology, distribution and culture for diversified management and has taken roots in fields such as cleaners, daily necessities, oil/fat/dairy products, flour, rice, biotechnology, and dining. With production sites in Taiwan, Thailand and the Mainland, operations are focused on niche markets, with products sold all over the world. Products in respective fields are analyzed as follows:

(I) Market analysis

1. Home Product Business

(1) Sale of major commodities:

- ① The main sales products are crystal soap series: bar soap, liquid soap, powder, tableware cleaning liquids, and antibacterial series cleaning products such as allogeneic soap and hand washing series.

Official website: <http://www.crystalsoap.com.tw/>

Namchow Crystal Soap Facebook Fanpage: <https://zh-tw.facebook.com/NC.Crystalsoap>

- ② Sold to: domestic market.

- ③ Distribution Pattern: B to B, B to C.

- ④ Distribution channels: grocery stores, supermarkets, pharmacies, convenience stores, distributors, retailers, online shopping, and special distribution channels, etc.

(2) Future supply and demand and growth on the market:

As the national income in Taiwan increases, awareness of environmental protection rises, and the organic and natural fad emerges, consumers start to evaluate corporate social responsibilities while pursuing natural products. Using soap products that are made of natural oils and fats, are environmentally friendly and soft to the skin is proof of an environmentally friendly and healthy attitude and persistence. This is also what drives the steady growths of Namchow crystal soap series of products.

Consumers' concern for household and cleaning products is no longer focused solely on cleaning strength, but more towards the safety of ingredients that make up the product. In addition, they are more and more concerned about the impacts of household detergents and personal hygiene supplies on the environment and human body; the emphasis on natural and highly biodegradable cleaners hence takes prominence.

Future development trends of the cleaner industry:

- Era of soap: As the awareness of environmental protection rises and in order to minimize plastic and petrochemical pollution, the soap products that have high biodegradability and zero harm to ecological environment are preferred by consumers.
- Multi-purpose products gaining prominence: Besides the existing cleaning features, consumers also care about whether a clothes detergent has other additional features, such as antibacterial, anti-mildew, anti-mite, deodorizing, and low sensitizing, among others; these are also popular among consumers.
- Safety of cleaners becoming prioritized concern: Because many cleaning products come into contact with the human body directly, their brands, what they are made of and their safety have gradually become a prioritized concern of consumers before they make a purchase.
- Popular antiseptic and disinfectant products: Because of the spread of the PM2.5 air pollution, avian influenza, enterovirus, norovirus, novel influenza, and coronavirus, consumers are highly concerned about their personal hygiene and the importance of a clean home. As such, products claimed to be antiseptic, disinfectant and anti-virus continue to be a hit.

With the introduction of the crystal soap series of products, the image of Namchow in the hearts of consumers is no longer just a bar of hand wash soap; it is now a natural and healthy cleaning brand with natural composition that falls in line with the modern lifestyle. This brand spirit in amidst environmental protection awareness and Lohas and healthy trends, is prevailing. The awareness of environmental protection by the consumers increased, Namchow Crystal Soap series product becoming an essential natural cleanser products in every households.

In 2023, we launched the "Indoor Drying - Grapefruit Seed Antibacterial and Anti-mildew Liquid Laundry Soap" to completely eliminate bacteria on clothes and the wet odor from clothes, so that each household can enjoy the cleanness and freshness of sun-dried clothes even when the clothes are dried indoors. In response to changes in washing methods, Namchow Crystal has developed different types of products and has taken care to address different user groups comprehensively. This approach has been well received among consumers.

(3) Competitive niche and desirable and undesirable factors for development prospects and countermeasures:

① Competitive niche and desirable factors for development prospects

- A. There is great demand and potential for natural soap products as the awareness of health and environmental protection rises.
- B. Unique products of the crystal brand of Namchow supported by powerful assets are widely loved by consumers.
- C. Successful development of the grapefruit seed series of products helps extend the life span of crystal soap products and add to the value of the brand.
- D. The products are known for their unique natural fragrance and natural anti-bacterial sources to appeal to distribution channels in all respects.
- E. Continue to promote the scented soap series and antibacterial series of laundry liquid soap, with a complete and rich product line, reach out to more new users, and expand sales and market share.

② Undesirable factors for development prospects

- A. Fluctuating and rising costs of raw materials and oils on the international market.
- B. Increasing costs of distribution channels on a daily basis.
- C. Consumer habit of switching among different products because they want to try something new.
- D. Constant introduction of new high-end products to the natural market for competitive brands.

③ Countermeasures

- A. Continued communication on the appeal on being natural, soft to the skin, and environmentally friendly so that consumers fully sense their value. Quality of the existing crystal soap series of products has been constantly improved and messages about products being natural and environmentally-friendly of the new generation are communicated so that consumers of the new

generation know and understand the benefits brought about by the soap itself. The defined brand positioning has helped the crystal soap series become a natural, optimal, and environmentally-friendly cleaning product that demonstrates love toward family and care for the Earth.

- B. Continued promotion of the antiseptic series that spans the household cleaning and personal cleaning fields so that consumers obviously feel the benefits of products that are 99.99% effective inhibiting bacteria supported by the SGS test.
- C. Continued development of products meeting consumers' demand and creating consumer demand and introduction of high value-added products to satisfy the various daily cleaning needs of consumers.
- D. Continued reinforcement of the existing intensive distribution network, with product penetration and coverage as the biggest goal of distribution, to precisely enable each household to have access to the crystal soap series of products at any time.
- E. Collaboration with environmental protection-oriented institutions/groups to communicate the idea of natural protection to the general public for a synergistic effect.
- F. Proactive research and development of various new products within the context of applying natural oils and fats; the products include household and personal hygiene to precisely promote the ideas of love for family and care for the Earth and to fulfill the responsibilities as protector of the social environment.

## 2. Baking Oil Business

### Baking Oil in Taiwan

#### ① Sale of major commodities:

- A. Major products sold: The Company now has around 200 oils and fats products. The diversified options empower the Company to provide tailored service and become a leading brand on the market for Oil & Fat and fats in Taiwan.
- B. Sold to: Taiwan.
- C. Distribution pattern: B to B , direct-sale.
- D. Distribution channel: The Company has more than 3,000 distribution channels for oils and fats throughout Taiwan and products are sold all over Taiwan. The direct-sale approach is adopted. Customers are the end users of Namchow oil and fat products. Types include: hypermarkets, supermarkets, convenience stores, bake shop chains, independent bake shops, hotels, restaurants, composite food and beverage stores, baking processing plants, handy gift stores, airliner contract kitchens, and so on.
- E. Market share: The estimated market share is more than 30%.

#### ② Future supply and demand and growth on the market:

- As the pandemic is easing, and traffic and logistics are getting busier, both tourists and domestic consumers demand more regarding the characteristics and quality, with more competition in the market forcing the baking practitioner to actively buy improved and advanced products in order to increase the demand and level of the handy gifts and benefit the company to develop the products of middle to high-end market.
- The Namchow NEBOS Baking Oil series, featuring little or no additives, can meet the requirements of international food hygiene and safety regulations and the expectations of end consumers, which in turn helps Taiwan's baking industry expand its export market.
- Guided by scientific spirit, Namchow Oils & Fats has developed a variety of new baking materials specifically for Chinese pastries, with examples such as specialized oil and flour for various Chinese pastries in the hopes of promoting Chinese pastries to the international market and further driving the development of baking industry.
- The catering market is witnessing fierce competition. Helping the customers in the catering industry to create unique and differentiated products based on our functional oils and fats and continuing to maximizing service aspects and consolidate operations will become the momentum that driving our continuous growth.
- In addition to self-made oil products, cream and whipped cream imported from Europe will be introduced in phases in 2024 to expand help the Company into new markets (e.g. dessert boutiques, dining channels, etc.), to enhance the product values of vendors with quality raw

materials, which will start another wave of growth momentum of the Company, and provide a full range of product solution services.

③ Competitive niche and desirable and undesirable factors for development prospects and countermeasures:

A. Competitive niche and desirable factors for development prospects

- a. The Company is highly capable of keeping track of popular trends on domestic and international markets, has a historical brand, secures a leading position in the industry, and has a high market share.
- b. The Group's food safety office and laboratory center use strict controls to ensure the hygiene, safety, and high quality of Namchow fats.
- c. Half century of its intensive research, the Namchow Oils and Fats R&D Center has demonstrated strong R&D capabilities, advanced technology and professional customized services, which can quickly respond to market demands and meet the needs of customers of various operating types for oil & fat.
- d. The direct sale system can quickly reflect market intelligence and dynamics and helps establish a mutual-trust and reciprocal strategic partnership with customers.

B. Undesirable factors for development prospects

- a. International trade is universal; information is quickly communicated; imported oil and fat brands enter Taiwan market.
- b. Affected by the international situation, the supply of raw materials remains unstable, which in turn affects the purchase price and cost.

C. Countermeasures

- a. With half century of devote time and effort management experience, consolidate consultant marketing, provide one-stop service, let a professional service to provide all round services before, during, and after sale so that differentiation can be accomplished from the competition.
- b. Continue to consolidate operations on baking and dining markets and to expand applications of oils and fats and the scope of distribution service

Baking Oil in Mainland China

① Sale of major commodities:

A. Major commodities in distribution: specialized production of baking oils and fats, along with light creams, imported dairy products, frozen dough and fillings under five major product categories that cover more than 200 products. The company has profound experience in production and distribution management. Thanks to its impressive list of brand names and product diversification, the company is aptly equipped to work with customers that focus on different crafts and demands. The Company currently operates four factories in Tianjin, Guangzhou and Shanghai. With advanced R&D capabilities, premium quality management and comprehensive after-sales services, Namchow has successfully established its benchmark image in the baking oil and fat industry, serving customers from all major cities.

Official website: [http : //www.ncbakery.com](http://www.ncbakery.com)

B. Sold to: Mainland China.

C. Pattern: B to B.

D. Sales channels: direct sales and distribution models. Our direct-sale distribution channel is mainly meant for customers with greater brand presence. For these customers, the company provides various assistances and guidance including new baking product development, technical support, personnel training, store operation management consultancy and so forth with the intention to develop long-term alliance. Suppliers shall be classified under corresponding categories in scheduled evaluations based on factors such as distribution volume, supplier conduct and etc.

② Future supply and demand and growth on the market:

In recent years, the pastry industry in Mainland China has grown rapidly. Pastry consumption per capita has gradually increased in line with changes in dietary habits and the improvement of living standards. However, there is still a large gap to the developed countries and regions, and there is still room for improvement; Meanwhile, in the current pastry industry, there are many SMEs, and the quality of pastry is mixed. Against the background of consumption upgrading, consumers have higher demands for product quality and consumption experiences, and the increase in unit price

has directly driven the rise of the baking industry. Based on the data released by iiMedia Research, the market size of Mainland China's pastry industry reached CNY285.3 billion in 2022, and the market size is expected to reach CNY351.8 billion in 2025, with broad room for growth. In addition, overseas expansion is one of the main goals of Namchow's future operations. The Company has officially expanded into overseas markets, and successfully sold baking fats, light cream, and prepared bakery products to Singapore, Thailand, Malaysia, Vietnam, Indonesia and other Southeast Asian countries through subsidiaries in Singapore, Hong Kong, and Thailand; a small volume of frozen dough products are exported to Japan and Canada. Although the proportion of overseas sales is still low, with the investment of the Company's resources, overseas business is expected to have greater room for growth.

③ Competitive niche and desirable and undesirable factors for development prospects and countermeasures:

A. Competitive niche and desirable factors for development prospects

- a. Namchow putting effort and time in baking industry, adheres to integrity and quality and has a powerful brand and a high market share.
- b. The company welcomes outstanding technical talents to bolster its R&D capabilities, which will enable the company to further promote product differentiation.
- c. Product features are divided in detail; there are complete product lines; products are of high quality and are stable. All of these are leading in the industry.
- d. Offer comprehensive consultancy services, and establish long-term partnerships with trust.
- e. High-standard product quality requirements, we have obtained ISO certification, FSSC22000, HACCP and halal certification at home and abroad, NSF pandemic prevention certification, integrity system certification, RSPO global palm oil sustainable development certification and other certifications.

B. Undesirable factors for development prospects

- a. Due to rapid changes in the market environment, renown international brand names have ventured into the market to compete.
- b. The price for major raw materials fluctuates greatly, affecting the gross profit margin and operating profits of products.
- c. External sales through distributors, improper management of distributors may result in unsmooth product sales, chaotic market order, etc.
- d. Fluctuations in foreign exchange rates have affected purchase prices for foreign raw materials and products.

C. Countermeasures

- a. The company shall continue to implement stringent standards for food safety and provide high quality products to accommodate consumers' needs.
- b. The Company shall cultivate baking markets in the third and fourth-tiered cities along the high-speed railway and expand market shares.
- c. Relying on strong R&D capabilities, strengthen product lines and echo the boom in the tea and roasting market.
- d. The Company will operate its online store in order to serve more customers and consumers due to the growing popularity of home baking and cooking.

3. Frozen Dough Business

Frozen dough in Taiwan

① Sale of major commodities:

- A. Major products sold: We currently have 8 categories consisting of nearly 300 options of frozen dough products; the number of categories and options are ahead of other frozen dough brands in Taiwan.
- B. Sold to: Taiwan, US, Canada, Australia, Japan, Hong Kong, and Dubai.
- C. Distribution pattern: Direct sale
- D. Distribution channel: Namchow has about 3,000 distribution channels throughout Taiwan for frozen dough, including grocery stores, supermarkets, convenience stores, chain bake shops, independent bake shops, hotels, restaurants, cafes, baking processing plants, handy gift stores and airline caterers.
- E. Market share: It is estimated Namchow frozen dough products have attained leading status in the

market.

② Future supply and demand and growth on the market:

- The increased cost of manpower and talent shortage have made baking businesses more dependent on solutions and professional services provided by baking material manufacturers. Namchow, known for its diversified choices of products and steady production quality, has increasing demand coming from the market for frozen dough and hence is entitled to absolute leading competitive advantages.
- The "one-stop shopping" business model of hypermarkets provides consumers with more diverse services in fresh and cooked food products. The Company has established good business relationships with bakery partners, and works closely together to continue to supply baked goods that meet the needs of hypermarkets.
- Convenience stores strive to differentiate from each other in their bread projects. Whether it is packaged bread or freshly baked bread at the store, Chinese dim sum, or Western snacks, the Company has been able to successfully help convenience store runners introduce the frozen dough package while creating profits for them.
- Large-scale chain supermarkets of Taiwan or regional types are actively introducing freshly baked goods. The enriched experience of Namchow in the management, technology required of, and training staff for frozen dough businesses has enabled it to help multiple practitioners (customers) with successful introduction and maximize the scope of service.
- Composite chained food and beverage stores have been very popular for the past few years. While customers are trying to expand their presence quickly, it is particularly important that they keep track of the manufacturing and quality of products. The frozen dough supplied by the Company exercises extreme benefits in this regard as it successfully assists in overcoming the problems of mass manufacturing sales and stable quality.
- Besides large tourist hotels, small motels and bed-and-breakfasts have sought to boost their competitiveness and to improve the ratio of return customers, by adopting our frozen dough products, which can create differences in catering services under the same production conditions, along with other options that are available for effective control over management cost and increased net profits.
- Independent bakeries based on the community act as the warmth during the pandemic. Introducing the Namchow Frozen dough and providing bakery products with more diversity and enrich the consumers need in different time segment of the day. Rapid research and development making the food more interesting. Improving in the quality of bakery products, increase in kinds and launched within the trend to build the loyalty of the consumers.
- Family baking experiences are getting popular. There are more and more distribution channels on line and they are getting diversified each day. More baking lovers are encouraged to devote themselves to small-scale production and distribution. Namchow frozen dough is simple and convenient to operate and can be easily introduced. It will become an optimum choice for households and baking studios. In addition, Namchow Frozen Dough will continue the partnerships with different channels, so that more consumers can also purchase professional-grade frozen dough products with unique features and convenient operation.

③ Competitive niche and desirable and undesirable factors for development prospects and countermeasures:

A. Competitive niche and desirable factors for development prospects

- a. Popular information on baking is rich and synchronized with the world, forming a tangible incentive for the baking industry to seek innovation and change.
- b. Consumers and governments have increased requirements for food sanitation and safety. With the spontaneously introduced HACCP, ISO, FSSC and other food sanitation and safety systems, the Company's products are known for their advantages. A digital management system for traceability has also been introduced, to establish a more comprehensive food safety control network.
- c. In light of the issue of manpower shortages that baking practitioners now face, our frozen dough products have become the best solution to the manpower issue facing baking practitioners.

B. Undesirable factors for development prospects

International trade is universal; information is quickly communicated; imported oil and fat brands enter Taiwan market, and the international market quote of raw materials keep increasing due to the pandemic made the competition of the market more serious.

C. Countermeasures

The Company has nearly 32 years of experience on the baking market of Taiwan and continues to make the best of its strengths as a leading brand in the market in terms of quickly responding to changes in market trends so that the most instantaneous services and products can be provided to the businesses (customers) to differentiate from international brands.

Frozen dough in Mainland China

① Sale of major commodities:

A. Major products sold: The different major series of products sold are the pineapple bun, Danish, croissant, puff, boiled, dim sum, artisan, danish bread, master's application, and in particular, the bagels are available exclusively in Mainland China.

B. Sales area: Mainland, Northeast Asia, North America and Oceania.

C. Pattern: B to B.

D. Distribution channel: freshly baked chained bakeries, upgraded and transformed bakeries, new Chinese pastry stores, grocery stores, coffee, tea beverage & bakeries franchise, hotel dining channels, etc.

② Future supply and demand and growth on the market:

- The overall pastry market has been growing rapidly, and more and more sectors are participating in the manner of cross-sector. Fresh-baked chain bakeries are getting crowded, so product power is the key of expansion for all sectors: According to the data available on [www.askci.com](http://www.askci.com) and on [www.chinabaogao.com](http://www.chinabaogao.com), the overall growth rate of the food industry in China is not as high as before, which is about the same as that for the overall GDP per-capita in China. Although growths in the baking market are ongoing, they appear to be polarized. The constantly climbing overhead costs, including raw materials, manpower, rent, utilities, and coal, among others is posing sterner challenges for the managers. A brand with a robust foundation will be able to grow quickly while others will not be able to compete in the market.
- It takes 4-7 years to train a baker abroad to be qualified as a baker. Not many young people are involved in the baking industry, which has caused a shortage of bakers to a certain extent. Therefore, the frozen dough process in many countries and regions has become quite popular. The global market value of frozen dough is expected to exceed USD 27 billion in 2025 (including USD 8.35 billion in North America, USD 7.73 billion in Europe, USD 6.93 billion in Asia, USD 2.4 billion in Latin America, and USD 2.14 billion in the Middle East and Africa). In addition to deeply cultivating China's frozen dough market, this will also target the Western Chinese and Muslim markets.
- Production model transits from traditional artificial production to industrialized production: As the baking industry grows quickly, so does the growth of regional and local chain bakeries. The shortage in manpower has also become more and more common. Meanwhile, artificial costs quickly surge. The manpower-based traditional production model is getting outdated in accommodating the rapid corporate developments. Therefore, the production model started to be industrialized, with constant investments in large factories and equipment. The huge investments in industrialized, however, pose challenges not only in terms of funding but also in software and management issues such as talent training, quality stability, refrigerated delivery to retail shops and the bridging issue. These are the challenges that have to be dealt with when businesses are being industrialized.
- Freshly baked products are a trend and the terminal baking price increases: Freshly baked bread is particularly popular among consumers. Bread that comes in traditional package is gradually dying out. This means that bakeries or cafes with freshly baked products are gaining the upper hand compared to completely central kitchen-based stores over the past years. Freshly baked products have become a commonplace for more and more baking businesses. The improved income and lifestyle of consumers have made consumers more concerned about tastiness and quality of baked products. The increased operating cost for baking retailers contributes to the

constantly climbing terminal prices for bakeries. Baking businesses in China, however, have not been able to realize at once the model featuring high-frequency availability of real freshly baked products and complete adoption of frozen dough for all products despite the fact that they are aware of the new consumption trend and are trying to transform. As a result, quality of products in many bakeries are unable to carry the real additional value. In other words, the operating model for prepared dough and the diversification of freshly baked products still require education in order to improve.

- Increased demand from consumers and governments for healthy and safe foods: Because of the increasing awareness among consumers, customers must choose products and suppliers with high health and safety criteria and requirements. Transparency of and control over the composition has been one of the requirements of customers for their suppliers for the past few years.

Namchow sensitively captured the industrialization trend of the baking industry in Mainland China and the challenges and opportunities for the businesses during industrialization and became the first to invest in prepared dough factories in Mainland China that help smoothen the industrialization process of baking businesses; it will continue to lead in the market by introducing diversified products and working together with baking practitioners to push growths in the baking industry.

③ Competitive niche and desirable and undesirable factors for development prospects and countermeasures:

A. Competitive niche and desirable factors for development prospects

- a. Internationally certified (ISO9001, ISO22000); the quality is steady and guaranteed.
- b. obtained certification from the Islamic Association of Tianjin Binhai New Area and the International Halal certification (SHC HALAL Shandong Hala certification, MUI Indonesia HALAL certification), preparing for the Muslim market of 1.9 billion people worldwide.
- c. Rich experience in producing frozen dough, controlling and getting insights of the baking market, and outstanding research, development, and production capabilities.
- d. Omnipresent services from back office to the front stage to provide customers with comprehensive solutions. There is an in-depth understanding of the customer's operational model and cold chain status. Tailored professional consultation-based marketing is reflective of the conditions of different customers and the different business development stages, which not only brings about demand for commodities for customers but also provide customers with training on how to promote products, retail services, and help customers increase their baking competitive advantages for mutual growths.

B. Undesirable factors for development prospects

Overhead including the cost of raw materials, manpower, and rent surged to make the situation worse in the baking market.

C. Countermeasures

- a. Customers are provided with the needs to develop new products and apply baking techniques to become a loyal partner of customers while they run bakeries
- b. Assistance is provided to customers while they maximize operational and management aspects and enrich product lines.

4. Frozen Noodles Business

Frozen noodles in Taiwan

① Sale of major commodities:

- A. Main Frozen Noodles products sold include Japanese Udon, ramen, soba, spaghetti, northern China knife-sliced noodles, Henan cooked noodles, Chinese cooked noodles, Chinese wide noodles, yolk ramen, among others.

Official website: [http : //www.sanuki.com.tw/](http://www.sanuki.com.tw/)

- B. Sold to: domestic market, mainland China market at the same time looking to international markets such as Europe, the United States, Australia, Canada, Zurich in Switzerland, Indonesia, Arabic and Hong Kong, among other stages.

C. Pattern: B to B, B to C.

D. Distribution channel:



- a. Catering market: Five-star hotels, high-end Japanese cuisine, composite/theme food and beverage chain stores, shopping centers, food court, airports, freeway rest areas, traffic arteries, scenic areas, schools/institutions, airport catering service, Chinese restaurants, fast food stores, steak houses, private lodging, E-commerce online shopping and among others. Following the change in local consumers' consumption habits and diversification of the market, the domestic dining-out market now has vast potentials that is worth close to 10 billion. Namchow Sanuki attaches great importance to high-quality, convenience, healthy eating, and delicious taste; consumers may wish to dine at premium restaurants serving high quality food ingredients, but they can also enjoy DIY five-star cuisines at home with Sanuki noodles. Entered into strategic alliance such as K&K Foods and other seasoning pack distributors to provide more diversified services. We have been cultivating the domestic dining distribution network at a depth for years. There are more than 20 thousand customers throughout Taiwan, including five-star hotel Regent, Hyatt, Royal, and various famous dining chain stores such as Very Thai Noodles, Sundongbao, Sushirou, Duan Chun Chen, Napoli Pizza, YOYOI, Tonkatsu, Leofoo Village, Janfusun, Mitsui Shopping Mall, Sky Bakery and large frozen products distributors, among others.
  - b. Consumer products market: Well-known chained distribution channels such as supermarkets, seafood markets, and grocery stores throughout Taiwan and convenience stores.
  - c. Major customers vertically integrated by the Namchow Group: Honbaryu Professional Noodles Stores, Dian Shui Lou Restaurant
  - E. Market share: Each year, more than two million people consume Namchow's Sanuki Frozen noodles. These consumers and customers offer the best testimonials to successfully establish brand publicity.
- ② Future supply and demand and growth on the market:
- Socioeconomic advancement contributes to an increased ratio of people eating out. With the trend of Taiwanese people pursuing health, high quality, and delicious food, Sanuki Frozen Noodles has become the industry's leading professional noodle supplier based on its unique advantages of a full range of products and core technology in this food product.
- The competitive niche of frozen noodles lies in the supply of innovative and differential commodities and high value-added products that fall in line with the diversified lifestyles of modern people and satisfy the pluralistic needs of dining service providers in creating a desirable customer relationship. Frozen noodles are the right solution as the service sector flourishes and quality of life for Taiwanese people increases on a daily basis.
- ③ Competitive niche and desirable and undesirable factors for development prospects and countermeasures:
- A. Competitive niche and desirable factors for development prospects
    - a. With noodle-producing technology that leads the world, noodles are cooked to the extent where they taste the best when frozen fresh at -35 following the same principle for handmade noodles.
    - b. Before eating, one only has to reheat it. It is easy. No thawing is required. As soon as the noodles separate from one another, they are ready to serve. A convenient and tasty dish is served just like that. It is safe, tasty, with good texture and smells good. It is always in the "most delicious" state.
    - c. Easy to operate, easy to preserve, no waste, and diversified ways of preparing to create high additional value and to offer dining businesses with plenty of room for survival and development.
    - d. Safety and sanitation and an absence of preservatives assures quality, making it a safe and healthy option for the general consumers.
  - B. Undesirable factors for development prospects
    - a. Since the global outbreak of COVID-19 pandemic in 2020, people have been worried about infection and refrained from going out, which in turns affected the economic activities of sectors. The food and beverage industry was the first to bear the brunt, directly affected by the pandemic containment measures, such as banning indoor dining and social distance requirement. Along with the reduced consumption of dining out due to pandemic containment, the was industry was heavily affected.
    - b. Climate changes and global warming, and impacts such as earthquakes, typhoons, torrential rains, droughts, and wars, have caused shortages of raw materials or rising costs. The impact of

the pandemic has increased global transportation costs, presenting more difficulties and challenges in business operations.

C. Countermeasures

- a. The pandemic has accelerated market changes and consumer consumption patterns. We re-examined such and reacted accordingly by actively counselling customers to add take-out and delivery menus; and we developed strategic alliances with conditioning bag manufacturers so that consumers can easily enjoy frozen noodles at home.
- b. Purchase raw materials through diversified channels, increase the procurement of local ingredients, to reduce import costs and create more added value.

Frozen noodles in Mainland China

① Sale of major commodities:

- A. Main products sold: Chinese noodles and Japanese noodles, particularly Udon and Farfalle, are the mainstream in the market.
- B. Sold to: Mainland China and Indonesia
- C. Pattern: B to B, B to C.
- D. Distribution channel: Dining, retails, e-commerce.

② Future supply and demand and growth on the market:

- As the market for noodles continues to grow, brand power is the key to expansion: The constantly climbing overhead, including raw materials, manpower, rent, utilities, and coal, among others, is posing sterner challenges for restaurateurs. Steady quality, recognized texture, and realization of brand value have become the primary management principles in the dining industry. This is also where differentiation begins to create industrial value.
- Production model transits from traditional artificial production to industrialized production: The quick rise in the cost of manpower has made the traditional mainly manpower-based production model no longer adaptable to the rapid corporate development. Meanwhile, there are many software and management issues to be addressed, such as talent training.
- Increased demand from consumers and governments for healthy and safe foods: Because of the increasing awareness among consumers, customers must choose products and suppliers with high health and safety criteria and requirements.
- Convenience is trend: The popularity of deliveries over the past two years has contributed to the growths in dining businesses. Therefore, faster meals and more stable shipping quality are the main elements of market development.

The Company invests in frozen noodles factories in Mainland China and continues to guide the market to introduce diversified products so that businesses and consumers are entitled to more assuring and tasty products to jointly promote growth in the dining industry.

③ Competitive niche and desirable and undesirable factors for development prospects and countermeasures:

A. Competitive niche and desirable factors for development prospects

- a. The frozen noodles factories obtained the International Quality System certification (ISO9001/ISO22000) and the International Food Safety System certification (HACCP/SQF/FSSC22000), shows that our quality is stable and guaranteed.
- b. More than 20 years of experience in manufacturing frozen dough, controlling and getting insights of the Dining market, and outstanding research, development, and production capabilities.
- c. Omnipresent services to provide customers with comprehensive solutions. Professional consultation-oriented marketing is provided to customers reflective of their different conditions and business development stage to help them improve their competitive advantages.

B. Undesirable factors for development prospects

- a. Overhead including the cost of raw materials and manpower and the stricter food and safety laws and regulations each day are posing sterner challenges for food manufacturers.
- b. In response to the increasing market potential, competing products also begin to emerge.

C. Countermeasures

- a. New products and new value-based management ideas and product solutions continue to be provided to customers to create differential values.

- b. Assistance is provided to customers while they maximize operational and management aspects and to enrich their operated items with the vast product lines.

## 5. Ice Cream Business

### (1) Sale of major commodities:

#### ① Major products sold include

##### A. Duroyal Ice Cream

##### a. Rigid ice products with diversified retail channels:

- Ice cream bar ● Cone Ice Cream ● Ice cream in barrels ● Popsicles ● Ice cream desserts

##### b. Distribution channel: The products are meant as raw materials for ice cream, sweets, soft-serve ice cream, and reconstituted drinks and are supplied to intermediaries in the dining business. Duroyal Ice Cream 3G, Duroyal Ice Cream 3L, Duroyal Soft-serve Ice Cream, Duroyal Super Ice Cream, Duroyal Smoothies

##### B. Kabisuo Royal Russian Ice Cream

##### a. Retail: The products are meant as sweet desserts.

- 475 ml ice cream, 120 ml ice cream

##### b. Distribution channel: The products are meant as raw materials for ice cream, sweets, and reconstituted drinks and are supplied to intermediaries in the dining business.

- 5 liters ice cream

##### C. OEM, ODM

##### a. Retail: The products are meant as sweet desserts.

##### b. Distribution channel: The products are meant as raw materials for ice cream, sweets, ingredients for reconstituted drinks, and soft cream, and are supplied to intermediaries in the dining business.

Official website: Duroyal <http://www.duroyal.com.tw/>

Kabisuo <http://www.kabisuoicecream.com.tw>

#### ② Sold to: Taiwan market mainly.

#### ③ Distribution Pattern: B to B, B to C.

#### ④ Distribution channel: The products are available at convenience stores, supermarkets, wholesale stores, dining locations.

### (2) Future supply and demand and growth on the market:

Although the market for frozen products is fierce, the low birth rate and demand for recreational foods becoming more exquisite has increased the demand for high value-added products increases. These are positive developments for Duroyal and Kabisuo, which are positioned to be moderate-to-high-priced and premium ice cream.

The heated competition among distribution channels makes it necessary for practitioners to customize their products and create differentiation. Lucky Royal has outstanding market insight, product development and production capabilities in creating products of a high CP ratio and to bring about more collaborative opportunities.

### (3) Competitive niche and desirable and undesirable factors for development prospects and countermeasures:

#### ① Competitive niche and desirable factors for development prospects

##### A. Long-term devotion to product innovation has rendered differential products with entry barriers.

##### B. Persistent investment in brand advertising to keep the brand new to consumers despite elapsed time

##### C. Strictly select safe, excellent and stable raw materials, and use strict manufacturing process and quality control.

##### D. Sound warehousing and logistic systems to maintain the display and quality of ice products.

##### E. Ice products are an industry featuring a high degree of automation in the production process. Duroyal's production has reached the level of an economy of scale.

#### ② Undesirable factors for development prospects

Uncertainties in the macro environment, such as the pandemic and global conflict, may lead to changes in consumption patterns or disruption of raw material supply chains.

#### ③ Countermeasures

##### A. The operation and development of emerging channels are emphasized equally to cope with the change of consumption patterns.

B.Strengthen the resilience of the raw material supply chain, seek a wide range of suppliers, and regularly evaluate suppliers' operational capabilities, quality, safety, among other things.

#### 6. Cooked Rice Business

##### ① Sale of major commodities:

A. Major products sold are biotechnology cooked rice - High-fiber Aseptic Cook Rice, imperial rice, among other cooked rice.

Official website: <https://www.omefun.com.tw/>

B. Sold to: Domestic and international markets such as the United States, Australia, Norway, the United Kingdom, among others.

C. Sales Distributors: biotechnological cooked rice is available in retail markets (Costco, Natural Lohas Zone in Carrefour and other hypermarkets and supermarkets in the department store), different major e-commerce platform (PChome Shopping, Momo Shopping, Shopee Mall, Rakuten Bid, ihergo Shopping), Satellite TV(ShinJi TV) and etc.

##### ② Future supply and demand and growth on the market:

Food security has become a global concern. Our government is also proactively promoting local consumption to boost consumption of local rice by initiating the one-more-bite of rice movement in Taiwan; it will help increase consumption of rice and reduce farmland lying fallow and enhance the food self-support rate.

Ambient temperature sterile-packaged rice has been prevailing in Japan, Korea and even mainland China, where rice is the staple. In Taiwan, however, it is still in the budding phase now.

Ambient temperature sterile-packaged rice marks a new milestone reached by Namchow in the rice market. Taiwan is turning into an aged society. Preventive and functional traditional rice staple will be optimum in keeping oneself healthy and caring for one's future. The introduction of quinoa organic rice in 2020 has successfully expand the sales channels to the Natural Lohas Area of Carrefour, the organic food specialty areas of volume sales channels, which are expected to bring more convenience to consumers.

##### ③ Competitive niche and desirable and undesirable factors for development prospects and countermeasures:

#### A. Competitive niche and desirable factors for development prospects

a. The first and the only enterprise producing ambient-temperature sterile-packaged rice in Taiwan, creating high access barrier for high-tech food products. Ready-to-serve after having been microwaved for 90 seconds; they are delicious and convenient and can satisfy the quick needs of consumers.

b. Approved by the government and certified as health food, the products have health-preserving claims.

c. In 2020, the quinoa organic rice from the fiber-rich ambient temperature cooked rice series awarded the 6th “Top Ten Selected Good Products” (Taiwan Grain Industry Association).

d. In 2021, our Cooked rice with Barley and Oat received the “Top Ten Annual New Product Award” issued by foodNEXT.

e. In 2021, our Organic Quinoa - Inca’s Gold received the Fun Food Taiwan Award organized by the Industrial Development Bureau

#### B. Undesirable factors for development prospects

Ambient-temperature sterile-packaged rice is an emerging product on the market and is yet to be widely accepted. The application for health food certification is time-consuming, which affects the launch of new products.

#### C. Countermeasures

a. The dietary High-fiber Aseptic Cook Rice online shopping mall is created by means of online resources to focus attention on the target consumer population.

b. Phased promotion helps consumers understand the strengths and characteristics of products.

c. Creating incentives for consumers to keep buying and building the brand image and reputation.

## 7. Gastronomy Business

### (1) Dining in Taiwan

#### ① The condition of Major Products(Services) Sales(Provided)

A. Providing consumers with dining service, banquet sites, recreation and entertainment (DIY).

B. Sites: Taipei, New Taipei, and Taoyuan.

#### ② Brands and business locations:

	Brand	Location
	<b>Benchangliu Professional Noodles and Rice</b> Namchow introduced Japanese frozen noodles to Taiwan in 1998. Both the production and sale take place in Taiwan. Benchangliu was opened particularly for demonstration purpose. Udon, Chinese ramen, and other noodles are served in the store. There are also special set meals and rice options to satisfy the dining needs of consumers who demand exquisiteness, delicious taste, fast service, and convenience. <a href="https://www.facebook.com/honbaryu/">(https://www.facebook.com/honbaryu/)</a>	Taoyuan Store
	<b>Paulaner Fresh-brewed Beer Restaurant</b> Fresh-brewed German beer and self-made German pork knuckle, sausage, chop meal, and pizza, among other delicious entrees are served in the store. <a href="https://www.facebook.com/taipeipaulaner/">(https://www.facebook.com/taipeipaulaner/)</a>	Taoyuan Store Guandu Store
	<b>Dian Shui Lou Jiangzhe Cuisine</b> The restaurant features a southern China architecture style. One can see artificial landscapes resembling views in southern China everywhere. They are the classic scenic characteristics of Dian Shui Lou. Local cuisines from Jiangsu and Zhejiang are served in the store and are customized to suit the needs of consumers reflective of the characteristics of the shopping district the restaurant is located in. <a href="http://www.dianshuilou.com.tw/">(http://www.dianshuilou.com.tw/)</a>	1. Nanjing Store 2. Fuxing Store 3. Huaining Store 4. Nankan Store 5. Linkou Store 6. Dazhi Store
	<b>Thai Cuisine Restaurant</b> Authentic Thai food is served and quality fresh spices from Thailand are mixed to produce the most authentic Thai curry and facilitate the preparation of real Thai cuisines. <a href="https://www.facebook.com/namchow.thailand/">(https://www.facebook.com/namchow.thailand/)</a>	Taoyuan Store
	<b>Le vol du petit prince French Restaurant</b> Located inside the National Taipei University of the Arts, the restaurant serving safety and delicious French cuisines, providing custom-made meals and provide more diverse options for our consumers <a href="https://www.facebook.com/小王子的飛行旅程/">(https://www.facebook.com/小王子的飛行旅程/)</a>	Guandu Store

#### ③ Future supply and demand and growth on the market:

In the 21st century, Taiwan is set to develop towards soft industries such as tourism and catering. Furthermore, competition is fierce among restaurants and in the food and beverage market in various countries around the world. Paulaner Restaurant combines the advantages of the Group's products to develop local specialty dishes that belong to Paulaner, while being accompanied by fresh homemade German beer and traditional German sausages. Outstanding in "competition in competition," it has the status of a well-known brand in the market; and it provides customers with differentiated services and dining environment, taking advantage of this to become a great dining choice for consumers.

The COVID-19 pandemic has changed consumers' consumption habits and lives, resulting in drastic changes in consumption patterns and business district structures, and community stores will become a new trend in the future catering industry, therefor, Paulaner also aims at the consumer demand in the "post-pandemic era", integrating Namchow's existing resources with Namchow Group's advantageous products with a number of food safety certifications: frozen dough, frozen noodles, baking fats, fried fat, Royal Duroyal Ice Cream, Paulaner Fresh-brewed Beer, etc. to boost product production and sales. On December 25 2010, Paulaner opened the first integrated neighborhood compounded restaurant in Taiwan in Guandu MRT Station business

district in the hopes of getting closer to consumers and doing business with local, returning customers so as to demonstrate the success formula for Paulaner's community-based store. The store is in fact, a demo store that Namchow wishes to present to tens of thousands of baking and restaurant customers as a new, viable alternative and this makes the store rather indicative in its function.

In terms of food and beverage services, consumers have become more aware and conscious of food quality and hygiene due to the pandemic. And as such, Paulaner Restaurant is looking to usher in the post-pandemic era by paying continuous attention to origin, hygiene, and safety of each product. In 2022 and 2023, it was ranked "Excellent" in the food and beverage hygiene management appraisal for two consecutive years. Also through many neighborliness manners, the good customer relationship is established, the internal cohesion of our employees is improved, the corporate image is enhanced, to turn the crisis into an opportunity and will shine in the industry. The pandemic has increased consumers' attention to environmental protection and health issues. As a result, we will continue to increase localized products in stores to reduce carbon emissions during transportation. For example, we purchased rice of Taikeng No. 9 directly from the Farmers' Association at the production site, Erlin; the preserved duck eggs, salted duck eggs, and duck eggs are sourced from by "Sheng Fa Store," a 54-year-old store in Guandu; also, Namchow's NEBOS oil and fat with the "Clean Label" is used to make bread, cakes, and meals. Clean means less additives, and the purpose is to "enhance health." We have established a system to address the issues consumers value, and consumers are now attached to the brand of Paulaner, thereby establishing long-term interactions.

Namchow operates its restaurant business with a focus on innovation and differentiation. Its restaurants have long been known for serving authentic and classic cuisines using local, seasonal ingredients with a touch of distinctive creativity, and won numerous awards as a result.

Dian Shui Lou has already expanded its business territory to the international gourmet capital, Tokyo, Japan, with two restaurants. The second Dian Shui Lou opened in 2020 (2018, Yotsuya Store, Tokyo), is located right next to Shinjuku Station and across from Isetan Department Store, combining both fashion and culture. It is easily accessible and can accommodate more higher-end customers and tourists.

- ④ Competitive niche and desirable and undesirable factors for development prospects and countermeasures:
  - A. Competitive niche and desirable factors for development prospects
    - a. As the COVID-10 pandemic gets eased, the economic activities rebounds. The promotion of tourism and delicacies by the government has brought about positive benefits on the dining market.
    - b. Providing differentiated, localized and characteristic classic cuisines.
    - c. The restaurant has been developing innovative cuisines with seasonal and local food ingredients to keep customers interested in dining at the restaurants at all times.
    - d. Food safety issue has gained prominence. The Group established its own food safety office to take charge of assisting restaurants in proactively spontaneous health management and manage food ingredients from the source.
    - e. Development of the holiday season products and frozen products, for the variety of choices either used by the owner or as gifts; the production and sales are steadily growing.
    - f. Outstanding brand image.
    - g. Access to group resources for maximum advantages of the Group h. A combination of frozen dough, frozen noodles, Oil & Fat, frying oil and fats, NEBOS Clean Label Fats, Duroyal ice cream, Paulaner freshly brewed beer and other resources of the company to promote and to create innovative neighborhood compounded restaurant.
    - h. Sightseeing and tourism factory resources are combined.
    - i. In light of the pandemic, steps have been taken to improve self-pick up services at the restaurant and in addition to the restaurant's delivery services, the restaurant also provide frozen products for consumers to enjoy at home.
    - j. Capitalize stay-at-home opportunities by providing diverse Namchow products, such as Namchow Crystal Soap products, Little Cook Slow-Meal Noodles, Namchow High-fiber Aseptic Cook Rice and Thai-styled precooked food developed by Namchow Thailand and so forth.

- k. Support the "Net Zero" and international trends to create a green enterprise. Use Gogoro electric scooters to actively participate in the net zero and sustainable development in Taiwan.
  - l. Actively care for community development, participate in and support the Guandu Arts Festival every year, while conducting neighborhood visits to emphasize the importance of good neighborliness and promote emotional exchanges in the community.
- B. Undesirable factors for development prospects
- a. The catering market is fiercely competitive, presenting a state of oversaturation, shifting business districts and changing crowds, challenging the stickiness of guests.
  - b. Commodity prices are rising yet people's incomes have sharply decreased. This has an effect on the number of people consume and their budgets for consumption.
  - c. Costs of fuel and electricity, food ingredients, and personnel have increased.
  - d. Serious shortage of catering employees.
- C. Countermeasures
- a. Continuous pandemic-containment measures, such as requiring staff wearing masks, enhancing disinfection in elevators, providing dry hand cleaning stations and alcohol wipes for guests to clean and disinfect their hands, and provision of public-use chopsticks with each dish. This is all done so that guests can have more peace of mind. Launching takeaway snacks at the door of the store, conference lunch boxes, etc., as well as personal delivery services. This differs from general outsourcing in that the meal is delivered by the colleagues of the restaurant in person. This gives more control over staff management and meal quality, and also gives guests more peace of mind. Furthermore, it actively expands the market for home catering and catering for offices and meetings in order to nurture and cultivate local customers from younger age groups.
  - b. One-stop service, select food ingredients, and changing menus help meet the demand of consumers, increase the number of customers, and consolidate the customer base.
  - c. Customized sites (e.g. forum banquet, Nakasi singing party, birthday banquet, wedding banquet, etc.) and services (e.g. take-out, delivery, catering, etc.) to satisfy the consumers' requirements for various banquets. Cooperate with off-campus teaching to integrate food culture into children's "food" education.
  - d. Taking advantage of computer software, online resources to realize full communication (for example, Facebook fan pages for each restaurant, 3D illustrating of the dining venue and so forth) with consumers and increase operating efficiency and competitiveness.
  - e. We continue to insist on going the right way, by providing high-end and quality food to strengthen consumers' confidence in our brand. In the food safety storm, consumers are willing to pay a higher value for eating safely.

(2) Dining in mainland China

① Sale of major commodities:

A. Dining services for consumers.

B. Location: Shanghai, China.

② Brands and business locations:

	Brand	Location
	<p><b>Shanghai Paulaner Beer Restaurant</b></p> <p>Offer fresh-brewed German beer, authentic Bavarian classic cuisine, and German cultural experience. The restaurant also provides various banquet services, branding events, and catering services in various forms, to satisfy the needs of different customers.</p> <p>微信/小红书/微博/大众点评</p>     <p>微信小程序 WeChat Mini-Program</p> <p>微信公众号 WeChat Account</p> <p>小红书号 PaulanerSH</p> <p>微博号</p>	<p>1. Binjiang Store 2. Shanghai North Bund store 3. National Convention Center store 4. SNIEC Store, Pudong 5. GATE M Store, Xuhui (expected to open in August 2024)</p>
	<p><b>Baktro Bakery Bistro</b></p> <p>It opened on April 29, 2023. It is located at Platform 1 of the North Bund Pier in Binjiang Greenland Park, No. 500 Dongdaming Road. BAKTRO will bring traditional German bread and desserts as well as Mediterranean fusion cuisine to satisfy the taste buds of guests at all times.</p> <p>微信/小红书</p>   <p>微信公众号 WeChat Account</p> <p>小红书号 BAKTRO 烘焙餐厅</p>	<p>1. Shanghai North Bund store 2. GATE M Store, Xuhui (expected to open in August 2024)</p>

③ Future supply and demand and growth on the market:

Namchow first stepped into the catering market in 1997 by opening Paulaner Beer Garden Restaurant in Shanghai, committed to developing the concept of food and the humanistic connotation of catering, providing customers with catering cultural experience and diversified catering services; including Bavarian cultural customs and food, German craft beer culture and professional food catering services!

Since 2020, the COVID-19 pandemic has gripped the world, and international business, trade, and cultural activities came to a halt; in 2021, the pandemic moderated and business activities seemed to be recovering gradually. However, the severity of the pandemic reached its peak in Shanghai in 2022 and the hotel and restaurant business felt a particularly significant impact!

Due to the opening of borders, the resumption of exhibitions, the return of international business customers and other factors, 2023 will see a good year for comprehensive economic recovery, and the catering market is full of business opportunities! Provide high-quality products and services for 28 years, broaden consumption channels, time periods and scenarios, and seize all kinds of business opportunities, so that the impeccable position may be secured in the dining market in Shanghai in 2023!

Looking to 2024, despite the complexity and changes of the overall market environment, expanding domestic demand and encouragement to consumption will still be an important policy direction in China in 2024! In 2024, numerous international competitions will be held in Shanghai, driving the consumer market in Shanghai; for example, the upcoming F1 Grand Prix, the 2024 FIA Formula E World Championship, 2024 Olympic Qualifier Series, the Shanghai Super Cup, Shanghai Masters, Swimming at the 2024 World Aquatics Championships in Shanghai, China, FISE World Tournament, among other things. In 2024, through the vitality and



economic activities demonstrated in the city, consumer confidence in the dining and consumer market will gradually recover, and the future prospects of the dining and consumer market will be optimistic.

BLN Restaurants & Caterings not only actively deploys and grasping policy directions and business opportunities, but also combines the Group's internal resources to satisfy different consumer groups. BLN is highly competitive in the Shanghai restaurant market, and it is expected that there will be more room for development in the future. In 2024, the Company plans to expand its dining territory by investing in the establishment of two stores in GATE M, Xuhui, Shanghai, expected to open in August 2024. Meanwhile, it will also provide more quality pastries to serve customers and increase the same-store revenue and profit to strengthen competitiveness.

④ Competitive niche and desirable and undesirable factors for development prospects and countermeasures:

A. Competitive niche and desirable factors for development prospects

- a. Well-known brand image.
- b. The restaurant is located in the best sightseeing spot in Shanghai. (Riverside, Lujiazui, North Bund, and Bingjiang West, Xuhui)
- c. Provide Paulaner fresh-brewed beer and Bavarian food culture experience in Germany.
- d. Ability and qualification to contract large-scale party catering.
- e. Combining Group resources and making the best of the Group advantages.

B. Undesirable factors for development prospects

- a. Increased costs of operation such as food ingredients, rent, human resources, and management
- b. Fierce competition on the western dining market.
- c. Changing dining habit and popular professional dining APP delivery service
- d. Larger restaurants are more difficult to manage and maintain.

C. Countermeasures

- a. Continue to create the exclusive value on the dining market.
- b. Combining Group resources and making the best of the Group advantages.
- c. Taking advantage of online social media resources to increase operating efficiency and competitiveness.
- d. Opening up catering market for personal or company-specific market.
- e. Properly adopts quality pre-packaged/semi-finished products to save manpower and increase profits
- f. The managerial supervisors have the momentum and cohesion to complete the mission.

8. Namchow Thailand

(1) Sale of major commodities:

The market share of products supplied by Namchow Thailand in the major markets is as follows:

- Instant cup and bowl noodles in Australia: 60%
- Rice crackers in Australia: 30%
- Australian Cooked Rice Business: 40%
- Rice snack (except Arare) in Europe: over 85%
- Rice crackers in the Chinese market of North America: over 50%
- Mainstream baby rice crackers of North America: 70%
- Mainstream rice crackers in the U.S. market: 30%
- Rice crackers in Singapore and Malaysia markets: over 40%

(2) Future supply and demand and growth on the market:

Since 2015, in the single ASEAN market, it actively develops the “ASEAN Operation Center,” to help expand the ASEAN market and peripheral markets for the in-house brand products. Given the 600-million population of ASEAN and the nearly 1-billion population of the adjacent country, China, the potential is huge. In 2014, Namchow entered the market in Myanmar. Rice crackers and instant noodles are now available in supermarkets in Myanmar. Meanwhile, thin rice crackers and baby rice crackers entered the market in China. In 2016, Namchow Thailand entered the markets of Cambodia and Laos. Based in ASEAN, we will look out to the world. Distribution bases will be set up in Indonesia and Vietnam in 2024 to expand business in South America and Africa.

(3) Competitive niche and desirable and undesirable factors for development prospects and countermeasures:

① Competitive niche and desirable factors for development prospects

- A. 60% of Namchow Thailand's products are various rice crackers. Thailand is a big rice producer, and high-quality jasmine rice is the most popular. Being close to the origin ensures the source of raw materials and price advantage.
- B. With more than 30 years of experience in Thailand, Namchow has mastered key production technologies and has become a professional manufacturer of rice products.
- C. Customers' trust in quality and the joint development of various new products for decades, a solid win-win cooperation model has been established.

② Undesirable factors for development prospects

- A. The Russia-Ukraine War in 2022 has caused various costs to surge, including energy prices, and food prices, such as flour prices, to rise.
- B. In 2023, the Houthis attacked a merchant vessel in the Red Sea, causing prices of freight to soar and affecting the delivery of goods by ship freight.
- C. The inflation is likely to worsen in major industrialized countries in 2024, which may affect global economic growth and reduce market demand.

③ Countermeasures

- A. Namchow Thailand strengthens the development of new products with various market partners to maintain continuous growth of sales and profits.
- B. Increase the source of raw material procurement; work with customers to reduce costs and overcome difficulties together.

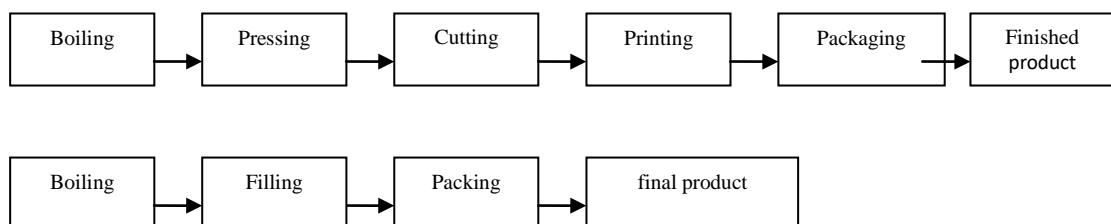
(II) Purposes and production processes of main products

1. Purposes of main products

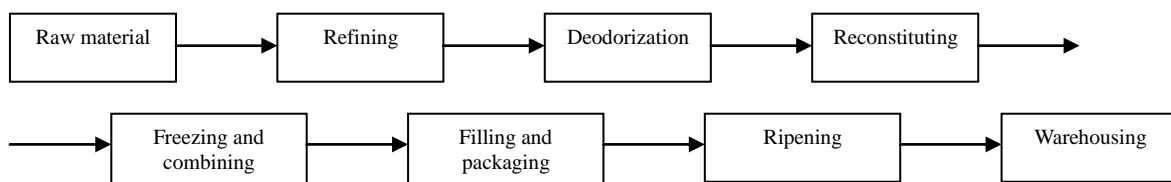
- (1) Home products: For cleaning clothes, dishes, skin, and the environment, etc.
- (2) Baking Oil: for baking, catering and food processing. It is used to make various pastries, such as bread, cakes, western and chinees pastries; and catering-related products such as cream cap, thick milk, and cheese.
- (3) Frozen dough: frozen semi-finished products that fall in the bread category With the designed bread made into frozen dough, customers (store owners) only have to thaw, ferment, and bake it and fresh-roast bread or desserts are ready to serve (to the consumers). Pre-baked: The frozen finished products of bread. Bread products are made up to the final edible state at once. After baking, they are snap-frozen for storage, and then reheated or thawed when needed.
- (4) Frozen noodles: With noodles-producing technology that leads the world, noodles are cooked to the extent where they taste the best and frozen fresh at -35. Before eating, one only has to reheat it. It is easy, convenient, tasty, safe, and can accommodate diversified preparation techniques.
- (5) Ice products: raw materials for making ice products and sweets and prepared drinks.
- (6) Cooked Rice: Raw rice is prepared applying high technology to render delicious cooked rice that can be kept at ambient temperature. The rice is claimed to exercise health-preserving benefits. Rice is made delicious and easily accessible.
- (7) Dining: Serving authentic local, sanitary, and safe delicious cuisines, providing thoughtful and tailored services, and passing down the Chinese dietary culture.
- (8) Namchow Thailand: The main products are rice crackers, instant noodles, rice, instant porridge, and toasted bread crisp, which are sold to distributors or agents in domestic and overseas sales.

2. Production and preparation processes of main products

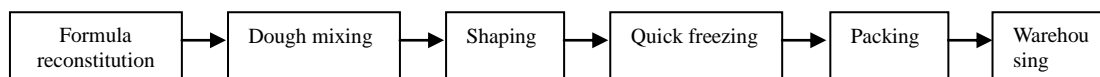
(1) Home Product Business



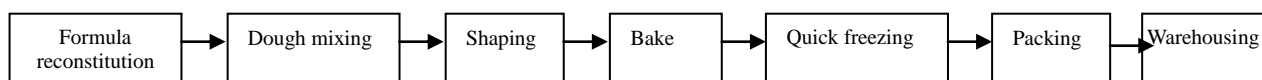
## (2) Baking Oil Business



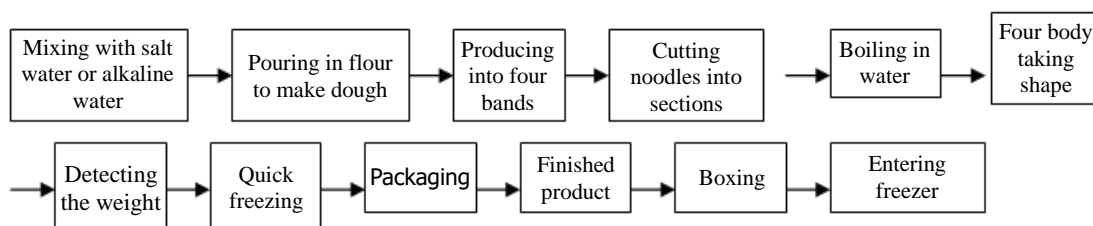
## (3) Frozen Dough Business



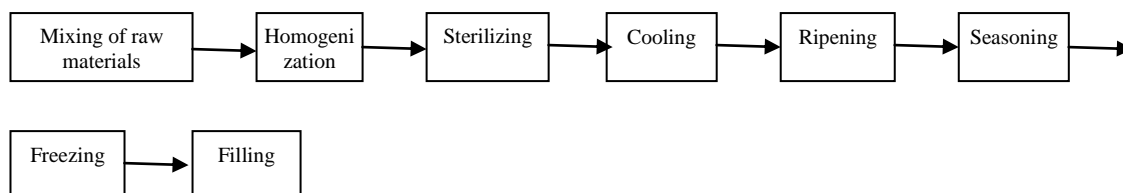
### Pre-baked bread



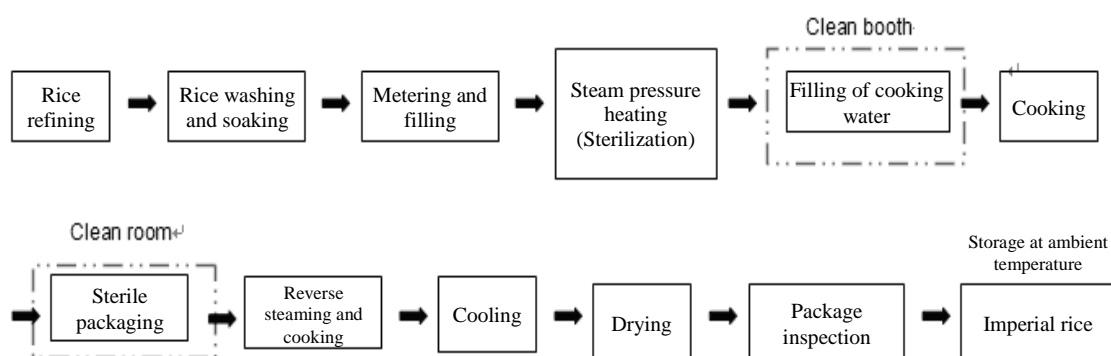
## (4) Frozen Noodles Business



## (5) Ice Cream Business

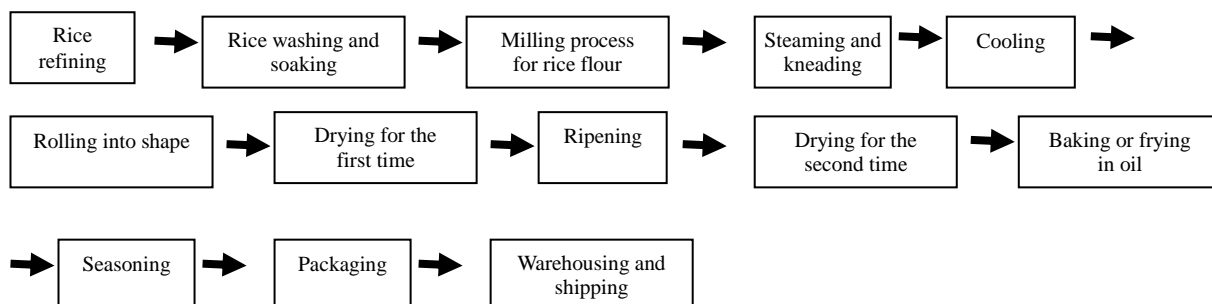


## (6) Cooked Rice Business

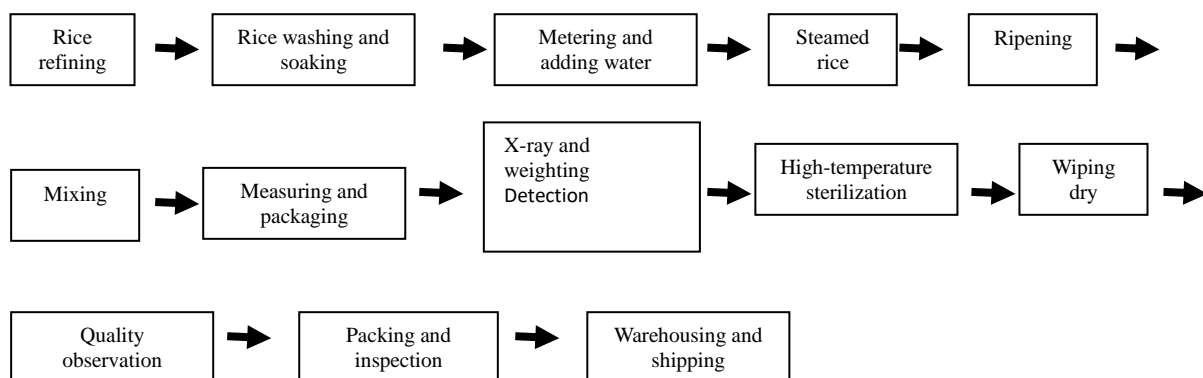


## (7) Namchow Thailand

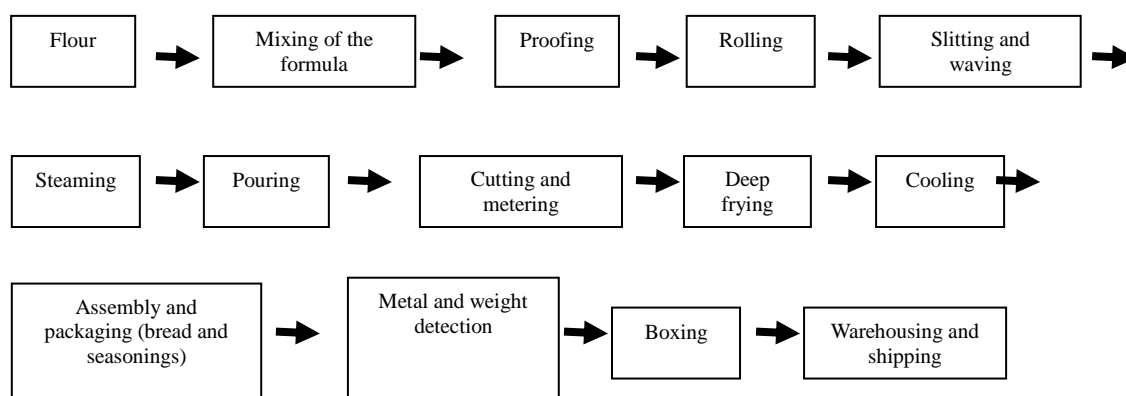
### ① Rice crackers



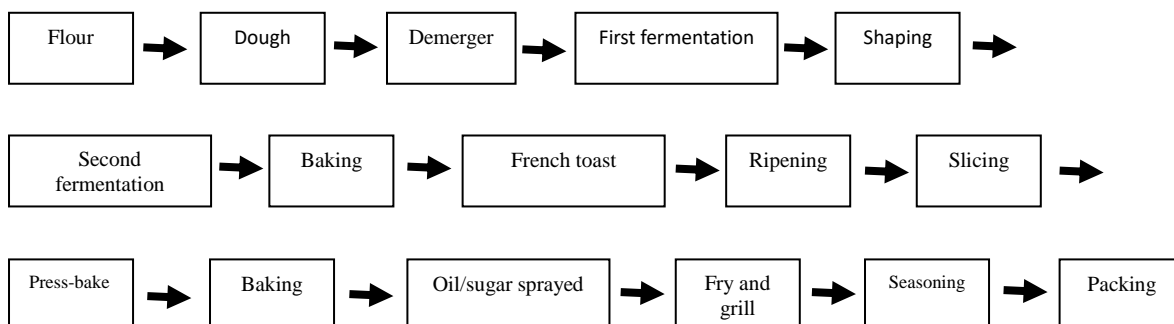
## ② Cooked Rice



## ③ Instant Noodles



## ④ French Toast Crisp



## (III) Supply of main raw materials

### 1. Home Product Business

The main raw ingredient of soap is oil and fat; it can be butter, coconut oil, palm oil, and canola oil, which are bulky raw materials on the international market. Tending to be exposed to the climate and international supply and demand, prices on the international market fluctuate. Selling prices in the market need to be planned in advance to reflect the cost and to avoid undermined profits as a result of the fluctuations. In marketing, we continue to pass on natural, skin-friendly, and environmental protection ideas. In this way, we let the public understand the benefits that soap brings to life, and actively promote the concept of "green life, starting with soap."

### 2. Baking Oil Business

The most important raw materials for oils and fats are palm oil, coconut oil, soybean oil, butter, and rapeseed oil, all of which are bulky raw materials on the international market, whose supply and demand at the source are under close control by related units to make sure that they are imported by schedule. Main raw materials for oils and fats are highly affected by the abnormal global climate; there is minimal control over them. However, the Company is able to keep abreast of the latest market information and make timely purchases, so that the purchase cost and inventory of raw

materials and oils and fats can be effectively and reasonably controlled.

### 3. Frozen Dough Business

Main raw materials are the flour, oils and fats, yeast, chicken eggs, sugar, and various stuffing, among others.

#### ① Frozen dough in Taiwan

A. Flour needs to be supplied by domestic flour manufacturers.

B. Oils and fats are provided by Namchow Oil & Fat's business. Integration of mutual resources inside the Company in the research and development of oils and fats, particularly as needed for the production of the frozen dough, is the key to the management advantages.

#### ② Frozen dough in Mainland China

In light of the underlying thresholds and restrictions in the acquisition of raw materials in Mainland China, Namchow sets higher requirements and is more cautious with the raw materials it obtains in order to have consistent high quality. It only chooses Quality Service (QS) certified suppliers.

A. Oils and fats: Adopting the oil and fat that is particularly for the production of frozen dough and that can be used in food processing. Unique oils and fats can be tailor made specific to product features and production process requirements.

B. Wheat flour: Imported and domestic quality wheat is used to produce the special wheat powder that is suitable for frozen dough. At least two suppliers of wheat powder are used to ensure a steady source of raw materials and quality of products.

C. White sugar: Quality white sugar is used to ensure food sanitation and safety.

D. Eggs: The eggs are from quality suppliers with a HACCP process and meeting food sanitation and safety requirements.

E. Various stuffings: Quality stuffings suppliers meeting national specifications are chosen. Quality stuffings are mixed and produced.

### 4. Frozen Noodles Business

① The main raw materials of Udon are flour, acetic starch and salt. The flour is imported by Namchow from Australia. Flour has been able to be purchased at appropriate time points reflective of the international factor, changes in prices and the production and distribution plan to keep reasonable inventory. Acetic starch is supplied by domestic dealers. The dealers set their own secure volumes.

② The main raw materials of ramen, soba, spaghetti, and Chinese noodles are flour, acetic starch, gluten, egg white powder, improver, alkali, salt, and pigments, among others. Besides flour, salt, and improver, which are manufactured domestically, all the others are purchased through agencies. All of the raw materials are closely monitored according to the production and distribution plan at the source of supply by related units and there is reasonable inventory at any time.

### 5. Ice Cream Business

The main raw materials are the skimmed milk powder, clarified butter, oils and fats, and special sugar, among others.

① Skimmed milk powder, clarified butter: Lucky Royal Co., Ltd. is to import dairy products from Australia & New Zealand where cows are let to roam the prairie in the nature. The required quantities are to be purchased whenever it is considered appropriate according to the international market price and there has to be the safety stock.

② Oils and fats: Namchow oils and fats are used because they are of optimum quality and come from safe sources. The supply is steady and prices are reasonable.

③ Special sugar: The special sugar from the Taiwan Sugar Corporation is used. Taiwan Sugar is known for its scientific sugar production methods and quality products. The supply is steady and prices are reasonable.

### 6. Cooked Rice Business

The main raw materials are the packing materials and rice.

① Packing material: The sealing film and shallow plates used for the Cooked Rice are made of multi-layered obstructive functional materials that can completely keep off oxygen to accordingly inhibit the growth of microorganisms.

② Rice: CNS first-grade optimum rice grown locally in Taiwan is used as the main ingredient for the delicious cooked rice. Efforts will be placed to further investigate the feasibility of devoted

contract cultivation in order to maintain steady quantity and quality of this main raw material for the product and storage and transport conditions will be carefully monitored. What is most important is that a complete product production traceability and follow-up system has been in place to enable the general consumers to feel safe and assured with what they eat.

## 7. Gastronomy Business

### (1) Dining in Taiwan

- ① Self-made beer: With the German wine-maker based on site, the quality of fresh-brewed beer is carefully controlled.
- ② All the main raw materials are CAS, GMP, FGMP, HACCP, ISO22000 and ISO9001 certified and are strictly safeguarded in terms of sanitation and safety. In addition, food ingredient traceability is carefully created. Suppliers are being managed. For priority food materials, professionals from the food safety office will visit the site to make sure that they are grown or slaughtered in a sanitary and safe way. All meat products and seafood come with test reports and are sanitary and safe. In addition, local seasonal fresh food ingredients are used through collaboration with respective farmers' associations and farmers.

### (2) Dining in mainland China

Providing freshly made meals and catering service. Providing subordinate restaurants with consistent semi-finished products applying the central kitchen idea to reduce costs and expenditures.

## 8. Namchow Thailand

Thailand is rich in agricultural resources, which can be used as raw materials for the development of the food industry. Related packaging materials and materials also meet the international standards and to be supplied sufficiently. There is also a comprehensive tax rebate package for imported raw materials to enhance import and export competitiveness.

The main raw materials are as follows:

- ① Rice: The rice specific for rice crackers, and rice for the cooked rice, adopts the quality Jasmine rice from Thailand and other special rice for the production in order to ensure quality of rice and steady supply. Contracts are entered into with suppliers to create a long-term partnership.
- ② Flour: For the ingredients of flour, the international market price of wheat and harvest seasons of wheat in areas around the world have to be kept track of. The exchange rate factor has to be considered and a global purchase strategy is applied to obtain flour supplies.
- ③ Palm oil: The Company will integrate existing suppliers and grasp the harvest season of palm fruit in southern Thailand, with condense procurement by stages, to obtain high quality oil products at low price.
- ④ Sunflower seed oil: The European market has switched from palm oil to sunflower seed oil due to concerns of environmental protection and food safety.
- ⑤ Others: Raw materials such as sugar, salt, and monosodium glutamate are sourced locally. As the proportions of such are not high, there are no source issues, and the overall impact of price changes is small.

(IV) Names of customers with 10% or more purchases or sales and the value of purchases or sales in the past two years and their ratios: please describe the reason for the increase or decrease.

1. Data of major suppliers in the past two years

Unit: NTD thousands

	2023				2022			
Item	Name	Value	Ratio in net purchases throughout the year [ % ]	Relationship with the issuer	Name	Value	Ratio in net purchases throughout the year [ % ]	Relationship with the issuer
1	Lakeland Dairy Sales Ltd.	2,303,868	19	None	Lakeland Dairy Sales Ltd	2,003,998	16	None
2	Others	10,107,389	81	-	Others	10,432,166	84	-
3	Net purchases	12,411,257	100	-	Net purchases	12,436,164	100	-

2. Data of major sales customers in the past two years

Unit: NTD thousands

	2023				2022			
Item	Name	Value	Ratio in net sales throughout the year [ % ]	Relationship with the issuer	Name	Value	Ratio in net sales throughout the year [ % ]	Relationship with the issuer
1	Customers without reaching 10% or more of the total value of sales in any of these two years.							
2	Others	22,680,006	100	-	Others	20,478,405	100	-
3	Net sales	22,680,006	100	-	Net sales	20,478,405	100	-

Reason for the increase or decrease:

Purchases: There is little difference between the purchase amount in 2023 and the purchase amount in 2022.

Sales: The growth in sales in 2023 was mainly due to the record revenue of the production and catering business for each quarter.

In particular, the revenue of food, ice products, frozen dough in mainland China, Thailand, and Taiwan all grew significantly.

## (V) Production volumes/values in the past two years

Unit: Ton - NTD thousand

Production volume and value  Key products (or department)	Year	2023			2022		
		Throughput	Production volume	Production value	Throughput	Production volume	Production value
Oils and fats		248,843	145,837	8,436,711	248,843	138,600	9,228,859
Cleaners		9,420	4,386	258,126	9,420	5,130	306,425
Ice Cream		20,779	16,416	1,283,321	20,779	10,968	1,009,171
Foods		50,991	36,021	3,101,945	50,251	32,420	2,655,526
Frozen Dough		36,099	15,659	1,725,761	30,218	8,869	1,055,981
Others		2,098	1,448	248,500	2,098	352	181,068
Total		368,230	219,767	15,054,364	361,609	196,339	14,437,030

## (VI) Sales volume/values in the past two years

Unit: Ton - NTD thousand

Sales volume and value  Key products (or department)	Year	2023				2022			
		Domestic		International		Domestic		International	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Oils and fats		11,859	964,138	139,579	11,992,910	12,134	981,113	133,060	11,708,221
Cleaners		4,451	464,347	0	0	4,362	495,823	0	0
Ice Cream		15,541	1,896,018	0	0	10,526	1,406,212	0	0
Foods		8,245	486,393	26,782	3,697,594	8,754	538,775	28,256	3,217,757
Frozen Dough		4,021	622,780	11,736	1,589,443	3,640	532,413	5,286	946,874
Catering		0	485,750	181	384,309	0	330,511	74	226,902
Others		0	55,662	0	40,662	0	54,528	0	39,276
Total		44,117	4,975,088	178,278	17,704,918	39,416	4,339,375	166,676	16,139,030



### III. Information of Employees

Information of employees in the past two years and up to the date of printing of the Annual Report

Year		2022	2023	As at March 29, 2024
Number of employees	Domestic	1,284	1,278	1,272
	International	3,401	3,751	3,739
	Total	4,685	5,029	5,011
Mean age		38.27	40.47	39.88
Mean seniority in service		8.26	8.36	7.5
Degree Distribution Ratio	PhD	0.02%	0.04%	0.06%
	Master	5.32%	5.33%	5.31%
	College and University Graduate	37.93%	38.00%	38.99%
	Senior high/vocational high school graduate	36.11%	33.62%	32.45%
	Below senior high/vocational high	20.62%	23.01%	23.19%

## IV. Information on Environmental Protection Expenditure:

### (I) Environmental protection information on Taiwan factories

#### Tainan Factory

Description of event	Estimated amount of current and possible future occurrences and countermeasures
<p>1. Disposition date: October 27, 2023</p> <p>2. Disposition reference number: Huan-Ji-Zi No. 1120134272</p> <p>3. Laws and regulations violated: Paragraph 1, Article 7 of Water Pollution Control Act and Article 2 of Effluent Standards</p> <p>4. Contents of violation: On August 17, 2023, the Environmental Protection Bureau sent personnel for inspection and took a set of water samples from the discharge outlet for examination. The test result showed that the suspended solids value was 83.8mg/L (standard value 30mg/L). Chemical Process) Effluent Standards.</p> <p>5. Penalty: NT\$147,000 fine and environmental seminar</p>	<p>In response to the increase in product output and the waste water generated every year, the Tainan Factory has made a short-term plan to update some of equipment in its internal wastewater treatment process, to improve wastewater treatment efficiency, and increase the pollutant loading capacity of the wastewater treatment system. Currently, the short-term plans are as follows:</p> <p>1. Replacement of the aeration disc at the bottom of the activated sludge tank of the wastewater treatment unit The aeration disc at the bottom of the activated sludge tank of the wastewater treatment unit was replaced, to advance the aeration efficiency of the activated sludge tank, thereby improving the treatment capacity and stability of the microorganisms in the activated sludge tank against pollutants in wastewater. The estimated cost of this project is about NT\$550,000.</p> <p>2. Replacement of filter barrels of wastewater treatment unit Replace the filter barrels and renew the filter materials of the wastewater treatment unit. The filtration barrels take advantage of the filtration characteristics of filter materials to enhance the removal of suspended solids in the discharged wastewater. It is sought to improve the treatment volume and removal effect of the filter barrels. The estimated cost of this project is about NT\$900,000.</p>

### (II) Expenses on environmental protection of companies and factories in Mainland China

#### 1. Company: Tianjin Namchow Food Co., Ltd.

No.	Item	Amount invested in 2023 (RMB)
1	Environmental protection	3,000
2	Environmental monitoring	105,450
3	Environmental evaluation fee	263,000
4	Contingency plan preparation expense	35,000
5	Hazardous waste treatment	66,811.54
6	Regulatory treatment of solid waste (sludge disposal)	739,886.40
7	Treatment of daily trash	113,600
8	ISO14001 system consulting and certification fees	9,275
9	Groundwater well drilling expense	6,500
10	Sewage station upgrade and renovation project	1,940,000
11	Operating and Maintenance Expenses for online monitoring system for sewage from production	80,000
<b>Total</b>		<b>3,362,522.94</b>

2. Company: Tianjin Yoshi Yoshi Co., Ltd.

No.	Item	Amount invested in 2023 (RMB)
1	Environmental monitoring	32,550
2	Environmental evaluation fee	33,000
3	Hazardous waste treatment	16,453.30
4	ISO14001 system consulting and certification fees	6,492.50
5	Maintenance and Operating Expense from COD monitoring facility from sewage of domestic sewage	43,000.00
<b>Total</b>		<b>131,495.80</b>

3. Company: Guangzhou Namchow Food Co., Ltd.

No.	Item	Amount invested in 2023 (RMB)
1	Regulatory service	3,980
2	Environmental protection monitoring	94,613
3	Operation and maintenance of wastewater treatment facilities	2,392,446
4	Treatment of daily trash	57,046
5	Public sewage treatment	289,846
6	Certification fees for ISO14001 & ISO45001 & energy management system	40,125
7	Hazardous sewage treatment	30,189
8	Others	966,796
<b>Total</b>		<b>3,875,042</b>

4. Company: Guangzhou Yoshi Yoshi Co., Ltd.

No.	Item	Amount invested in 2023 (RMB)
1	Waste liquids treatment	164,563
2	Certification fees for ISO14001 & ISO45001 & energy management system	33,051
3	Hazardous waste treatment	8,302
4	Treatment of daily trash	44,703
5	Environmental protection monitoring	15,347
6	Others	19,811
<b>Total</b>		<b>285,776</b>

5. Company: Shanghai Namchow Food Co., Ltd.

No.	Item	Amount invested in 2023 (RMB)
1	Environmental protection equipment maintenance costs, renovation, and maintenance	193,441.50
2	Hazardous sewage treatment	48,819.36
3	Environmental protection tax	815.00
4	Garbage disposal	444,468.40
5	Chemical Compound for Sewage(reagent, acid and alkali)	233,977.90
6	Inspection fee (exhaust gas, sewage)	223,826.90
7	Service Fees for Environmental Protection (Service Fees for Sewage Technics, Environmental Impact Assessment of Planning and Maintenance fees for Environmental Protection Facilities)	198,616.30
8	Sewage Treatment Fees	336,451.96
9	Electricity bill of sewage treatment plant	229,641.00
<b>Total</b>		<b>1,910,058.32</b>

6. Company: Shanghai Qiaohao Food Co., Ltd.

No.	Item	Amount invested in 2023 (RMB)
1	Expenses for handling the kitchen waste, and the expenses for cleaning the grease trap	38,800
2	Charge of daily trash disposal	42,105
3	Landscaping and maintenance	23,000
4	Hazardous item transportation and handling fee	140,000
5	Sewage station detecting instrument and reagent	7,300
6	Sewage inspection (three wastes inspection)	56,000
<b>Total</b>		<b>307,205</b>

7. Company: Chongqing Namchow Food Co., Ltd.

No.	Item	Amount invested in 2023 (RMB)
1	Environmental protection service fee (preparation of environmental impact assessment)	31,500
<b>Total</b>		<b>31,500</b>

## V. Employer-employee Relations

Since its foundation, the Company has seen employees are the most important asset; when planning and implementing respective personnel systems and welfare measures, the Company place employees at the core. Various personnel and welfare systems are described as follows:

(I) Personnel system:

Personnel guidelines are established in compliance with the Labor Standards Act and applicable laws and regulations; there are requirements on the wages, working hours, leave, retirement, labor safety and health, gender equality, and various types of welfare for employees.

(II) Retirement system:

The Namchow Group has the "Labor Pension Fund Monitoring Committee" in place as it is required by law and periodically recognizes the net cost of the pension fund according to the results calculated by the actuary on a yearly basis. According to the retirement system indicated in the Labors Standards Act, it sets aside a retirement reserve for employees to whom the old system applies in the dedicated account with the Trust Department of the Bank of Taiwan in order to protect the rights of employees. For those to whom that the Labor Pension Act applies, 6% of their salary is set aside to the personal pension fund account at the Bureau of Labor Insurance. All are meant to properly take care of employees while they are at work and after they retire.

In accordance with the Labor Standards Act as amended on February 4, 2015, the new Article 56 Item 2 was implemented to implement the retirement labor pension full-payment system. Employers should estimate the retirement pension required for the next year's achievement of retirement conditions before the end of each year. And before the end of March of the following year, they should make up the difference in labor retirement reserve to the Taiwan Bank retirement fund account. The Namchow Group completed the full provision of the prior labor pension in accordance with government regulations.

(III) Gender equality in employment:

The sexual harassment complaint hotline (02-25352958) and a dedicated email address (hr0800@namchow.com.tw) have been set up in accordance with the Company's "Sexual Harassment Prevention and Complaint Handling Procedures," to promote and maintain gender equality in employment, for them the exert their talents in a fair, open, and just working environment. Meanwhile, the Company works with registered legal daycare centers which provide children of its employees with preferred rates so that employees can take care of their family and their work at the same time. The hope is that employees can grow together with the Company.

(IV) Employee benefits:

1. Employee Welfare Committee

The Employee Welfare Committee is established to plan for the establishment of a welfare system and to continue promoting various benefits; the information is provided to colleagues through the intranet of the Company.

2. Benefits offered by Namchow and the Employee Welfare Committee are as follows:

Category	Item
Educational subsidies for children	Educational scholarships and discounts on child-care/education are provided for children
Club/activity subsidies	Subsidies for holidays, gatherings, club equipment and venues, and activities.
Festival/birthday gift	Gifts for Chinese New Year, Dragon Boat Festival, Mid-Autumn Festival, Senior Citizens Festival, and birthday gifts.
Employee insurance	Labor Insurance/National Health Insurance Group insurance (life insurance, accident insurance, accident medical insurance, hospital cover, cancer insurance)
Pension	There is the retirement fund set aside for each employee in accordance with the Labor Standards Act and the Labor Pension Act.
Employee care	1. Health exams for employees 2. Condolence payments for employees and family members of the first degree upon hospitalization 3. Gift money for weddings and funerals, and condolences for hospitalization 4. Condolences to retired employees

(V) Continuing education and training:

Employees are important assets of Namchow. The Company pro-actively develops talent through various types of educational training:

1. New employee training: including basic training and introduction training, to help new employees understand the Company's landscape and operational model and adapt to the Company's culture and working content as soon as possible
2. Internal training: Hold food safety and health training, food safety control training, food protection training, food factory and food practitioner related training, operational safety and hygiene, fire extinguishing, financing accounting, management and etc.
3. External training: Employees can submit a request to be approved by the head of their department and take part in external training programs that suit their needs at work
4. Participating in exhibitions/seminars: To help extend the horizon of its employees and help them absorb new knowledge, the Company sends them to attend food fairs and seminars in the nation and overseas.

(VI) Workplace and personal safety:

Create a safe, sanitary and healthy workplace, hold fire prevention/public safety training, employee safety educational training, rescue staff safety and health educational training, and safety and health ideas and prevention against disasters, among others.

(VII) Employer-employee Relations:

Being aware of the importance of co-existence and co-prosperity between employers and employees, the Company proactively promotes a harmonious employer/employee relationship by comprehensively reinforcing communication and coordination and constantly improving the workplace. In addition, the industrial union is established by law. The parties communicate with each other periodically and from time to time to reach a consensus. In the future, efforts will continue to bring together the employer and the employees by heart applying the principle of integrity to jointly create profits.

(VIII) Employer-employee disputes in the past three years: None

## VI. Cyber Security Management

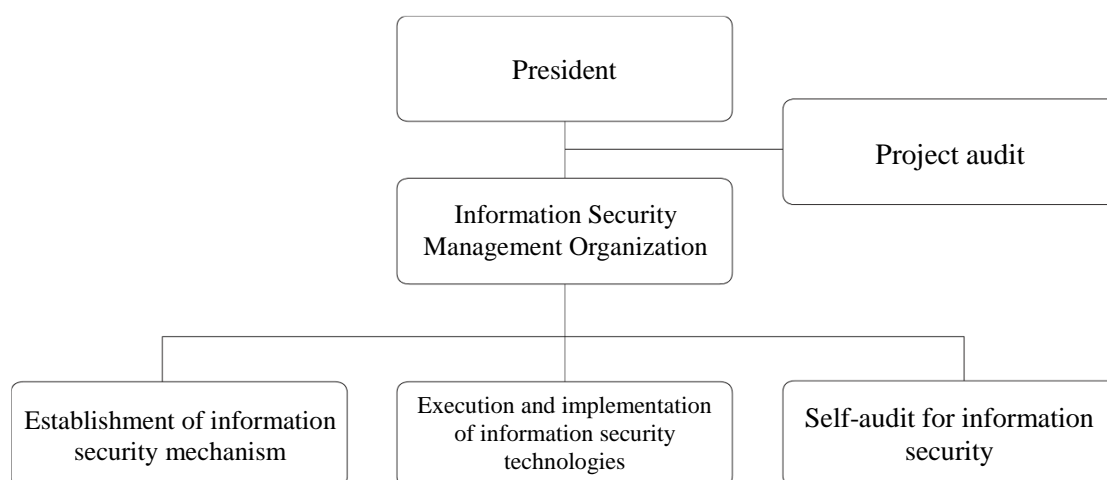
### (I) Cyber security management strategies and framework

#### 1. Cyber security risk management framework

##### (1) Corporate information security governance organization

The IT Department oversees the Information Security Section Management Committee, both of which are responsible for the overall planning and establishment of information security and protection related policies, relevant implementations, risk management and compliance audit. The highest ranking supervisor of the corporate information security organization shall report periodically to the President every six months on the results of information security management, related issues and directions. The project auditor shall take the charge of the supervision and governance of corporate information security, for auditing the management mechanism and direction of the company's information and network security.

##### (2) Information security organization structure



#### 2. Cyber security policy

(1) Our corporate information security management strategy involves the establishment of a corporate information security organization and in order to ensure effective information security management, the organization has been conducting monthly meetings with the “Information Protection Taskforce” at the Taiwan factories and various subsidiaries, following the Plan-Do-Check-Act (PCDA) management cycle to review the suitability of existing information security policy and relevant protective measures. The organization is also expected to report periodically to the dedicated information security organization on the outcome of relevant executions.

In the “Plan” stage, we emphasize information security risk management by establishing a comprehensive information security management system (ISMS), designed to reduce corporate information security threat from various aspects of systems, technologies and procedures while building a protective service at maximum specification for confidential information as needed by our customers.

In the “Do” stage, we proceed to construct multiple tiers of information security protection and continue to incorporate the latest technologies in information security protection to integrate relevant control schemes in the operation of relevant software and hardware, daily management/administrative procedures involving information security management for suppliers so as to systemize the security of monitoring data, thereby maintaining the confidentiality, integrity and accessibility of key assets.

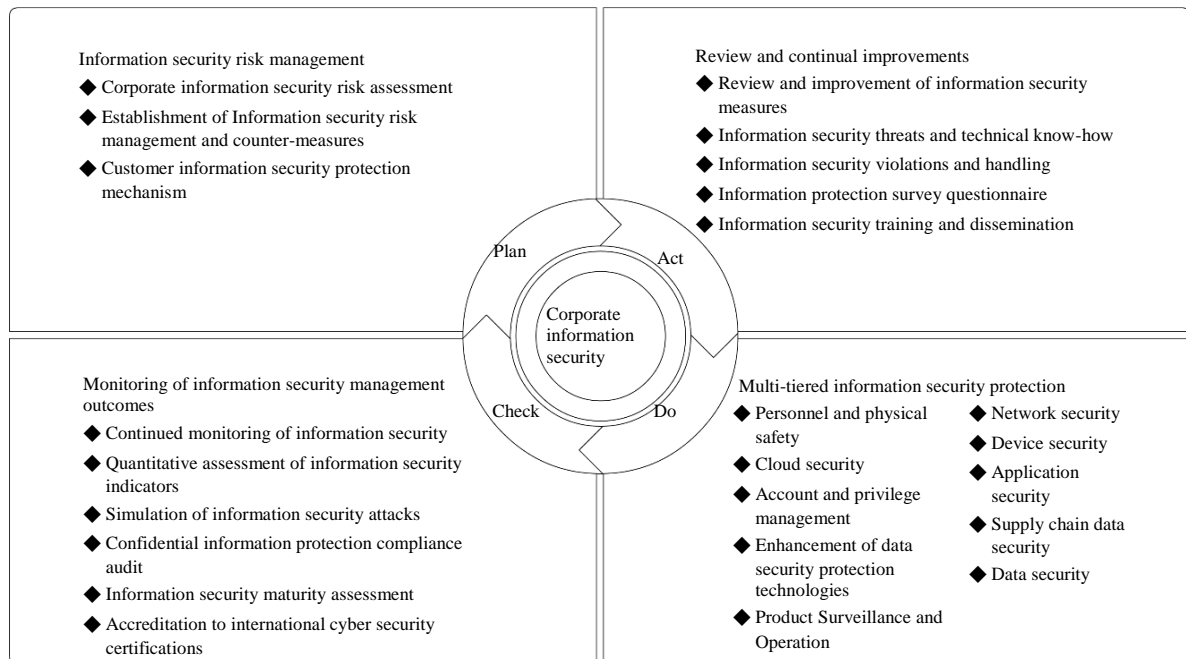
In the “Check” phase, we shall actively monitor the results of information security management to identify relevant key indicators for information security and perform relevant qualitative analyses. Through scheduled simulation of information security threats and attacks, we would be able to complete our assessment of information security maturity.

For the “Act” phase, our efforts will be focused on relevant reviews and continual improvements

while performing supervisions and audits to ensure lasting effectiveness of our information security regulations. On top of that, we will also implement scheduled reviews of relevant performance indicators and maturity assessment before taking corresponding actions such as introducing new information security measures, employee training or dissemination of specific improvements to ensure the integrity of confidential information.

## (2) Framework of corporate information security risk management and continual improvement

### Framework of corporate information security risk management and continual improvement



## (3) Concrete management solution

In order to achieve the objectives of information security policy and comprehensive cyber security protection, the management matters and specific management plans are as follows:

- **Improve cyber security defense capabilities:** Regular vulnerability analysis and penetration testing of cyber security systems, and strengthen and repair cyber security systems to reduce information security risks. Prepare a cybersecurity incident response plan, conduct impact and damage assessments according to the severity level of the incident, and take corresponding notification and recovery actions.
- **Improve cyber security management procedures:** In addition to continuously strengthening cyber security defense capabilities, we must also pay equal attention to management procedures and awareness. Employees should comply with cyber security regulations (e.g., strict control of mobile storage devices), follow SOP procedures, and continuously conduct PDCA cycles for continuous improvement.
- **Improve network, endpoint and application security:** Improve the anomaly detection and protection capabilities of endpoint devices, including DDI and DLP detection mechanisms. Optimization of overall cyber system network security.
- **Risk control:** Cooperate with major cyber security vendors to conduct overall cyber security detection through their professional services, and take the objective results of impartial third-party verification as the basis for advanced cyber security enhancement, to protect the Company by minimizing potential losses in the event of cyber attacks.
- **Education and training:** Carry out cyber security education and training for all employees and occasional social engineering phishing email testing to enhance cyber security awareness, so that



the operation of cyber security is implemented to every employee with the support of senior supervisors of departments.

- Remote working: To cope with the global trend, the Company has strengthened its work-from-home (WFH) anti-virus/hacking and information security protection measures, advocating not to use public computers and networks for work, and the fulfillment of the responsibility to protect company information.

Network security	<ul style="list-style-type: none"> <li>◆ Introduce advanced technologies for PC scanning and firmware updates</li> <li>◆ Strengthen network firewall and network control to prevent computer virus from intersystem and inter-factory outbreak</li> </ul>
Device security	<ul style="list-style-type: none"> <li>◆ Construct virus scanning mechanism for incoming machinery/equipment to prevent equipment with malware from entering the company's system</li> <li>◆ Introduce terminal virus prevention measures in accordance with PC types and strengthen the detection of malicious software/behaviors</li> </ul>
Application security	<ul style="list-style-type: none"> <li>◆ Establish self-inspection checklist, assessment standard and objectives for improvement for development applications</li> <li>◆ Continue to strengthen security control mechanism for applications and integrate said mechanism relevant development processes and platform</li> </ul>
Supply chain data security	<ul style="list-style-type: none"> <li>◆ Construction of information security self-audit mechanism for suppliers</li> <li>◆ Periodically convey the company's latest information security regulations and relevant precautions</li> </ul>
Enhancement of data security protection technologies	<ul style="list-style-type: none"> <li>◆ Develop advanced information protection tools and fortify document confidentiality classification and data protection with data label</li> <li>◆ Encryption control for document and data and effective tracing</li> <li>◆ Control of outgoing email</li> </ul>
Training and dissemination	<ul style="list-style-type: none"> <li>◆ Bolster employees' awareness for potential social engineering attacks in their emails and implement phishing detection</li> <li>◆ Conduct routine training and drills to help employees strengthen their ability to identify potential attacks and enhance their awareness for information security</li> </ul>

## (II) Cyber security risks and counter-measures

### 1. Information technology security risks and management measures

Although the company has already established comprehensive network and PC related information security protective measures, there is no way to guarantee that key computer systems responsible for the control or maintenance of key corporate functions (i.e. manufacturing, operation, accounting and so forth) is fully protected from network attacks from a third-party with the intention of crippling our systems. These network attacks may invade the company's intranet system and sabotage the company's operations or damage the company's reputation through various malicious activities. Once subjected to aggressive network attacks, it is possible for the company's systems to lose essential data and even potential disruption of production lines. Through continual reviews and assessment of our information security regulations and procedures, the company could ensure their suitability and effectiveness. Nevertheless, there's no guarantee that the company will be safe from the potential risks and threats of information security, given how rapidly relevant technologies are progressing. It is also possible that network attacks might be perpetrated to steal the company's business secrets or other confidential information (i.e. information belonging exclusively to our customers or other stakeholders or personal information of our employees).

Malicious hackers may also try to upload computer virus, malware or ransomware to the company's network system as a way to interrupt the company's operation, blackmail or extort the company for access/control of its computer systems or prying for confidential information. Such attacks may lead to

delays or disruption of order fulfillment for the company, thereby incurring loss for the company due to compensation paid to customers for their losses. Alternatively, such attacks may also incur substantial costs for reparation, recovery or improvement measures to fortify the company's network security system. In addition, the company may also be involved in relevant legal or regulatory investigations due to the loss of information/belonging to employees/customers/third-parties which the company is responsible for keeping confidential, thereby assuming significant legal liabilities.

In the past, the Company had been exposed to attacks due to purchase of equipment that has been preloaded with malware, and is subject to the similar attacks in the future. In order to prevent and alleviate the potential damages caused by such attacks, the company has implemented and continually updated relevant improvement measures, such as the introduction of virus scanning mechanism for incoming machinery/equipment to prevent equipment with malware from entering the company's system; strengthening network firewall and network control to prevent computer virus from intersystem and inter-factory outbreak; introducing terminal virus prevention measures in accordance with PC types and strengthen the detection of malicious software/behaviors; introducing advanced solutions to detect and handle malware; designing and developing PC with enhanced information security features for employees; designing and developing cloud application security policies; introducing new technologies to fortify data protection; strengthening phishing detection; building an integrated automatic information security platform and performing routine employee alertness tests and commissioning external experts to perform information security evaluation. Although the company has continued to strengthen its information security protection measures, there is no guarantee that the company will be fully protected against malware and hacker attacks.

In addition, the company is required to disclose highly sensitive and confidential information to third-party service providers that work with the company and its affiliates around the globe so that they could provide their services. Even though the company has requested all third-party service providers to abide by relevant confidentiality/network security regulations when entering into service contracts with them, there is no guarantee that all third-party service providers would strictly abide by these terms. In addition, the company's intranet system and external cloud computing network (i.e. server) maintained by aforementioned service providers and/or contractors might also be exposed to the risks of network attacks. If the company or its service providers are unable to resolve technical issues caused by such online attacks in time or ensure the integrity and usability of data belonging to the company (or its clients/other third-parties) or regain control of the company (or its service provider)'s computer systems, the company may be exposed to threats of serious losses and failing to keep promises that the company has made to customers or other stakeholders. Consequently, this could result in dire consequences and impact on the company's operations, finances and reputation.

### (III) Major cyber security incidents

There has been no major cyber security incidents in the year and no losses have been incurred.

## VII. Important Contract

Nature of contract	Client	Start/end dates of contract	Main contents	Restrictions
Trademark Use Contract	Subsidiary Namchow BVI and Germany Paulaner	October 01, 2019-September 30, 2029 automatically extend for ten years after the contract expires, and automatically extend for another five years after expiration	According to the contract, the monthly trademark usage fee is calculated by multiplying the monthly net turnover by multiplying the fixed ratio by the revenue from the restaurant's beer sales minus service fees and value added tax.	None
Trademark Use Contract	Subsidiary Lucky Royal and Germany Paulaner	October 01, 2019-September 30, 2029 automatically extend for ten years after the contract expires, and automatically extend for another five years after expiration	The company provides trademark use rights, assists in planning the establishment of restaurants, providing consulting services and brewing technology. Lucky Royal pays the right to use the trademark.	None
Commission on restaurant revenue	Subsidiary Dian Shui Lou and Test Rite Retail Co., Ltd.	2023.08.01~2026.07.31	It is agreed that a certain percentage of the total turnover will be selected.	None
Commission on restaurant revenue	Subsidiary Dian Shui Lou and Mitsui Outlet Park	2019.04.01-2031.3.31	It is agreed that a certain percentage of the total turnover will be selected.	None
Commission on restaurant revenue	Subsidiary Dian Shui Lou and Pacific Sogo Department Store, Fuxing Branch	2024.03.01~2025.02.28	It is agreed that a certain percentage of the total turnover will be selected.	None

## VI. Financial Status

### I. Brief Balance Sheet and Income Statement for the Past Five Years

#### (I) Brief Consolidated Asset Balance Sheet

Unit: NTD thousands

Year Item		Financial data of the past five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		9,512,619	10,796,850	16,011,182	17,185,495	15,643,850
Funds and long-term investments		43,623	19,822	24,795	15,872	23,917
Financial assets measured at amortized cost		-	-	-	-	1,638,372
Real estate, plant and equipment		12,408,247	12,749,928	11,887,111	11,954,365	11,831,971
Intangible assets		105,417	105,417	105,417	105,417	105,417
Other Assets		1,785,276	1,668,467	1,385,363	1,202,633	1,037,445
Gross assets		23,855,182	25,340,484	29,413,868	30,463,782	30,280,972
Current liabilities	Before distribution	7,347,150	11,043,938	6,561,148	7,595,803	8,587,470
	After distribution	7,933,932	11,632,204	7,208,241	8,184,069	9,322,802 (Note 2)
Non-current liabilities		10,088,019	7,341,157	11,017,062	10,488,006	9,152,569
Other liabilities		-	-	-	-	-
Gross liabilities	Before distribution	17,435,169	18,385,095	17,578,210	18,083,809	17,740,039
	After distribution	18,021,951	18,973,361	18,225,303	18,672,075	18,475,371 (Note 2)
equity belonging to the parent company		6,101,512	6,619,546	9,106,962	9,472,666	9,827,363
Capital stock		2,941,330	2,941,330	2,941,330	2,941,330	2,941,330
Capital reserve		1,136,347	1,214,039	3,590,865	3,682,995	3,825,824
Retained earnings	Before distribution	3,374,370	3,721,008	4,204,640	4,138,506	4,514,775
	After distribution	2,787,588	3,132,742	3,557,547	3,550,240	3,779,443 (Note 2)
Other equities		(773,675)	(726,717)	(1,099,759)	(760,051)	(924,452)
Treasury stock		(576,860)	(530,114)	(530,114)	(530,114)	(530,114)
Non-controlling interest		318,501	335,843	2,728,696	2,907,307	2,713,570
Total equity	Before distribution	6,420,013	6,955,389	11,835,658	12,379,973	12,540,933
	After distribution	5,833,231	6,367,123	11,188,565	11,791,707	11,805,601 (Note 2)
Inspecting (Reviewing) CPA		Po-Shu Huang	Po-Shu Huang	Po-Shu Huang	Po-Shu Huang	Chung-Shun Wu
		Lin Wu	Chung-Shun Wu	Chung-Shun Wu	Chung-Shun Wu	Chun-Yi Chang
Inspection (Review) Feedback		No reservations	No reservations	No reservations	No reservations	No reservations

Note 1: Financial data from the past 5 years have all been inspected and authenticated by CPAs.

Note 2: Amount decided by the board of directors on March 12, 2024.

## (II) Brief Consolidated Income Statement

Unit: NTD thousands

Item \ Year	Financial data of the past five years (Note 1)				
	2019	2020	2021	2022	2023
Business income	18,343,979	17,621,763	19,861,770	20,478,405	22,680,006
Gross operating profit	6,425,922	5,939,333	6,271,819	5,345,360	6,506,497
Business loss	1,671,088	1,677,745	1,788,484	893,142	1,586,937
Non-business income and expenditure	(68,619)	(21,094)	149,424	180,296	189,513
Net income before tax	1,602,469	1,656,651	1,937,908	1,073,438	1,776,450
Net profit of continuing operations for the period	1,013,307	995,601	1,239,144	691,717	1,241,168
Gains (losses) for the discontinued operations	-	-	-	-	-
Net profits of the term	1,013,307	995,601	1,239,144	691,717	1,241,168
Other comprehensive gains (losses) of the period (After-tax net value)	(221,534)	2,119	(327,359)	401,962	(262,066)
Sum of general gains and losses of the term	791,773	997,720	911,785	1,093,679	979,102
The net profits belong to the client of the parent company	964,149	950,697	1,071,166	559,669	1,041,815
The net profits are part of non-controlling interests	49,158	44,904	167,978	132,048	199,353
The sum of general gains and losses belongs to the client of the parent company.	763,548	980,378	698,856	920,667	800,134
The sum of general gains and losses is part of non-controlling interests.	28,225	17,342	212,929	173,012	178,968
Earnings per share	3.90	3.84	4.32	2.26	4.20

Note 1: Financial data from the past 5 years have all been inspected and authenticated by CPAs.

## (III) Brief Entity Asset Balance Sheet

Unit: NTD thousands

Year Item		Financial data of the past five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		221,402	92,247	91,705	344,926	60,504
Funds and long-term investments		11,942,134	12,861,579	16,224,561	16,993,547	18,279,746
Property, plant and equipment, and investment property		2,072,087	2,056,176	2,044,311	2,036,604	2,027,336
Intangible assets		-	-	-	-	-
Other Assets		35,426	52,462	19,043	18,113	12,630
Gross assets		14,271,049	15,062,464	18,379,620	19,393,190	20,380,216
Current liabilities	Before distribution	891,959	4,167,091	216,348	1,051,360	2,854,163
	After distribution	1,478,741	4,755,357	863,441	1,639,626	3,589,495 (Note 2)
Non-current liabilities		7,277,578	4,275,827	9,056,310	8,869,164	7,698,690
Others		-	-	-	-	-
Gross liabilities	Before distribution	8,169,537	8,442,918	9,272,658	9,920,524	10,552,853
	After distribution	8,756,319	9,031,184	9,919,751	10,508,790	11,288,185 (Note 2)
Capital stock		2,941,330	2,941,330	2,941,330	2,941,330	2,941,330
Capital reserve		1,136,347	1,214,039	3,590,865	3,682,995	3,825,824
Retained earnings	Before distribution	3,374,370	3,721,008	4,204,640	4,138,506	4,514,775
	After distribution	2,787,588	3,132,742	3,557,547	3,550,240	3,779,443 (Note 2)
Other equities		(773,675)	(726,717)	(1,099,759)	(760,051)	(924,452)
Treasury stock		(576,860)	(530,114)	(530,114)	(530,114)	(530,114)
Total equity	Before distribution	6,101,512	6,619,546	9,106,962	9,472,666	9,827,363
	After distribution	5,514,730	6,031,280	8,459,869	8,884,400	9,092,031 (Note 2)
Inspecting (Reviewing) CPA		Po-Shu Huang	Po-Shu Huang	Po-Shu Huang	Po-Shu Huang	Chung-Shun Wu
		Lin Wu	Chung-Shun Wu	Chung-Shun Wu	Chung-Shun Wu	Chun-Yi Chang
Inspection (Review) Feedback		No reservations	No reservations	No reservations	No reservations	No reservations

Note 1: Financial data from the past 5 years have all been inspected and authenticated by CPAs.

Note 2: Amount decided by the board of directors on March 12, 2024.

## (IV) Brief Entity Income Statement

Unit: NTD thousands

Item \ Year	Financial data of the past five years (Note 1)				
	2019	2020	2021	2022	2023
Business income	61,076	64,132	59,683	60,183	58,814
Gross operating profit	61,076	65,103	59,683	60,183	58,814
Business loss	(215,716)	(213,861)	(231,193)	(207,352)	(264,739)
Non-business income and costs	1,337,866	1,265,062	1,498,776	838,581	1,416,723
Net income before tax	1,122,150	1,051,201	1,267,583	631,229	1,151,984
Continuing unit gains and losses	964,149	950,697	1,071,166	559,669	1,041,815
Discontinued unit gains and losses	-	-	-	-	-
Current net income	964,149	950,697	1,071,166	559,669	1,041,815
Other comprehensive gains (losses) of the period	(200,601)	29,681	(372,310)	360,998	(241,681)
Sum of general gains and losses of the term	763,548	980,378	698,856	920,667	800,134

Note 1: Financial data from the past 5 years have all been inspected and authenticated by CPAs.

## II. Financial Analysis of the Past Five Years

(I) Financial Analysis - Consolidated Financial Statement by the International Financial Accounting Standards

Analyze		Year	Analysis of the past five years (Note 1)				
			2019	2020	2021	2022	2023
Financial structure %	Liabilities to assets ratio		73	73	60	59	59
	Ratio of long-term capital to property, Plant and equipment		133	112	192	191	183
Liquidity	Current Ratio (%)		129	98	244	226	182
	Quick Ratio (%)		94	73	186	174	142
	Interest protection multiples		7	7	9	6	9
Operating performance	Average collection turnover(times)		10.30	10.11	10.34	9.53	10.28
	Average collection days		35	36	35	38	35
	Inventory turnover (times)		5.37	5.00	4.59	4.24	4.65
	Average payables turnover (times)		12.45	10.97	10.83	11.35	12.61
	Average inventory turnover days		68	73	80	86	79
	Real estate, plant and equipment turnover (times)		1.52	1.40	1.61	1.72	1.91
	Total asset turnover (times)		0.80	0.72	0.73	0.68	0.75
Profitability	Return on total assets (%)		5	5	5	3	5
	Return on equity (%)		16	15	13	6	10
	Pretax income to paid-in capital (%)		54	56	66	36	60
	Net profit rate (%)		6	6	6	3	5
	Earnings per share (NTD) (Note 2)		3.9	3.84	4.32	2.26	4.20
Cash Flow	Cash flow ratio (%) (Note 1)		35	23	18	19	35
	Cash flow adequacy ratio (%)		62	73	84	103	114
	Cash flow reinvestment ratio (%)		8	9	2	2	8
Leverage	Operating leverage		6	5	5	6	5
	Financial leverage		1	1	1	1	1
<p>Descriptions of changes in the financial ratios: (If the increase or decrease does not reach 20%, the analysis can be waived.)</p> <p>1. The increase in times interest earned, return on assets, return on equity, net income before tax to paid-in capital, net profit margin, and earnings per share in 2023 compared to 2022, mainly because the team were aware of and responding to changes rapidly, and caught the post-pandemic opportunities, to push up the business growth; the production and restaurant business hit record highs in terms of revenue each quarter, in particular, the ice cream products in China, Thailand and Taiwan made significant contributions.</p> <p>2. The increase in cash flow ratio and cash flow reinvestment ratio is due to the increase in net cash inflow from operating activities in 2023.</p>							

Note 1: Financial data from the past 5 years have all been inspected and authenticated by CPAs.

Note 2 The earnings per share are calculated with the number of shares of common stock already issued applying the weighted average method. The number of shares increased as a result of earnings or capitalizing with capital reserve, on the other hand, is adjusted and calculated retroactively.



## (II) Financial Analysis - by the National Financial Accounting Standards

Analyze		Year	Analysis of the past five years (Note 1)				
			2019	2020	2021	2022	2023
Financial structure %	Liabilities to assets ratio		57	56	50	51	52
	Permanent capital to real estate, plant and equipment ratio		729	595	994	1,003	956
Liquidity	Current Ratio (%)		25	2	42	33	2
	Quick Ratio (%)		25	2	41	33	2
	Interest protection multiples		15	14	15	8	12
Operating performance	Average collection turnover(times)		-	-	-	-	-
	Average collection days		-	-	-	-	-
	Inventory turnover (times)		-	-	-	-	-
	Average payables turnover (times)		-	-	-	-	-
	Average inventory turnover days		-	-	-	-	-
	Real estate, plant and equipment turnover (times)		-	-	-	-	-
Profitability	Total asset turnover (times)		-	-	-	-	-
	Return on total assets (%)		7	7	7	3	6
	Return on equity (%)		16	15	14	6	11
	Pretax income to paid-in capital (%)		38	36	43	21	39
	Net profit rate (%)		1,579	1,482	1,795	930	1,771
Cash Flow	Earnings per share (NTD) (Note 2)		3.9	3.84	4.32	2.26	4.20
	Cash flow ratio (%)		-36	-4	-135	28	9
	Cash flow adequacy ratio (%)		-9	-12	-19	-23	-9
	Cash flow reinvestment ratio (%) (Note 3)		-	-	-	-	-
Leverage	Operating leverage (Note 3)		-	-	-	-	-
	Financial leverage (Note 4)		-	-	-	-	-

Descriptions of changes in the financial ratios: (If the increase or decrease does not reach 20%, the analysis can be waived.)

1. The Company started its segmentation plan on August 1, 2017 to separate production and distribution businesses to the reinvested new companies, Namchow Oil and Fat Co., Ltd and Huaqiang Industry Co., Ltd. Therefore, related assets and liabilities were severed to the new companies as well, such as (A) fixed assets, (B) accounts receivable and notes receivable, (C) stock, (D) accounts payable, (E) sales income and cost, and (F) business interest, among others. Therefore, the inapplicable or affected ratios are real estate, plant and equipment turnover ratio (times), the turnover rate, number of days of sales, number of days of case collection, the net profit rate, the cash flow ratio, the case flow adequacy ratio, the current ratio, the quick ratio, return on assets, return on equity, and earnings per share.
2. The increase in times interest earned, return on assets, return on equity, net income before tax to paid-in capital ratio, net profit margin, and earnings per share in 2023 from 2022 was due to the team's Business growth, production and catering business revenue hit record highs quarter by quarter, particularly ice cream profit contribution from China, Thailand and Taiwan.
3. The decrease in current ratio, quick ratio, and cash flow ratio in 2023 is due to the decrease in cash and cash equivalents in 2023, and the increase in short-term borrowings for operating capital from 2022.
4. The 2023 cash flow adequacy ratio was increased because the accumulated net cash outflow from operating activities of the recent five years in 2023 was about NT\$570 million less than that in 2022, and the amount of capital expenditures, inventory increase, and cash dividends in the recent five years decreased by NT\$730 million.

Note 1: Financial data from the past 5 years have all been inspected and authenticated by CPAs.

Note 2 The earnings per share are calculated with the number of shares of common stock already issued applying the weighted average method. The number of shares increased as a result of earnings or capitalizing with capital reserve, on the other hand, is adjusted and calculated retroactively.

Note 3: Because the ratio is a negative value, it is of no significance in comparison and is not listed.

Note 4: Between 2019 and 2023, business profits were all smaller than the costs of interest. As such, the financial leverage data are not provided.

#### Calculation Formula:

##### 1. Financial structure

- (1) Liabilities to assets ratio = total liabilities/total assets.
- (2) Permanent capital to real estate, plant and equipment ratio = (shareholders' equity net value + non-current liabilities)/real estate, plant and equipment net value.

##### 2. Liquidity

- (1) Current ratio = current assets/current liabilities.
- (2) Quick ratio = (current assets - inventory - pre-paid costs)/current liabilities.
- (3) Interest protection multiples = Pre-income tax and interest profits/interest expenditure of the term.

##### 3. Operating performance

- (1) Receivables (including accounts receivable and note receivable that are incurred as a result of business operation) = sales cost/balance from average receivable of each term (including accounts receivable and notes receivable).
- (2) Average collection days = 365/receivables turnover.
- (3) Inventory turnover = sales cost/average inventory value.
- (4) Payables (including accounts payable and bills payable that are incurred as a result of business operation) = sales cost/balance from average payables of each term (including accounts payable and bills payable).
- (5) Average inventory turnover days = 365/inventory turnover.
- (6) Real estate, plant and equipment turnover = net sales/net average real estate, plant, and equipment value.
- (7) Total asset turnover = net sales/gross assets on average.

##### 4. Profitability

- (1) Return on assets = [after-tax gains and losses + interest  $\times$  (1-tax rate)]/gross assets on average.
- (2) Return on shareholders' equity = after-tax gains and losses/net shareholders' equity on average.
- (3) Net profit rate = after-tax gains and losses/net sales.
- (4) Earnings per share = (after-tax profits - special stock dividends)/ weighted average of issued shares.

##### 5. Cash Flow

- (1) Cash flow ratio = Net cash flow from business activities/current liabilities.
- (2) Net cash flow adequacy ratio = net cash flow from business activities of the past five years/past five years (capital expenditure + amount of increase in inventory + cash dividends)
- (3) Cash flow reinvestment ratio = (net cash flow from business activities - cash dividends)/(gross amount of property, plant and equipment + long-term investment + other assets + working capital).

##### 6. Leverage:

- (1) Operating leverage = (net business income - variable business costs and expenses)/ business profits.
- (2) Financial leverage = business profits/(business profits - cost of interest).

### **III. Audit Committee Review Report of the most recent annual financial report**

#### **Namchow Holdings Co., Ltd. Audit Committee's Review Report**

The Board of Directors prepared the Company's 2023 Business Report, Standalone and Consolidated Financial Statements and earnings distribution proposal. The Parent Only and Consolidated Financial Statements, in particular, were already inspected by Chung-Shun Wu, CPA and Chun-Yi Chang, CPA of KPMG and the Inspection Report is presented. The said Business Report, Parent Only and Consolidated Financial Statements and earnings distribution proposal have been reviewed by the Audit Committee and found to have no discrepancy. In accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, a report is prepared for your review.

To

The Company's 2024 Shareholders' Meeting

Namchow Holdings Co., Ltd.  
Convener of the Audit Committee

March 12, 2024

### **Representation Letter**

The entities that are required to be included in the combined financial statements of Namchow Holdings Co., Ltd. as of and for the year ended December 31, 2023 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 combined financial statements is included in the consolidated financial statements. Consequently, Namchow Holdings Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Namchow Holdings Co., Ltd.

Chairman: Fei-Lung Chen

Date: March 12, 2024



安侯建業聯合會計師事務所  
KPMG

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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, 2023 and 2022, 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 Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023 and 2022 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 of the current period. 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. In our judgment, the key audit matters we communicated in the auditor's report were as follows:

### 1. Impairment of trades receivable

Please refer to note 4(g) "Financial instrument" for accounting policies, note 5(a) for accounting assumptions, judgment and estimation uncertainty of impairment of trade receivable, and note 6(d) for the disclosure related to impairment of trade receivable 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 trades receivable 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) "Inventories" for accounting policies, note 5(b) for accounting assumptions, judgment and estimation uncertainty of valuation of inventories, and note 6(f) for the disclosure related to valuation of inventories of the 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, which may result in the inventory cost exceed its net realizable value; frozen dough and frozen food due to shelf life, resulting in the inventory age has significant risk. 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's 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 assess 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, 2023 and 2022, 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 of the current period 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 12, 2024

#### 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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022						
		Amount	%	Amount	%			Amount	%	Amount	%					
11XX	Assets															
	Current assets:															
1100	Cash and cash equivalents (note 6(a))	\$	9,516,930	31	10,494,443	34	21XX	Liabilities and Equity	\$							
1150	Notes receivable, net (note 6(d))		197,365	1	198,491	1	2100	Current liabilities:								
1170	Accounts receivable, net (note 6(d))		2,012,280	6	1,997,850	7	2110	Short-term borrowings (note 6(k))		4,313,501	15					
1200	Other receivables (note 6(e))		184,747	1	216,401	1	2322	Short-term commercial paper payable (note 6(k))		234,855	1					
1220	Current income tax assets		183,784	1	249,130	1	2130	Current portion of long-term borrowings (notes 6(k) and 8)		336,260	1					
130x	Inventories (note 6(f))		3,290,649	11	3,671,566	12	2170	Contract liabilities — current (note 6(t))		383,721	1					
1410	Prepayments		170,877	1	269,257	1	2216	Accounts payable		1,245,781	4					
1470	Other current assets		87,218	-	88,357	-	2219	Dividend payables		247	-					
	Total current assets		15,643,850	52	17,185,495	57	2230	Other payables (notes 6(o), (u) and 9)		1,709,741	6					
15XX	Non-current assets:											2280	Current income tax liabilities		168,657	1
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(b))		23,917	-	15,872	-	2399	Current lease liabilities (notes 6(n) and 7)		140,676	-					
1535	Financial assets at amortised cost — non-current (note 6(c))		1,638,372	6	-	-	25XX	Other current liabilities		54,031	-					
1600	Property, plant and equipment (notes 6(h), 8 and 9)		11,831,971	39	11,954,365	39		Total current liabilities		8,587,470	29					
1755	Right-of-use assets (notes 6(i) and 7)		719,334	2	790,211	3	2530	Non-Current liabilities:								
1760	Investment property (note 6(j))		29,698	-	33,534	-	2540	Bonds payable (note 6(l))		4,907,672	16					
1805	Goodwill		105,417	-	105,417	-	2550	Long-term borrowings (notes 6(k) and 8)		1,925,778	6					
1840	Deferred income tax assets (note 6(p))		172,218	1	204,312	1	2580	Provision liabilities — non-current (note 6(m))		18,548	-					
1915	Prepayments for equipment		48,061	-	93,360	-	2570	Lease liabilities — non-current (notes 6(n) and 7)		364,083	2					
1990	Other non-current assets		68,134	-	81,216	-	2670	Deferred income tax liabilities (note 6(p))		1,621,538	5					
	Total non-current assets		14,637,122	48	13,278,287	43	2640	Net defined benefit liabilities — non-current (note 6(o))		206,530	1					
							2670	Other non-current liabilities		108,420	-					
								Total non-current liabilities		9,152,569	30					
								Total liabilities		17,740,039	59					
								Equity attributable to shareholders of parent (notes 6(b), (q) and (r)):								
							3100	Common stock		2,941,330	10					
							3200	Capital surplus		3,825,824	12					
							3300	Retained earnings:								
							3310	Legal reserve		1,097,451	4					
							3320	Special reserve		1,612,266	5					
							3350	Unappropriated earnings		1,805,058	6					
										4,514,775	15					
							3400	Other equity:								
							3410	Financial statement translation differences for foreign operations		(928,392)	(3)					
							3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		3,940	-					
										(924,452)	(3)					
							3500	Treasury stock		(530,114)	(2)					
								Total equity attributable to shareholders of parent		9,827,363	32					
							36xx	Non-controlling interests (note 6(g))		2,713,570	9					
							3XXX	Total equity		12,540,933	41					
1XXX	Total assets	\$	30,280,972	100	30,463,782	100	2-3XXX	Total liabilities and equity	\$	30,280,972	100					

See accompanying notes to consolidated financial statements.

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

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

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

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

		<b>2023</b>		<b>2022</b>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	<b>Operating revenue (note 6(t))</b>	\$ 22,680,006	100	20,478,405	100
5000	<b>Operating costs (notes 6(f), (h), (i), (m), (n), (o) and 9)</b>	<u>16,173,509</u>	<u>71</u>	<u>15,133,045</u>	<u>74</u>
5900	<b>Gross profit</b>	<u>6,506,497</u>	<u>29</u>	<u>5,345,360</u>	<u>26</u>
6000	<b>Operating expenses (notes 6(d), (e), (h), (i), (n), (o), (r), (u) and 7):</b>				
6100	Selling expenses	2,865,596	13	2,631,829	13
6200	General and administrative expenses	1,597,152	7	1,434,192	7
6300	Research and development expenses	458,140	2	382,610	2
6450	Expected credit loss (reversal of impairment loss)	<u>(1,328)</u>	<u>-</u>	<u>3,587</u>	<u>-</u>
	<b>Total operating expenses</b>	<u>4,919,560</u>	<u>22</u>	<u>4,452,218</u>	<u>22</u>
6900	<b>Operating profit</b>	<u>1,586,937</u>	<u>7</u>	<u>893,142</u>	<u>4</u>
7000	<b>Non-operating income and expenses (notes 6(h), (j), (l), (n), (v) and 7):</b>				
7100	Interest income	255,493	1	237,284	1
7010	Other income	146,279	-	158,199	1
7020	Other gains and losses	(1,894)	-	(1,730)	-
7050	Finance costs	<u>(210,365)</u>	<u>(1)</u>	<u>(213,457)</u>	<u>(1)</u>
	<b>Total non-operating income and expenses</b>	<u>189,513</u>	<u>-</u>	<u>180,296</u>	<u>1</u>
7900	<b>Profit from continuing operations before tax</b>	1,776,450	7	1,073,438	5
7950	<b>Less: Income tax expenses (note 6(p))</b>	<u>535,282</u>	<u>2</u>	<u>381,721</u>	<u>2</u>
	<b>Profit</b>	<u>1,241,168</u>	<u>5</u>	<u>691,717</u>	<u>3</u>
8300	<b>Other comprehensive income (note 6(q)):</b>				
8310	<b>Components of other comprehensive income (loss) that will not be reclassified to profit or loss</b>				
8311	Gains (loss) on remeasurements of defined benefit plans	(32,356)	-	21,361	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	8,040	-	(8,917)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(24,316)</u>	<u>-</u>	<u>12,444</u>	<u>-</u>
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	(237,750)	(1)	389,518	2
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(237,750)</u>	<u>(1)</u>	<u>389,518</u>	<u>2</u>
8300	<b>Other comprehensive income</b>	<u>(262,066)</u>	<u>(1)</u>	<u>401,962</u>	<u>2</u>
	<b>Total comprehensive income</b>	<u>\$ 979,102</u>	<u>4</u>	<u>1,093,679</u>	<u>5</u>
	<b>Net income attributable to:</b>				
8610	Shareholders of the parent	\$ 1,041,815	4	559,669	2
8620	Non-controlling interests	<u>199,353</u>	<u>1</u>	<u>132,048</u>	<u>1</u>
		<u>\$ 1,241,168</u>	<u>5</u>	<u>691,717</u>	<u>3</u>
	<b>Total Comprehensive income attributable to:</b>				
8710	Shareholders of the parent	\$ 800,134	3	920,667	4
8720	Non-controlling interests	<u>178,968</u>	<u>1</u>	<u>173,012</u>	<u>1</u>
		<u>\$ 979,102</u>	<u>4</u>	<u>1,093,679</u>	<u>5</u>
9750	<b>Basic earnings per share (in New Taiwan dollars) (note 6(s))</b>	<u>\$ 4.20</u>		<u>2.26</u>	
9850	<b>Diluted earnings per share (in New Taiwan dollars) (note 6(s))</b>	<u>\$ 4.19</u>		<u>2.25</u>	

See accompanying notes to consolidated financial statements.

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

## NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
	Retained earnings						Total other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Treasury stock	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 2,941,330	3,590,865	932,166	1,239,224	2,033,250	4,204,640	(1,059,576)	(40,183)	(1,099,759)	(530,114)	9,106,962	2,728,696	11,835,658
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	107,190	-	(107,190)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	373,042	(373,042)	-	-	-	-	-	-	-	-
Cash dividends of common stock	-	100,937	-	-	(647,093)	(647,093)	-	-	-	-	(546,156)	(119,591)	(665,747)
Other changes in capital surplus	-	2,224	-	-	-	-	-	-	-	-	2,224	-	2,224
Net income	-	-	-	-	559,669	559,669	-	-	-	-	559,669	132,048	691,717
Other comprehensive income (loss)	-	-	-	-	21,290	21,290	348,625	(8,917)	339,708	-	360,998	40,964	401,962
Total comprehensive income (loss)	-	-	-	-	580,959	580,959	348,625	(8,917)	339,708	-	920,667	173,012	1,093,679
Share-based payments	-	-	-	-	-	-	-	-	-	-	-	80,764	80,764
Changes in non-controlling interests	-	(11,031)	-	-	-	-	-	-	-	-	(11,031)	44,426	33,395
Balance at December 31, 2022	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)	-	-	-	-	(32,280)	(32,280)	(217,441)	8,040	(209,401)	-	(241,681)	(20,385)	(262,066)
Total comprehensive income (loss)	-	-	-	-	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 designated 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

See accompanying notes to consolidated financial statements.

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

## NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
<b>Cash flows from operating activities:</b>		
Consolidated net income before tax	\$ 1,776,450	1,073,438
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	970,456	994,920
Expected credit loss (reversal of impairment loss)	(1,328)	3,587
Interest expense	210,365	213,457
Interest income	(255,493)	(237,284)
Dividend income	(431)	(2,900)
Share-based payments	45,042	80,764
Losses on disposal of property, plant and equipment, net	6,036	1,364
Impairment loss on non-financial assets	-	9,101
Gains on lease modification	(39)	(13,314)
Total adjustments to reconcile profit	974,608	1,049,695
Changes in assets / liabilities relating to operating activities:		
Changes in operating assets:		
Notes receivable	1,126	(16,090)
Accounts receivables	(12,241)	(82,230)
Other receivables	31,150	(84,217)
Inventories	381,003	(197,980)
Prepayments	98,380	45,788
Other current assets	1,139	(29,461)
Total changes in operating assets, net	500,557	(364,190)
Changes in operating liabilities:		
Contract liabilities	(85,355)	(71,509)
Accounts payable	(73,168)	(28,377)
Other payables	130,998	92,970
Provisions liabilities	8,284	-
Other current liabilities	7,990	2,247
Net defined benefit liabilities	(14,434)	(37,062)
Total changes in operating liabilities, net	(25,685)	(41,731)
Total changes in operating assets / liabilities, net	474,872	(405,921)
Total adjustments	1,449,480	643,774
Cash provided by operating activities	3,225,930	1,717,212
Interest income received	255,493	237,284
Dividends received	431	2,900
Interest paid	(162,666)	(156,762)
Income taxes paid	(303,195)	(373,020)
<b>Net cash flows from operating activities</b>	3,015,993	1,427,614
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at amortised cost	(1,638,372)	-
Acquisition of property, plant and equipment	(861,971)	(738,082)
Proceeds from disposal of property, plant and equipment	14,690	4,413
Decrease in other non-current assets	13,082	3,827
<b>Net cash flows used in investing activities</b>	(2,472,571)	(729,842)
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	12,584,650	11,836,140
Decrease in short-term borrowings	(11,491,661)	(11,029,271)
Increase in short term commercial paper payable	3,250,000	1,832,000
Decrease in short-term commercial paper payable	(3,315,000)	(1,622,000)
Proceeds from long-term borrowings	13,561,000	14,012,720
Repayments of long-term borrowings	(14,824,564)	(14,342,444)
Payment of lease liabilities	(201,671)	(159,467)
Decrease in other non-current liabilities	(4,317)	(1,149)
Cash dividends paid	(604,356)	(665,747)
Interest paid	(49,183)	(55,735)
Change in non-controlling interests	(261,343)	33,395
Overaging unclaimed dividends	2,762	2,224
<b>Net cash flows used in financing activities</b>	(1,353,683)	(159,334)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(167,252)	226,202
<b>Net (decrease) increase in cash and cash equivalents</b>	(977,513)	764,640
<b>Cash and cash equivalents at beginning of period</b>	10,494,443	9,729,803
<b>Cash and cash equivalents at end of period</b>	<b>\$ 9,516,930</b>	<b>10,494,443</b>

See accompanying notes to consolidated financial statements.

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

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

### **Notes to the Consolidated Financial Statements**

**For the years ended December 31, 2023 and 2022**

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

#### **(1) Company history**

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

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

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

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

The consolidated financial statements were approved and issued by the Board of Directors on March 12, 2024.

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

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

(Continued)

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

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

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

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

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

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

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

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

The significant accounting policies presented in the consolidated financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the consolidated financial statements.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the Regulations) and the IFRSs endorsed by the FSC.

(b) Basis of preparation

(i) Basis of measurement

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

(Continued)

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

(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 Company's functional currency. The assets and liabilities of foreign operations are translated to the Group's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at the average rate. Foreign currency 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 consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Transactions and balances, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. The comprehensive income from subsidiaries is allocated to the Company and its non-controlling interests, even if the non-controlling interests have a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by the Group.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over its subsidiaries are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the parent.

(ii) List of the subsidiaries included in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2023	December 31, 2022	
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 %	
The Company	Nacia International Corp. (Nacia Co.)	Holding of investments	100.00 %	100.00 %	
The Company	Chow Ho Enterprise Co., Ltd. (Chow Ho Co.)	Catering services, food and beverage retailing, and frozen food manufacturing	100.00 %	100.00 %	
The Company	Lucky Royal Co., Ltd. (Lucky Co.)	Manufacturing, selling and processing of various food and beverage products	99.65 %	99.65 %	

(Continued)

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

Name investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2023	December 31, 2022	
The Company	Nankyo Japan Co., Ltd. (Nankyo Japan Co.)	Catering services, Bistro and wine-selling	100.00 %	100.00 %	
The Company	Namchow Consulting Company, Ltd. (Namchow Consulting Co.)	Catering services, food and beverage retailing and other consulting services	100.00 %	100.00 %	
The Company	Namchow Oil and Fat Co., Ltd. (Namchow Oil and Fat Co.)	Manufacturing, processing and selling of edible oil and frozen dough	100.00 %	100.00 %	
The Company	Huaciang Industry Co., Ltd. (Huaciang Co.)	Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food	100.00 %	100.00 %	
The Company and Lucky Co.	Navigator Business Publications Co., Ltd. (NBP Co.)	Publishing, distributing and selling of printed publications	90.00 %	89.97 %	Note 1
Lucky Co.	Namchow (British Virgin Island) Ltd. (Namchow BVI Co.)	Holding of investments	93.00 %	93.00 %	
Lucky Co.	Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou Co.)	Liquor importing and retailing, and catering services	- %	99.65 %	Note 2
Lucky Co.	Namchow Gastronomy Consulting Company, Ltd. (Namchow Gastronomy Consulting Co.)	Catering services and food consulting services	99.65 %	99.65 %	Notes 2 and 4
Huaciang Co.	Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou Co.)	Multinational eateries, and the promotion and management of craft beers	100.00 %	- %	Note 2
Namchow BVI Co.	Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou Co.)	Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou Co.)	93.00 %	93.00 %	
Nacia Co.	Namchow International Corp. (Namchow International Co.)	Holding of investments	100.00 %	100.00 %	
Shanghai Qiaohao Co.	Shanghai Qiaohao Enterprise Management Co., Ltd. (Shanghai Qiaohao Enterprise Management Co.)	Business management and investment consulting services	100.00 %	100.00 %	
Namchow Cayman Co. and Shanghai Qiaohao Co.	Shanghai Qiaohao Food Co., Ltd. (Shanghai Qiaohao Food Co.)	Food packaging, selling and trading of restaurant equipment	100.00 %	100.00 %	
Shanghai Qiaohao Co.	Tianjin Qiaohao Food Co., Ltd. (Tianjin Qiaohao Co.)	Manufacturing, and selling of edible oil and related services	100.00 %	100.00 %	
Namchow Cayman Co.	Shanghai Qiaohao Trading Co., Ltd. (Shanghai Qiaohao Co.)	Holding of investments and international trade	100.00 %	100.00 %	
Namchow Cayman Co.	Shanghai Qiizhi Business Consulting Co., Ltd. (Shanghai Qiizhi Co.)	Business management and investment consulting services	100.00 %	100.00 %	
Namchow Cayman Co. and Namchow Food Co.	Namchow Food Group (Shanghai) co., Ltd. (Namchow Food Co.)	Food packaging, dairy product and product purchasing management and selling	81.24 %	80.85 %	Note 3
Namchow Cayman Co. and Namchow Food Co.	Shanghai Namchow Food co., Ltd. (Shanghai Namchow Co.)	Selling, developing, manufacturing and processing of fats and frozen food.	81.24 %	80.85 %	Note 3
Namchow Food Co.	Tianjin Namchow Food Co., Ltd. (Tianjin Namchow Co.)	Manufacturing, and selling of edible fat	81.24 %	80.85 %	Note 3
Namchow Food Co.	Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow Co.)	Manufacturing, and selling of edible fat	81.24 %	80.85 %	Note 3
Namchow Food Co.	Chongqing Qiaoxing Co., Ltd. (Chongqing Qiaoxing Co.)	Food packaging, dairy product and product purchasing management and selling	81.24 %	80.85 %	Note 3
Namchow Food Co.	Wuhan Qiaoxing Co., Ltd. (Wuhan Qiaoxing Co.)	The technical service of baking oil and fat product	81.24 %	80.85 %	Note 3
Namchow Food Co.	Namchow Trading Singapore Pte., Ltd (Namchow Singapore Pte.)	The sales service of baking oil and fat product	81.24 %	80.85 %	Note 3
Namchow Food Co.	Chongqing Namchow Food Co., Ltd. (Chongqing Namchow Co.)	Manufacturing and processing of light cream and frozen dough	81.24 %	80.85 %	Note 3

(Continued)



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

Name investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2023	December 31, 2022	
Namchow Food Co.	Namchow Trading HongKong Limited (Namchow HongKong Co.)	The sales service of baking oil and fat product	81.24 %	- %	Note 3
Namchow Food Co. and Guangzhou Namchow Co.	Namchow Food (Thailand) Co., Ltd. (Namchow Bangkok Co.)	Manufacturing and selling of baking oil and fat product	81.24 %	- %	Note 3
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Food Co., Ltd. (Tianjin Yoshi Yoshi Co.)	Developing , manufacturing, and selling of dairy products and related services	81.24 %	80.85 %	Note 3
Tianjin Yoshi Yoshi Co.	Guangzhou Yoshi Yoshi Food Co., Ltd. (Guangzhou Yoshi Yoshi Co.)	Developing , manufacturing, and selling of dairy products and related services	81.24 %	80.85 %	Note 3

Note 1: The Company, directly or indirectly, holds 89.97% shares of NBP Co. in 2022; Lucky Co.'s Board of Directors approved to dispose all of its 10.00% shares in NBP Co. to the Company on December 11, 2023. As a result, the Company's ownership percentage in NBP Co. 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.

Note 2: The Company, directly or indirectly, holds 99.65% shares of Dian Shui Lou Co. and Namchow Gastronomy Consulting Co. Lucky Co.'s Board of Directors approved to sell all of its 100.00% shares in Dian Shui Lou Co. to Huaciang Co. 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 3: Nanchow Food Co., has submitted the application for A-share listing in the security market of China, thus, the board of directors of the Company has approved the resolution for the subsidiary to increase capital by cash injection and to award new shares of restricted stock on April 28, 2021 and on November 12, 2021. As the result, the Company's ownership percentage in the subsidiary decreased from 96.15% to 81.73% and then to 80.94%. In addition, due to the board of directors resolved to issue the remaining restricted shares on October 28, 2022 and the Company's ownership percentage in the subsidiary decreased further from 80.94% to 80.85% and then to 81.24%. In addition, due to the Company repurchased and write-off the remaining restricted shares on January 16, 2023 and September 22, 2023, and the Company's ownership percentage in the subsidiary increased from 80.85% to 80.88% and then to 81.24%.

Note 4: Namchow Gastronomy Consulting Co. was dissolved on December 31, 2023.

(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. Nonmonetary 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, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(Continued)

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

(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 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

An asset is classified 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 unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified 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) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalent refers to short term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amount of money. The definition of time deposit is similar to that of cash equivalent; however, the purpose of holding time deposit is for short term cash commitment rather than investment.

(Continued)

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

(g) Financial instruments

Trade 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 trade 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. A trade 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, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

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 FVTPL:

- it is held within a business model whose objective is to hold 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) 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.

(Continued)

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

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (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 trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

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).

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. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

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 individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. 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.

#### 4) 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) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

3) Financial liabilities

Other 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 has been discharged or cancelled or has expired. The Company 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. Lease incentives granted are recognized as an integral part of the total rental income, 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 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.

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 using the 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 any gain or loss relating to the partial or full termination of the lease.

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 the short-term leases of its machinery and leases of its IT equipment that have a lease term of 12 months or less, and leases of its low-value assets, including its IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(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.

(Continued)

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

(m) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) 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.

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

Under the cost method, the treasury stock account is debited for the cost of the Group's shares purchased. When the disposal price of treasury stock is greater than the cost, the difference is credited to capital surplus—treasury stock; otherwise, the excess of the cost over the price is debited to capital surplus generated from similar treasury stock transactions. If the capital surplus—treasury stock account is insufficient to cover the excess of the cost over the price, retained earnings should be debited for the remaining amount. The book value of each share of treasury stock is equal to its weighted average cost and is calculated by each group according to the reason for purchase.

(Continued)

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

When treasury stock is retired, capital surplus and common stock are debited according to the ratio of retiring treasury stock to total issued stock. When the book value of the retiring treasury stock is higher than the sum of its par value and capital surplus, the difference is debited to capital surplus generated from similar treasury stock transactions. If the capital surplus—treasury stock account is insufficient to cover the difference, retained earnings should be debited for the remaining amount. When the book value of the retiring treasury stock is lower than the sum of its par value and capital surplus, the difference is credited to capital surplus generated from similar treasury stock transactions.

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

(p) Revenue from contracts with customers

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.

(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.

(Continued)

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

(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.

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.

(Continued)

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

(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.

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.

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 that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (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.

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

(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.

(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, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

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 trade receivable

The Group has estimated the loss allowance of trades 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(d).

(Continued)

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

(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. Refer to note 6(f) for further description of the valuation of inventories.

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Cash on hand	\$ 10,103	10,583
Savings and checking deposits	7,008,412	9,988,086
Time deposits	2,153,096	275,008
Cash equivalents — repurchase agreement	345,319	220,766
Total	<b><u>\$ 9,516,930</u></b>	<b><u>10,494,443</u></b>

The Group's exposure to interest rate risk and the sensitivity analysis on the financial instruments held by the Group are disclosed in note 6(w).

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Equity investments at fair value through other comprehensive income		
Stocks listed on domestic markets	<b><u>\$ 23,917</u></b>	<b><u>15,872</u></b>

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

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

The domestic private company Zhongsen Investment Co., Ltd. and Xiling Electronics Co., Ltd. were in a state of annulment. As such, the Company 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.

No strategic investments were disposed for the year ended December 31, 2022, and there was no transfer of any cumulative gain or loss within equity relating to these investments.

(ii) Credit risk and market risk, please refer to note 6(w).

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

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

- (c) Financial assets measured at amortized cost — non-current

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Time deposits	<u><u>\$ 1,638,372</u></u>	<u><u>-</u></u>

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

As of December 31, 2023, the aforesaid financial assets were not pledged as collateral.

- (d) Notes and accounts receivable

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Notes receivable	\$ 197,365	198,491
Accounts receivable	2,040,049	2,028,053
Less: allowance for impairment	<u>27,769</u>	<u>30,203</u>
	<u><u>\$ 2,209,645</u></u>	<u><u>2,196,341</u></u>

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

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

(Continued)



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

	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Loss allowance provision</b>
Not overdue	\$ 2,053,688	0~2.29	5,943
Overdue 1~30 days	129,612	0.35~28.46	5,144
Overdue 31~60 days	18,662	0.88~69.34	1,086
Overdue 61~90 days	4,666	0.63~100.00	1,547
Overdue 91~180 days	6,091	0.00~100.00	4,629
Overdue 181~365 days	1,993	1.10	22
Overdue 365 days past due	<u>11,832</u>	100.00	<u>11,832</u>
	<u><b>\$ 2,226,544</b></u>		<u><b>30,203</b></u>

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

	<b>2023</b>	<b>2022</b>
Balance at beginning of the period	\$ 30,203	27,714
Impairment losses recognized (reversed)	(1,882)	2,670
Amounts written off	(245)	(462)
Effect of changes in exchange rates	<u>(307)</u>	<u>281</u>
Balance at end of the period	<u><b>\$ 27,769</b></u>	<u><b>30,203</b></u>

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

(e) Other receivables

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Other receivables	\$ 187,517	218,667
Less: loss allowance	<u>2,770</u>	<u>2,266</u>
	<u><b>\$ 184,747</b></u>	<u><b>216,401</b></u>

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

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

	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 2,266	1,332
Impairment losses recognized	554	917
Effect of changes in exchange rates	<u>(50)</u>	<u>17</u>
Balance at December 31	<u><b>\$ 2,770</b></u>	<u><b>2,266</b></u>

(Continued)

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

(f) Inventories

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Merchandise	\$ 36,521	44,326
Finished goods	1,491,122	1,594,895
Work in progress	155,304	155,402
Raw materials	1,204,693	1,460,348
Supplies	358,226	363,220
Goods in transit	44,783	53,375
Total	<b>\$ 3,290,649</b>	<b>3,671,566</b>

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

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

	<b>2023</b>	<b>2022</b>
Loss on (reversal of) decline in market value of inventory	\$ (7,346)	27,001
Loss on physical count, net	35	937
Loss on scrap of inventory	3,460	5,520
Income from sale of scrap	(17,820)	(15,465)
Total	<b>\$ (21,671)</b>	<b>17,993</b>

(g) Material non-controlling interests of subsidiaries

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

(Continued)

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

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

Summary of financial information of Namchow Food CO.

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current assets	\$ 10,420,628	12,733,682
Non-current assets	7,275,704	5,579,902
Current liabilities	(2,826,265)	(3,395,591)
Non-current liabilities	(277,823)	(329,351)
Net assets	<b>\$ 14,592,244</b>	<b>14,588,642</b>
Net assets attributable to non-controlling interests	<b>\$ 2,702,705</b>	<b>2,875,923</b>
	<b>2023</b>	<b>2022</b>
Revenue	<b>\$ 13,501,387</b>	<b>12,616,066</b>
Net income	\$ 1,023,289	708,521
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	<b>\$ 1,023,289</b>	<b>708,521</b>
Total net income attributable to non-controlling interests	<b>\$ 193,948</b>	<b>135,027</b>
Total comprehensive income attributable to non-controlling interests	<b>\$ 193,948</b>	<b>135,027</b>
	<b>2023</b>	<b>2022</b>
Net Cash flow from operating activities	\$ 1,826,752	365,972
Net Cash flow used in investing activities	(2,321,423)	(432,816)
Net Cash flow (used in) from financing activities	(1,132,758)	204,013
Effect of exchange rate changes on cash and cash equivalents	(1,993)	(847)
Increase (decrease) in cash and cash equivalents	<b>\$ (1,629,422)</b>	<b>136,322</b>

(Continued)

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

(h) Property, plant and equipment

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

	Land	Buildings	Machinery	Other equipment	Unfinished construction	Total
Cost and revaluation:						
Balance at January 1, 2023	\$ 2,769,704	6,703,485	7,757,745	4,380,878	353,707	21,965,519
Additions	-	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 exchange rates	(38,709)	(120,499)	(56,326)	(52,028)	(5,211)	(272,773)
Balance at December 31, 2023	<u>\$ 2,730,995</u>	<u>6,683,429</u>	<u>8,112,514</u>	<u>4,575,093</u>	<u>352,076</u>	<u>22,454,107</u>
Balance at January 1, 2022	\$ 2,777,223	6,493,094	7,108,275	4,157,325	407,726	20,943,643
Additions	4,743	24,086	58,415	116,424	515,774	719,442
Disposals	-	(738)	(26,853)	(24,009)	(1,760)	(53,360)
Reclassification	-	104,302	424,269	73,927	(582,421)	20,077
Effect of changes in exchange rates	(12,262)	82,741	193,639	57,211	14,388	335,717
Balance at December 31, 2022	<u>\$ 2,769,704</u>	<u>6,703,485</u>	<u>7,757,745</u>	<u>4,380,878</u>	<u>353,707</u>	<u>21,965,519</u>
Depreciation and impairment loss:						
Balance at January 1, 2023	\$ 31,953	2,069,721	4,753,543	3,155,937	-	10,011,154
Depreciation	-	208,475	299,943	295,292	-	803,710
Disposal	-	(7,893)	(44,781)	(47,394)	-	(100,068)
Reclassification	-	-	-	2,321	-	2,321
Effect of changes in exchange rates	-	(27,191)	(31,204)	(36,586)	-	(94,981)
Balance at 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>
Balance at January 1, 2022	\$ 31,953	1,833,166	4,353,862	2,837,551	-	9,056,532
Depreciation	-	208,615	301,817	302,259	-	812,691
Disposal	-	(738)	(24,792)	(22,053)	-	(47,583)
Impairment loss	-	2,171	6,930	-	-	9,101
Effect of changes in exchange rates	-	26,507	115,726	38,180	-	180,413
Balance at December 31, 2022	<u>\$ 31,953</u>	<u>2,069,721</u>	<u>4,753,543</u>	<u>3,155,937</u>	<u>-</u>	<u>10,011,154</u>
Carrying value:						
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>
December 31, 2022	<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>
January 1, 2022	<u>\$ 2,745,270</u>	<u>4,659,928</u>	<u>2,754,413</u>	<u>1,319,774</u>	<u>407,726</u>	<u>11,887,111</u>

(i) Impairment loss and subsequent reversal

On December 31, 2022, Namchow Thailand conducted an asset impairment assessment on the buildings and machinery of the Instant Noodles and Rice Crackers Divisions. An impairment loss of \$9,101 thousand, by which the carrying value is lower than the recoverable amount, is recognized. In 2023, Namchow Thailand does not need to recognize (reverse) impairment loss after conducting an asset impairment assessment.

The movement of the accumulated impairment loss were as follows:

	2023	2022
Beginning balance	\$ 252,627	243,114
Impairment loss recognized	-	9,101
Effect of changes in exchange rates	81	412
Ending balance	<u>\$ 252,708</u>	<u>252,627</u>

(Continued)

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

(ii) Collateral

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

(i) Right-of-use assets

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

	Land	Buildings	Transportation equipment	Total
Cost:				
Balance at January 1, 2023	\$ 334,009	850,385	82,960	1,267,354
Additions	46,201	38,760	24,413	109,374
Modification	-	(22,832)	(18,911)	(41,743)
Reclassification	-	196	(5,153)	(4,957)
Effect of changes in 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>
Balance at January 1, 2022	\$ 329,160	1,138,057	86,659	1,553,876
Additions	-	78,080	31,519	109,599
Modification	-	(381,457)	(35,986)	(417,443)
Effect of changes in exchange rates	4,849	15,705	768	21,322
Balance at December 31, 2022	<u>\$ 334,009</u>	<u>850,385</u>	<u>82,960</u>	<u>1,267,354</u>
Accumulated depreciation:				
Balance at January 1, 2023	\$ 100,349	335,602	41,192	477,143
Depreciation	7,401	129,946	26,129	163,476
Modification	-	(20,415)	(17,861)	(38,276)
Reclassification	-	-	(2,321)	(2,321)
Effect of changes in 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>
Balance at January 1, 2022	\$ 91,954	466,630	49,391	607,975
Depreciation	7,062	144,895	26,981	178,938
Modification	-	(282,668)	(35,401)	(318,069)
Effect of changes in exchange rates	1,333	6,745	221	8,299
Balance at December 31, 2022	<u>\$ 100,349</u>	<u>335,602</u>	<u>41,192</u>	<u>477,143</u>
Carrying value:				
December 31, 2023	<u>\$ 267,581</u>	<u>415,560</u>	<u>36,193</u>	<u>719,334</u>
December 31, 2022	<u>\$ 233,660</u>	<u>514,783</u>	<u>41,768</u>	<u>790,211</u>
January 1, 2022	<u>\$ 237,206</u>	<u>671,427</u>	<u>37,268</u>	<u>945,901</u>

(Continued)

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

(j) Investment property

	<u><b>Buildings</b></u>
Cost:	
Balance as at January 1, 2023	\$ 72,900
Effect of changes in exchange rates	<u>(1,339)</u>
Balance as at December 31, 2023	<u><b>\$ 71,561</b></u>
Balance as at January 1, 2022	\$ 71,842
Effect of changes in exchange rates	<u>1,058</u>
Balance as at December 31, 2022	<u><b>\$ 72,900</b></u>
Accumulated depreciation:	
Balance as at January 1, 2023	\$ 39,366
Depreciation	3,270
Effect of changes in exchange rates	<u>(773)</u>
Balance as at December 31, 2023	<u><b>\$ 41,863</b></u>
Balance as at January 1, 2022	\$ 35,562
Depreciation	3,291
Effect of changes in exchange rates	<u>513</u>
Balance as at December 31, 2022	<u><b>\$ 39,366</b></u>
Carrying value:	
Balance as at December 31, 2023	<u><b>\$ 29,698</b></u>
Balance as at December 31, 2022	<u><b>\$ 33,534</b></u>
Balance as at January 1, 2022	<u><b>\$ 36,280</b></u>
Fair value:	
Balance as at December 31, 2023	<u><b>\$ 89,584</b></u>
Balance as at December 31, 2022	<u><b>\$ 86,895</b></u>
Balance as at January 1, 2022	<u><b>\$ 76,103</b></u>

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

The fair value of investment property (as disclosed in the financial statements) 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><b>Region</b></u>	<u><b>2023</b></u>	<u><b>2022</b></u>
Xuhui Dist., Shanghai	2.75%	3.22%

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

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

(k) Short-term and long-term borrowings

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

(i) Short-term borrowings

<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Unsecured loans	RMB	2.15~3.65	2024	\$ 1,505,878
Unsecured loans	TWD	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				<b>\$ 4,313,501</b>

<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Unsecured loans	RMB	1.64~3.95	2023	\$ 2,078,902
Unsecured loans	TWD	1.45~1.83	2023	733,000
Unsecured loans	JPY	0.57~0.92	2023	468,286
Letter of credit	USD	6.18	2023	3,077
Total				<b>\$ 3,283,265</b>

As of December 31, 2023 and 2022, the unused credit facilities amounted to \$18,017,657 thousand and \$17,150,840 thousand, respectively.

(ii) Short-term commercial paper payable

<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Commercial paper payable	TWD	1.45~1.82	2024	\$ 235,000
Discount on commercial paper payable				(145)
Total				<b>\$ 234,855</b>

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

(Continued)

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

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

As of December 31, 2023 and 2022, the unused credit facilities amounted to \$630,000 thousand and \$460,000 thousand, respectively.

(iii) Long-term borrowings

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

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

As of December 31, 2023 and 2022, the unused credit facilities amounted to \$2,584,624 thousand and \$1,818,813 thousand, respectively.

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

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

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

(l) Bonds payable

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Secured bonds	\$ 5,000,000	5,000,000
Less: discounts on bonds payable	92,328	119,400
Total	<b>\$ 4,907,672</b>	<b>4,880,600</b>
	<b>2023</b>	<b>2022</b>
Interest expenses	<b>\$ 51,773</b>	<b>51,773</b>

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

<b>Item</b>	<b>110-1 Secured Bonds (Tranche A)</b>
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
<b>Item</b>	<b>110-1 Secured Bonds (Tranche B)</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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**NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**

(m) Provisions

The information of the Group's provisions for the years ended December 31, 2023 and 2022 were as follows:

	<u>Site restoration</u>
Balance as of January 1, 2023	\$ 10,264
Provisions made during the year	<u>8,284</u>
Balance as of December 31, 2023	<u><u>\$ 18,548</u></u>
Balance as of January 1, 2022 (Balance as of December 31, 2022)	<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.

(n) Lease liabilities

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current	<u>\$ 140,676</u>	<u>140,486</u>
Non-current	<u><u>\$ 364,083</u></u>	<u><u>468,911</u></u>

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

The amounts recognized in profit or loss were as follows:

	<u>2023</u>	<u>2022</u>
Interest on lease liabilities	<u>\$ 23,269</u>	<u>29,696</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 25,919</u>	<u>53,357</u>
Income from sub-leasing right-of-use assets	<u>\$ (1,532)</u>	<u>(1,268)</u>
Expenses relating to short-term leases	<u>\$ 67,834</u>	<u>79,593</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u><u>\$ 6,282</u></u>	<u><u>6,281</u></u>

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

	<u>2023</u>	<u>2022</u>
Total cash outflow for leases	<u><u>\$ 323,443</u></u>	<u><u>327,126</u></u>

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

(o) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
The present value of the defined benefit obligations	\$ 521,064	497,361
Fair value of plan assets	<u>(314,534)</u>	<u>(308,753)</u>
The net defined benefit liability	<b><u>\$ 206,530</u></b>	<b><u>188,608</u></b>

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period 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. Minimum annual distributions of the funds by the Bureau 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 \$314,534 thousand as of December 31, 2023. 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 defined benefit plan obligation

The movements in present value of the Group's defined benefit plan obligation for the years ended December 31, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Defined benefit obligation at 1 January	\$ 497,361	549,194
Current service costs and interest	12,806	10,941
Remeasurements of the net defined benefit liability		
— Due to changes in financial assumption of actuarial gains	34,750	3,012
Benefits paid by the plan	<u>(23,853)</u>	<u>(65,786)</u>
Defined benefit obligation at 31 December	<b><u>\$ 521,064</u></b>	<b><u>497,361</u></b>

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

3) Movements in fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Fair value of plan assets, January 1	\$ 308,753	302,163
interest revenue	4,298	1,481
Remeasurements of the net defined benefit liability		
— Due to changes in financial assumption of actuarial gains	2,394	24,373
Contributions made	23,560	30,028
Benefits paid by the plan	(24,471)	(49,292)
Fair value of plan assets, December 31	<u><u>\$ 314,534</u></u>	<u><u>308,753</u></u>

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Current service cost	\$ 6,636	7,560
Net interest on the defined benefit liability	1,872	1,900
	<u><u>\$ 8,508</u></u>	<u><u>9,460</u></u>

	<b>2023</b>	<b>2022</b>
Operating costs	\$ 6,079	4,817
Selling expenses	237	840
General and administration expenses	2,154	3,767
Research and development expenses	38	36
	<u><u>\$ 8,508</u></u>	<u><u>9,460</u></u>

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions at the reporting dates:

	<b>2023</b>	<b>2022</b>
Discount rate	1.375~1.625%	1.50~1.75%
Future salary increases rate	1.000~2.000%	1.000~2.000%

The Group expects to make contributions of \$9,762 thousand to the defined benefit plans in the next year starting from the reporting date of 2023.

The weighted average duration of the defined benefit obligation is 7.90~12.35 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, 2023 and 2022, the present value of defined benefit obligation impact was as follow:

	<b>The impact of defined benefit obligation</b>	
	<b>Increase</b>	<b>Decrease</b>
December 31, 2023		
Discount rate (0.25%)	\$ (6,423)	6,610
Future salary increase rate (0.25%)	6,257	(6,105)
December 31, 2022		
Discount rate (0.25%)	(6,291)	6,480
Future salary increase rate (0.25%)	6,188	(6,035)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of the sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company and its subsidiaries in Taiwan have made monthly contributions equal to 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Subsidiaries in China have made monthly contributions equal to 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 contributes a fixed amount to the Bureau of the Labor Insurance and China Social Security Fund without additional legal or constructive obligations.

The Group's pension costs under the defined contribution plan were \$210,332 thousand and \$180,007 thousand for the years ended December 31, 2023 and 2022, respectively.

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

(iii) Short-term employee benefit

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Compensated absence liabilities (recorded under other payables)	<b>\$ 32,067</b>	<b>28,918</b>

(p) Income tax

i) Income tax expenses

The components of income tax for the years ended December 31, 2023 and 2022, were as follows:

	<b>2023</b>	<b>2022</b>
Current tax expenses		
Current period	\$ 386,393	272,837
Adjustment for prior period	(876)	854
	<u>385,517</u>	<u>273,691</u>
Deferred tax expense		
Origination and reversal of temporary differences	149,765	108,030
Income tax on continuing operations	<b>\$ 535,282</b>	<b>381,721</b>

No income tax recognized in other comprehensive income for 2023 and 2022.

Reconciliations of the Group's income tax expense and the profit before tax for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Income before tax	<b>\$ 1,776,450</b>	<b>1,073,438</b>
Income tax calculated on pretax accounting income at statutory rate	\$ 355,290	214,688
Effect of tax rates in foreign jurisdiction	387,544	178,002
Adjustment for prior periods	(876)	854
Adjustment on tax laws	(62,927)	(15,725)
Tax-exempt expense	(92)	(744)
Investment income	(151,455)	(39,866)
Estimated withholding tax of attributable earnings of subsidiaries in Mainland China	45,604	11,676
Recognition of previously unrecognized tax losses	(19,323)	-
Current-year losses for which no deferred income tax assets was recognized	28,740	56,474
Surtax on undistributed earnings	10,877	-
Others	(58,100)	(23,638)
Total	<b>\$ 535,282</b>	<b>381,721</b>

(Continued)

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

ii) Recognized 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 the years ended December 31, 2023 and 2022. 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, 2023	December 31, 2022
Unrecognized deferred tax liabilities	\$ <u>640,147</u>	<u>540,019</u>

ii. Unrecognized deferred income tax assets

The Deferred income tax assets that have not been recognized by the Group are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences	\$ 61,158	-
Impairment loss	14,021	23,701
Tax losses	<u>710,256</u>	<u>863,868</u>
	\$ <u>785,435</u>	<u>887,569</u>

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 therefore.

As of December 31, 2023, the amount of tax losses not yet recognized as deferred tax assets and their last year for credit is as follows:

Year	Amount	Year of expiration
2014	\$ 5,988	2024
2015	4,490	2025
2016	4,302	2026
2017	7,592	2027
2018	5,552	2028
2019	5,378	2029
2020	74,115	2030
2021	90,587	2031
2022	55,326	2032
2023	<u>4,872</u>	2033
	\$ <u>258,202</u>	

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

As of December 31, 2023, the amount of tax losses not yet recognized as deferred tax assets and their last year for credit is as follows:

<b>Year</b>	<b>Amount</b>	<b>Year of expiration</b>
2020	\$ 118,438	2025
2021	166,696	2026
2022	166,920	2027
	<u><u>\$ 452,054</u></u>	

iii. Recognized deferred income tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

Deferred tax assets:

	<b>Loss carryforward</b>	<b>Other</b>	<b>Total</b>
<b>Balance at January 1, 2023</b>	\$ 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)
<b>Balance at December 31, 2023</b>	<u><u>\$ 65,556</u></u>	<u><u>106,662</u></u>	<u><u>172,218</u></u>
<b>Balance at January 1, 2022</b>	\$ 138,571	120,055	258,626
Recognized in profit or loss	(22,519)	(36,150)	(58,669)
Foreign currency translation differences for foreign operations	2,046	2,309	4,355
<b>Balance at December 31, 2022</b>	<u><u>\$ 118,098</u></u>	<u><u>86,214</u></u>	<u><u>204,312</u></u>

Deferred tax liabilities:

	<b>Investment income from Mainland China accounted for using equity method</b>	<b>Foreign investment income accounted for using equity method</b>	<b>Depreciation difference between financial and tax reporting and other</b>	<b>Land value increment tax</b>	<b>Total</b>
<b>Balance at January 1, 2023</b>	\$ 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)
<b>Balance at December 31, 2023</b>	<u><u>\$ 215,469</u></u>	<u><u>1,073,815</u></u>	<u><u>27,682</u></u>	<u><u>304,572</u></u>	<u><u>1,621,538</u></u>
<b>Balance at January 1, 2022</b>	\$ 210,611	915,538	21,129	304,572	1,451,850
Recognized in profit or loss	14,130	40,974	(5,743)	-	49,361
Foreign currency translation differences for foreign operations	3,059	-	1,223	-	4,282
<b>Balance at December 31, 2022</b>	<u><u>\$ 227,800</u></u>	<u><u>956,512</u></u>	<u><u>16,609</u></u>	<u><u>304,572</u></u>	<u><u>1,505,493</u></u>

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

iii) Examination and approval

The tax returns of the Company have been examined and approved by the tax authorities through 2019.

(q) Capital and other equity

(i) Capital

As of December 31, 2023 and 2022, 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, 294,133 thousand shares were issued. All issued shares were paid up upon issuance.

(ii) Capital surplus

The components of capital surplus were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Share premium	\$ 1,280	1,280
Overaging unclaimed dividends	9,854	7,092
Treasury stock	1,376,517	1,284,757
Recognize changes in all equity in subsidiaries	<u>2,438,173</u>	<u>2,389,866</u>
	<u><b>\$ 3,825,824</b></u>	<u><b>3,682,995</b></u>

The Company's subsidiary, Lucky Co., was awarded with cash dividends on 2023 and 2022 amounting to \$91,760 thousand and \$100,937 thousand, respectively, and they were recognized as capital surplus-treasury stock transactions.

In accordance with the ROC Company Act, realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10 percent of the actual share capital amount.

(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.

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

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

1) 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 earnings reserve

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

For the regulatory permission mentioned above, the Company is also required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the difference between the amount of the above-mentioned special reserve and net debit balance of the other components of stockholders' equity.

3) Distribution of retained earnings

The Company's Board of Directors resolved to appropriate the 2022 and 2021 earnings. These earnings were appropriated as follows:

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

(Continued)

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

The Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	<u>2023</u>
	<u>March 12, 2024</u>
Date resolved by Board of Directors	
Dividends distributed to common shareholders:	
Cash	\$ <u>735,332</u>
Dividend Payout (in NT dollars)	\$ <u>2.5</u>

(iv) Treasury stock

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

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

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

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

(v) Other equities (net for tax)

	<u>Foreign exchange differences arising from foreign operations</u>	<u>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</u>	<u>Non-controlling interests</u>	<u>Total</u>
Balance as of January 1, 2023	\$ (710,951)	(49,100)	247,962	(512,089)
Foreign exchange differences arising from foreign operations	(217,441)	-	(20,309)	(237,750)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	8,040	-	8,040
Disposal of investments in equity instruments designed at fair value through other comprehensive income	-	45,000	-	45,000
Balance as of December 31, 2023	\$ <u>(928,392)</u>	<u>3,940</u>	<u>227,653</u>	<u>(696,799)</u>
Balance as of January 1, 2022	\$ (1,059,576)	(40,183)	207,069	(892,690)
Foreign exchange differences arising from foreign operations	348,625	-	40,893	389,518
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(8,917)	-	(8,917)
Balance as of December 31, 2022	\$ <u>(710,951)</u>	<u>(49,100)</u>	<u>247,962</u>	<u>(512,089)</u>

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

(r) Share-based payment

- (i) On October 15, 2021 and November 12, 2021, the board of directors of Namchow Food CO., resolved to issue 4,595 thousand shares of RSAs, including 4,125 thousand shares of restricted stock and 470 thousand reserved shares of restricted stock; Of these the Board of Directors resolved to issue, 470 thousand shares on October 28, 2022, the grant price was RMB 16.425 per share of RSAs, the fair value was RMB 16.945 per share at the grant date. The recipients are limited to the full-time employees of Namchow Food CO. who meet certain conditions. As of October 10, 2022, the grant price of the reserved restricted shares is adjusted from RMB 16.425 per share to RMB 16.095 per share.

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

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.

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

Information about restricted shares was as follows:

	Unit: thousand of shares	
	<b>2023</b>	<b>2022</b>
Shares outstanding on January 1	3,834	4,125
Granted during the year	-	470
lost during the year	(2,024)	(761)
Shares outstanding on December 31	<u><b>1,810</b></u>	<u><b>3,834</b></u>

(ii) Compensation cost

	<b>2023</b>	<b>2022</b>
Expenses resulting from RSA	<u><b>\$ 45,042</b></u>	<u><b>80,764</b></u>

(s) Earnings per share

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

(i) Basic earnings per share

	Unit: thousand of shares	
	<b>2023</b>	<b>2022</b>
Net income attributable to common shareholders of the Company	<u><b>\$ 1,041,815</b></u>	<u><b>559,669</b></u>
Weighted-average number of common shares	<u><b>248,092</b></u>	<u><b>248,092</b></u>
Basic earnings per share (in NT dollars)	<u><b>\$ 4.20</b></u>	<u><b>2.26</b></u>

ii) Diluted earnings per share

	Unit: thousand of shares	
	<b>2023</b>	<b>2022</b>
Net income attributable to common shareholders of the Company (diluted)	<u><b>\$ 1,041,815</b></u>	<u><b>559,669</b></u>
Weighted-average number of common shares (basic)	248,092	248,092
Impact of potential common shares:		
Effect of employees' remuneration	269	203
Weighted-average number of shares outstanding (diluted)	<u><b>248,361</b></u>	<u><b>248,295</b></u>
Diluted earnings per share (in NT dollars)	<u><b>\$ 4.19</b></u>	<u><b>2.25</b></u>

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

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

		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>
		2022						
		Edible and non- edible oil products	Detergent products	Frozen dough	Ice cream products	Foods	Catering	Management, rental revenue and others
								Total
Area of distribution:								
China	\$	11,686,305	-	946,873	-	11,020	209,734	36,943
Taiwan		981,113	495,823	532,413	1,406,212	538,775	330,511	54,528
Thailand		-	-	-	-	195,301	-	2,333
New Zealand and Australia		-	-	-	-	1,021,108	-	-
United states		-	-	-	-	883,831	-	-
Europe		-	-	-	-	816,241	-	-
Others		21,917	-	-	-	290,256	17,168	-
	\$	<u>12,689,335</u>	<u>495,823</u>	<u>1,479,286</u>	<u>1,406,212</u>	<u>3,756,532</u>	<u>557,413</u>	<u>93,804</u>
								<u>20,478,405</u>

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

(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liability	\$ <u>383,721</u>	<u>469,076</u>	<u>540,585</u>

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

The amount of revenue recognized for the years ended December 31, 2023 and 2022, that was included in the contract liability balance at the beginning of the period was \$307,662 thousand and \$499,015 thousand, respectively.

(u) Remuneration to employees and directors

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

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

The Company estimated its remuneration to employees amounting to \$12,190 thousand and \$6,645 thousand, as well as its directors' \$54,856 thousand and \$26,578 thousand for the years 2023 and 2022, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentage of the remuneration to employees and directors as specified in the Company's article. The estimations are recorded under operating expenses and cost. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022. The aforementioned remuneration to employees and directors are consistent to the estimated amounts disclosed in the Company's consolidated financial statements.

(v) Non-operating income and expenses

(i) Interest income

	2023	2022
Interest income from bank deposits	\$ <u>255,493</u>	<u>237,284</u>

(ii) Other income

	2023	2022
Rental income	\$ 11,583	10,532
Dividend income	431	2,900
Other income — other		
Government grants	92,517	78,028
Others	<u>41,748</u>	<u>66,739</u>
Total other income — Other	<u>134,265</u>	<u>144,767</u>
Total other income	\$ <u>146,279</u>	<u>158,199</u>

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

(iii) Other gains and losses

	<u>2023</u>	<u>2022</u>
Losses on disposal of property, plant and equipment, net	\$ (6,036)	(1,364)
Gains on lease modification, net	39	13,314
Foreign exchange gains, net	6,363	34,712
Recognize impairment loss	-	(9,101)
Others	(2,260)	(39,291)
Net other gains and losses	<u>\$ (1,894)</u>	<u>(1,730)</u>

(iv) Finance costs

	<u>2023</u>	<u>2022</u>
Interest expense	<u>\$ 210,365</u>	<u>213,457</u>

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum credit risk exposure of the Group's financial assets is equal to their carrying amount.

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 deposits its cash and cash equivalents in different financial institutions and has no concentration of credit risk on an individual customer. Therefore, the Group concluded that it is not exposed to credit risk.

(ii) Liquidity risk

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

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within a year</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
<b>December 31, 2023</b>						
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	1,709,741	1,709,741	1,709,741	-	-	-
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	-	-	-
	<u>\$ 15,178,654</u>	<u>15,493,936</u>	<u>8,053,040</u>	<u>1,016,840</u>	<u>5,959,624</u>	<u>464,432</u>

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

	Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	More than 5 years
<b>December 31, 2022</b>						
Non-derivative financial liabilities						
Secured loans	\$ 1,660,577	1,776,150	64,962	111,763	1,111,478	487,947
Unsecured loans	5,194,590	5,268,489	3,587,713	1,680,776	-	-
Short-term commercial paper payable	299,909	300,000	300,000	-	-	-
Accounts payable	1,318,949	1,318,949	1,318,949	-	-	-
Other payables	1,611,599	1,611,599	1,611,599	-	-	-
Bonds payable	4,880,600	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	609,397	685,624	163,168	157,491	250,827	114,138
Guarantee deposits received	793	793	793	-	-	-
	<u>\$ 15,576,414</u>	<u>15,961,604</u>	<u>7,047,184</u>	<u>1,950,030</u>	<u>4,362,305</u>	<u>2,602,085</u>

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

(iii) Currency risk

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

1) Risk exposure

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

	Foreign currency	Exchange rate	TWD
<b>December 31, 2023</b>			
Financial assets:			
Monetary assets:			
USD	\$ 21,185	30.705	650,494
THB	109,069	0.900	98,347
Financial liabilities:			
Monetary liabilities:			
USD	\$ 3,725	30.705	114,365
EUR	9,272	33.980	315,061
<b>December 31, 2022</b>			
Financial assets:			
Monetary assets:			
USD	\$ 4,842	30.710	148,707
Financial liabilities:			
Monetary liabilities:			
USD	\$ 7,077	30.710	217,336
EUR	7,571	32.720	247,733

(Continued)

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

2) Sensitivity analysis

The Group's exposure to foreign currency risk arose from cash and cash equivalents, accounts receivables, other receivables, loans and borrowings, accounts payable and other payables that were denominated in foreign currencies. A 1% appreciation (depreciation) of the TWD against the USD, THB and EUR as of December 31, 2023 and 2022 would have increased (decreased) the net income after tax for the years ended December 31, 2023 and 2022 by \$3,194 thousand and \$3,164 thousand, respectively. The analysis was performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

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, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized abortions) amounted to \$6,363 thousand and \$34,712 thousand, respectively.

(iv) Interest rate risk analysis

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

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

If the interest rate had increased / decreased by 1%, the Group's net income before tax would have decreased / increased by \$27,841 thousand and \$65,802 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant. This is mainly due to the Group's borrowing and time deposits at floating rates.

(v) Fair value and carrying amount

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the Regulations.

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

## **Notes to the Consolidated Financial Statements**

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

December 31, 2023					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ <u>23,917</u>	<u>23,917</u>	<u>-</u>	<u>-</u>	<u>23,917</u>
December 31, 2022					
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ <u>15,872</u>	<u>15,872</u>	<u>-</u>	<u>-</u>	<u>15,872</u>

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

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

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

### 3) Fair value hierarchy

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

- a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- b) Level 2: inputs, other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(Continued)

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

- c) Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

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

- 4) Transferring between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 for the years ended December 31, 2023 and 2022.

(x) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

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

This note discloses information about the Group's exposure to the aforementioned risks, and its goals, policies, and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the financial report.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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 management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(Continued)

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

(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) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. 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. In 2023 and 2022, there was no geographical concentration of credit risk regarding the Group's revenue.

The Group have 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.

The Group set the allowance for bad debt account to reflect the estimated losses for trade, other receivables, and investment. The allowance for bad debt account consists of specific losses relating to individually significant exposure and unrecognized losses arising from similar assets groups. The allowance for bad debt account is based on historical collection record of similar financial assets.

2) Investments

The credit risk exposure in the bank deposits, fixed income investment and other financial instruments is measured and monitored by the Group's finance department. Since those who transact with the Group are banks and other external parties with good credit standing, there are no non-compliance issues, and therefore, there is no significant credit risk.

3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to subsidiaries. As of December 31, 2023 and 2022, the Group did not provide any endorsement and guarantees to preparation of the third-party.

(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.

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**NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES**  
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The Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of the expected cash flows on financial liabilities (other than trade payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot be reasonably predicted. The Group has unused short term bank facilities of \$21,232,281 thousand and \$19,429,653 thousand on December 31, 2023 and 2022, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices 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.

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 TWD, CNY, JPY and THB. The currencies used in these transactions are the TWD, 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 TWD, USD, THB, CNY, and JPY.

With regard to monetary assets and liabilities denominated in a foreign currency, when a short-term risk exposure exists, the Group relies on immediate foreign exchange transactions to ensure the net exposure to foreign exchange risk is maintained at an acceptable level.

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.

3) Other market price risk

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.

(y) 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.

(Continued)

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

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total liabilities	\$ 17,740,039	18,083,809
Less: cash and cash equivalents	9,516,930	10,494,443
Net debt	<u>\$ 8,223,109</u>	<u>7,589,366</u>
Total equity	<u>\$ 12,540,933</u>	<u>12,379,973</u>
Debt-to-adjusted-capital ratio	<u>66 %</u>	<u>61 %</u>

As of December 31, 2023, there were no changes in the Group's approach of capital management.

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

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

(aa) The reconciliation of liabilities arising from financing activities

For the year ended December 31, 2023 and 2022, the reconciliation of liabilities arising from financing activities were as follows:

	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>December 31, 2023</b>
			<b>Foreign exchange movement</b>	<b>Others</b>	
Short-term borrowings	\$ 3,283,265	1,092,989	(62,753)	-	4,313,501
Short-term commercial paper payable	299,909	(65,000)	-	(54)	234,855
Bonds payable	4,880,600	-	-	27,072	4,907,672
Long-term borrowings (including current portion)	3,571,902	(1,263,564)	(46,300)	-	2,262,038
Lease liabilities	609,397	(224,940)	(9,031)	129,333	504,759
Other non-current liabilities	138,651	(30,231)	-	-	108,420
Total liabilities from financing activities	<u>\$ 12,783,724</u>	<u>(490,746)</u>	<u>(118,084)</u>	<u>156,351</u>	<u>12,331,245</u>

	<b>January 1, 2022</b>	<b>Cash flows</b>	<b>Non-cash changes</b>		<b>December 31, 2022</b>
			<b>Foreign exchange movement</b>	<b>Others</b>	
Short-term borrowings	\$ 2,460,970	806,869	15,426	-	3,283,265
Short-term commercial paper payable	89,983	210,000	-	(74)	299,909
Bonds payable	4,853,527	-	-	27,073	4,880,600
Long-term borrowings (including current portion)	3,922,722	(329,724)	(21,096)	-	3,571,902
Lease liabilities	761,864	(189,163)	10,088	26,608	609,397
Other non-current liabilities	165,839	(27,188)	-	-	138,651
Total liabilities from financing activities	<u>\$ 12,254,905</u>	<u>470,794</u>	<u>4,418</u>	<u>53,607</u>	<u>12,783,724</u>

(Continued)

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

**(7) Related-party transactions**

(a) Names and relationship with related parties

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

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

(b) Significant transactions with related parties — leases

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

(c) Personnel transactions from key management

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

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 298,543	207,583
Post-employments benefits	2,112	1,658
	<u>\$ 300,655</u>	<u>209,241</u>

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment:			
Land	Long-term borrowings	\$ 1,716,872	1,755,616
Buildings	Long-term borrowings	722,996	786,646
		<u>\$ 2,439,868</u>	<u>2,542,262</u>

(Continued)



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

**(9) Commitments and contingencies**

(a) Major contracts not recognized the commitment:

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Acquisition of property, plant and equipment	<b>\$ 350,984</b>	<b>84,812</b>

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unused letters of credit for purchases of materials	<b>\$ 440,615</b>	<b>929,978</b>

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

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

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

	<b>December 31, 2023</b>
One year	\$ 816
Less than five years	3,262
More than five years	612
	<b>\$ 4,690</b>

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

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

(Continued)

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

**(11) Subsequent Events**

- (a) The Company's consolidated Subsidiary - Lucky Co. carried out a capital reduction through a cash return to shareholders, which has been resolved in the shareholders' meeting on January 5, 2024. The total amount of the capital reduction was \$256,684 thousand, which represented a capital reduction ratio of 26.83% and cancelled 25,668 thousand shares. The base date of the capital reduction was set as January 10, 2024, and the Lucky Co.'s paid-in capital after capital reduction was \$700,000 thousand, of which 70,000 thousand shares were issued. In order to expand business, attract talent, and enhance the overall efficiency of the Company's resource, Lucky Co. plans to file for its initial public offering, which was approved by the Company's Board of Directors on March 12, 2024.
- (b) In order to continue enhancing the Group's food and beverage business channels, creating stable revenue and profits, Huaciang Co.'s Board of Directors approved to acquire 93.32% shares in its subsidiary, Namchow BVI Co. from Lucky Co., and indirectly acquired 93.32% shares in NBP Co. on February 29, 2024, the selling price of the above transaction amounted to \$72,270 thousand (USD 2,310 thousand).
- (c) In response to the Group's reorganization, on March 11, 2024, Huaciang Co.'s Board of Directors approved to sell the inventory, property, plant and equipment in its Zhongli plant, which were related to the frozen cooked noodle production, to Lucky Co., and the sale price of the above transaction amounted to \$151,495 thousand.

**(12) Other**

The employee benefit expenses, depreciation and amortization, categorized by function, were as follows:

By nature	Years ended December 31, 2023			Years ended December 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	1,019,631	1,507,671	2,527,302	906,081	1,430,708	2,336,789
Labor and health insurance	357,743	183,928	541,671	298,027	171,821	469,848
Pension	85,746	133,094	218,840	64,237	125,230	189,467
Remuneration of directors	-	60,648	60,648	-	31,273	31,273
Others	80,111	88,093	168,204	72,651	195,748	268,399
Depreciation (note 1)	574,711	392,475	967,186	590,671	400,958	991,629
Amortization	-	-	-	-	-	-

Note 1: Depreciation expenses for investment property recognized under non-operating income and expenses—other gains and losses amounting to \$3,270 thousand and \$3,291 thousand for the years ended December 31, 2023 and 2022 were not excluded, respectively.

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## NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (13) Other disclosures

##### (a) Information on significant transactions:

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

##### (i) Loans extended to other parties:

Unit: thousand dollars

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the period	Ending balance (Note 1)	Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
1	Namchow Food Co.	Tianjin Namchow Co.	Other receivables — related parties	Yes	583,692	568,197	568,197	-	Short term financing	-	Capital for operation	-	-	-	5,832,277 (Note 2)	5,832,277 (Note 2)
2	Namchow Food Co.	Guangzhou Namchow Co.	Other receivables — related parties	Yes	1,355,480	809,277	809,277	-	Short term financing	-	Capital for operation	-	-	-	5,832,277 (Note 2)	5,832,277 (Note 2)
3	Namchow Food Co.	Shanghai Namchow Co.	Other receivables — related parties	Yes	579,643	564,255	564,255	-	Short term financing	-	Capital for operation	-	-	-	5,832,277 (Note 2)	5,832,277 (Note 2)
4	Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Other receivables — related parties	Yes	97,790	-	-	-	Short term financing	-	Capital for operation	-	-	-	5,832,277 (Note 2)	5,832,277 (Note 2)

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

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

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

Unit: thousand dollars

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the period	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company										
0	The Company	Nankyo Japan Co.	2	9,827,363	1,050,780	1,002,090	557,770	-	10.20 %	9,827,363	Y	N	N

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

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

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

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

Unit: thousand dollars/thousand of shares

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Maximum investment in 2023	Remarks
				Number of shares	Book value	Holding percentage	Market value		
The Company	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income — non-current	1,185	19,381	0.05 %	19,381	19,381	
Lucky Co.	Stock: The Company	The Company's subsidiary	Financial assets at fair value through comprehensive income — non-current	46,041	2,338,896	15.65 %	2,338,896	530,114	Note 1
Lucky Co.	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income — non-current	277	4,536	0.01 %	4,536	4,536	

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

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

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## NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts / notes receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Lucky Co.	Huaciang Co.	Subsidiary	Purchase	173,426	19 %	Note 1	-	-	(10,961)	(6) %	Eliminated
Huaciang Co.	Lucky Co.	Subsidiary	(Sales)	(173,426)	(11) %	Note 1	-	-	10,961	5 %	Eliminated
Huaciang Co.	Namchow Oil and Fat Co.	Subsidiary	Purchase	122,901	37 %	Note 1	-	-	(20,425)	(6) %	Eliminated
Namchow Oil and Fat Co.	Huaciang Co.	Subsidiary	(Sales)	(122,901)	(7) %	Note 1	-	-	20,425	20 %	Eliminated
Tianjin Yoshi Yoshi Co.	Tianjin Namchow Co.	Subsidiary	Purchase	304,608	65 %	Note 1	-	-	(42,145)	71 %	Eliminated
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	(Sales)	(304,608)	(12) %	Note 1	-	-	42,145	16 %	Eliminated
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	1,811,356	20 %	Note 1	-	-	(175,621)	24 %	Eliminated
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,811,356)	(72) %	Note 1	-	-	175,621	67 %	Eliminated
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	1,575,131	17 %	Note 1	-	-	(147,716)	20 %	Eliminated
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,575,131)	(50) %	Note 1	-	-	147,716	37 %	Eliminated
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	486,636	5 %	Note 1	-	-	(56,087)	8 %	Eliminated
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(486,636)	(70) %	Note 1	-	-	56,087	68 %	Eliminated
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	2,040,274	22 %	Note 1	-	-	-	- %	Eliminated
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(2,040,274)	(78) %	Note 1	-	-	-	- %	Eliminated
Chongqing Qiaoxing Co.	Tianjin Namchow Co.	Subsidiary	Purchase	333,142	13 %	Note 1	-	-	(37,454)	5 %	Eliminated
Tianjin Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(333,142)	(13) %	Note 1	-	-	37,454	14 %	Eliminated
Chongqing Qiaoxing Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	195,836	8 %	Note 1	-	-	(26,220)	6 %	Eliminated
Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(195,836)	(28) %	Note 1	-	-	26,220	32 %	Eliminated
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	460,524	18 %	Note 1	-	-	(47,848)	6 %	Eliminated
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(460,524)	(18) %	Note 1	-	-	47,848	66 %	Eliminated
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	905,319	35 %	Note 1	-	-	(101,999)	12 %	Eliminated
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(905,319)	(29) %	Note 1	-	-	101,999	26 %	Eliminated
Guangzhou Yoshi Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	638,027	70 %	Note 1	-	-	(143,426)	83 %	Eliminated
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	(Sales)	(638,027)	(20) %	Note 1	-	-	143,426	36 %	Eliminated
Namchow Food Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	887,076	10 %	Note 1	-	-	(119,344)	16 %	Eliminated
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(887,076)	(67) %	Note 1	-	-	119,344	67 %	Eliminated
Chongqing Qiaoxing Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	435,177	17 %	Note 1	-	-	(59,602)	7 %	Eliminated
Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(435,177)	(33) %	Note 1	-	-	59,602	33 %	Eliminated
Namchow Food Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	2,276,857	25 %	Note 1	-	-	(236,536)	32 %	Eliminated
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	(Sales)	(2,276,857)	(41) %	Note 1	-	-	236,536	55 %	Eliminated

Note 1: Depending on capital movement motor adjustment.

(Continued)

## NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

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

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party (Note 1)	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	147,716	9.54	-		147,716 (As of March 12, 2024)	-
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	175,621	10.34	-		175,621 (As of March 12, 2024)	-
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	101,999	7.82	-		101,999 (As of March 12, 2024)	-
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	119,344	9.16	-		- (As of March 12, 2024)	-
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	143,426	4.16	-		62,708 (As of March 12, 2024)	-
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	236,536	9.30	-		236,536 (As of March 12, 2024)	-
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	568,197 (Note 2)	-	-		- (As of March 12, 2024)	-
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	809,277 (Note 2)	-	-		- (As of March 12, 2024)	-
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	564,255 (Note 2)	-	-		- (As of March 12, 2024)	-

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

Note2: Loan to the subsidiary.

(ix) Trading in derivative instruments

On December 31, 2023, Namchow Thailand has no unexpired forward exchange contracts. In 2023, Namchow Thailand recognized realized benefits of \$3,950 thousand dollars in other gains and losses.

(x) Business relationships and significant intercompany transactions:

Unit: thousand dollars

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Sales revenue	304,608	No significant differences	1.34 %
1	Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	3	Accounts receivable	42,145	No significant differences	0.14 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Sales revenue	1,811,356	No significant differences	7.99 %
1	Tianjin Namchow Co.	Namchow Food Co.	3	Accounts receivable	175,621	No significant differences	0.58 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	333,142	No significant differences	1.47 %
1	Tianjin Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	37,454	No significant differences	0.12 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Sales revenue	1,575,131	No significant differences	6.95 %
2	Guangzhou Namchow Co.	Namchow Food Co.	3	Accounts receivable	147,716	No significant differences	0.49 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	905,319	No significant differences	3.99 %
2	Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	101,999	No significant differences	0.34 %
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Sales revenue	638,027	No significant differences	2.81 %

(Continued)

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

No.	Name of company	Name of counter-party	Existing relationship with the counter-party	Transaction details			
				Account name	Amount (Notes 3 and 4)	Trading terms	Percentage of the total consolidated revenue or total assets
2	Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	3	Accounts receivable	143,426	No significant differences	0.47 %
3	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	486,636	No significant differences	2.15 %
4	Tianjin Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	56,087	No significant differences	0.19 %
3	Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Sales revenue	195,836	No significant differences	0.86 %
3	Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	26,220	No significant differences	0.09 %
4	Mostro (Thailand) Ltd.	Namchow (Thailand) Ltd.	3	Sales revenue	49,628	No significant differences	0.22 %
5	Shanghai Namchow Co.	Namchow Food Co.	3	Sales revenue	2,040,274	No significant differences	9.00 %
5	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Sales revenue	460,524	No significant differences	2.03 %
5	Shanghai Namchow Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	47,848	No significant differences	0.16 %
6	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Sales revenue	887,076	No significant differences	3.91 %
6	Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	3	Accounts receivable	119,344	No significant differences	0.39 %
6	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Sales revenue	435,177	No significant differences	1.92 %
6	Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	3	Accounts receivable	59,602	No significant differences	0.20 %
7	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Sales revenue	2,276,857	No significant differences	10.04%
7	Chongqing Qiaoxing Co.	Namchow Food Co.	3	Accounts receivable	236,536	No significant differences	0.78 %
8	Namchow Oil and Fat Co.	Huaciang Co.	3	Sales revenue	122,901	No significant differences	0.54 %
8	Namchow Oil and Fat Co.	Huaciang Co.	3	Sales revenue	20,425	No significant differences	0.07 %
9	Huaciang Co.	Lucky Co.	3	Sales revenue	173,426	No significant differences	0.76 %
9	Huaciang Co.	Lucky Co.	3	Accounts receivable	10,961	No significant differences	0.04 %
9	Namchow Food Co.	Tianjin Namchow Co.	3	Other receivables-related parties	568,197	Determined capital demand	1.88 %
9	Namchow Food Co.	Guangzhou Namchow Co.	3	Other receivables-related parties	809,277	Determined capital demand	2.67 %
9	Namchow Food Co.	Shanghai Namchow Co.	3	Other receivables-related parties	564,255	Determined capital demand	1.86 %

Note 1: Company numbering is as follows:

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

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

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

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

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

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## NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (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 2023	Net income (losses) of investee	Investment income (losses)	Remarks
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value				
The Company	Namchow Thailand	Bangkok, Thailand	Manufacturing and selling instant noodles and rice cracker	1,027,405	1,027,405	9,245	100.00 %	3,352,760	1,027,405	597,111	597,111	Eliminated
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	34,427	10,201	1,364	1,364	Eliminated
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	12,553,383	343,443	641,010	641,010	Eliminated
The Company	Chow Ho Co.	Taipei, Taiwan	Catering services, food and beverage retailing, and frozen food manufacturing	137,000	137,000	2,900	100.00 %	9,438	137,000	(4,942)	(4,986)	Eliminated
The Company	Lucky Co.	Taipei, Taiwan	Manufacturing, selling and processing various food and beverage products	938,438	938,438	95,338	99.65 %	938,643	938,438	350,563	257,657	Eliminated
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	792	763	90	90.00 %	256	792	(20)	(16)	Eliminated (Note 3)
The Company	Nankyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	690,580	690,580	- (Note 2)	100.00 %	92,293	690,580	(86,962)	(86,962)	Eliminated
The Company	Namchow Consulting Co.	Taipei, Taiwan	Catering services, food and beverage retailing and other consulting	9,200	9,200	500	100.00 %	4,627	9,200	(257)	(257)	Eliminated
The Company	Namchow Oil and Fat Co.	Taipei, Taiwan	Manufacturing, processing and selling of edible oil and frozen dough	411,731	411,731	41,173	100.00 %	626,703	411,731	117,412	117,620	Eliminated
The Company	Huaciang Co.	Taipei, Taiwan	Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food	792,341	392,341	70,000	100.00 %	647,835	792,341	16,715	16,720	Eliminated
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	293,793	293,793	6,705	93.32 %	77,472	293,793	62,583	58,402	Eliminated (Note 1)
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	-	352,000	-	- %	-	-	15,462	15,284	Eliminated (Notes 1 and 3)
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	18,300	18,300	500	100.00 %	1,936	18,300	(1,197)	(1,197)	Eliminated (Note 4)
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	-	100	-	- %	-	-	(20)	(2)	Eliminated (Note 3)
Huaciang Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	20,135	-	13,100	100.00 %	24,750	20,135	15,462	-	Eliminated (Note 3)
Nacia Co.	Namchow Cayman Co.	Gayman Islands British West Indies	Holding of investments	2,522,207	2,522,207	35,378	100.00 %	12,535,062	2,522,207	640,742	640,742	Eliminated
Namchow Food Co.	Namchow Singapore Pte.	Singapore	The sales service of baking oil and fat product	30,517	2,965	-	81.24 %	18,642	30,517	(4,537)	(3,675)	Eliminated
Namchow Food Co.	Namchow HongKong Co.	HongKong	The sales service of baking oil and fat product	31,408	-	-	81.24 %	23,861	31,635	(1,257)	(1,018)	Eliminated
Namchow Food Co.	Namchow Bangkok Co.	Bangkok, Thailand	Manufacturing and selling of baking oil and fat product	95,336	-	-	80.43 %	78,790	96,330	(2,215)	(1,782)	Eliminated
Guangzhou Namchow Co.	Namchow Bangkok Co.	Bangkok, Thailand	Manufacturing and selling of baking oil and fat product	964	-	-	0.81 %	796	96,330	(2,215)	(18)	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 6 shares.

Note 3: In response to the Group's reorganization, Lucky Co. has separately signed equity transfer agreements with Huaciang Co. and the Company, to sell all of its shares in Dian Shui Lou Co. and NBP Co..

Note 4: Namchow Gastronomy Consulting Co. was dissolutiond on December 31,2023.

(c) Information on investment in mainland China:

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

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2023	Net income (losses) of investee	Direct / indirect investment holding percentage	Maximum investment in 2023	Investment income (loss) (note 2)	Book value as of December 31, 2023	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
Shanghai Qiaohao Co.	Holding of investments and international trade	1,110,279	(3)	-	-	-	-	(124,899)	100.00 %	1,110,279	(124,899) ((2)b.)	301,553	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	961	- ((2)b.)	865	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	925,091	(3)	-	-	-	-	(81,936)	100.00 %	925,091	(81,936) ((2)b.)	412,386	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(9,018)	100.00 %	90,836	(9,018) ((2)b.)	13,823	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	1,142,918	(3)	-	-	-	-	1,023,289	81.24 %	1,142,918	829,341 ((2)a.)	11,889,539	1,282,626
Tianjin Namchow Co.	Manufacturing and selling of edible fat	795,379	(3)	372,813	-	-	372,813	290,333	81.24 %	795,379	235,191 ((2)a.)	2,059,818	45,974

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## NAMCHOW HOLDINGS CO., LTD. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2023	Net income (losses) of investee	Direct / indirect investment holding percentage	Maximum investment in 2023	Investment income (loss) (note 2)	Book value as of December 31, 2023	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount							
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	136,840	(3)	-	-	-	-	191,147	81.24 %	136,840	154,831 ((2)a.)	941,635	-
Guangzhou Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	182,241	81.24 %	452,150	147,585 ((2)a.)	548,677	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	382,968	81.24 %	544,950	310,204 ((2)a.)	1,358,240	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	824,810	(3)	-	-	-	-	52,928	81.24 %	824,810	42,879 ((2)a.)	1,152,741	-
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	228,666	81.24 %	94,200	185,430 ((2)a.)	639,587	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	1,898	81.24 %	215,250	1,547 ((2)a.)	173,498	-
Chongqing Namchow Co.	Manufacturing and processing of light cream and frozen dough	1,445,967	(3)	-	-	-	-	19,969	81.24 %	1,445,967	16,166 ((2)a.)	1,177,185	-
Shanghai Qizhi Co.	Business management and investment consulting services	4,541	(3)	-	-	-	-	194	100.00 %	4,541	194 ((2)b.)	8,538	-
Bao Lai Na Co.	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	63,008	93.00 %	112,018	58,597 ((2)c.)	72,196	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, 2023	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	372,813	3,783,667	5,896,417
Lucky Co.	226,649	194,406	1,992,188

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

(d) Major shareholders:

Unit: Share

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

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

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

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

**(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 "Significant 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**  
**Notes to the Consolidated Financial Statements**

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

<b>Years ended December 31, 2023</b>									
	<b>Edible and non-edible oil products</b>	<b>Detergent products</b>	<b>Frozen dough</b>	<b>Ice cream products</b>	<b>Foods</b>	<b>Catering</b>	<b>Management, rental revenue and others</b>	<b>Adjustments or elimination</b>	<b>Total</b>
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)	-
<b>Total revenue</b>	<b>\$ 13,171,894</b>	<b>465,740</b>	<b>2,215,370</b>	<b>1,920,294</b>	<b>4,377,164</b>	<b>884,914</b>	<b>289,418</b>	<b>(644,788)</b>	<b>22,680,006</b>
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>

<b>Years ended December 31, 2022</b>									
	<b>Edible and non-edible oil products</b>	<b>Detergent products</b>	<b>Frozen dough</b>	<b>Ice cream products</b>	<b>Foods</b>	<b>Catering</b>	<b>Management, rental revenue and others</b>	<b>Adjustments or elimination</b>	<b>Total</b>
Revenue:									
Revenue from external customers	\$ 12,689,335	495,823	1,479,286	1,406,212	3,756,532	557,413	93,804	-	20,478,405
Inter-segment revenues	229,806	-	3,693	30,421	346,527	11,542	180,685	(802,674)	-
<b>Total revenue</b>	<b>\$ 12,919,141</b>	<b>495,823</b>	<b>1,482,979</b>	<b>1,436,633</b>	<b>4,103,059</b>	<b>568,955</b>	<b>274,489</b>	<b>(802,674)</b>	<b>20,478,405</b>
Reportable segment profit or loss	<u>\$ 453,037</u>	<u>(41,217)</u>	<u>188,838</u>	<u>99,093</u>	<u>522,754</u>	<u>(180,422)</u>	<u>(137,495)</u>	<u>(11,446)</u>	893,142
Interest income and other income									403,960
Other gains and losses									(10,207)
Finance costs									(213,457)
Net income before tax									<u>\$ 1,073,438</u>

(Continued)

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

- (i) In 2023 and 2022, inter-segment revenues of \$644,788 thousand and \$802,674 thousand respectively, should be eliminated from total revenue.
- (ii) Share of associate profit under equity method amounting to \$13,083 thousand and \$11,446 thousand, respectively, should be eliminated.

(c) Information about the products and services

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

<b>Products and services</b>	<b>2023</b>	<b>2022</b>
Baking oil, cooking oil and industrial oil	\$ 12,957,048	12,689,335
Frozen dough, noodles and cooked rice	6,396,210	5,235,818
Restaurant Business	870,059	557,413
Ice cream products	1,896,018	1,406,212
Others	560,671	589,627
Total	<b>\$ 22,680,006</b>	<b>20,478,405</b>

(d) Geographical information

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

<b>Geographical information</b>	<b>2023</b>	<b>2022</b>
Revenue from external customers:		
China	\$ 12,375,076	11,925,807
Taiwan	6,710,516	5,438,745
Thailand	3,594,414	3,113,853
Total	<b>\$ 22,680,006</b>	<b>20,478,405</b>

<b>Geographical information</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Non-current assets:		
Taiwan	\$ 3,282,125	3,225,816
China	6,385,085	6,569,667
Thailand	1,877,153	1,892,514
Japan	1,258,252	1,370,105
Total	<b>\$ 12,802,615</b>	<b>13,058,102</b>

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

(e) Information about major customers

For the years 2023 and 2022, the Group had no major customer who constituted 10% or more of net sales.

## V. Entity Financial Statement of the Latest Year Inspected and Authenticated by CPAs



安侯建業聯合會計師事務所  
KPMG

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### Independent Auditors' Report

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

#### Opinion

We have audited the parent company only financial statements of Namchow Holding Co., Ltd. ("the Company"), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### 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 Parent Company Only Financial Statements section of our report. We are independent of the Company 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 for 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our judgment, the key audit matters we communicated in the auditor's report were as follows:

Evaluation of investments accounted for under equity method

Please refer to notes 4(g) and 6(e) for the disclosure related to the evaluation of investments accounted for under equity method of the parent company only financial statements.

#### Description of key audit matter:

Namchow Holding Co., Ltd. mainly engages in the investment business. Investments accounted for under equity method amounts to \$18,260,365 thousand, which constitutes 90% of the total assets of Namchow Holding Co., Ltd. Therefore, the evaluation of investments accounted for under equity method is the key judgmental area for our audit.

#### How the matter is address in our audit:

Our principal audit procedure including providing audit instructions and communicating with auditors of other components; obtaining financial statements of the components, recalculating shares of profit from the subsidiaries and exam whether if it is recognized in the correct period; and evaluating whether the disclosure related to investments accounted for under equity method made by the management is appropriate.

#### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 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 parent company only 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 Company'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 Company'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 parent company only 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 Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 investment in other entities accounted for under equity method to express an opinion on the parent company only 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 parent company only financial statements of the current period 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 12, 2024

#### **Notes to Readers**

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only 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 parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

## NAMCHOW HOLDING CO., LTD.

## Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
		Amount	%	Amount	%			Amount	%	Amount	%
11XX	<b>Assets</b>					21XX	<b>Liabilities and Equity</b>				
	<b>Current assets:</b>						<b>Current liabilities:</b>				
1100	Cash and cash equivalents (note 6(a))	\$ 14,495	-	288,356	2	2100	Short-term borrowings (note 6(i))	\$ 2,105,000	10	340,000	2
1180	Accounts receivable—related parties (notes 6(c) and 7)	1,945	-	1,969	-	2110	Short-term commercial paper payable (note 6(i))	219,866	1	299,909	1
1200	Other receivables (note 6(d))	547	-	2,306	-	2322	Current portion of long-term borrowings (notes 6(i) and 8)	300,000	2	200,000	1
1210	Other receivables—related parties (notes 6(d), (m) and 7)	32,746	-	24,269	-	2200	Other payables (notes 6(l) and (q))	197,549	1	144,608	1
1220	Current income tax assets	8,086	-	25,090	-	2220	Other payable—related parties (notes 6(m) and 7)	389	-	12,500	-
1410	Prepayments	2,685	-	2,936	-	2230	Current income tax liabilities	29,587	-	50,971	-
	<b>Total current assets</b>	60,504	-	344,926	2	2280	Current lease liabilities (note 6(k))	1,268	-	2,250	-
15XX	<b>Non-current assets:</b>					2399	Other current liabilities	504	-	1,122	-
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(b))	19,381	-	12,861	-		<b>Total current liabilities</b>	2,854,163	14	1,051,360	5
1550	Investments accounted for under equity method (note 6(e))	18,260,365	90	16,980,686	88	25XX	<b>Non-Current liabilities:</b>				
1600	Property, plant and equipment (notes 6(f) and 8)	1,832,845	9	1,829,555	9	2530	Bonds payable (note 6(j))	4,907,672	24	4,880,600	26
1755	Right-of-use assets (note 6(g))	6,434	-	4,662	-	2540	Long-term borrowings (notes 6(i) and 8)	1,327,000	7	2,616,000	14
1760	Investment property (notes 6(h) and 8)	194,491	1	207,049	1	2570	Deferred income tax liabilities (note 6(m))	1,312,777	7	1,195,475	6
1840	Deferred income tax assets (note 6(m))	-	-	4,349	-	2580	Lease liabilities—non-current (note 6(k))	5,122	-	2,342	-
1915	Prepayments for equipment	-	-	706	-	2640	Accrued pension liabilities—non-current (note 6(l))	86,154	-	88,868	-
1920	Refundable deposit	6,196	-	8,396	-	2670	Other non-current liabilities	59,965	-	85,879	-
	<b>Total non-current assets</b>	20,319,712	100	19,048,264	98		<b>Total non-current liabilities</b>	7,698,690	38	8,869,164	46
						2XXX	<b>Total liabilities</b>	10,552,853	52	9,920,524	51
							<b>Equity (note 6(n)):</b>				
						3110	Common stock	2,941,330	14	2,941,330	15
						3200	Capital surplus	3,825,824	19	3,682,995	19
						3300	Retained earnings:				
						3310	Legal reserve	1,097,451	5	1,039,356	5
						3320	Special reserve	1,612,266	9	1,612,266	9
						3350	Unappropriated earnings	1,805,058	9	1,486,884	8
								4,514,775	23	4,138,506	22
						3400	Other equity:				
						3410	Financial statement translation differences for foreign operations	(928,392)	(5)	(710,951)	(4)
						3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	3,940	-	(49,100)	-
								(924,452)	(5)	(760,051)	(4)
						3500	Treasury stock	(530,114)	(3)	(530,114)	(3)
						3XXX	<b>Total equity</b>	9,827,363	48	9,472,666	49
1XXX	<b>Total assets</b>	\$ 20,380,216	100	19,393,190	100	2-3XXX	<b>Total liabilities and shareholders' equity</b>	\$ 20,380,216	100	19,393,190	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

**NAMCHOW HOLDING CO., LTD.****Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (notes 6(p) and 7)</b>	\$ 58,814	100	60,183	100
5000	<b>Operating costs</b>	-	-	-	-
5900	<b>Gross profit from operations</b>	58,814	100	60,183	100
6200	<b>General and administrative expenses (notes 6(f), (g), (k), (l), (q) and 7)</b>	323,553	550	267,535	445
6900	<b>Operating loss</b>	(264,739)	(450)	(207,352)	(345)
7000	<b>Non-operating income and expenses (notes 6(h), (j), (k) and (r)):</b>				
7100	Interest income	241	-	136	-
7010	Other income	12	-	1,632	3
7020	Other gains and losses	(13,286)	(23)	(11,250)	(19)
7050	Finance costs	(109,505)	(186)	(89,348)	(148)
7070	Share of profit of subsidiary accounted for using equity method	1,539,261	2,617	937,411	1,559
	<b>Total non-operating income and expenses</b>	1,416,723	2,408	838,581	1,395
7900	<b>Profit from continuing operations before tax</b>	1,151,984	1,958	631,229	1,050
7950	<b>Less: Income tax expenses (note 6(m))</b>	110,169	187	71,560	119
8000	<b>Profit</b>	1,041,815	1,771	559,669	931
8300	<b>Other comprehensive income (note 6(n)):</b>				
8310	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311	Losses on remeasurements of defined benefit plans	(10,580)	(18)	(2,188)	(3)
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6,520	11	(7,231)	(12)
8330	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(20,180)	(34)	21,792	36
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	(24,240)	(41)	12,373	21
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	13,704	23	175,678	292
8380	Share of other comprehensive income of subsidiaries accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(231,145)	(393)	172,947	287
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	(217,441)	(370)	348,625	579
8300	<b>Other comprehensive income (losses)</b>	(241,681)	(411)	360,998	600
	<b>Total comprehensive income</b>	\$ 800,134	1,360	920,667	1,531
9750	<b>Basic earnings per share (in New Taiwan dollars) (note 6(o))</b>	\$ 4.20		2.26	
9850	<b>Diluted earnings per share (in New Taiwan dollars) (note 6(o))</b>	\$ 4.19		2.25	

See accompanying notes to parent company only financial statements.



(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

**NAMCHOW HOLDING CO., LTD.****Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

			Retained earnings				Total other equity interest		Total	Treasury stock	Total equity
							Financial statements translation differences for foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total					
<b>Balance at January 1, 2022</b>	\$ 2,941,330	3,590,865	932,166	1,239,224	2,033,250	4,204,640	(1,059,576)	(40,183)	(1,099,759)	(530,114)	9,106,962
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	107,190	-	(107,190)	-	-	-	-	-	-
Special reserve	-	-	-	373,042	(373,042)	-	-	-	-	-	-
Cash dividends of ordinary share	-	100,937	-	-	(647,093)	(647,093)	-	-	-	-	(546,156)
Other changes in capital surplus	-	2,224	-	-	-	-	-	-	-	-	2,224
Net income	-	-	-	-	559,669	559,669	-	-	-	-	559,669
Other comprehensive income (loss)	-	-	-	-	21,290	21,290	348,625	(8,917)	339,708	-	360,998
Total comprehensive income (loss)	-	-	-	-	580,959	580,959	348,625	(8,917)	339,708	-	920,667
Changes in ownership interests in subsidiaries	-	(11,031)	-	-	-	-	-	-	-	-	(11,031)
<b>Balance at December 31, 2022</b>	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
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	58,095	-	(58,095)	-	-	-	-	-	-
Cash dividends of ordinary share	-	91,760	-	-	(588,266)	(588,266)	-	-	-	-	(496,506)
Other changes in capital surplus	-	2,762	-	-	-	-	-	-	-	-	2,762
Net income	-	-	-	-	1,041,815	1,041,815	-	-	-	-	1,041,815
Other comprehensive income (loss)	-	-	-	-	(32,280)	(32,280)	(217,441)	8,040	(209,401)	-	(241,681)
Total comprehensive income (loss)	-	-	-	-	1,009,535	1,009,535	(217,441)	8,040	(209,401)	-	800,134
Changes in ownership interests in subsidiaries	-	48,307	-	-	-	-	-	-	-	-	48,307
Disposal of investments in equity instruments designated at fair value through other comprehensive income in subsidiaries	-	-	-	-	(45,000)	(45,000)	-	45,000	45,000	-	-
<b>Balance at December 31, 2023</b>	<u>\$ 2,941,330</u>	<u>3,825,824</u>	<u>1,097,451</u>	<u>1,612,266</u>	<u>1,805,058</u>	<u>4,514,775</u>	<u>(928,392)</u>	<u>3,940</u>	<u>(924,452)</u>	<u>(530,114)</u>	<u>9,827,363</u>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

**NAMCHOW HOLDING CO., LTD.****Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Consolidated net income before tax	\$ 1,151,984	631,229
<b>Adjustments:</b>		
Adjustments to reconcile profit and loss:		
Depreciation	19,406	18,752
Interest expense	109,505	89,348
Interest income	(241)	(136)
Share of profit of subsidiaries accounted for using equity method	(1,539,261)	(937,411)
Total adjustments to reconcile profit	(1,410,591)	(829,447)
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Accounts receivable due from related parties	24	525
Other receivables	1,759	(2,306)
Other receivables due from related parties	(8,477)	8,591
Prepayments	251	(236)
Other current assets	-	50
Total changes in operating assets, net	(6,443)	6,624
Changes in operating liabilities:		
Other payables	51,019	(34,994)
Other payables to related parties	(12,111)	6,549
Other current liabilities	(618)	344
Net defined benefit liabilities	(13,293)	(39,204)
Total changes in operating liabilities, net	24,997	(67,305)
Total changes in operating assets / liabilities, net	18,554	(60,681)
Total adjustments	(1,392,037)	(890,128)
Cash provided by operating activities	(240,053)	(258,899)
Interest income received	241	136
Dividends received	562,056	621,838
Interest paid	(80,468)	(60,407)
Income taxes refund (paid)	7,102	(9,835)
<b>Net cash flows from operating activities</b>	<b>248,878</b>	<b>292,833</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of investments accounted for using equity method	(400,029)	(4,200)
Proceeds from disposal of investments accounted for using equity method	-	3,878
Acquisition of property, plant and equipment	(4,883)	(8,312)
Decrease in refundable deposits	2,200	2,924
Acquisition of investment properties	(1,279)	(202)
Increase in prepayments for equipment	-	(706)
<b>Net cash flows used in investing activities</b>	<b>(403,991)</b>	<b>(6,618)</b>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	8,379,000	6,126,000
Decrease in short-term borrowings	(6,614,000)	(5,786,000)
Increase in short-term commercial paper payable	2,830,000	1,332,000
Decrease in short-term commercial paper payable	(2,910,000)	(1,032,000)
Proceeds from long-term borrowings	13,561,000	13,990,000
Repayments of long-term borrowings	(14,750,000)	(13,983,000)
Payment of lease liabilities	(3,244)	(2,375)
Decrease in other non-current liabilities	-	(50)
Cash dividends paid	(588,266)	(647,093)
Interest paid	(26,000)	(26,076)
Overaging unclaimed dividends	2,762	2,224
<b>Net cash flows used in financing activities</b>	<b>(118,748)</b>	<b>(26,370)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(273,861)</b>	<b>259,845</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>288,356</b>	<b>28,511</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 14,495</b>	<b>288,356</b>

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

**NAMCHOW HOLDING CO., LTD.**

**Notes to the Financial Statements**

**For the years ended December 31, 2023 and 2022**

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

**(1) Company history**

Namchow Holding 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 Company 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 Holding Co., Ltd.. After the spin-off, the Company only engaged in investment holding.

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

The financial statements were authorized for issue by the Board of Directors on March 12, 2024.

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

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

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

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

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

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

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

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

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

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

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

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

The significant accounting policies presented in the parent company only financial statements are summarized as follows. The following accounting policies have been applied consistently throughout the presented periods in the parent company only financial statements.

(a) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

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

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan dollars, which is Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company 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. Nonmonetary 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, except for those differences relating to the following, which are recognized in other comprehensive income:

- an investment in equity securities designated as at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(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 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.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

(d) Classification of current and non-current assets and liabilities

An asset is classified 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 unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified 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) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalent refers to short term investments with high liquidity that are subject to insignificant risk of changes in their fair value and can be cashed into fixed amount of money. The definition of time deposit is similar to that of cash equivalent; however, the purpose of holding time deposit is for short term cash commitment rather than investment.

(f) Financial instruments

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade 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. A trade 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.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

On initial recognition, a financial asset is classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The Company shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

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 FVTPL:

- it is held within a business model whose objective is to hold 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) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company 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 Company's right to receive payment is established, which in the case of quoted securities is normally the exdividend date.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

The Company measures loss allowances at an amount equal to lifetime expected credit loss (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.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company 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 Company's historical experience and informed credit assessment as well as forward-looking information.

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

The Company 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 Company 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).

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 Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company 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.

(Continued)



## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Company recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company 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 Company 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 Company's procedures for recovery of amounts due.

#### 4) Derecognition of financial assets

The Company 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 Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company 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.

#### (ii) Financial liabilities and equity instruments

##### 1) Classification of debt or equity

Debt and equity instruments issued by the Company 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) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

#### 3) Financial liabilities

Other 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 Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled or has expired. The Company 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 Company 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.

#### (g) Investment in subsidiaries

When preparing the parent company only financial statements, investments in subsidiaries which are controlled by the Company using the equity method. Under the equity method, the net income, other comprehensive income, and equity in the parent company only financial statements are equivalent to those attributable to the shareholders of the parent company only financial statements.

Changes in ownership of a subsidiary that do not result in loss of control are accounted for as equity transactions.

#### (h) 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. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

(i) 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 Company.

(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.

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
Other equipment	1~15 years

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

(j) Leases

At inception of a contract, the Company 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.

The Company 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 using the impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

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 Company's incremental borrowing rate. Generally, the Company 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.

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 Company'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 Company 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 any gain or loss relating to the partial or full termination of the lease.

The Company 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 Company has elected not to recognize its right-of-use assets and lease liabilities for the short-term leases of its machinery and leases of its machine and other equipment that have a lease term of 12 months or less, and leases of its low-value assets, including its machine and other equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

(k) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) 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.

(l) Treasury stock

Under the cost method, the treasury stock account is debited for the after tax cost of the Company's shares purchased. When the disposal price of treasury stock is greater than the cost, the difference is credited to capital surplus—treasury stock; otherwise, the excess of the cost over the price is debited to capital surplus generated from similar treasury stock transactions. If the capital surplus—treasury stock account is insufficient to cover the excess of the cost over the price, retained earnings should be debited for the remaining amount. The book value of each share of treasury stock is equal to its weighted-average cost and is calculated by each group according to the reason for purchase.

When treasury stock is retired, capital surplus and common stock are debited according to the ratio of retiring treasury stock to total issued stock. When the book value of the retiring treasury stock is higher than the sum of its par value and capital surplus, the difference is debited to capital surplus generated from similar treasury stock transactions. If the capital surplus—treasury stock account is insufficient to cover the difference, retained earnings should be debited for the remaining amount. When the book value of the retiring treasury stock is lower than the sum of its par value and capital surplus, the difference is credited to capital surplus generated from similar treasury stock transactions.

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

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

(m) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for rendering service to its customers, wherein revenue is recognized in the reporting period when the Company satisfies a performance obligation by transferring its control of a service, which is mainly management service, to the customer.

(n) 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 Company'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 Company, 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.

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 Company 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 Company 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 Company 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.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

(o) Income tax

Income taxes comprise include both 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.

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.

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 except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (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 Company 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 intend 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.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

When the business of the Company and its subsidiary has been operating for a period of at least 12 months, they are entitled to file a combined income tax return, including a 10% surplus, in accordance with the tax regulation, with the Company being appointed as the tax payer. Thereafter, the Company will allocate the income tax expense (benefit), deferred income tax, as well as Current income tax assets (liabilities) to itself and its subsidiary.

(p) Earnings per share

The Company 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.

(q) Operating segments

The Company has disclosed information about operating segments in its consolidated financial statements. Hence no further information is disclosed in the parent company only financial statements.

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

In preparing these financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

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

**(6) Explanation of significant accounts**

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 50	50
Demand, checking and foreign currency deposits	14,445	288,306
Cash and cash equivalents per statements of cash flow	<u><u>\$ 14,495</u></u>	<u><u>288,356</u></u>

The Company's exposure to interest rate risk and the sensitivity analysis on the financial instruments held by the Company are disclosed in note 6(s).

(Continued)



**NAMCHOW HOLDING CO., LTD.**

**Notes to the Financial Statements**

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Equity investments at fair value through other comprehensive income		
Stocks listed on domestic markets	\$ <u><u>19,381</u></u>	<u><u>12,861</u></u>

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

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

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

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

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

- (c) Accounts receivable (including related parties)

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Accounts receivable— related parties	\$ <u><u>1,945</u></u>	<u><u>1,969</u></u>

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

The allowance for impairment were determined as follows:

	<b>December 31, 2023</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Loss allowance provision</b>
Not overdue	\$ <u><u>1,945</u></u>	0.00	<u><u>-</u></u>
	<b>December 31, 2022</b>		
	<b>Gross carrying amount</b>	<b>Weighted- average expected credit loss rate (%)</b>	<b>Loss allowance provision</b>
Not overdue	\$ <u><u>1,969</u></u>	0.00	<u><u>-</u></u>

The Company has not provided the notes and accounts receivable (including related parties) as collateral or factored them for cash.

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

(d) Other receivables (including related parties)

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Other receivables	\$ 547	2,306
Other receivables—related parties	32,746	24,269
	<b><u>\$ 33,293</u></b>	<b><u>26,575</u></b>

As of December 31, 2023 and 2022, the Company had no other receivables that were past due and did not have any impairment on other receivables.

(e) Investments accounted for under the equity method

The details of the investments accounted for under the equity method at the reporting date were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Subsidiaries	<b><u>\$ 18,260,365</u></b>	<b><u>16,980,686</u></b>

(i) Subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(ii) Collateral

As of December 31, 2023 and 2022, the Company did not pledge any collateral on investments accounted for under the equity method.

(f) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Other equipment</b>	<b>Construction in progress</b>	<b>Total</b>
Cost:					
Balance at January 1, 2023	\$ 1,775,064	69,950	218,048	-	2,063,062
Additions	-	1,877	2,556	450	4,883
Disposals	-	-	(25)	-	(25)
Reclassification	-	5,451	-	-	5,451
Balance at December 31, 2023	<b><u>\$ 1,775,064</u></b>	<b><u>77,278</u></b>	<b><u>220,579</u></b>	<b><u>450</u></b>	<b><u>2,073,371</u></b>
Balance at January 1, 2022	\$ 1,775,064	69,259	210,009	1,011	2,055,343
Additions	-	486	7,826	-	8,312
Disposals	-	-	(25)	-	(25)
Reclassification	-	205	238	(1,011)	(568)
Balance at December 31, 2022	<b><u>\$ 1,775,064</u></b>	<b><u>69,950</u></b>	<b><u>218,048</u></b>	<b><u>-</u></b>	<b><u>2,063,062</u></b>

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

	<u>Land</u>	<u>Buildings</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
Accumulated depreciation:					
Balance at January 1, 2023	\$ -	33,404	200,103	-	233,507
Depreciation	-	1,950	3,530	-	5,480
Disposal	-	-	(25)	-	(25)
Reclassification	-	1,564	-	-	1,564
Balance at December 31, 2023	<u>\$ -</u>	<u>36,918</u>	<u>203,608</u>	<u>-</u>	<u>240,526</u>
Balance at January 1, 2022	\$ -	31,739	195,817	-	227,556
Depreciation	-	1,665	4,311	-	5,976
Disposal	-	-	(25)	-	(25)
Balance at December 31, 2022	<u>\$ -</u>	<u>33,404</u>	<u>200,103</u>	<u>-</u>	<u>233,507</u>
Carrying value:					
December 31, 2023	<u>\$ 1,775,064</u>	<u>40,360</u>	<u>16,971</u>	<u>450</u>	<u>1,832,845</u>
December 31, 2022	<u>\$ 1,775,064</u>	<u>36,546</u>	<u>17,945</u>	<u>-</u>	<u>1,829,555</u>
January 1, 2022	<u>\$ 1,775,064</u>	<u>37,520</u>	<u>14,192</u>	<u>1,011</u>	<u>1,827,787</u>

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

(g) Right-of-use assets

The Company leases assets including transposition equipment. Information about leases, for which the Company is the lessee is presented below:

	<u>Buildings</u>	<u>Transposition equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2023	\$ 1,026	5,229	6,255
Additions	-	5,042	5,042
Balance at December 31, 2023	<u>\$ 1,026</u>	<u>10,271</u>	<u>11,297</u>
Balance at January 1, 2022	\$ -	7,776	7,776
Additions	1,026	2,793	3,819
Modification	-	(5,340)	(5,340)
Balance at December 31, 2022	<u>\$ 1,026</u>	<u>5,229</u>	<u>6,255</u>
Accumulated depreciation:			
Balance at January 1, 2023	\$ 171	1,422	1,593
Depreciation	513	2,757	3,270
Balance at December 31, 2023	<u>\$ 684</u>	<u>4,179</u>	<u>4,863</u>
Balance at January 1, 2022	\$ -	4,640	4,640
Depreciation	171	2,122	2,293
Modification	-	(5,340)	(5,340)
Balance at December 31, 2022	<u>\$ 171</u>	<u>1,422</u>	<u>1,593</u>

(Continued)

**NAMCHOW HOLDING CO., LTD.**

**Notes to the Financial Statements**

	<u>Buildings</u>	<u>Transposition equipment</u>	<u>Total</u>
Carrying value:			
December 31, 2023	\$ <u>342</u>	<u>6,092</u>	<u>6,434</u>
December 31, 2022	\$ <u>855</u>	<u>3,807</u>	<u>4,662</u>
January 1, 2022	\$ <u>-</u>	<u>3,136</u>	<u>3,136</u>

(h) Investment property

	<u>Buildings</u>
Cost:	
Balance as at January 1, 2023	\$ 365,332
Additions	1,279
Reclassification	<u>(4,745)</u>
Balance as at December 31, 2023	\$ <u>361,866</u>
Balance as at January 1, 2022	\$ 364,324
Additions	202
Reclassification	<u>806</u>
Balance as at December 31, 2022	\$ <u>365,332</u>
Depreciation:	
Balance as at January 1, 2023	\$ 158,283
Depreciation	10,656
Reclassification	<u>(1,564)</u>
Balance as at December 31, 2023	\$ <u>167,375</u>
Balance as at January 1, 2022	\$ 147,800
Depreciation	<u>10,483</u>
Balance as at December 31, 2022	\$ <u>158,283</u>
Carrying value:	
Balance as at December 31, 2023	\$ <u>194,491</u>
Balance as at December 31, 2022	\$ <u>207,049</u>
Balance as at January 1, 2022	\$ <u>216,524</u>
Fair value:	
Balance as at December 31, 2023	\$ <u>194,491</u>
Balance as at December 31, 2022	\$ <u>207,049</u>
Balance as at January 1, 2022	\$ <u>216,524</u>

Investment property comprises a number of factory that are leased to the Company's subsidiary Lucky Royal Co., Ltd., Namchow Oil and Fat Co., Ltd. and Huaciang Industry Co., Ltd. Each of the leases contains an initial non-cancellable period of 1 years. Subsequent renewals are negotiable with the lessee, and no contingent rents are charged. Please refer to note 6(p) for further information (including leasing income and direct operating expenses).

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**NAMCHOW HOLDING CO., LTD.**

**Notes to the Financial Statements**

Investment property of the Company was acquired in 2014, since the Company considered that the book value of investment property as of December 31, 2023 and 2022 nearly equal to the fair value of investment property, the Company is not required to take any valuation from its independent third party as reference.

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

(i) Short-term and long-term borrowings

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

(i) Short-term borrowings

<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Unsecured loans	TWD	1.69~1.85	2024	<u>\$ 2,105,000</u>
<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Unsecured loans	TWD	1.45~1.75	2023	<u>\$ 340,000</u>

As of December 31, 2023 and 2022, the unused credit facilities amounted to \$2,123,330 thousand and \$2,954,920 thousand, respectively, which included the credit facilities shared with related parties of \$900,000 thousand and \$1,400,000 thousand, respectively.

(ii) Short-term commercial paper payable

<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Commercial paper payable	TWD	1.45~1.66	2024	\$ 220,000
Discount on commercial paper payable				(134)
Total				<u>\$ 219,866</u>
<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Commercial paper payable	TWD	1.55	2023	\$ 300,000
Discount on commercial paper payable				(91)
Total				<u>\$ 299,909</u>

(Continued)

# **NAMCHOW HOLDING CO., LTD.**

## **Notes to the Financial Statements**

As of December 31, 2023 and 2022, the unused credit facilities amounted to \$540,000 thousand and \$210,000 thousand, respectively, which included the credit facilities shared with related parties of \$90,000 thousand and \$80,000 thousand, respectively.

(iii) Long-term borrowings

<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	TWD	1.80	2026	\$ 367,000
Unsecured loans	TWD	1.70~1.99	2025~2026	1,260,000
Total				<b>\$ 1,627,000</b>
Current				\$ 300,000
Non-current				1,327,000
Total				<b>\$ 1,627,000</b>

<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Range of interest rates (%)</b>	<b>Year of maturity</b>	<b>Amount</b>
Secured loans	TWD	1.88	2025	\$ 966,000
Unsecured loans	TWD	0.95~1.88	2024~2025	1,850,000
Total				<b>\$ 2,816,000</b>
Current				\$ 200,000
Non-current				2,616,000
Total				<b>\$ 2,816,000</b>

As of December 31, 2023 and 2022, the unused credit facilities amounted to \$2,073,000 thousand, and \$1,418,720 thousand, respectively, which included the credit facilities shared with related parties of \$1,183,000 thousand and \$668,720 thousand, respectively.

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

(iv) Collateral of loans

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

(j) Bonds payable

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Secured bonds	\$ 5,000,000	5,000,000
Less: discounts on bonds payable	92,328	119,400
Total	<b>\$ 4,907,672</b>	<b>4,880,600</b>

(Continued)

**NAMCHOW HOLDING CO., LTD.**

**Notes to the Financial Statements**

	<b>2023</b>	<b>2022</b>
Interest expenses	\$ <u><u>51,773</u></u>	<u><u>51,773</u></u>

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

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

<b>Item</b>	<b>110-1 Secured Bonds (Tranche B)</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

- (k) Lease liabilities

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Current	\$ <u><u>1,268</u></u>	<u><u>2,250</u></u>
Non-current	\$ <u><u>5,122</u></u>	<u><u>2,342</u></u>

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

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**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

The amounts recognized in profit or loss were as follows:

	<b>2023</b>	<b>2022</b>
Interest on lease liabilities	\$ <u>86</u>	<u>37</u>
Expenses relating to short-term leases	\$ <u>5,888</u>	<u>4,752</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>886</u>	<u>852</u>

The amount recognized in the statement of cash flows for the Company was as follows:

	<b>2023</b>	<b>2022</b>
Total cash outflow for leases	\$ <u>10,104</u>	<u>8,016</u>

(l) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
The present value of the defined benefit obligations	\$ 264,427	261,352
Fair value of plan assets	<u>(178,273)</u>	<u>(172,484)</u>
The net defined benefit liability	\$ <u>86,154</u>	<u>88,868</u>

The Company established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Company 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. Minimum annual distributions of the funds by the Bureau shall be no less than the earnings attainable from the two-year time deposits with the interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$178,273 thousand as of December 31, 2023. 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.

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**NAMCHOW HOLDING CO., LTD.**

**Notes to the Financial Statements**

2) Movements in present value of defined benefit plan obligation

The movements in present value of the Company's defined benefit plan obligation for the years ended December 31, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Defined benefit obligation, January 1	\$ 261,352	299,651
Current service costs and interest	4,293	2,008
Re-measurements of the net defined benefit liability		
— Due to changes in financial assumption of actuarial gains	11,983	16,582
Benefits paid by the plan	(13,201)	(56,889)
Defined benefit obligation, December 31	\$ <u><b>264,427</b></u>	<u><b>261,352</b></u>

3) Movements in fair value of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Fair value of plan assets, January 1	\$ 172,484	173,766
Interest income	2,369	871
Remeasurements of the net defined benefit liability		
— Due to changes in financial assumption of actuarial gains	1,403	14,394
Contributions made	15,218	20,436
Benefits paid by the plan	(13,201)	(36,983)
Fair value of plan assets, December 31	\$ <u><b>178,273</b></u>	<u><b>172,484</b></u>

4) Expenses recognized in profit or loss

The expenses recognized on profit or loss for the years ended December 31, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Current service cost	\$ 389	358
Net interest on the defined benefit liability	1,535	779
	\$ <u><b>1,924</b></u>	<u><b>1,137</b></u>
	<b>2023</b>	<b>2022</b>
General and administration expenses	\$ <u><b>1,924</b></u>	<u><b>1,137</b></u>

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

5) Actuarial assumptions

The following are the Company's principal actuarial assumptions at the reporting dates:

	<u>2023</u>	<u>2022</u>
Discount rate	1.375 %	1.750 %
Future salary increases rate	2.000 %	2.000 %

The Company expects to make contributions of \$2,417 thousand to the defined benefit plans in the next year starting from the reporting date of 2023.

The weighted average duration of the defined benefit obligation is 7.90 years.

6) Sensitivity analysis

As of December 31, 2023 and 2022, the present value of defined benefit obligation impact was as follow:

	<b>The impact of defined benefit obligation</b>	
	<u>Increase</u>	<u>Decrease</u>
December 31, 2023		
Discount rate (0.25%)	\$ (3,577)	3,681
Future salary increase rate (0.25%)	3,441	(3,357)
December 31, 2022		
Discount rate (0.25%)	(3,582)	3,689
Future salary increase rate (0.25%)	3,500	(3,414)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of the sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company and its subsidiaries in Taiwan have made monthly contributions equal to 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance and China Social Security Fund without additional legal or constructive obligations.

The Company's pension costs under the defined contribution plan were \$2,844 thousand and \$0 thousand for the years ended December 31, 2023 and 2022, respectively.

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

(iii) Short-term employee benefit

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Compensated absence liabilities (recorded under other payables)	<b>\$ 2,946</b>	<b>2,885</b>

(m) Income tax

(i) Income tax expenses

The amount of the Company's income tax for the years ended December 31, 2023 and 2022, were as follows:

	<b>2023</b>	<b>2022</b>
Current income tax expense (benefit)		
Current period	\$ (11,482)	30,586
Deferred tax benefit		
Origination and reversal of temporary differences	121,651	40,974
Income tax expenses on continuing operations	<b>\$ 110,169</b>	<b>71,560</b>

No income tax recognized in other comprehensive income for 2023 and 2022.

Reconciliations of income tax expense and the profit before tax for 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Income before tax	<b>\$ 1,151,984</b>	<b>631,229</b>
Income tax calculated on pretax financial income at the statutory rate	\$ 230,397	126,246
Dividend income	(124,356)	(47,239)
Adjustment on tax laws	(11,005)	(6,703)
Exempt income	(92)	(744)
Overestimated of prior year's deferred income tax assets	4,349	-
Surtax on undistributed earnings	10,876	-
Total	<b>\$ 110,169</b>	<b>71,560</b>

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# **NAMCHOW HOLDING CO., LTD.**

## **Notes to the Financial Statements**

The Company and its subsidiaries, Namchow Oil and Fat Co., Ltd. and Huaciang Industry Co., Ltd., will file their combined income tax return. As of December 31, 2023 and 2022, the tax payables to (receivables from) related parties, based on the allocation of the combined income tax return, are as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Receivable from subsidiary (recorded under other receivables – related party)	\$ <u><b>32,714</b></u>	<u><b>24,236</b></u>
Payable to subsidiary (recorded under other payables – related party)	\$ <u><b>319</b></u>	<u><b>12,259</b></u>

(ii) Recognized deferred tax assets and liabilities

1) 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 of the years ended December 31, 2023 and 2022. 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:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Unrecognized deferred tax liabilities	\$ <u><b>640,147</b></u>	<u><b>540,019</b></u>

2) Recognized deferred income tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	<b>Loss carry forward</b>	<b>Foreign investment income accounted for using equity method</b>	<b>Land value increment tax</b>	<b>Total</b>
<b>Balance at January 1, 2023</b>	\$ 4,349	(956,513)	(238,962)	(1,191,126)
Recognized in profit or loss	(4,349)	(117,302)	-	(121,651)
<b>Balance at December 31, 2023</b>	\$ <u><b>-</b></u>	<u><b>(1,073,815)</b></u>	<u><b>(238,962)</b></u>	<u><b>(1,312,777)</b></u>
<b>Balance at January 1, 2022</b>	\$ 4,349	(915,539)	(238,962)	(1,150,152)
Recognized in profit or loss	-	(40,974)	-	(40,974)
<b>Balance at December 31, 2022</b>	\$ <u><b>4,349</b></u>	<u><b>(956,513)</b></u>	<u><b>(238,962)</b></u>	<u><b>(1,191,126)</b></u>

(iii) Examination and approval

The tax returns of the Company have been examined and approved by the tax authorities through 2019.

(Continued)

**NAMCHOW HOLDING CO., LTD.**

**Notes to the Financial Statements**

(n) Capital and other equity

(i) Capital

As of December 31, 2023 and 2022, 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, 294,133 shares were issued. All issued shares were paid up upon issuance.

(ii) Additional paid-in capital

The components of additional paid-in capital as of December 31, 2023 and 2022, were as follows:

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Share premium	\$ 1,280	1,280
Overaging unclaimed dividends	9,854	7,092
Treasury stock	1,376,517	1,284,757
Recognize changes in all equity in subsidiaries	<u>2,438,173</u>	<u>2,389,866</u>
	<b><u>\$ 3,825,824</u></b>	<b><u>3,682,995</u></b>

The Company's subsidiary, Lucky Co. was awarded with cash dividends on 2023 and 2022 amounting to \$91,760 and \$100,937 thousand, respectively, and they were recognized as capital surplus-treasury stock transactions.

In accordance with the Company Act, realized capital surplus can be used to increase share capital or to distribute as cash dividends after offsetting losses. The aforementioned capital surplus includes share premiums and donation gains. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital surplus to increase share capital shall not exceed 10% of the actual share capital amount.

(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.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

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

1) 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 earnings reserve

As the Company opted for the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRS as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments of \$512,508 thousand, which were previously recognized in shareholders' equity were reclassified to retained earnings. A special reserve is appropriated from retained earnings for 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 special reserve amounted to \$512,508 thousand as of December 31, 2023 and 2022.

For the regulatory permission mentioned above, the Company is also required to set aside an additional special reserve, as part of the distribution of its annual earnings, equal to the difference between the amount of above-mentioned special reserve and net debit balance of the other components of stockholders' equity.

3) Distribution of retained earnings

The Company's Board of Directors resolved to appropriate the 2022 and 2021 other earnings, respectively. These other earnings were appropriated as follows:

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

The Company's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	<u>2023</u>
	<u>March 12, 2024</u>
Date resolved by Board of Directors	
Dividends distributed to common shareholders:	
Cash	\$ <u>735,332</u>
Dividend Payout (in NT dollars)	\$ <u>2.5</u>

(Continued)

**NAMCHOW HOLDING CO., LTD.**

**Notes to the Financial Statements**

(iv) Treasury stock

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

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

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

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

(v) Other equities

	<b>Foreign exchange differences arising from foreign operations</b>	<b>Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income</b>	<b>Total</b>
Balance as of January 1, 2023	\$ (710,951)	(49,100)	(760,051)
Foreign exchange differences arising from foreign operations	13,704	-	13,704
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	(231,145)	-	(231,145)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	6,520	6,520
Cumulative gains (losses) reclassified to profit or loss on disposal of investments in debt instrument at fair value through other comprehensive income	-	45,000	45,000
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	1,520	1,520
Balance as of December 31, 2023	\$ <u>(928,392)</u>	<u>3,940</u>	<u>(924,452)</u>

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

	Foreign exchange differences arising from foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total
Balance as of January 1, 2022	\$ (1,059,576)	(40,183)	(1,099,759)
Foreign exchange differences arising from foreign operations	175,678	-	175,678
Exchange differences on translation financial statements of foreign subsidiaries accounted for using equity method	172,947	-	172,947
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(7,231)	(7,231)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income, subsidiaries accounted for using equity method	-	(1,686)	(1,686)
Balance as of December 31, 2022	<u>\$ (710,951)</u>	<u>(49,100)</u>	<u>(760,051)</u>

(o) Earnings per share

The calculation of the Company's basic earnings per share and diluted earnings per share for the years ended December 31, 2023 and 2022, was as follows:

(i) Basic earnings per share

	2023	2022
Net income	<u>\$ 1,041,815</u>	<u>559,669</u>
Weighted-average number of common shares	<u>248,092</u>	<u>248,092</u>
Basic earnings per share (in NT dollars)	<u>\$ 4.20</u>	<u>2.26</u>

(ii) Diluted earnings per share

	2023	2022
Net income	<u>\$ 1,041,815</u>	<u>559,669</u>
Weighted-average number of common shares (basic)	248,092	248,092
Impact of potential common shares		
Effect of employee's remuneration	269	203
Weighted-average number of shares outstanding (diluted)	<u>248,361</u>	<u>248,295</u>
Diluted earnings per share (in NT dollars)	<u>\$ 4.19</u>	<u>2.25</u>

(Continued)



**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

(p) Revenue from contracts with customers — Disaggregation of revenue

		<b>2023</b>			
		<b>Revenue from dividends</b>	<b>Management revenue</b>	<b>Rental revenue</b>	<b>Total</b>
Area of distribution:					
Taiwan		\$ 462	1,562	53,926	55,950
Thailand		-	2,864	-	2,864
		<u>\$ 462</u>	<u>4,426</u>	<u>53,926</u>	<u>58,814</u>
		<b>2022</b>			
		<b>Revenue from dividends</b>	<b>Management revenue</b>	<b>Rental revenue</b>	<b>Total</b>
Area of distribution:					
Taiwan		\$ 2,088	765	54,513	57,366
Thailand		-	2,817	-	2,817
		<u>\$ 2,088</u>	<u>3,582</u>	<u>54,513</u>	<u>60,183</u>

(q) Remuneration to employees and directors

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

The Company estimated its remuneration to employees amounting to \$12,190 thousand and \$6,645 thousand, as well as its directors' \$54,856 thousand and \$26,578 thousand for the years 2023 and 2022, respectively. The estimated amounts mentioned above are based on the net profit before tax of each respective ending period, multiplied by the percentage of the remuneration to employees and directors as specified in the Company's article. The estimations are recorded under operating expenses and cost. Related information would be available at the Market Observation Post System website. The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2023 and 2022. The aforementioned remuneration to employees and directors are consistent to the estimated amounts disclosed in the Company's individual financial statements.

(r) Non-operating income and expenses

(i) Interest income

The details of the Company's interest income for the years ended December 31, 2023 and 2022 were as follows:

	<b>2023</b>	<b>2022</b>
Interest income from bank deposits	<u>\$ 241</u>	<u>136</u>

(ii) Other income

	<b>2023</b>	<b>2022</b>
Other income — other	<u>\$ 12</u>	<u>1,632</u>

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

(iii) Other gains and losses

	<b>2023</b>	<b>2022</b>
Foreign exchange gains (losses), net	\$ (26)	2,169
Others	(13,260)	(13,419)
Net other gains and losses	<u><u>\$ (13,286)</u></u>	<u><u>(11,250)</u></u>

(iv) Finance costs

	<b>2023</b>	<b>2022</b>
Interest expense	<u><u>\$ 109,505</u></u>	<u><u>89,348</u></u>

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

The maximum credit risk exposure of the Company's financial assets is equal to their carrying amount.

2) Concentration of credit risk

The Company's cash and cash equivalents and accounts receivable are the main source of potential credit risk. The Company deposits its cash and cash equivalents in different financial institutions and has no concentration of credit risk on an individual customer. Therefore, the Company concluded that it is not exposed to credit risk.

(ii) Liquidity risk

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

	<b>Carrying amount</b>	<b>Contractual cash flows</b>	<b>Within a year</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>More than 5 years</b>
<b>December 31, 2023</b>						
Non-derivative financial liabilities						
Secured loans	\$ 367,000	394,926	6,606	6,606	381,714	-
Unsecured loans	3,365,000	3,424,775	2,431,488	783,506	209,781	-
Short-term commercial paper payable	219,866	300,000	300,000	-	-	-
Other payable (including related parties)	197,938	197,938	197,938	-	-	-
Bonds payable	4,907,672	5,000,000	-	-	5,000,000	-
Lease liabilities	6,390	6,489	1,338	4,468	683	-
	<u><u>\$ 9,063,866</u></u>	<u><u>9,324,128</u></u>	<u><u>2,937,370</u></u>	<u><u>794,580</u></u>	<u><u>5,592,178</u></u>	<u><u>-</u></u>
<b>December 31, 2022</b>						
Non-derivative financial liabilities						
Secured loans	\$ 966,000	1,007,397	18,161	18,161	971,075	-
Unsecured loans	2,190,000	2,244,007	563,231	1,680,776	-	-
Short-term commercial paper payable	299,909	300,000	300,000	-	-	-
Other payable (including related parties)	157,108	157,108	157,108	-	-	-
Bonds payable	4,880,600	5,000,000	-	-	3,000,000	2,000,000
Lease liabilities	4,592	4,649	2,290	1,825	534	-
	<u><u>\$ 8,498,209</u></u>	<u><u>8,713,161</u></u>	<u><u>1,040,790</u></u>	<u><u>1,700,762</u></u>	<u><u>3,971,609</u></u>	<u><u>2,000,000</u></u>

(Continued)

# **NAMCHOW HOLDING CO., LTD.**

## **Notes to the Financial Statements**

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

### (iii) Interest rate risk analysis

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

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

If the interest rate had increased / decreased by 1%, the Company's net income before tax would have increased / decreased by \$29,856 thousand and \$25,248 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remaining constant.

### (iv) Fair value and carrying amount

#### 1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Company's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market date and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the Regulations.

		<b>December 31, 2023</b>			
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ <b>19,381</b>	<b>19,381</b>	-	-	<b>19,381</b>
		<b>December 31, 2023</b>			
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic markets	\$ <b>12,861</b>	<b>12,861</b>	-	-	<b>12,861</b>

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

#### 2) Valuation techniques and assumptions used in fair value determination

If there are quoted prices in the active markets for financial instruments, the fair value of those prices may be based on the quoted market prices. The market prices announced by Securities Exchange and Over the Counter are the benchmarks of the fair value of equity instruments and Liability instruments trading in active markets.

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

#### 3) Fair value hierarchy

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

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

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

#### 4) Transferring between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 for the years ended December 31, 2023 and 2022.

#### (t) Financial risk management

##### (i) Overview

The Company is exposed to the following risks arising from financial instruments:

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

This note discloses information about the Company's exposure to the aforementioned risks, and its goals, policies, and procedures regarding the measurement and management of these risks. For additional quantitative disclosures of these risks, please refer to the notes regarding each risk disclosed throughout the financial report.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

#### (ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, 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 Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

#### (iii) Credit risk

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

##### 1) Trade and other receivables

The company is an investment holding company, and the accounts receivable and other receivables are all from related parties, and the management assesses that there is no risk of default.

##### 2) Investments

The credit risk exposure in the bank deposits, fixed income investment and other financial instruments is measured and monitored by the Company's finance department. Since those who transact with the Company are banks and other external parties with good credit standing, there are no non-compliance issues, and therefore, there is no significant credit risk.

##### 3) Guarantees

Pursuant to the Group's policies, it is only permissible to provide financial guarantees to subsidiaries. As December 31, 2023 and 2022, the Company did not provide any endorsement and guarantees to preparation of the third-party.

#### (iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

The Company monitors the level of expected cash outflows on trade and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted. The Company has unused short term bank facilities of \$6,909,330 thousand and \$6,798,920 thousand on December 31, 2023 and 2022.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices will affect the Company'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.

1) Interest rate risk

The interest rates of the Company'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 Company's finance department monitors and measures potential changes in market conditions to achieve a fixed interest rate on the Company's loans.

2) Other market price risk

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

(u) 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 Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

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

	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Total liabilities	\$ 10,552,853	9,920,524
Less: cash and cash equivalents	<u>14,495</u>	<u>288,356</u>
Net debt	<b>\$ 10,538,358</b>	<b>9,632,168</b>
Total equity	<b>\$ 9,827,363</b>	<b>9,472,666</b>
Debt-to-adjusted-capital ratio	<u><b>107 %</b></u>	<u><b>102 %</b></u>

As of December 31, 2023, there were no changes in the Company's approach of capital management.

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

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

For the year ended December 31, 2023 and 2022, the reconciliation of liabilities arising from financing activities were as follows:

	<b>January 1, 2023</b>	<b>Cash flows</b>	<b>Non-cash changes Others</b>	<b>December 31, 2023</b>
Short-term borrowings	\$ 340,000	1,765,000	-	2,105,000
Short-term commercial paper payable	299,909	(80,000)	(43)	219,866
Bonds payable	4,880,600	-	27,072	4,907,672
Long-term borrowings (including current portion)	2,816,000	(1,189,000)	-	1,627,000
Lease liabilities	4,592	(3,330)	5,128	6,390
Other non-current liabilities	85,879	(25,914)	-	59,965
Total liabilities from financing activities	<u>\$ 8,426,980</u>	<u>466,756</u>	<u>32,157</u>	<u>8,925,893</u>

	<b>January 1, 2022</b>	<b>Cash flows</b>	<b>Non-cash changes Others</b>	<b>December 31, 2022</b>
Short-term borrowings	\$ -	340,000	-	340,000
Short-term commercial paper payable	-	300,000	(91)	299,909
Bonds payable	4,853,527	-	27,073	4,880,600
Long-term borrowings (including current portion)	2,809,000	7,000	-	2,816,000
Lease liabilities	3,148	(2,412)	3,856	4,592
Other non-current liabilities	111,968	(26,089)	-	85,879
Total liabilities from financing activities	<u>\$ 7,777,643</u>	<u>618,499</u>	<u>30,838</u>	<u>8,426,980</u>

**(7) Related-party transactions**

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Company.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related parties during the periods covered in the parent company only financial statements.

<b>Name of related party</b>	<b>Relationship with the Group</b>
Namchow (Thailand) Ltd. (Namchow Thailand)	The Company's subsidiary
Mostro (Thailand) Ltd. (Mostro)	The Company's subsidiary
Nacia International Corp. (Nacia Co.)	The Company's subsidiary
Chow Ho Enterprise Co., Ltd. (Chow Ho Co.)	The Company's subsidiary
Lucky Royal Co., Ltd. (Lucky Co.)	The Company's subsidiary
Nankyo Japan Co., Ltd. (Nankyo Japan Co.)	The Company's subsidiary
Namchow Consulting Company, Ltd. (Namchow Consulting Co.)	The Company's subsidiary

(Continued)

# **NAMCHOW HOLDING CO., LTD.**

## **Notes to the Financial Statements**

<b>Name of related party</b>	<b>Relationship with the Group</b>
Chow Food Biotechnology Co., Ltd. (Chow Food Co.)	The Company's subsidiary(The company was dissolutiond on December 12, 2022)
Namchow Oil and Fat Co., Ltd. (Namchow Oil and Fat Co.)	The Company's subsidiary
Huaciang Industry Co., Ltd. (Huaciang Co.)	The Company's subsidiary
Navigator Business Publications Co., Ltd. (NBP Co.)	The Company's subsidiary
Namchow (British Virgin Island) Ltd. (Namchow BVI Co.)	Lucky Co. used the equity method to evaluate the invested company
Dian Shui Lou Restaurant Business Co., Ltd. (Dian Shui Lou Co.)	Lucky Co. used the equity method to evaluate the invested company before December 30,2023 (Huaciang Co. used the equity method to evaluate the invested company after December 31, 2023)
Namchow Gastronomy Consulting Company, Ltd. (Namchow Gastronomy Consulting Co.)	Lucky Co. used the equity method to evaluate the invested company (The company was dissolutiond on December 31, 2023)
Shanghai Bao Lai Na Company Limited. (Bao Lai Na Co.)	Namchow BVI Co. used the equity method to evaluate the invested company
Namchow (Cayman Islands) Holding Corp. (Namchow Cayman Co.)	Nacia Co. used the equity method to evaluate the invested company
Shanghai Qiaohao Trading Co., Ltd. (Shanghai Qiaohao Co.)	Namchow Cayman Co. used the equity method to evaluate the invested company
Shanghai Qiaohao Enterprise Management Co., Ltd. (Shanghai Qiaohao Enterprise Management Co.)	Shanghai Qiaohao Co. used the equity method to evaluate the invested company
Shanghai Qiaohao Food Co., Ltd. (Shanghai Qiaohao Food Co.)	Namchow Cayman Co. and Shanghai Qiaohao Co. used the equity method to evaluate the invested company
Tianjin Qiaohao Food Co., Ltd. (Tianjin Qiaohao Food Co.)	Shanghai Qiaohao Co. used the equity method to evaluate the invested company
Shanghai Qizhi Business Consulting Co., Ltd. (Shanghai Qizhi Co.)	Namchow Cayman Co. used the equity method to evaluate the invested company
Namchow Food Group (Shanghai) Co., Ltd. (Namchow Food Co.)	Namchow Cayman Co. and Shanghai Qizhi Co. used the equity method to evaluate the invested company
Shanghai Namchow Food co., Ltd. (Shanghai Namchow Co.)	Namchow Cayman Co. and Namchow Food Co. used the equity method to evaluate the invested company
Tianjin Namchow Food Co., Ltd. (Tianjin Namchow Co.)	Namchow Food Co. used the equity method to evaluate the invested company
Guangzhou Namchow Food Co., Ltd. (Guangzhou Namchow Co.)	Namchow Food Co. used the equity method to evaluate the invested company

(Continued)



**NAMCHOW HOLDING CO., LTD.**

**Notes to the Financial Statements**

<b>Name of related party</b>	<b>Relationship with the Group</b>
Chongqing Qiaoxing Co., Ltd. (Chongqing Qiaoxing Co.)	Namchow Food Co. used the equity method to evaluate the invested company
Wuhan Qiaoxing Co., Ltd. (Wuhan Qiaoxing Co.)	Namchow Food Co. used the equity method to evaluate the invested company
Namchow Trading Singapore Pte.,Ltd (Namchow Singapore Pte.)	Namchow Food Co. used the equity method to evaluate the invested company
Chongqing Namchow Food Co., Ltd. (Chongqing Namchow Co.)	Namchow Food Co. used the equity method to evaluate the invested company
Namchow Trading HongKong Limited (Namchow HongKong Co.)	Namchow Food Co. used the equity method to evaluate the invested company
Namchow Food (Thailand) Co., Ltd. (Namchow Bangkok Co.)	Namchow Food Co. and Guangzhou Nawchow Co. used the equity method to evaluate the invested company
Tianjin Yoshi Yoshi Food Co., Ltd. (Tianjin Yoshi Yoshi Co.)	Tianjin Namchow Co. used the equity method to evaluate the invested company
Guangzhou Yoshi Yoshi Food Co., Ltd. (Guangzhou Yoshi Yoshi Co.)	Tianjin Yoshi Yoshi Co. used the equity method to evaluate the invested company

(c) Significant transactions with related parties

(i) Management technology service revenue

The Company provided management technology service to subsidiaries recorded under service revenue and the amounts were as follows:

	<b>2023</b>	<b>2022</b>
Subsidiaries:		
Namchow Thailand	\$ 2,864	2,817
Other subsidiaries	1,493	703
	<b>\$ 4,357</b>	<b>3,520</b>

(ii) Rental revenue

The Company rents offices to subsidiaries and the amounts were as follows:

	<b>2023</b>	<b>2022</b>
Subsidiaries:		
Namchow Oil and Fat Co.	\$ 24,876	24,876
Huaciang Co.	18,216	18,216
Lucky Co.	8,750	8,750
Other subsidiaries	1,970	2,557
	<b>\$ 53,812</b>	<b>54,399</b>

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

(iii) Receivable from related parties

The details of the receivables from related parties were as follows:

<u>Accounts</u>	<u>Type of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable — related parties	Subsidiaries:		
	Lucky Co.	\$ 1,449	1,445
	Huaciang Co.	-	28
	Chow Ho Co.	220	220
	Dian Shui Lou Co.	210	210
	Namchow Oil and Fat Co.	66	66
		<u>1,945</u>	<u>1,969</u>
Other receivables — related parties	Subsidiaries		
	Namchow Oil and Fat Co.	32,714	24,236
	Huaciang Co.	11	10
	Lucky Co.	14	14
	Other subsidiaries	7	9
		<u>32,746</u>	<u>24,269</u>
		<u><b>\$ 34,691</b></u>	<u><b>26,238</b></u>

(iv) Payable to related parties

The details of the Group's payable to related parties were as follows:

<u>Accounts</u>	<u>Type of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other payables — related parties	Subsidiaries		
	Huaciang Co.	\$ 321	12,272
	Dian Shui Lou Co.	68	166
	Other subsidiaries	-	62
		<u><b>\$ 389</b></u>	<u><b>12,500</b></u>

(v) Guarantees

As of December 31, 2023 and 2022, the Company provided the amounts of \$1,002,090 thousand and \$1,050,780 thousand, respectively, guarantees to its subsidiaries.

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

(d) Personnel transactions from key management

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

	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 165,646	103,742
Post-employments benefits	1,399	1,292
	<b><u>\$ 167,045</u></b>	<b><u>105,034</u></b>

**(8) Pledged assets**

The carrying values of pledged assets were as follows:

<b>Pledged assets</b>	<b>Object</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Property, plant and equipment:			
Land	Long-term borrowings	\$ 1,084,368	1,084,368
Buildings	Long-term borrowings	95,727	23,664
Investment property:			
Buildings	Long-term borrowings	67,671	74,191
		<b><u>\$ 1,247,766</u></b>	<b><u>1,182,223</u></b>

**(9) Commitments and contingencies: None.**

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

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

**(12) Other**

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

<b>By nature</b>	<b>By function</b>	<b>2023</b>			<b>2022</b>		
		<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>	<b>Operating costs</b>	<b>Operating expenses</b>	<b>Total</b>
Employee benefits							
Salary		-	168,583	168,583	-	138,388	138,388
Labor and health insurance		-	8,027	8,027	-	7,861	7,861
Pension		-	4,768	4,768	-	3,800	3,800
Remuneration of directors		-	57,312	57,312	-	29,101	29,101
Others		-	2,961	2,961	-	2,075	2,075
Depreciation		-	8,750	8,750	-	8,269	8,269
Amortization		-	-	-	-	-	-

As of December 31, 2023 and 2022, the depreciation expenses recognized under non-operating income and expenses — other gains and losses amounted to \$10,656 thousand and \$10,483 thousand, respectively.

(Continued)

**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

The Company's number of employees for the years ended December 31, 2023 and 2022 and additional information employee benefits were as follows:

	<u>2023</u>	<u>2022</u>
Number of employees	<u>63</u>	<u>61</u>
Number of directors who were not employees	<u>2</u>	<u>6</u>
The average employee benefit	<u>\$ 3,022</u>	<u>2,766</u>
The average salaries and wages	<u>\$ 2,764</u>	<u>2,516</u>
The average of employee salary cost adjustment as follows	<u>9.86 %</u>	
Supervisors compensation	<u>\$ -</u>	<u>-</u>

The Company's salary and remuneration policy (including directors, managers and employees) are as follows:

- (a) According to the Company's articles of incorporation, the policy for the remuneration to directors' policy is as follows:
- (i) Article 18: The Company has 5 to 9 board directors, who are to be elected among capable individuals during the shareholders meetings to serve a tenure of 3 years and may be re-elected to serve for multiple terms. The directors are entitled to transportation reimbursements that have to be paid regardless of gains or losses incurred by the Company.
  - (ii) Article 19: The directors shall form the Board of Directors and shall elect among themselves one Chairman and one Vice Chairman with paid salaries regardless of gains or losses incurred by the Company.
- (b) The Remuneration Committee evaluates and decides on the remuneration payment policy according to the Company's management strategy, manpower utilization policy, as well as payment capability. It also establishes and periodically reviews the remuneration levels for directors, supervisors, and managers of the Company to be submitted for approval during the Board meeting based on the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" and "Regulations of the Company Remuneration Committee".

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

#### (13) Other disclosures

##### (a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

##### (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 year (Note 1)	Ending balance (Note 1)	Amount actually drawn	Range of interest rates	Purposes of fund financing for the borrowers	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
1	Namchow Food Co.	Tianjin Namchow Co.	Other receivables — related parties	Yes	583,692	568,197	568,197		Short term financing	-	Capital for operation	-	-	-	5,832,277 (Note 1)	5,832,277 (Note 1)
1	Namchow Food Co.	Guangzhou Namchow Co.	Other receivables — related parties	Yes	1,355,480	809,277	809,277		Short term financing	-	Capital for operation	-	-	-	5,832,277 (Note 1)	5,832,277 (Note 1)
1	Namchow Food Co.	Shanghai Namchow Co.	Other receivables — related parties	Yes	579,643	564,255	564,255		Short term financing	-	Capital for operation	-	-	-	5,832,277 (Note 1)	5,832,277 (Note 1)
1	Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Other receivables — related parties	Yes	97,790	-	-		Short term financing	-	Capital for operation	-	-	-	5,832,277 (Note 1)	5,832,277 (Note 1)

Note 1: Based on the Namchow Food CO.'s guidelines, the allowable aggregate amount of financing provided to others and the maximum financing provided to an individual company cannot exceed 40% of the Namchow Food Co.'s stockholder's equity.

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

Unit: thousand dollars

No.	Name of company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for one party	Highest balance for guarantees and endorsements during the year	Ending balance of guarantees and endorsements	Amount actually drawn	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum allowable amount for guarantees and endorsements	Parent company endorsement / guarantees to third parties on behalf of subsidiary	Subsidiary endorsement / guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of company in Mainland China
		Name	Relationship with the Company										
0	The Company	Nankyo Japan Co.	2	9,827,615	1,050,780	1,002,090	557,770	-	10.20 %	9,827,363	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, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand dollars / thousand share

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Remarks
				Number of shares	Book value	Holding percentage	Market value	
The Company	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income — non-current	1,185	19,381	0.05 %	19,381	
Lucky Co.	Stock: The Company	The Company	Financial assets at fair value through comprehensive income — non-current	46,041	2,338,896	15.65 %	2,338,896	Note 1
Lucky Co.	Stock: Capital Securities Co., Ltd.	—	Financial assets at fair value through comprehensive income — non-current	277	4,536	0.01 %	4,536	

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

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

##### (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

##### (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock:

Unit: thousand dollars

Name of company	Counter-party	Relationship	Transaction details				Status and reason for deviation from arm's-length transaction		Accounts / notes receivable (payable)		Remarks
			Purchase / Sale	Amount	Percentage of total purchases / sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts / notes receivable (payable)	
Lucky Co.	Huaciang Co.	Subsidiary	Purchase	173,426	19 %	Note 1	-		(10,961)	(6) %	
Huaciang Co.	Lucky Co.	Subsidiary	(Sales)	(173,426)	(11) %	Note 1	-		10,961	5 %	
Huaciang Co.	Namchow Oil and Fat Co.	Subsidiary	Purchase	122,901	37 %	Note 1	-		(20,425)	(6) %	
Namchow Oil and Fat Co.	Huaciang Co.	Subsidiary	(Sales)	(122,901)	(7) %	Note 1	-		20,425	20 %	
Tianjin Yoshi Yoshi Co.	Tianjin Namchow Co.	Subsidiary	Purchase	304,608	65 %	Note 1	-		(42,145)	71 %	
Tianjin Namchow Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	(Sales)	(304,608)	(12) %	Note 1	-		42,145	16 %	
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	Purchase	1,811,356	20 %	Note 1	-		(175,621)	24 %	
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,811,356)	(72) %	Note 1	-		175,621	67 %	
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	1,575,131	17 %	Note 1	-		(147,716)	20 %	
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(1,575,131)	(50) %	Note 1	-		147,716	37 %	
Namchow Food Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	486,636	5 %	Note 1	-		(56,087)	8 %	
Tianjin Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(486,636)	(70) %	Note 1	-		56,087	68 %	
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	Purchase	2,040,274	22 %	Note 1	-		-	- %	
Shanghai Namchow Co.	Namchow Food Co.	Subsidiary	(Sales)	(2,040,274)	(78) %	Note 1	-		-	- %	
Chongqing Qiaoxing Co.	Tianjin Namchow Co.	Subsidiary	Purchase	333,142	13 %	Note 1	-		(37,454)	5 %	
Tianjin Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(333,142)	(13) %	Note 1	-		37,454	14 %	
Chongqing Qiaoxing Co.	Tianjin Yoshi Yoshi Co.	Subsidiary	Purchase	195,836	8 %	Note 1	-		(26,220)	6 %	
Tianjin Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(195,836)	(28) %	Note 1	-		26,220	32 %	
Chongqing Qiaoxing Co.	Shanghai Namchow Co.	Subsidiary	Purchase	460,524	18 %	Note 1	-		(47,848)	6 %	
Shanghai Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(460,524)	(18) %	Note 1	-		47,848	66 %	
Chongqing Qiaoxing Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	905,319	35 %	Note 1	-		(101,999)	12 %	
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(905,319)	(29) %	Note 1	-		101,999	26 %	
Guangzhou Yoshi Yoshi Co.	Guangzhou Namchow Co.	Subsidiary	Purchase	638,027	70 %	Note 1	-		(143,426)	83 %	
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	(Sales)	(638,027)	(20) %	Note 1	-		143,426	36 %	
Namchow Food Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	887,076	10 %	Note 1	-		(119,344)	16 %	
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	(Sales)	(887,076)	(67) %	Note 1	-		119,344	67 %	
Chongqing Qiaoxing Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	Purchase	435,177	17 %	Note 1	-		(59,602)	7 %	
Guangzhou Yoshi Yoshi Co.	Chongqing Qiaoxing Co.	Subsidiary	(Sales)	(435,177)	(33) %	Note 1	-		59,602	33 %	
Namchow Food Co.	Chongqing Qiaoxing Co.	Subsidiary	Purchase	2,276,857	25 %	Note 1	-		(236,536)	32 %	
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	(Sales)	(2,276,857)	(41) %	Note 1	-		236,536	55 %	

Note 1: Depending on capital movement motor adjustment.

(Continued)

## NAMCHOW HOLDING CO., LTD.

### Notes to the Financial Statements

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

Unit: thousand dollars

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Overdue amount		Amounts received in subsequent period	Allowances for bad debts
					Amount	Action taken		
Guangzhou Namchow Co.	Namchow Food Co.	Subsidiary	147,716	9.54	-		147,716 (As of March 12, 2024)	-
Tianjin Namchow Co.	Namchow Food Co.	Subsidiary	175,621	10.34	-		175,621 (As of March 12, 2024)	-
Guangzhou Namchow Co.	Chongqing Qiaoxing Co.	Subsidiary	101,999	7.82	-		101,999 (As of March 12, 2024)	-
Guangzhou Yoshi Yoshi Co.	Namchow Food Co.	Subsidiary	119,344	9.16	-		- (As of March 12, 2024)	-
Guangzhou Namchow Co.	Guangzhou Yoshi Yoshi Co.	Subsidiary	143,426	4.16	-		62,708 (As of March 12, 2024)	-
Chongqing Qiaoxing Co.	Namchow Food Co.	Subsidiary	236,536	9.30	-		236,536 (As of March 12, 2024)	-
Namchow Food Co.	Tianjin Namchow Co.	Subsidiary	568,197	-	-		- (As of March 12, 2024)	-
Namchow Food Co.	Guangzhou Namchow Co.	Subsidiary	809,277	-	-		- (As of March 12, 2024)	-
Namchow Food Co.	Shanghai Namchow Co.	Subsidiary	564,255	-	-		- (As of March 12, 2024)	-

(ix) Trading in derivative instruments: Please refer to notes

On December 31, 2023, Namchow Thailand has no unexpired forward exchange contracts. In 2023, Namchow Thailand recognized realized benefits of \$3,950 thousand dollars in other gains and losses.

(b) Information on investees:

The following is the information on investees for the year 2023 (excluding information on investees in Mainland China):

Unit: thousand dollars / thousand shares

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Net income (losses) of investee	Investment income (losses)	Remarks
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value			
The Company	Namchow Thailand	Bangkok, Thailand	Manufacturing and selling instant noodles and rice cracker	1,027,405	1,027,405	9,245	100.00 %	3,352,760	597,111	597,111	
The Company	Mostro	Bangkok, Thailand	Manufacturing and selling food	10,201	10,201	100	100.00 %	34,427	1,364	1,364	
The Company	Nacia Co.	Tortola, British Virgin Islands	Holding of investments	343,443	343,443	1	100.00 %	12,553,383	641,010	641,010	
The Company	Chow Ho Co.	Taipei, Taiwan	Catering services, food and beverage retailing, and frozen food manufacturing	137,000	137,000	2,900	100.00 %	9,438	(4,942)	(4,986)	
The Company	Lucky Co.	Taipei, Taiwan	Manufacturing, selling and processing various food and beverage products	938,438	938,438	95,338	99.65 %	938,643	350,563	257,657	
The Company	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	792	763	90	90.00 %	256	(20)	(16)	(Note 3)
The Company	Nankyo Japan Co.	Tokyo, Japan	Catering services, Bistro and wine-selling	690,580	690,580	-	100.00 %	92,293	(86,962)	(86,962)	
						(Note 2)					
The Company	Namchow Consulting Co.	Taipei, Taiwan	Catering services, food and beverage retailing and other consulting	9,200	9,200	500	100.00 %	4,627	(257)	(257)	
The Company	Namchow Oil and Fat Co.	Taipei, Taiwan	Manufacturing, processing and selling of edible oil and frozen dough	411,731	411,731	41,173	100.00 %	626,703	117,412	117,620	
The Company	Huaciang Co.	Taipei, Taiwan	Manufacturing, processing and selling of dish and laundry liquid detergent as well as frozen food	792,341	392,341	70,000	100.00 %	647,835	16,715	16,720	
Lucky Co.	Namchow BVI Co.	Tortola, British Virgin Islands	Holding of investments	293,793	293,793	6,705	93.32 %	77,472	62,583	58,402	(Note 1)
Lucky Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	-	352,000	-	- %	-	15,462	15,284	(Notes 1 and 3)
Lucky Co.	Namchow Gastronomy Consulting Co.	Taipei, Taiwan	Catering services and food consulting	18,300	18,300	500	100.00 %	1,936	(1,197)	(1,197)	(Note 4)
Lucky Co.	NBP Co.	Taipei, Taiwan	Publishing, distributing and selling printed publications	-	100	-	- %	-	(20)	(2)	(Note 3)
Huaciang Co.	Dian Shui Lou Co.	Taipei, Taiwan	Liquor importing and retailing	20,135	-	13,100	100.00 %	24,750	15,462	-	(Note 3)
Nacia Co.	Namchow Cayman Co.	Gayman Islands British West Indies	Holding of investments	2,522,207	2,522,207	35,378	100.00 %	12,535,062	640,742	640,742	
Namchow Food Co.	Namchow Singapore Pte.	Singapore	The sales service of baking oil and fat product	30,517	2,965	-	81.24 %	18,642	(4,537)	(3,675)	
Namchow Food Co.	Namchow HongKong Co.	HongKong	The sales service of baking oil and fat product	31,408	-	-	81.24 %	23,861	(1,257)	(1,018)	
Namchow Food Co.	Namchow Bangkok Co.	Bangkok, Thailand	Manufacturing and selling of baking oil and fat product	95,336	-	-	80.43 %	78,790	(2,215)	(1,782)	
Guangzhou Namchow Co.	Namchow Bangkok Co.	Bangkok, Thailand	Manufacturing and selling of baking oil and fat product	964	-	-	0.81 %	796	(2,215)	(18)	

Note 1: Its investment gain and loss are also recognized by Namchow Co.

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

Note 3: In response to the Group's reorganization, Lucky Co. has separately signed equity transfer agreements with Huaciang Co. and the Company to sell all of its shares in Dian Shui Lou Co. and NBP Co..

Note 4: Namchow Gastronomy Consulting Co. was dissolved on December 31, 2023.

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NAMCHOW HOLDING CO., LTD.  
Notes to the Financial Statements

- (c) Information on investment in mainland China:  
(i) The names of investees in Mainland China, the main businesses and products, and other information:

Unit: thousand dollars

Name of investee in Mainland China	Scope of business	Issued capital	Method of investment (Note 1)	Cumulative investment (amount) from Taiwan as of January 1, 2023	Investment flow during current period		Cumulative investment (amount) from Taiwan as of December 31, 2023	Net income (losses) of investee	Direct / indirect investment holding percentage	Investment income (loss) (note 2)	Book value as of December 31, 2023	Accumulated remittance of earnings in current period
					Remittance amount	Repatriation amount						
Shanghai Qiaohao Co.	Holding of investments and international trade	1,110,279	(3)	-	-	-	-	(124,899)	100.00 %	(124,899) (2)b.)	301,553	-
Shanghai Qiaohao Enterprise Management Co.	Business management and investment consulting	961	(3)	-	-	-	-	-	100.00 %	- (2)b.)	865	-
Shanghai Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	925,091	(3)	-	-	-	-	(81,936)	100.00 %	(81,936) (2)b.)	412,386	-
Tianjin Qiaohao Food Co.	Food packaging, selling and trading of restaurant equipment and trading	90,836	(3)	-	-	-	-	(9,018)	100.00 %	(9,018) (2)b.)	13,823	-
Namchow Food Co.	Food packaging, dairy product and product purchasing management and selling	1,142,918	(3)	-	-	-	-	1,023,289	81.24 %	829,341 (2)a.)	11,889,539	1,282,626
Tianjin Namchow Co.	Manufacturing and selling of edible fat	795,379	(3)	372,813	-	-	372,813	290,333	81.24 %	235,191 (2)a.)	2,059,818	45,974
Tianjin Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	136,840	(3)	-	-	-	-	191,147	81.24 %	154,831 (2)a.)	941,635	-
Guangzhou Yoshi Yoshi Co.	Developing , manufacturing, and selling of dairy products and related services	452,150	(3)	-	-	-	-	182,241	81.24 %	147,585 (2)a.)	548,677	-
Guangzhou Namchow Co.	Manufacturing and selling of edible fat	544,950	(3)	-	-	-	-	382,968	81.24 %	310,204 (2)a.)	1,358,240	279,529
Shanghai Namchow Co.	Selling, developing, manufacturing and processing of fats and frozen food	824,810	(3)	-	-	-	-	52,928	81.24 %	42,879 (2)a.)	1,152,741	-
Chongqing Qiaoxing Co.	Food packaging dairy product and product purchasing management and selling	94,200	(3)	-	-	-	-	228,666	81.24 %	185,430 (2)a.)	639,587	-
Wuhan Qianxing CO.	The technical service of baking oil and fat product	215,250	(3)	-	-	-	-	1,898	81.24 %	1,547 (2)a.)	173,498	-
Chongqing Namchow Co.	Manufacturing and processing of light cream and frozen dough	1,445,967	(3)	-	-	-	-	19,969	81.24 %	16,166 (2)a.)	1,177,185	-
Shanghai Qizhi Co.	Business management and investment consulting service	4,541	(3)	-	-	-	-	194	100.00 %	194 (2)b.)	8,538	-
Bao Lai Na Co.	Multinational eateries, and the promotion, and management of self-made beers	112,018	(3)	226,649	-	-	226,649	63,008	93.00 %	58,597 (2)c.)	72,196	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.

- (ii) Limitation on investment in Mainland China:

Company name	Accumulated investment amount in Mainland China as of December 31, 2023	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	372,813	3,783,667	5,896,417
Lucky Co.	226,649	194,406	1,992,188

- (iii) Significant transactions: None.



**NAMCHOW HOLDING CO., LTD.**  
**Notes to the Financial Statements**

(d) Major shareholders:

Unit: Share

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

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

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

**(14) Segment information**

Please refer to the year 2023 consolidated financial statements.

**VI. Impacts of Latest Financial Difficulties Encountered by Company and Its Associated Enterprises on Company's Financial Standing as of Date of Printing of Annual Report: None.**

## VII. Discussion and Analysis of Financial Standing and Financial Performance and Risks

### I. Financial Standing

Financial Standing Comparison and Analysis Table

Unit: NTD thousands

Item \ Year	2023	2022	Difference	
			Value	%
Current assets	15,643,850	17,185,495	(1,541,645)	(9)
Financial assets measured at fair value through other comprehensive income	23,917	15,872	8,045	51
Financial assets measured at amortized cost	1,638,372	0	1,638,372	100
Real estate, plant and equipment	11,831,971	11,954,365	(122,394)	(1)
Other Assets	1,142,862	1,308,050	(165,188)	(13)
Gross assets	30,280,972	30,463,782	(182,810)	(1)
Current liabilities	8,587,470	7,595,803	991,667	13
Long-term liabilities	6,833,450	8,176,079	(1,342,629)	(16)
Others	2,319,119	2,311,927	7,192	0
Gross liabilities	17,740,039	18,083,809	(343,770)	(2)
Capital stock	2,941,330	2,941,330	0	0
Capital reserve	3,825,824	3,682,995	142,829	4
Retained earnings	4,514,775	4,138,506	376,269	9
Others	1,259,004	1,617,142	(358,138)	(22)
Total shareholders' equity	12,540,933	12,379,973	160,960	1
Description: Main causes of major changes to assets, liabilities, and equities of the past two years (changes by NT\$T\$1 billion) and their impact and countermeasures <ol style="list-style-type: none"> <li>1. Current assets: mainly due to the decrease of NT\$980 million from cash and cash equivalents transferred into bank time deposits, and a decrease in inventories by NT\$380 million.</li> <li>2. Financial assets measured at amortized cost: Mainly due to the cash and cash equivalents transferred into bank time deposits</li> <li>3. Long-term liabilities: mainly due to the repayment of long-term borrowings in the current period.</li> </ol> Impacts and response plans in the future: None				

## II. Financial Performance

Financial Performance Comparison and Analysis Table

Unit: NTD thousands

Item \ Year	2023	2022	Increased/reduced value	Variation Ratio %
Net revenue	22,680,006	20,478,405	2,201,601	11
Operating costs	16,173,509	15,133,045	1,040,464	7
Gross operating profit	6,506,497	5,345,360	1,161,137	22
Business expenditure	4,919,560	4,452,219	467,341	10
Business profits	1,586,937	893,142	693,795	78
Non-business income and expenditure	189,513	180,296	9,217	5
Pre-tax profits of continuing department	1,776,450	1,073,438	703,012	65
Income tax	535,282	381,721	153,561	40
After-tax profits of continuing department	1,241,168	691,717	549,451	79
<p>1. Descriptions of the increase or decrease in the ratio: (changes by NT\$100 million)</p> <p>The Company has sought profit growing in 2023 from 2022, because the team adapted to changes rapidly and seized the post-pandemic business opportunities to boost business growth. The operating revenue generated from production and catering business reached record highs quarter by quarter, especially the remarkable contribution of frozen dessert in China, Thailand and Taiwan to the earnings.</p> <p>2. There were no changes to the contents of main business scope of the Company.</p> <p>3. It is expected that the revenue will keep growing in the following year for the Company.</p>				

### III. Cash Flow

#### Cash flow analysis

Unit: NTD thousands

Balance of cash at start of term	Net cash flow from business activities throughout the year	Cash outflow throughout the year	Balance of cash (shortage)	Remedies for shortage in cash	
				Investment plan	Wealth management plan
10,494,443	3,015,993	(3,993,506)	9,516,930	-	-

#### 1. Liquidity analysis of the past two years

Item \ Year	2023	2022	Ratio of increase/decrease (%)
Cash flow ratio	35	19	87
Cash flow adequacy ratio	114	103	11
Cash flow reinvestment ratio	8	2	239
Explanation: 1. The increase in cash flow ratio is due to the increase of net cash inflow from operating activities in the recent five years this year, which is about NT\$1 billion more than that of the previous year. 2. The increase in cash reinvestment ratio is due to the increase of net cash inflow from operating activities this year, which is about NT\$1.59 billion more than that of the previous year.			

#### 2. Cash utilization and liquidity analysis for the coming year:

Unit: NTD thousands

Balance of cash at start of term	Net cash flow from business activities throughout the year	Cash outflow throughout the year	Balance of cash (shortage)	Remedies for shortage in cash	
				Investment plan	Wealth management plan
9,516,930	1,675,310	(2,759,240)	8,433,000	-	-

- (1) Operating activities: mainly because the operating revenue is expected to increase and keep the net cash flow associated with business activities relatively positive.
- (2) Investment activities: It is the estimated capital expenditure because of new business or investments in new products in the coming year.
- (3) Financing activities: mainly due to the issuance of cash dividends and the principal repayment of lease liabilities.

Expected remedies and liquidity analysis upon shortage in cash: It is expected that the working cash flow of the Company will meet the cash requirements in the coming year to be sufficient to support normal operations. As such, there are no measures required to make up for the shortage in cash such as investment plans or wealth management plans.

## IV. Impact of the Latest Major Capital Expenditures on Financial Business

### (I) Major capital expenditures and funding sources

Unit: NTD thousands

Project	Actual or expected funding source	Actual or expected date of completion	Total funds required	Year							
				2019	2020	2021	2022	2023	2024	2025	2026
Namchow Food Group -Shanghai and Beijing Offices	Bank loans and self-capital	2021 Q1	169,730	-	130,274	39,456	-	-	-	-	-
Shanghai Namchow Food - Frozen Dough Equipment	Self-capital	2024 Q2	477,840	-	-	206,197	241,231	29,044	1,368	-	-
Shanghai Namchow Food - Pre-baked bagel production and construction phase I and automatic bagel production line	Self-capital	2024 Q4	400,810	-	-	-	-	152,142	248,668	-	-
Guangzhou Namchow - Bagel production line, pre-baked bagel production and construction, and refrigerating warehouse	Self-capital	2024 Q4	182,311	-	-	-	47,412	115,018	19,880	-	-
Guangzhou Namchow - building and equipment for evaporated milk	Self-capital	2026 Q3	300,720	-	-	-	-	-	-	270,648	30,072
Chongqing Namchow - Plant, production lines, and machinery equipment	Bank loans and self-capital	2025 Q1	1,490,861	-	-	-	-	306,964	431,389	752,507	-
Tianjin Namchow - Factory renovation, civil engineering project of dairy production line and capacity enhancement of bagel production line	Self-capital	2025 Q4	584,009	-	-	-	695	134,403	396,940	51,972	-
Tianjin Yoshi Yoshi - Production equipment of dairy production line	Self-capital	2025 Q1	95,194	-	-	-	-	39,988	50,446	4,760	-
Namchow Thailand - plant construction, new production lines, machinery and equipment	Self-capital	2023 Q1	275,930	1,791	135,917	8,433	129,181	608	-	-	-
Namchow Thailand - plant construction, new production lines, machinery and equipment	Self-capital	2024 Q4	721,360	-	-	-	-	-	721,360	-	-

### (II) Expected impacts of possible benefits on financial operations

In response to the operating demand, investing in building new facilities and purchasing production equipment will help upgrade the operational scale and profits for the Group and bring about positive benefits for financial business.

## V. Main Reasons for Profits or Losses of Latest Reinvestment Policy, Improvement Plan, and Investment Plan for the Coming Year

Re-investment Analysis Table

Unit: NTD thousands

Item	Explanation	Value invested	Holding ratio at end of term (%)	Gains and losses of the term	Main scope of operation	Main reason for profits or losses	Improvement plan	Other investment plans in the future
Namchow (Thailand) Ltd.		1,027,405	100.00	597,111	Profits from investment, operation, production, and sales	The production and distribution policy is bringing about profits.	None	Investment to expand plants, production lines, equipment and etc.
Mostro (Thailand) Ltd.		10,201	100.00	1,364	Trading of foods and others	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
Nacia International Corporation		343,443	100.00	641,010	Reinvestment holding	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
Chow Ho Enterprise Co., Ltd.		137,000	100.00	(4,942)	Dining business	Fluctuating food ingredients and rising labor cost	Increased revenue and expanded sales	No substantial investment plans yet
Lucky Royal Co., Ltd.		938,438	99.65	350,563	Production and sale of ice cream and investment in dining business	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
Qizhi Culture Co., Ltd.		792	90.00	(20)	Publishing and issuance of books	Reduced publications and release volume inside the Company	None	No substantial investment plans yet
Namchow BV Ltd.		293,793	93.32	62,583	Reinvestment holding	Subsidiary profit improvement	None	No substantial investment plans yet
Dian Shui Lou Restaurant Business Co., Ltd.		352,000	100.00	15,462	Catering	After the pandemic, people gradually return to normal life, with booming dining, leisure and entertainment activities	None	No substantial investment plans yet
Namchow Restaurant Consultancy Co., Ltd.		18,300	100.00	(1,197)	Restaurants and food consulting	Cost increase	Dissolved on December 31, 2023.	No substantial investment plans
Namchow (Cayman Islands) Holding Corp.		2,522,207	100.00	640,742	Reinvestment holding	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
Tianjin Namchow Food Co.,Ltd.		795,379	81.24	290,333	Production and sale of household oils, margarine, and deep fry oil	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
Shanghai Qiaohao Trading Co.,Ltd.		1,110,279	100.00	(124,899)	Importation and exportation	Operation adjustment	Increased revenue and expanded sales	No substantial investment plans yet
Shanghai Qiaohao Enterprise Management Co.,Ltd		961	100.00	0	Commerce, business administration, and investment consulting	Operation adjustment	None	No substantial investment plans yet
Shanghai Qiaohao Food Co.,Ltd		925,091	100.00	(81,936)	Packaged foods, sales of restaurant equipment, goods, and technical imports and exports	Operation adjustment	Increased revenue and expanded sales	Investment in production line equipment
Tianjin Yoshi Yoshi Co., Ltd.		136,840	81.24	191,147	Development, manufacturing, and sale of dairy products and related services	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
BLN Restaurants & Caterings		112,018	93.32	60,660	Chinese and western foods and beverages and self-made beer music restaurant	After the pandemic, people gradually return to normal life, with booming dining, leisure and entertainment activities	None	No substantial investment plans yet

Item	Explanation	Value invested	Holding ratio at end of term (%)	Gains and losses of the term	Main scope of operation	Main reason for profits or losses	Improvement plan	Other investment plans in the future
	Guangzhou Namchow Food Co., Ltd.	544,950	80.85	382,968	Manufacturing and sale of edible oils and fats	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
	Shanghai Qizhi Business Consulting Co., Ltd.	4,541	100.00	194	Commerce, business administration, and investment consulting	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
	Namchow Food Group (Shanghai) Co., Ltd. Company	1,142,918	81.24	1,022,816	Wholesale of edible oils and fats and foods and importation/exportation	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
	Shanghai Namchow Food Co., Ltd.	824,810	81.24	52,928	Sale, development, production, and processing of edible oil and fat products, fast-frozen foods, and frozen foods	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
	Namchow Japan Co., Ltd.	690,580	100.00	(86,962)	Restaurant, beverages, and alcohol business	Operation adjustment	Increased revenue and expanded sales	No substantial investment plans yet
	Namchow Consultancy Co., Ltd.	9,200	100.00	(257)	Restaurant and food and management consulting	Operation adjustment	Increased revenue and expanded sales	No substantial investment plans yet
	Tianjin Qiaohao Food Co., Ltd.	90,836	100.00	(9,018)	Manufacturing and sale of packaged foods	Operation adjustment	Increased revenue and expanded sales	No substantial investment plans yet
	Chongqing Xiaoxing Co., Ltd.	94,200	81.24	228,666	Corporate management and investment consulting and delivery and shipping center	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
	Namchow Oils and Fats	411,731	100.00	117,412	Manufacturing, processing, and distribution of edible oils and fats	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
	Huciang Industry	792,341	100.00	16,715	Manufacturing, processing, and distribution of cleaners and frozen foods	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
	Guangzhou Yoshi Yoshi Co., Ltd.	452,150	81.24	182,241	Development and distribution of dairy products	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
	Wuhan Qiaoxing Co., Ltd.	215,250	81.24	1,898	Oil & Fat products technical service	The production and distribution policy is bringing about profits.	None	No substantial investment plans yet
	Namchow Trading Singapore Pte. Ltd.	30,517	81.24	(4,537)	Sales of Oil & Fat Products	Operation adjustment	None	No substantial investment plans yet
	Namchow (Chongqing) Ltd.	1,445,967	81.24	19,969	Production and process of evaporate milk and frozen dough	The production and distribution policy is bringing about profits.	None	Investment to build plants, production lines, machinery and equipment.
	Namchow Trading Hong Kong Pte. Ltd.	31,408	81.24	(1,257)	Customer development, product sales, and technical services in Hong Kong and Macau	Operation adjustment	None	No substantial investment plans yet
	Namchow Food (Bangkok) Ltd.	96,330	81.24	(2,215)	Sales of food products, production of products, import and export of goods, etc.	Operation adjustment	None	No substantial investment plans yet



## **VI. Analysis of Risks in Recent Years as of the Date Annual Report was Printed:**

- (I) Impacts of changes in the interest rate and exchange rate and inflation on the Company's gains and losses and response measures in the future:
1. Interest rate risk: The Company's operation is exposed to interest rate risk mainly from the financing cost. In response to interest rate changes, interest fluctuations in the financial market will be closely monitored, while planning the working capital to effectively reduce financial borrowing costs; the interest rates on borrowings with correspondent banks are reviewed and the financial market conditions regularly, while timely adopting various financing channels to reduce financing costs, but the principle of financing is based on the safety and stability of capital liquidity.
  2. Changes in exchange rates: To effectively reduce the impact of exchange rates, in addition to strengthening the control on the foreign exchange funds flow, dedicated personnel in the finance department are assigned to monitor the changes in exchange rate through communication with the special foreign exchange departments in banks. It engages in adopting of exchange rate hedging financial instruments under the principle of soundness, through a systematic foreign exchange operation strategy to reduce impacts on exchange rate fluctuations on the company's profits and losses
  3. Inflation: According to the forecast published by the Directorate-General of Budget, Accounting and Statistics of the Executive Yuan, the consumer price inflation rate for 2024 will be 1.85%, which tends to be moderate compared to last year and is in line with the global trend. The Company will continue to monitor changes in the overall economy and global markets, and flexibly adjust procurement and sales strategies to prevent inflation from significantly impacting on the Company's income.
- (II) Main causes of the policies to engage in high-risk, high-leverage, lending, endorsement and guarantee, and derivatives trading and countermeasures in the future:
1. The Company did not engage in high-risk, and highly leveraged investment.
  2. Lending of funds to others occurred between the Company and its subsidiaries, not external companies. Fund lending with subsidiaries as mentioned in the foregoing was meant to serve as the operating fund of the said subsidiaries. The fund lending with subsidiaries as mentioned in the foregoing was meant to serve as the operating fund of the said subsidiaries.
  3. Endorsements and guarantees were made by the Company for subsidiaries holding more than 90% of shares or those in which more than 90% of shares were directly or indirectly by the Company, not external companies. These endorsements and guarantees were meant to support the financing limit applications of the said subsidiaries. The endorsement and guarantee mentioned in the foregoing were meant to support the limits of financing applied for by the said subsidiaries.
  4. The company is engaged in derivative commodity transactions mainly for minimizing and avoiding the impact on operations from changes in the exchange rate and interest rate.
- (III) Research and development plan of the latest year and in the future and expected cost of research and development to be invested in:
- Respective businesses within the Group are equipped with their own research and development units that modify, develop, and seek innovations for products at any time. The cost already invested in research and development in 2023 totaled NT\$458,140 thousand. Research and development units in respective businesses are meant to ensure that existing products of the Company keep their leading positions on the market. According to the product study in 2023, the zero transfer series of oils and fats products will continue to be developed; the latest food technology and technique will be applied to increase the quantities of exquisite frozen food products of high additional value to be produced so as to satisfy the pluralistic needs of consumers; and the development of natural cleaners for use exclusively at home and for personal hygiene will continue to honor the principles of nature and environmental protection. In terms of rice, there are currently two healthy rice products certified as health foods with proven claims of blood sugar regulating and blood lipid regulating effects. Efforts will continue in the future to proactively develop a series of rice products that can help preserve health.
- The cost of research and development is estimated to total NT\$345,981 thousand for 2024.
- (IV) Impacts of important domestic and international policies and regulatory changes on the Company's financial performance:
- The Company's management team pays close attention to any domestic and foreign policies and

laws that may affect the Company's finances and business, and timely adjust relevant internal systems and operations while formulating relevant risk management procedures. In the most recent year and up to the date of publication of the annual report, the finance and business of the Company has not been affected by important domestic and foreign policies and legal changes. In the future, the Group will continue to operate by complying with the existing laws and regulations, and the implementation is as follows:

In terms of corporate organization, taxation and securities management laws, all operating bases of the Namchow Group follow the laws and regulations of the country and region where they are located. It guides and manages the operation of the enterprise with a corporate governance mechanism, providing effective supervision, encouraging enterprises to make good use of resources, improving efficiency, and thereby improving competitiveness; and it protects the rights and interests stakeholders of the Company, to achieve the sustainable operation of the enterprise.

- (V) The influence of changes in technology (including cyber security risks) and the industry on the Company's financial business and countermeasures:

1. Changes in technology (including cyber security risks)

Through appropriate risk assessment and risk treatment inspection, the Company manages information assets in different categories and keeps the residual risks within an acceptable range through the risk assessment method for the information assets. In terms of IT assets, usage, process control, real-time control (anti-malware, firewall, and mail security), we sort out metrics such as: IT assets provide financial value equivalent to the cyber security expenditure, the costs of control over information security incurred for each IT asset reduce the financial value of information security risks.

In terms of response measures, the first measure is to set up a permanent working group, the Information Security Risk Management Team of the Information Department, responsible for information security policies, to coordinate the implementation of information security control measures, reasonably allocate responsibilities and effectively manage resources; The second measure is to become a member of the Taiwan Computer and Network Crisis Management and Coordination Center (TWCERT/CC), a window reporting and assisting in dealing with security incidents, providing consultation and coordination services, and obtaining the security information of the industry. The third measure is to research ISO27001 certification PDCA theory, information asset identification method, and control over residual risks of cyber security. The fourth measure is to identify information assets, network traffic, control process, etc., calculate the insurance amount and risk amount of the information security insurance program, and concretely predict that the implementation of high-intensity information security and individual protection can avoid information security risks, the possible loss of financial value, and can be regarded as the return on investment with capital expenditure on information security. The fifth measure is to appoint the IT security supervisor, and security personnel to manage the information security system and control measures, establish and maintain the continuous operation of the business based on the ever-changing security concept and technical training.

Marching into the world of the next generation of AI, WEB 3.0, blockchain, DeFi decentralized finance, DAO decentralized organization, at the same time, incurring the financial fixed costs of non-stop hacking, the most important thing is cyber security. To this end, the Company has taken comprehensive network and computer related security measures.

2. Industrial change

The recent surge in costs of raw materials have tested the resilience of enterprises. Namchow has developed multiple new consumption and business models, actively adjusted the layout and organization, given full play to the comprehensive effect of the group's dispersed production bases, and quickly responded to the new needs of customers and consumers.

As the public's rising attention to food safety laws and regulations is increasingly rigorous, Namchow abides by the laws and regulations, by implementing the safety laws and regulations of products with high standards, and the production and development of products with health and safety as the main orientation, in line with the trends of the era.

- (VI) Impacts of changes in the corporate image on the management of corporate risks and countermeasures: None.

- (VII) Expected benefits and possible risks of merger and acquisition as well as the response measures: None.

(VIII) Expected benefits and possible risks of the expansion of plant:

Investments made by the Company in the past two years were in the expansion of production lines and increase of the throughput in order to address the insufficient market demand. In the future, the focus will be placed on improving the overall revenue and profits of the Group to bring about positive benefits for the financial performance.

(IX) Risks encountered with focused purchases or sales:

1. The company purchases goods and actively seeks suppliers from multiple sources.
2. Among the sales targets of the Company, there are no clients accounting for 10% of all sales and there is no risk of focused sales.

(X) Impacts of transfer or exchange of stock options in large quantities by directors, supervisors, or heavyweight shareholders holding more than 10% of all shares on the Company and the risks and countermeasures: None.

(XI) Impact of the change in the management on the Company and the risks and countermeasures: None.

(XII) Lawsuits and non-lawsuit events: Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involved the Company, the Company's directors, supervisors, general managers, actual persons in charge and shareholders holding more than 10% of all shares, and the associated companies shall be listed. If the results are likely to have significant impacts on shareholders' equity or prices of securities, the facts, target value and start date of the lawsuit, main clients involved and handling status as of the date of printing of the Annual Report shall be disclosed.

(XIII) Other important risks and countermeasures: None.

## **VII. Other important matters: None**

## VIII. Special Notes

### I. Information of associated enterprises

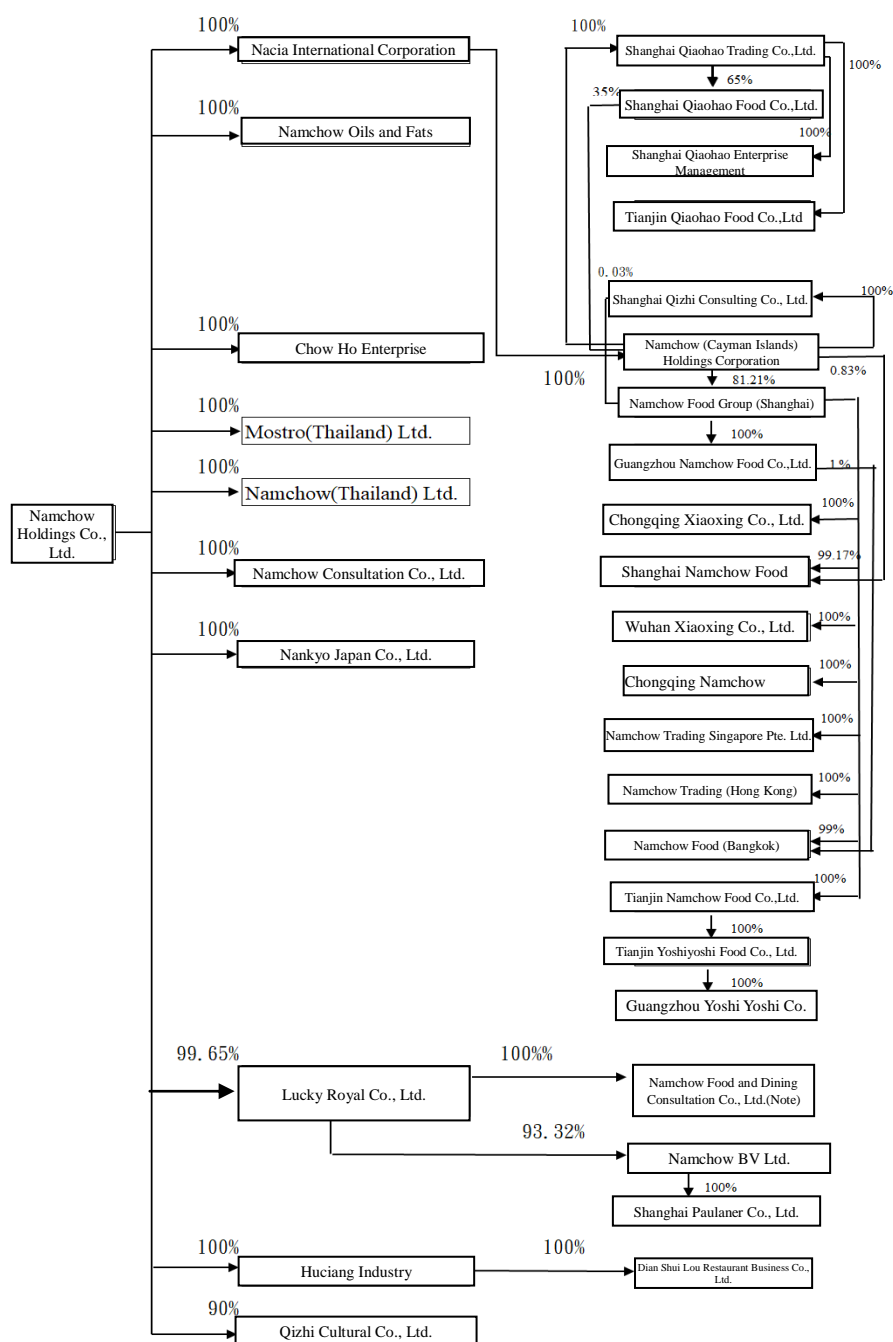
#### (I) Consolidated Financial Statement of Associated Enterprises

Companies that should be included in the compiled Consolidated Financial Statement of associated enterprises for 2023 in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to those that should be compiled in the Consolidated Statement of Parent Company and Subsidiaries as per the 7th Communique of Financial Accounting Standards. Therefore, the Consolidated Financial Statement of associated enterprises is not prepared separately.

#### (II) Consolidated Business Report of Associated Enterprises

##### 1. Overview of Associated Enterprises

##### (1) Organizational Chart of Associated Enterprises



Note: Namchow Restaurant Consultancy was dissolved on December 31, 2023, and the relevant liquidation procedures are in progress.

## (2) Profile of various associated enterprises of Namchow

Unit: NTD thousands

Name of company	Date of Establishment	Address	Paid-in capital size	Main scope of operation or production
Lucky Royal Co., Ltd.	1986.08.26	7F, No. 64, Huaining Street, Taipei City	956,684	Manufacturing and sale of Ice Cream
Namchow (Thailand) Ltd.	1989.03.01	75/27-29,18th-19th Floor, Ocean Tower 2 Bldg, Soi Sukhumvit 19(Soi Wattana) Sukhumvit Rd., North Klongtoey, Wattana Bangkok10110	1,000,185	Processing and sale of instant noodles and rice crackers
Mostro (Thailand) Ltd.	1988.09.21	75/27-29,18th-19th Floor, Ocean Tower 2 Bldg, Soi Sukhumvit 19(Soi Wattana) Sukhumvit Rd., North Klongtoey, Wattana Bangkok10111	10,201	Land rental
Chow Ho Enterprise Co., Ltd.	1999.11.20	2F, No. 64, Huaining Street, Taipei City	29,000	Management of chained noodles stores
Qizhi Culture Co., Ltd.	1987.11.05	2F, No. 64, Huaining Street, Taipei City	1,000	Publishing
Nacia International Corporation	1996.05.24	Trinity Chambers,P.O.Box 4301.Road Town, Tortola, British Virgin Islands	378,438	Investment holding
Shanghai Qiaohao Trading Co.,Ltd.	2001.03.26	Room 337 of Xinxing Building at No. 2005, Yanggao North Road, Waigao Bridge, Shanghai	1,110,279	Trade
Namchow (Cayman Islands) Holding Corp.	1996.06.07	3rd Floor,Genesis Building,P.O.Box 613,George Town, Grand Cayman,Cayman Islands,British West Indies	1,072,170	Investment holding
Tianjin Namchow Food Co.,Ltd.	1995.12.04	No. 52, Bohai Road, Economic and Technological Development Zone, Tianjin	795,379	Production and sale of oil and fat products
Tianjin Yoshi Yoshi Co., Ltd.	2003.01.27	No. 52, Bohai Road, Economic and Technological Development Zone, Tianjin	136,840	Production and sale of fresh cream
Namchow BV Ltd.	1992.10.16	Trinity Chambers,P.O.Box 4301.Road Town, Tortola, British Virgin Islands	221,043	Investment holding
BLN Restaurants & Caterings	1996.03.29	Unit E2, F/6, Building 4, No. 889, Yishan Road, Xuhui District, Shanghai	112,018	Restaurant management
Dian Shui Lou Restaurant Business Co., Ltd.	2004.12.31	4F, No. 338, Chongqing North Road Sec. 3, Taipei	131,000	Restaurant management
Guangzhou Namchow Food Co.,Ltd.	2005.09.16	No. 333, Lianguang Road, East Section of Guangzhou Economic and Technological Development Zone	544,950	Production and sale of oil and fat products
Shanghai Qizhi Business Consulting Co., Ltd.	2007.12.17	Unit A, 6F, 4th Building, No. 889, Yishan Road, Caohe Emerging Technology Research and Development Zone, Shanghai	4,541	Business administration and investment consulting
Namchow Food Group (Shanghai) Co., Ltd. Company	2010.08.02	12F, Building A, No. 1397, Yishan Road, Xuhui District, Shanghai	1,142,918	Sales company that undertakes products within the Group for sale.
Shanghai Qiaohao	2010.06.28	Unit F, 6F, 4th Building, No. 889, Yishan Road, Shanghai	961	Exhibition and business information

Name of company	Date of Establishment	Address	Paid-in capital size	Main scope of operation or production
Enterprise Management Co.,Ltd				consulting
Shanghai Qiaohao Food Co.,Ltd	2010.09.02	No. 780, Jiugong Road, Jinshan Industrial Park, Shanghai	925,091	Manufacturing, distribution, and sale of packaged foods
Namchow Restaurant Consultancy Co., Ltd. (Note)	2011.11.11	7F, No. 276, Chongqing North Road Sec. 3, Taipei	5,000	Restaurant business and management consulting
Shanghai Namchow Food Co., Ltd.	2012.08.21	No. 399, Guangye Road, Jinshan Industrial Park, Shanghai	824,810	Production and processing of edible oils and fats, frozen foods, among others
Namchow Japan Co., Ltd.	2014.05.02	東京都新宿区四谷四丁目 30 エスツウィン新宿 3 階	42,306	Restaurant, beverages, and alcohol business
Namchow Consultancy Co., Ltd.	2014.08.14	7F, No. 276, Chongqing North Road Sec. 3, Taipei	5,000	Restaurant and food and management consulting
Tianjin Qiaohao Food Co., Ltd.	2016.11.28	No. 52, Bohai Road, Technological Development Zone, Tianjin	90,836	Manufacturing, distribution, and sale of packaged foods
Chongqing Xiaoxing Co., Ltd.	2016.10.13	No. 319, Haier Road, Jiangbei District, Chongqing	94,200	Distribution and sale of foods and corporate business investment consulting
Guangzhou Yoshi Yoshi Co., Ltd	2017.04.11	No. 333, Jiufojianshe Road, Zhongxing Guangzhou Knowledge Town, Guangzhou	452,150	Manufacturing and distribution of dairy products
Namchow Oils and Fats	2017.03.20	5F, No. 21, Jianguo North Road, Sec 1, Zhongshan District, Taipei City	411,731	Manufacturing and distribution of edible oils and fats and frozen dough
Huciang Industry	2017.03.20	7F, No. 21, Jianguo North Road, Sec 1, Zhongshan District, Taipei City	700,000	Manufacturing and distribution of foods and cleaning supplies
Wuhan Qiaoxing Co., Ltd.	2019.10.29	Putian Internet of Things Innovation Research, No. 1, 1-5F, Unit 1, Building 10, No. 18, Financial Port Fourth Road, East Lake New Technology Development Zone, Wuhan	215,250	Technical service of oil & fat products
Namchow Trading Singapore Pte. Ltd.	2022.01.10	Shenton #10-00 16 Collyer Quay Singapore	30,517	Sales of Oil & Fat Products
Chongqing Namchow Food Co., Ltd.	2022.08.15	Plot F10-01, Industrial Park, Degan Street, Jiangjin District, Chongqing	1,445,967	Production and sale of evaporate milk and frozen dough
Namchow Trading Hong Kong Pte. Ltd.	2023.04.11	Unit 1002,10/F.,Perfect Commercial Building , 20Austin Avenue , Tsim Sha Tsui,Kowloon	31,408	Customer development, product sales, and technical services in Hong Kong and Macau
Namchow Food (Bangkok) Ltd.	2023.08.12	185 Thamalert Building, 5th and 7th Fl., Sukhumvit Rd., Khlong Toei Nuea, Watthana, Bangkok	96,330	Sales of food products, production of products, import and export of goods, etc.

Note: Namchow Restaurant Consultancy was dissolved on December 31, 2023, and the relevant liquidation procedures are in progress.

(3) The Company does not have the conditions determined to be a controlling or subordinate relationship under Article 369-3 of the Company Act.

(4) Industries covered in the scope of operations of the associated enterprises as a whole and interaction and division of labor:

Name of associated enterprise	Industry covered in the scope of operations	Business correspondence	Interaction and division of labor
Namchow Holdings Co.,Ltd.	Investment holding	Yes	Sub-letting of part of premises and buildings to affiliated businesses
Namchow Oils and Fats	Production and sale of oils and fats products	Yes	Some oils and fats products are sold to Lucky Royal Co., Ltd. to be the latter's production raw materials.
	Production and sale of frozen dough	Yes	Some of the bread products are sold to restaurants as their purchases.
Huciang Industry	Production and sale of cleaners and restaurant operations goods	Yes	Some of the bread products are purchased from the oils & fats company and supplied to the restaurant as raw materials
	Production and sale of frozen noodles	Yes	Some of frozen noodles are sold to Chow Ho Enterprise Co., Ltd. to be the purchases by chained bakeries while Lucky Royal Co., Ltd. is authorized as the general distributor for the remainder.
Lucky Royal Co., Ltd.	Production and sale of ice cream	Yes	Oils and fats raw materials are purchased from Namchow.
	Sale and distribution of frozen noodles	Yes	The frozen noodles produced by Huciang Industry are undertaken to be sold.
	Restaurant management	Yes	Some of the restaurant food ingredients are purchased from Chowho.
Namchow (Thailand) Ltd.	Instant noodles and rice crackers, among others	Yes	Some instant noodles sold to Huciang Industry
	Manufacturing, sale, and processing	None	
Mostro (Thailand) Ltd.	Land rental	Yes	Land is leased to Namchow (Thailand) Ltd.
Chow Ho Enterprise	Management of chain noodles stores	Yes	Frozen noodles are purchased from Huciang while some of the ingredients are sold to Dian Shui Lou and Lucky Royal
Qizhi Culture Co., Ltd.	Magazine publishing and release	Yes	Publications on associated enterprises
Nacia International Corporation	Investment holding	None	
Shanghai Qiaohao Trading Co.,Ltd.	Trade	None	
Namchow (Cayman Islands) Holding Corp.	Investment holding	None	
Tianjin Namchow Food Co.,Ltd.	Production and sale of oil and fat products	Yes	Manufacturing and sale of products of the Group
Tianjin Yoshi Yoshi Co., Ltd.	Production and sale of fresh cream	Yes	Manufacturing and sale of products of the Group
Namchow BV Ltd.	Investment holding	None	
BLN Restaurants & Caterings	Restaurant management	None	
Dian Shui Lou Restaurant Business Co., Ltd.	Restaurant management	Yes	Some of the food ingredients are purchased from Chowho.

Name of associated enterprise	Industry covered in the scope of operations	Business correspondence	Interaction and division of labor
Guangzhou Namchow Food Co.,Ltd.	Production and sale of oils and fats products	Yes	Manufacturing and sale of products of the Group
Shanghai Qizhi Business Consulting Co., Ltd.	Business administration and investment consulting	None	
Namchow Food Group (Shanghai) Co., Ltd. Company	Holding and distribution company	Yes	Storage, transportation, and sale of products of the Group
Shanghai Qiaohao Enterprise Management Co.,Ltd	Exhibition and business information consulting	Yes	Design and planning for companies within the Group to attend exhibitions
Shanghai Qiaohao Food Co.,Ltd	Manufacturing and sale of packaged foods	Yes	Manufacturing and sale of products of the Group
Namchow Restaurant Consultancy Co., Ltd. (Note)	Restaurant business and management consulting	None	
Shanghai Namchow Food Co., Ltd.	Production and sale of oils and fats products	Yes	Manufacturing and sale of products of the Group
Namchow Japan Co., Ltd.	Restaurant, beverages, and alcohol business	None	
Namchow Consultancy Co., Ltd.	Restaurant and food and management consulting	None	
Tianjin Qiaohao Food Co., Ltd.	Manufacturing, distribution, and sale of packaged foods	None	
Chongqing Qiaoxing Co., Ltd.	Distribution and sale of foods and corporate consulting	Yes	Storage, transportation, and sale of products of the Group
Guangzhou Yoshi Yoshi Co., Ltd	Production and sale of fresh cream	Yes	Manufacturing and sale of products of the Group
Wuhan Qiaoxing Co., Ltd.	Technical service of oil & fat products	None	
Namchow Trading Singapore Pte. Ltd.	Sales of Oil & Fat Products	None	
Chongqing Namchow Food Co., Ltd.	Production and sale of evaporate milk and frozen dough	None	Manufacturing and sale of products of the Group
Namchow Trading Hong Kong Pte. Ltd.	Customer development, product sales, and technical services in Hong Kong and Macau	None	
Namchow Food (Bangkok) Ltd.	Sales of food products, production of products, import and export of goods, etc.	None	

Note: Namchow Restaurant Consultancy was dissolved on December 31, 2023, and the relevant liquidation procedures are in progress.



## (5) Profile of directors, supervisors, and general managers of individual associated enterprises

Name of Business	Title	Name or Representative	Number of shares	
			Number of shares	Shareholding ratio
Lucky Royal Co., Ltd.	Chairman	Ming-Fen Chou, Representative of Namchow Holdings Co., Ltd.	95,668,371	99.65%
	Director	Cheng-Wen Chen, Representative of Namchow Holdings Co., Ltd.		
	Director	Yi-Wen Chen, Representative of Representative of Namchow Holdings Co., Ltd.		
	Director	Yu-Wen Chen, Representative of Namchow Holdings Co., Ltd.		
	Director	Chang-Ching Kao, Representative of Namchow Holdings Co., Ltd.		
	Supervisor	Hsu, Pai-Tsai		
Chow Ho Enterprise Co., Ltd.	Chairman	Alfred Chen, Representative of Namchow Holdings Co., Ltd.	2,899,994	100.00%
	Director	Yu-Wen Chen, Representative of Namchow Holdings Co., Ltd.		
	Director	Ming-Fen Chou, Representative of Namchow Holdings Co., Ltd.		
	Supervisor	Yi-Wen Chen		
Qizhi Culture Co., Ltd.	Chairman	Alfred Chen, Representative of Namchow Holdings Co., Ltd.	80,000	80.00%
	Director	Zhang-Li Chen, Representative of Namchow Holdings Co., Ltd.		
	Director	Cheng-Wen Chen, Representative of Namchow Holdings Co., Ltd.		
	Director	Yu-Wen Chen, Representative of Namchow Holdings Co., Ltd.		
	Supervisor	Yi-Wen Chen, Representative of Lucky Royal Co., Ltd.	10,000	10.00%
Namchow BV Ltd.	Chairman	Alfred Chen, Representative of Lucky Royal Co., Ltd.	6,705,000	93.32%
	Director	Cheng-Wen Chen, Representative of Lucky Royal Co., Ltd.		
	Director	Yi-Wen Chen, Representative of Lucky Royal Co., Ltd.		
Nacia International Corporation	Chairman	Alfred Chen, Representative of Namchow Holdings Co., Ltd.	1,250	100.00%
	Director	Yi-Wen Chen, Representative of Representative of Namchow Holdings Co., Ltd.		
	Director	Cheng-Wen Chen, Representative of Namchow Holdings Co., Ltd.		
	Director	Kan-Wen Lee, Representative of Representative of Namchow Holdings Co., Ltd.		
Namchow (Cayman Islands) Holding Corp.	Chairman	Alfred Chen, Representative of Nancia CO., LTD.	35,378,120	100.00%
	Director	Yi-Wen Chen, Representative of Nancia CO., LTD.		
	Director	Kan-Wen Lee, Representative of Nancia CO., LTD.		
	Director	Cheng-Wen Chen, Representative of Nancia CO., LTD.		
Tianjin Namchow Food Co.,Ltd.	Chairman	Yi-Wen Chen, Representative of Namchow Food Group Co., Ltd.		100.00%
	Director	Kan-Wen Lee, Representative of Namchow Food Group Co., Ltd.		
	Director	Cheng-Wen Chen, Representative of Namchow Food Group Co., Ltd.		
	Director	Chou-Ching Chen, Representative of Namchow Food Group Co., Ltd.		
	Supervisor	Shih-Wei Wang, Representative of Namchow Food Group Co., Ltd.		

Name of Business	Title	Name or Representative	Number of shares	
			Number of shares	Shareholding ratio
Tianjin Yoshi Yoshi Co., Ltd.	Chairman	Yi-Wen Chen, Representative of Tianjin Namchow Food Co., Ltd.		100.00%
	Director	Kan-Wen Lee, Representative of Tianjin Namchow Food Co., Ltd.		
	Director	Cheng-Wen Chen, Representative of Tianjin Namchow Food Co., Ltd.		
	Director	Ming-Fen Chou, Representative of Tianjin Namchow Food Co., Ltd.		
	Director	Chou-Ching Chen, Representative of Tianjin Namchow Food Co., Ltd.		
	Supervisor	Xi-Sheng Zhu, Representative of Tianjin Namchow Food Co., Ltd.		
BLN Restaurants & Caterings	Chairman	Cheng-Wen Chen, Representative of Namchow BV Ltd.		100.00%
	Vice Chairman	Li-Ming Chen, Representative of Namchow BV Ltd.		
	Vice Chairman	Jian-Fan Yu		
	Vice Chairman	Yi-Wen Chen, Representative of Namchow BV Ltd.		
	Director	Chih-Mei Wang, Representative of Namchow BV Ltd.		
	Supervisor	Yi-Yang, Representative of Namchow BV Ltd.		
Namchow (Thailand) Ltd.	Chairman	Kan-Wen Lee, Representative of Representative of Namchow Holdings Co., Ltd.	9,244,995	100.00%
	Director	Ming-Fen Chou, Representative of Namchow Holdings Co., Ltd.		
	Director	Cheng-Wen Chen, Representative of Namchow Holdings Co., Ltd.		
	Director	Yi-Wen Chen, Representative of Representative of Namchow Holdings Co., Ltd.		
	Director	Yu-Wen Chen, Representative of Namchow Holdings Co., Ltd.		
	Director	Kuo-Yao Hsiao, Representative of Namchow Holdings Co., Ltd.		
	Director	Yi-Chien Wei, Representative of Namchow Holdings Co., Ltd.		
Mostro (Thailand) Ltd.	Director	Alfred Chen, Representative of Namchow Holdings Co., Ltd.	100,000	100.00%
	Director	Kan-Wen Lee, Representative of Representative of Namchow Holdings Co., Ltd.		
	Director	Yi-Chien Wei, Representative of Namchow Holdings Co., Ltd.		
Shanghai Qiaohao Trading Co.,Ltd.	Chairman	Cheng-Wen Chen, Representative of Namchow (Cayman Islands) Holdings Corporation		100.00%
	Director	Yi-Wen Chen, Representative of Namchow (Cayman Islands) Holdings Corporation		
	Director	Ming-Fen Chou, Representative of Namchow (Cayman Islands) Holdings Corporation		
	Supervisor	Yi-Yang, Representative of Namchow (Cayman) Ltd.		
Dian Shui Lou Restaurant Business Co., Ltd.	Director	Alfred Chen, Representative of Lucky Royal Co., Ltd.	13,100,000	100.00%
	Director	Yu-Wen Chen, Representative of Lucky Royal Co., Ltd.		
	Chairman	Yi-Wen Chen, Representative of Lucky Royal Co., Ltd.		
	Supervisor	Chih-Mei Wang, Representative of Lucky Royal Co., Ltd.		
Guangzhou Namchow Food Co.,Ltd.	Chairman	Yi-Wen Chen, Representative of Namchow Food Group Co., Ltd.		100.00%
	Director	Kan-Wen Lee, Representative of Namchow Food		

Name of Business	Title	Name or Representative	Number of shares	
			Number of shares	Shareholding ratio
		Group Co., Ltd.		
	Director	Cheng-Wen Chen, Representative of Namchow Food Group Co., Ltd.		
	Director	Chou-Ching Chen, Representative of Namchow Food Group Co., Ltd.		
	Supervisor	Shih-Wei Wang, Representative of Namchow Food Group Co., Ltd.		
Shanghai Qizhi Business Consulting Co., Ltd.	Executive Director	Cheng-Wen Chen, Representative of Namchow (Cayman Islands) Holding Corp.		100.00%
	Supervisor	Shih-Wei Wang, Representative of Namchow (Cayman Islands) Holding Corp.		
Namchow Food Group (Shanghai) Co., Ltd.	Chairman	Cheng-Wen Chen, Representative of Namchow (Cayman Islands) Holding Corp.	426,101,116	81.21%
	Director	Yi-Wen Chen, Representative of Namchow (Cayman Islands) Holding Corp.		
	Director	Kan-Wen Lee, Representative of Namchow (Cayman Islands) Holding Corp.		
	Director	Yu-Wen Chen, Representative of Namchow (Cayman Islands) Holding Corp.		
	Director	Yi-Chien Wei, Representative of Namchow (Cayman Islands) Holding Corp.		
	Director	Chang-Yu Lin, Representative of Namchow (Cayman Islands) Holding Corp.		
	Independent Director	Liu, Hsu-Yu		
	Independent Director	Huang, Tse-Min		
	Independent Director	Yan-Ping Wang		
	Supervisor	Shih-Wei Wang, Representative of Namchow (Cayman Islands) Holding Corp.		
	Supervisor	Chien-Chung Chou, Representative of Namchow (Cayman Islands) Holding Corp.		
Shanghai Qiaohao Enterprise Management Co.,Ltd	Executive Director	Cheng-Wen Chen, Representative of Shanghai Qiaohao Trading Co.,Ltd.		100.00%
	Supervisor	Yi-Wen Chen, Representative of Shanghai Qiaohao Trading Co.,Ltd.		
Namchow Restaurant Consultancy Co., Ltd. (Note)	Chairman	Chih-Mei Wang, Representative of Lucky Royal Co., Ltd.	500,000	100.00%
	Vice Chairman	Yi-Wen Chen, Representative of Lucky Royal Co., Ltd.		
	Director	Chou-Ching Chen, Representative of Lucky Royal Co., Ltd.		
	Supervisor	Ming-Fen Chou, Representative of Lucky Royal Co., Ltd.		
Shanghai Qiaohao Food Co.,Ltd	Chairman	Yi-Wen Chen, Representative of Shanghai Qiaohao Trading Co.,Ltd.		65.00%
	Director	Cheng-Wen Chen, Representative of Shanghai Qiaohao Trading Co.,Ltd.		
	Director	Chou-Ching Chen, Representative of Shanghai Qiaohao Trading Co.,Ltd.		
	Supervisor	Shih-Wei Wang, Representative of Namchow (Cayman Islands) Holding Corp., Ltd.		35.00%
Shanghai Namchow Food Co., Ltd.	Chairman	Yi-Wen Chen, Representative of Namchow Food Group Co., Ltd.		100.00%
	Director	Cheng-Wen Chen, Representative of Namchow Food Group Co., Ltd.		
	Director	Chou-Ching Chen, Representative of Namchow Food Group Co., Ltd.		
	Supervisor	Shih-Wei Wang, Representative of Namchow Food Group Co., Ltd.		

Name of Business	Title	Name or Representative	Number of shares	
			Number of shares	Shareholding ratio
Namchow Japan Co., Ltd.	Chairman	Yi-Wen Chen, Representative of Representative of Namchow Holdings Co., Ltd.	6	100.00%
	Supervisor	Ching-Hui Chiu, Representative of Namchow Holdings Co., Ltd.		
Namchow Consultancy Co., Ltd.	Chairman	Zhi-Mei Wang, Representative of Namchow Holdings Co., Ltd.	500,000	100.00%
	Director	Yu-Wen Chen, Representative of Namchow Holdings Co., Ltd.		
	Director	Chou-Ching Chen, Representative of Namchow Holdings Co., Ltd.		
	Supervisor	Yi-Wen Chen, Representative of Representative of Namchow Holdings Co., Ltd.		
Tianjin Qiaohao Food Co., Ltd.	Chairman	Yi-Wen Chen, Representative of Shanghai Qiaohao Trading Co.,Ltd.		100.00%
	Director	Cheng-Wen Chen, Representative of Shanghai Qiaohao Trading Co.,Ltd.		
	Director	Chou-Ching Chen, Representative of Shanghai Qiaohao Trading Co.,Ltd.		
	Supervisor	Shih-Wei Wang, Representative of Shanghai Qiaohao Trading Co.,Ltd.		
Chongqing Qiaoxing Co., Ltd.	Executive Director	Cheng-Wen Chen, Representative of Namchow Food Group		100.00%
	Supervisor	Yi-Wen Chen, Representative of Namchow Food Group		
Guangzhou Yoshi Yoshi Co., Ltd	Chairman	Yi-Wen Chen, Representative of Tianjin Yoshi Yoshi Food Co., Ltd.		100.00%
	Director	Kan-Wen Lee, Representative of Tianjin Yoshi Yoshi Food Co., Ltd.		
	Director	Cheng-Wen Chen, Representative of Tianjin Yoshi Yoshi Food Co., Ltd.		
	Director	Ming-Fen Chou, Representative of Tianjin Yoshi Yoshi Food Co., Ltd.		
	Supervisor	Xi-Sheng Zhu, Representative of Tianjin Yoshi Yoshi Food Co., Ltd.		
Namchow Oils and Fats	Chairman	Cheng-Wen Chen, Representative of Namchow Holdings Co., Ltd.	41,173,127	100.00%
	Director	Kan-Wen Lee, Representative of Representative of Namchow Holdings Co., Ltd.		
	Director	Yi-Wen Chen, Representative of Representative of Namchow Holdings Co., Ltd.		
	Director	Ming-Fen Chou, Representative of Namchow Holdings Co., Ltd.		
	Director	Yu-Wen Chen, Representative of Namchow Holdings Co., Ltd.		
	Supervisor	Ching-Hui Chiu, Representative of Namchow Holdings Co., Ltd.		
Huciang Industry	Chairman	Yi-Wen Chen, Representative of Representative of Namchow Holdings Co., Ltd.	70,000,000	100.00%
	Director	Ming-Fen Chou, Representative of Namchow Holdings Co., Ltd.		
	Director	Yu-Wen Chen, Representative of Namchow Holdings Co., Ltd.		
	Supervisor	Chou-Ching Chen, Representative of Namchow Holdings Co., Ltd.		
Wuhan Qiaoxing Co., Ltd.	Executive Director	Cheng-Wen Chen, Representative of Namchow Food Group		100.00%
	Supervisor	Lan-Hsin Chou, Representative of Namchow Food Group		
Namchow Trading Singapore Pte. Ltd.	Director	Cheng-Wen Chen, Representative of Namchow Food Group		100.00%
	Director	Shu-Hsien Hsiang, Representative of Namchow Food Group		

Name of Business	Title	Name or Representative	Number of shares	
			Number of shares	Shareholding ratio
	Director	Representative of Namchow Food Group Tang Edmund Koon Kay		
Chongqing Namchow Food Co., Ltd.	Chairman	Representative, Namchow Food Group (Shanghai) Co., Ltd. Cheng-Wen Chen		100.00%
	Director	Representative, Namchow Food Group (Shanghai) Co., Ltd. Chang-Yu Lin		
	Director	Representative, Namchow Food Group (Shanghai) Co., Ltd. Wu, Zhi-Ming		
	Supervisor	Representative, Namchow Food Group (Shanghai) Co., Ltd. Liang-Bing Chang		
Namchow Trading Hong Kong Pte. Ltd.	Director	Representative, Namchow Food Group (Shanghai) Co., Ltd. Cheng-Wen Chen		100.00%
	Director	Representative, Namchow Food Group (Shanghai) Co., Ltd. Tong-Yuan Li		
	Director	Representative, Namchow Food Group (Shanghai) Co., Ltd. Liang-Bing Chang		
Namchow Food (Bangkok) Ltd.	Director	Representative, Namchow Food Group (Shanghai) Co., Ltd. Cheng-Wen Chen		100.00%
	Director	Representative, Namchow Food Group (Shanghai) Co., Ltd. Chang-Yu Lin		
	Director	Representative, Namchow Food Group (Shanghai) Co., Ltd. Yi-Chien Wei		
	Director	Representative, Namchow Food Group (Shanghai) Co., Ltd. Rui-Heng Jia		
	Director	Representative, Namchow Food Group (Shanghai) Co., Ltd. Tong-Yuan Li		

Note: Namchow Restaurant Consultancy was dissolved on December 31, 2023, and the relevant liquidation procedures are in progress.

## 2. Overview of individual associated enterprises' operation

Unit: NTD thousands

Name of company	Code	Paid-in capital size	Gross assets	Gross liabilities	Net value	Operating revenues	Business profits	Gains and losses of the term (after tax)	Earnings per share (NT\$/after tax)
Lucky Royal Co., Ltd.	0001	956,684	3,928,084	607,770	3,320,314	2,203,464	229,518	350,563	3.66
Namchow (Thailand) Ltd.	0004	1,000,185	3,838,187	503,096	3,335,091	3,591,883	678,196	597,111	64.59
Mostro (Thailand) Ltd.	0005	10,201	55,551	21,124	34,427	54,993	1,702	1,364	13.64
Nacia International Corporation	0006	378,438	12,553,617	235	12,553,382	0	(388)	641,010	512,808.00
Namchow BV Ltd.	0007	221,043	83,135	117	83,018	0	(518)	62,583	8.71
BLN Restaurants & Caterings	0008	112,018	215,000	138,445	76,555	369,815	72,645	60,660	-
Chow Ho Enterprise Co., Ltd.	0009	29,000	14,770	5,356	9,414	21,248	(4,968)	(4,942)	(1.70)
Qizhi Culture Co., Ltd.	0011	1,000	344	60	284	53	(20)	(20)	(0.20)
Shanghai Qiaohao Trading Co.,Ltd.	0015	1,110,279	575,033	273,480	301,553	150,600	(34,588)	(124,899)	-
Namchow (Cayman Islands) Holding Corp.	0017	1,072,170	12,636,519	215,645	12,420,874	0	(760)	640,742	18.11
Tianjin Namchow Food Co.,Ltd.	0019	795,379	3,432,155	896,603	2,535,552	2,491,029	60,241	290,333	-
Tianjin Yoshi Yoshi Co., Ltd.	0020	136,840	1,266,468	107,355	1,159,113	691,138	1,788	191,147	-
Dian Shui Lou Restaurant Business Co., Ltd.	0021	131,000	240,108	215,358	24,750	464,294	16,680	15,462	1.18
Guangzhou Namchow Food Co.,Ltd.	0023	544,950	3,853,471	2,181,534	1,671,937	3,142,350	360,846	382,968	-
Shanghai Qizhi Business Consulting Co., Ltd.	0024	4,541	8,538	0	8,538	0	(142)	194	-
Namchow Food Group (Shanghai) Co., Ltd. Company	0025	1,142,918	16,036,911	1,456,219	14,580,692	10,410,131	(22,600)	1,022,816	2.40
Shanghai Qiaohao Enterprise Management Co.,Ltd	0026	961	865	0	865	0	0	0	-
Shanghai Qiaohao Food Co.,Ltd	0027	925,091	706,543	294,157	412,386	143,884	(66,209)	(81,936)	-
Namchow Restaurant Consultancy Co., Ltd. (Note)	0028	5,000	1,936	0	1,936	0	(1,211)	(1,197)	(2.39)
Shanghai Namchow Food Co., Ltd.	0029	824,810	3,325,399	1,906,422	1,418,977	2,507,580	20,881	52,928	-
Namchow Japan Co., Ltd.	0030	42,306	1,272,439	1,180,146	92,293	17,774	(55,504)	(86,962)	-
Namchow Consultancy Co., Ltd.	0031	5,000	4,890	263	4,627	0	(282)	(257)	(0.51)
Tianjin Qiaohao Food Co., Ltd.	0033	90,836	13,823	0	13,823	0	(4,127)	(9,018)	-
Chongqing Xiaoxing Co., Ltd.	0034	94,200	2,028,208	1,240,902	787,306	5,503,447	250,119	228,666	-
Namchow Oils and Fats	0035	411,731	1,213,995	590,783	623,212	1,797,847	156,448	117,412	2.85
Huciang Industry	0036	700,000	1,140,292	495,444	644,848	1,095,491	19,962	16,715	0.24
Guangzhou Yoshi Yoshi Co., Ltd	0037	452,150	1,001,960	326,561	675,399	1,322,418	233,566	182,241	-
Wuhan Qiaoxing Co., Ltd.	0038	215,250	219,237	5,668	213,569	43,669	1,584	1,898	-
Namchow Trading Singapore Pte. Ltd.	0039	30,517	29,454	6,506	22,948	17,260	(4,231)	(4,537)	-
Chongqing Namchow Food Co., Ltd.	0040	1,445,967	1,450,783	1,716	1,449,067	0	(2,814)	19,969	-
Namchow Trading Hong Kong Pte. Ltd.	0041	31,408	32,556	3,184	29,372	4,194	(1,356)	(1,257)	-
Namchow Food (Bangkok) Ltd.	0042	96,330	98,430	463	97,967	0	(2,225)	(2,215)	-

Note: Namchow Restaurant Consultancy was dissolved on December 31, 2023, and the relevant liquidation procedures are in progress.

### 3. Relations Report

The Company is not an affiliate of another company as indicated in the chapter about Associated Enterprises of the Company Act and hence it is not necessary to compile the Relations Report with its controlling companies.

## II. Organization of the Latest Private Placement Securities as of the Date of Printing of the Annual Report: None.

## III. Holding or disposal of the Company's shares by its subsidiaries of the latest year and up to the date of printing of the Annual Report:

Unit: NTD Thousand; Share; %

Name of company	Paid-in capital	Capital Source	Shareholding Ratio in the Company	Date of Acquisition or Disposal	Number and Value of Shares Acquired	Number of shares disposed of and value	Investment Profit and Loss	Number of shares held as of the date the Annual Report was printed and value	Pledge created	Value of endorsement and guarantee of the Company to its subsidiary	Value lent by the Company to its subsidiary
Lucky Royal Co., Ltd.	956,684	Self-capital	99.65%	By January 01, 2017	46,041,259 shares acquired Value when acquired 530,114 thousand			46,041,259 shares Value 530,114 thousand	None	None	None
				2017	None	None	None				
				This year up to the date the Annual Report was printed	None	None	None				

## IV. Other matters requiring supplementary information: None.

※ Latest Matters with Important Impacts on Shareholder Rights or Security Prices Indicated in Article 36 Paragraph 3 Subparagraph 2 of the Securities Exchange Act as of the Date of Printing of Annual Report: None

*Namchow Holdings CO.,Ltd.*



*Person in Charge:* 陳永祥

