Hey Song Corp. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2022 and 2021 and Independent Auditors' Review Report

Notice to Readers

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Independent Auditor's Review Report

The Board of Directors and Shareholders
Hey Song Corp.

Introduction

We have reviewed the accompanying consolidated balance sheet of Hey Song Corp. and its subsidiaries (collectively referred to as the "Group") as of March 31, 2022 and 2021, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months ended March 31,2022 and 2021, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 – "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of Qualified Conclusion

As disclosed in Note 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements were not reviewed. As of March 31, 2022 and 2021, the combined total assets of these non-significant subsidiaries were NT$3,162,644 thousand and NT$3,193,149 thousand, respectively, representing 14.02% and 14.21%, respectively, of the Group's consolidated total assets, and the combined total liabilities of these non-significant subsidiaries as of March 31, 2022 and 2021 were NT$985,289 thousand and NT$1,066,743 thousand, respectively, representing 23.02% and 24.97% of the Group's consolidated total liabilities; for the three months ended March 31, 2022 and 2021, the net comprehensive gain (loss) of these subsidiaries were NT$6,157 thousand and NT$4,046 thousand, respectively, representing 4.67% and 3.07%, respectively, of the Group's consolidated comprehensive income. As disclosed in Note 13, the financial statements of the associate and joint venture accounted for under the equity method was not reviewed by independent auditors. The carrying values of the associate and joint venture under the equity method amounted to NT$857,075 thousand and NT$730,992 thousand as of March 31, 2022 and 2021, respectively. The related shares of profit (loss) from the associate and joint venture under the equity method amounted to NT$7,442 thousand and NT$(4,740) thousand for the three-month periods then ended, respectively. These amounts as well as the related financial information of the investees as disclosed in Note 33 to the consolidated financial statements were based on the subsidiaries' and associates' unreviewed financial statements for the same reporting periods as those of the Company.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and other equity-method investees as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Kuo, Nai-Hua

Independent Accountants

Chih, Jui-Chuan

Deloitte & Touche, Taiwan
Republic of China
May 5, 2022

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, Deloitte & Touche cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HEY SONG CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(In Thousands of New Taiwan Dollars)

Code	Assets	March 31, 2022 (Reviewed) Amount	%	December 31, 2021 (Audited) Amount	%	March 31, 2021 (Reviewed) Amount	%
	Current assets						
1100	Cash and cash equivalents (Notes 4,6)	$ 1,060,207	5	$ 1,231,471	6	$ 1,357,078	6
1110	Financial assets at fair value through profit and loss – current (Notes 4, 7, 28)	50,055	-	50,024	-	150,061	1
1136	Financial assets at amortized cost – current (Notes 4, 8 and 9)	489,243	2	226,100	1	-	-
1150	Notes receivable (Notes 4 and 10)	26,714	-	29,599	-	83,136	-
1170	Accounts receivable (Notes 4 and 10)	511,093	2	707,909	3	668,203	3
1200	Other receivables (Note 10)	6,266	-	91,947	-	5,985	-
130X	Inventory (Note4 4 and 10)	5,295,040	24	5,208,808	23	5,252,165	23
1410	Prepayments	116,097	1	40,690	-	90,359	1
1470	Other current assets	32,296	-	19,978	-	21,024	-
11XX	Total current assets	7,587,011	34	7,606,526	33	7,628,011	34
	Non-current assets						
1510	Financial assets at fair value through profit and loss – non-current (Notes 4, 7, 28)	658	-	658	-	658	-
1535	Financial assets at amortized cost – non-current (Notes 4, 8 and 9)	88,278	-	215,964	1	-	-
1550	Investment accounted for under the equity method (Notes 4, 13)	857,075	4	850,028	4	730,992	3
1600	Property, plant and equipment (Notes 4, 14)	5,945,310	26	6,001,232	26	6,174,847	28
1755	Right of use assets (Note 15)	69,475	-	113,852	1	28,451	-
1760	Property investment (Notes 4, 16, 30)	7,624,498	34	7,632,311	33	7,656,293	34
1801	Computer software, net (Note 4)	4,697	-	4,086	-	5,033	-
1840	Deferred income tax assets (Note 4)	45,442	-	46,753	-	43,838	-
1915	Prepayment for equipment purchase (Note 31)	148,584	1	128,876	1	19,358	-
1920	Refundable security deposit (Notes 17, 30)	185,011	1	188,110	1	185,268	1
15XX	Total non-current assets	14,969,028	66	15,181,870	67	14,844,738	66
1XXX	Total assets	$ 22,556,039	100	$ 22,788,396	100	$ 22,472,749	100
Code	**Liabilities and Equity**						
	Current liabilities						
2100	Short-term loans (Note 18)	$ 950,000	4	$ 1,100,000	5	$ 1,000,000	4
2150	Notes payable (Note 19)	9,986	-	3,409	-	9,406	-
2170	Accounts payable (Note 19)	291,392	1	364,773	2	281,115	1
2200	Other payables (Note 20)	333,856	2	458,281	2	385,672	2
2230	Income tax liabilities in current period (Notes 4, 25)	155,280	1	135,828	-	113,346	1
2280	Leasehold liabilities – current (Note 15)	13,842	-	28,661	-	17,134	-
2399	Other current liabilities – others (Note 23)	64,684	-	60,513	-	63,099	-
21XX	Total current liabilities	1,819,040	8	2,151,465	9	1,869,772	8
	Noncurrent liabilities						
2570	Deferred income tax liabilities (Note 4)	2,136,505	9	2,133,763	9	2,131,751	9
2580	Leasehold liabilities – non-current (Note 15)	55,988	-	85,440	-	11,735	-
2640	Net defined benefit liabilities – non-current (Notes 4, 21)	140,320	1	145,400	1	130,469	1
2645	Cash on receipt	128,423	1	128,416	1	128,741	1
25XX	Total noncurrent liabilities	2,461,236	11	2,493,019	11	2,402,696	11
2XXX	Total liabilities	4,280,276	19	4,644,484	20	4,272,468	19
	Shareholders equity (Note 22)						
	Equity attributable to the owners of the Company						
3110	Ordinary shares	4,018,711	18	4,018,711	18	4,018,711	18
3200	Capital reserve	186,078	1	186,078	1	185,139	1
	Retained earnings						
3310	Legal reserve	2,488,871	11	2,488,871	11	2,401,656	11
3320	Special reserve	4,357,281	19	4,357,281	19	4,413,676	19
3350	Undistributed earnings	7,151,360	32	7,026,005	31	7,127,975	32
3300	Total retained earnings	13,997,512	62	13,872,157	61	13,943,307	62
3400	Other equity	73,462	-	66,966	-	53,124	-
3XXX	Total equity	18,275,763	81	18,143,912	80	18,200,281	81
	Total liabilities and equity	$ 22,556,039	100	$ 22,788,396	100	$ 22,472,749	100

The accompanying notes are an integral part of these consolidated financial statements.

(With Deloitte & Touche review report dated May 5, 2022)

HEY SONG CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2022 and 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Code		2022 Amount	2022 %	2021 Amount	2021 %
	Operating revenue (Note 23)				
4110	Sales revenue	$ 2,173,354	106	$ 2,372,050	107
4170	Sales return	(2,214)	-	(2,889)	-
4190	Sales discounts and allowances	(126,999)	(6)	(154,262)	(7)
4000	Net sales revenue	2,044,141	100	2,214,899	100
5000	Operating costs (Notes 9, 24)	(1,601,155)	(78)	(1,727,481)	(78)
5900	Gross profit	442,986	22	487,418	22
	Operating expense (Notes 24, 29)				
6100	Selling and marketing expenses	(265,622)	(13)	(271,425)	(12)
6200	General and administrative expenses	(142,318)	(7)	(145,082)	(6)
6300	Research and development expenses	(15,280)	(1)	(14,423)	(1)
6450	Expected credit impairment (reversal profit)	1,126	-	-	-
6000	Total operating expense	(422,094)	(21)	(430,930)	(19)
6900	Operating income	20,892	1	56,488	3
	Non-operating income and expense				
7100	Interest income (Note 24)	2,753	-	4,589	-
7010	Other incomes (Notes 24, 29)	147,897	7	147,723	7
7020	Other profits (loss) (Note 24)	(27,039)	(1)	(31,643)	(2)
7050	Financial cost (Note 24)	(2,115)	-	(2,032)	-
7060	Share of profit (loss) from affiliates accounted for under the equity method (Note 13)	7,442	-	(4,740)	-
7000	Total non-operating income and expense	128,938	6	113,897	5
7900	Profit before income tax	149,830	7	170,385	8
7950	Income tax expense (Notes 4, 25)	(24,475)	(1)	(37,387)	(2)
8200	Net profit for the year	125,355	6	132,998	6

(Continued)

Code		For the Three Months Ended March 31, 2022 Amount	%	2021 Amount	%
	Other comprehensive profit and loss				
8310	Items not reclassified as profit and loss				
8326	Unrealized gain on valuation of associated companies, joint ventures, and equity instruments at fair value through other comprehensive income	($ 395)	-	$ -	-
8360	Items likely be reclassified as profit and loss in the future				
8361	Exchange difference from conversion of financial statements of foreign operations	8,614	-	(1,690)	-
8399	Income tax related to items likely to be reclassified as profit and loss (Notes 4 and 25)	(1,723)	-	338	-
8300	Other comprehensive incomes in current period (after taxation)	6,496	-	(1,352)	-
8500	Total comprehensive income in current period	$ 131,851	6	$ 131,646	6
	Net income attributable to :				
8610	Owners of the Company	$ 125,355	6	$ 132,998	6
	Total comprehensive incomes attributable to:				
8710	Owners of the Company	$ 131,851	6	$ 131,646	6
	Earnings per share (Note 26)				
9710	Basic	$ 0.31		$ 0.33	
9810	Diluted	$ 0.31		$ 0.33	

The accompanying notes are an integral part of these consolidated financial statements.

(With Deloitte & Touche review report dated May 5, 2022)

(Concluded)

HEY SONG CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

		Capital Stock			Retained earnings			Other equity		
Code		Quantity of shares (1,000 shares)	Amount	Capital reserve	Legal reserve	Special reserve	Undistributed earnings	Exchange difference from conversion of financial statements of foreign operations	Unrealized profit and loss of financial assets at fair value through comprehensive profit and loss	Total equity
A1	Balance at January 1, 2021	401,871	$ 4,018,711	$ 185,139	$ 2,401,656	$ 4,413,676	$ 6,994,977	($ 30,769)	$ 85,245	$ 18,068,635
D1	Net profit for the three months ended March 31, 2021	-	-	-	-	-	132,998	-	-	132,998
D3	Other comprehensive income (loss) for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	-	(1,352)	-	(1,352)
D5	Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	-	132,998	(1,352)	-	131,646
Z1	Balance at March 31, 2021	401,871	$ 4,018,711	$ 185,139	$ 2,401,656	$ 4,413,676	$ 7,127,975	($ 32,121)	$ 85,245	$ 18,200,281
A1	Balance at January 1, 2022	401,871	$ 4,018,711	$ 186,078	$ 2,488,871	$ 4,357,281	$ 7,026,005	($ 31,462)	$ 98,428	$ 18,143,912
D1	Net profit for the three months ended March 31, 2022	-	-	-	-	-	125,355	-	-	125,355
D3	Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	-	6,891	(395)	6,496
D5	Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	-	125,355	6,891	(395)	131,851
Z1	Balance at March 31, 2022	401,871	$ 4,018,711	$ 186,078	$ 2,488,871	$ 4,357,281	$ 7,151,360	($ 24,571)	$ 98,033	$ 18,275,763

The accompanying notes are an integral part of these consolidated financial statements.

(With Deloitte & Touche review report dated May 5, 2022)

HEY SONG CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

Code		For the Three Months Ended March 31, 2022	2021
	Cash flows from operation		
A10000	Profit before income tax	$ 149,830	$ 170,385
A20010	Profit and loss items		
A20100	Depreciations	86,540	87,514
A20200	Amortizations	1,715	1,694
A20300	Profit from reversal of expected credit impairment	(1,126)	-
A20400	Net profit of financial assets at fair value through profit and loss	(152)	(133)
A20900	Financial cost	2,115	2,032
A21200	Interest income	(2,753)	(4,589)
A22300	Share of profit (loss) from associates accounted for under the equity method	(7,442)	4,740
A22500	Gain on disposal and scrapping of property, plant, and equipment	(611)	(173)
A23700	Inventory devaluation and obsolescence loss	4,930	588
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	2,885	(15,280)
A31150	Accounts receivable	197,942	(73,092)
A31180	Other receivables	84,002	75,884
A31200	Inventory	(91,267)	(211,022)
A31230	Prepayments	(75,407)	(50,998)
A31240	Other current assets	(12,318)	1,635
A32130	Notes payable	6,577	4,994
A32150	Accounts payable	(73,381)	33,479
A32180	Other payables	(116,039)	(56,433)
A32230	Other current liabilities	4,171	(9,860)
A32240	Net defined benefit liabilities	(5,080)	(1,823)
A33000	Cash (outflow) inflow from operating activities	155,131	(40,458)
A33300	Interest paid	(1,971)	(1,962)
A33500	Income tax paid	(1,014)	(4,410)
AAAA	Net cash (outflow) inflow from operating activities	152,146	(46,830)

(Continued)

Code		For the Three Months Ended March 31, 2022	2021
	Cash flow from investment		
B00040	Acquisition of financial assets at amortized cost	($ 135,457)	$ -
B00100	Acquisition of financial assets at fair value through profit and loss	(290,000)	(230,000)
B00200	Sale of financial assets at fair value through profit and loss	290,121	260,129
B02700	Proceeds for acquisition of property, plant, and equipment	(26,865)	(50,427)
B02800	Proceeds from disposal of property, plant and equipment	1,056	238
B03800	Decrease of refundable security deposits	3,099	3,833
B04500	Acquisition of intangible assets	(2,304)	(1,051)
B07100	Increase of prepayment for equipment purchase	(19,708)	(208)
B07500	Interest received	2,753	4,589
BBBB	Net cash outflow from investing activities	(177,305)	(12,897)
	Cash flow from financing		
C00100	Increase in short-term borrowings	-	150,000
C00200	Decrease in short-term borrowings	(150,000)	-
C03000	Increase in cash on receipt	7	-
C03100	Decrease in cash on receipt	-	(157)
C04020	Retirement of principal for lease	(4,781)	(5,100)
CCCC	Net cash inflow (outflow) from financing activities	(154,774)	144,743
DDDD	Effect of changes in exchange rate on cash and cash equivalents	8,669	(1,378)
EEEE	Increase (decrease) of cash and cash equivalents in current period	(171,264)	83,638
E00100	Balance of cash and cash equivalents at the beginning of period	1,231,471	1,273,440
E00200	Balance of cash and cash equivalents at the ending of period	$ 1,060,207	$ 1,357,078

The accompanying notes are an integral part of these consolidated financial statements.

(With Deloitte & Touche review report dated May 5, 2022)

(Concluded)

HEY SONG CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

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

(Reviewed, Not Audited)

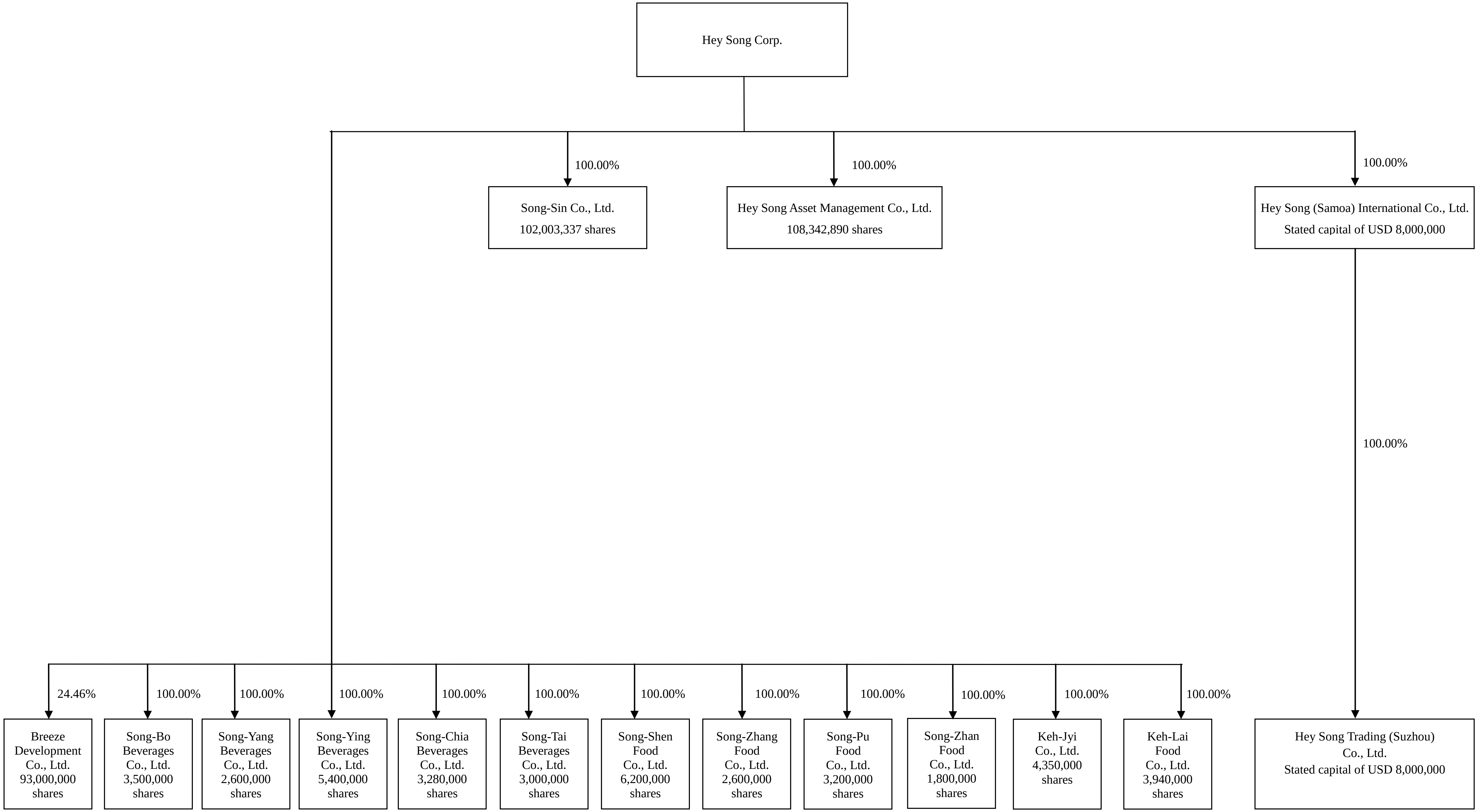
I. GENERAL INFORMATION

Hey Song Corp. (“the Company”) was founded on April 14, 1925 and was engaged in the production and sale of beverages bearing its own brand, OEM production and distribution of beverages for other famous brands, distribution and sale of domestic and imported liquors.

The Company’s shares have been listed on the Taiwan Stock Exchange since March 1999.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar.

Investment Structure



II. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Company's board of directors and were authorized for issue on May 5, 2022.

III. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

(I) The initial use of the IFRS, IAS, IFRIC, and SIC (collectively known as "IFRSs") recognized and announced by Financial Supervisory Commission (collectively known as "FSC").

Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company and its subsidiaries' (collectively referred to as the "Group") accounting policies:

1. Annual Improvements to IFRS Standards 2018 – 2020

The annual improvements to IFRSs 2018-2020 amended certain standards, of which the amendments to IFRS 9 "Financial Instruments" apply to the exchange or modification of the terms of Group' s financial liabilities that occur on or after January 1, 2022. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2. Amendments to IAS 16 "Property, Plant and Equipment – Proceeds before Intended Use"

This amendment will be applied to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2022. The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The aforementioned output item must be measured under IAS 2 "inventory," and recognize the sale price and cost as profit and loss under applicable standards. Please refer to Note 4 for related accounting policies.

(II) The New IFRSs issue by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC

New rules/revision/amended standards and interpretations	Effective day announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IAS
IFRS 17, "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 – Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

Note 1: The aforementioned new rules/revision/amended standard or interpretations shall be effective in the year after respective date of application.

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

1. Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

According to the amendment, if the Group sells or invest assets to the associates (or joint venture), or the Group lost its control over the subsidiary but keeping the significant influence (or joint control) over the subsidiary, and if the aforementioned asset or former subsidiary fits into the definition of

"Corporate Merger" and "Business" under IFRS 3, the Group recognizes the profit and loss of the aforementioned transactions in whole.

In addition, if the Group sells or invest assets to the associates (or joint venture), or the Group lost its control over the subsidiary but keeping the significant influence (or joint control) over the subsidiary, and if the aforementioned asset or former subsidiary does not fit into the definition of "Business" under IFRS 3, the Group only recognizes the profit or loss deriving from these transactions of the investors within the scope unrelated to the associates. In other words, the shares of the profit and loss entitled to the Group should be derecognized.

2. Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

The amendment seeks to clarify and determine if the liability is classified as noncurrent, whether the Group has the right for deferred settlement of the liability for a period of at least 12 months from the last day of the reporting period or not should also be assessed. If the Group does not have the right on the last day of the reporting period, the liability shall be classified as noncurrent whether the Group expects to exercise the right or not. The amendment seeks to clarify that if the Group must comply with specific condition in order to be entitled to deferred settlement, the Group must have complied with the specific condition on the last day of the reporting period even if the lender has tested if the Group has complied with the specific condition or not.

Under the amendment, for purpose of classifying as liabilities, the aforementioned settlement refers to the transfer of cash, other economic resources, or the equity instruments of the Group has been delivered to the counterparty to extinct the liability. If the clause of liabilities may be settled by the transfer of the equity instruments of the Group as per the choice of the counterparty, and the right of choice is independently recognized as equity under IAS 32 "Financial Instruments: Presentation," the aforementioned clause will not affect the classification of liabilities.

3. Amendments to IAS 1, "Disclosure of Accounting Policies"

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. If the information on accounting policies should reasonably be expected as yielding influence on the primary users of general financial statements in decision-making on the basis of the information contained therein, these accounting policies should be significant. This amendment clarifies:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial.
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

Further, the revision gives an example that if the information on accounting policies is related to significant transactions, other matters, or circumstances and the following circumstances exist, the information is likely to be material:

(1) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

(2) The Company chose the accounting policy from options permitted by the standards;

(3) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

(4) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or

(5) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

4. Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying the accounting policy, the Group must adopt measurement techniques and input value to establish accounting estimate on items in the financial statements that cannot be directly observed but necessary for measurement with currency amount. If the effect of the changes in measurement techniques or input value on accounting estimates is not the correction of error in the previous period, such changes are regarded as changes in accounting estimates.

5. Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendment clarifies that the initial recognition exemption would not apply to transactions that give rise to both taxable and deductible temporary differences to the extent the amounts recognized for the temporary differences are the same. The Group will recognize deferred income tax assets for all deductible and taxable temporary differences to the extent that it is probable that taxable profit will be available against the deductible temporary differences can be utilized for deferred income tax liabilities on January 1, 2023, and will recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings at that date. This amendment applies to all transactions other than leases and decommissioning obligations that occur on or after January 1, 2023.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) Statement of compliance

These interim consolidated financial statements have been prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments measured at fair value.

Fair value measurement is based on the level of observation and importance of related input value, and is classified from level 1 to level 3:

1. Level 1 input value: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 input value: Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 input value: Level 3 inputs are unobservable inputs on an asset or liability.

(III) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). The consolidated Income Statement comprises the profit or loss from operation of subsidiaries being acquired or disposed from the day of acquisition or disposal in the year of acquisition or disposal. The financial reports of the subsidiaries have been adjusted to align with the accounting policies of the Group. In compiling the consolidated financial statements, the transactions, account balance, income and expense of respective entities shall be derecognized in whole. The total comprehensive profit or loss of the subsidiaries shall be attributable to the shareholders of the Company and the uncontrolled equity even if the uncontrolled equity turns negative balance.

If the change in the shareholders equity of the subsidiaries does not cause the loss of control of the Group, treat as equity transaction. The book value of the Group and uncontrolled equity has been adjusted to reflect corresponding change in the equity of the subsidiaries. The amount of adjustment in the uncontrolled equity and the difference between the collection and payment in fair value under consideration shall directly be recognized as equity and attributable to the shareholders of the Company.

The detail of subsidiaries, proportion of shareholding, and items of business operation are described in Note 12, Table 5 and Table 6.

(IV) Other significant accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2021.

1. Defined benefit – retirement benefits

   Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2. Other long-term employee benefits

   Other long-term employee benefits are subject to the same accounting treatment as defined benefit plan, but with remeasurements recognized through profit and loss.

3. Income tax

   Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

V. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In adopting accounting policies, the management of the Group must made related judgment, estimate, and assumption on the basis of historical experience and relevant factors on anything where the source of information is inaccessible. The actual result may differ from the estimate.

The Group has considered the possible impact on the economic environment associated with the COVID-19 pandemic when making its critical accounting assumptions related to cash flow projections, growth rates, discount rates, and profitability. The management will review estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

VI. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	$ 12,334	$ 5,229	$ 11,684
Checking and demand deposit	1,020,433	1,170,667	769,597
Cash equivalents			
Time deposits in banks	27,440	55,575	575,797
	$ 1,060,207	$ 1,231,471	$ 1,357,078

VII. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets – current			
Compulsory measurement at fair value through profit and loss			
Non-derivative assets			
- Certificates of beneficial interests of funds	$ 50,055	$ 50,024	$ 150,061
Financial assets – non-current			
Compulsory measurement at fair value through profit and loss			
Non-derivative assets			
- Stocks not publicly offered in Taiwan	$ 658	$ 658	$ 658

For additional information on financial assets at fair value through profit and loss, refer to Note 33, Table 1.

VIII. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Current			
Domestic investments			
Time deposits with original maturity date over 3 months	$ 489,243	$ 226,100	$ -
Non-current			
Domestic investments			
Time deposits with original maturity date over 1 year	$ 88,278	$ 215,964	$ -

(I) As of March 31, 2022, the annual interest rate range for time deposits with original maturities of more than 3 months was 0.37% to 1.45%.

(II) As of March 31, 2022, the annual interest rate range for time deposits with original maturity of more than one year was 0.77% to 4.125%.

(III) Please refer to Note 9 for information on credit risk management and impairment assessment related to financial assets at amortized cost.

IX. CREDIT RISK MANAGEMENT OF INVESTMENT IN DEBT INSTRUMENTS

The Group's investments in debt instruments are classified as financial assets at amortized cost:

	March 31, 2022	December 31, 2021	March 31, 2021
Total carrying amount	$ 577,521	$ 442,064	$ -
Allowance for loss	-	-	-
Amortized cost	$ 577,521	$ 442,064	$ -

The Group's policy is only to invest in debt instruments with low credit risk based on impairment assessment. The Group considers the historical default loss rate and the industry's forward-looking forecast to measure the 12-month expected credit loss or full lifetime expected credit loss of the investments in debt instruments. As of March 31, 2022 and December 31 and March 31, 2021, no expected credit losses have been recognized on financial assets at amortized cost due to the debtors' low credit risk and they have sufficient cash flow to cover the contracts.

X. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE, AND OTHER RECEIVABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable			
Measured at amortized cost			
Total carrying amount	$ 26,755	$ 29,640	$ 83,293
Less: allowance for loss	(41)	(41)	(157)
	$ 26,714	$ 29,599	$ 83,136
Accounts receivable			
Measured at amortized cost			
Total carrying amount	$ 513,293	$ 711,396	$ 672,718
Less: allowance for loss	(2,200)	(3,487)	(4,515)
	$ 511,093	$ 707,909	$ 668,203
Other receivables			
Measured at amortized cost			
Total book value	$ 6,266	$ 91,947	$ 5,985

Receivables

Receivables measured at amortized cost

The Group offers an average of 30–90 days of collection to customers of product sale in monthly settlement, and evaluate for any sign of impairment on each Balance Sheet day. If there is objective evidence indicating 1 or more incidents after the initial day of account receivable recognition that the estimated cash flow of account receivable will be affected, such accounts receivable shall be deemed impaired.

For reducing credit risk, the management of the Group appointed designated body to determine, grant credit and monitor related control procedure for assuring appropriate actions for tracking the recovery of overdue accounts receivable. In addition, the Group will review the recoverable amount of every receivable account at the end of reporting period, and recognizes impairment loss where appropriate for amounts that are deemed unrecoverable. As such, the management of the Company holds that the credit risk of the Group has reduced significantly.

The Group adopts the simplified method under IFRS 9 to recognize allowance for loss of default accounts receivable. The expected credit loss within the maturity of the instruments is calculated under the preparation matrix in consideration of the default record and the current financial position of the customers, the industrial situation, and the GDP forecast and prospect of the industry. The record on the credit loss of the Group indicated that the pattern of loss exhibited by different groups of customer does not vary significantly. As such, there is no further differentiation of customer groups under the preparation matrix and set the expected rate of credit loss on the basis of the days of delinquency of the accounts receivable.

If there is evidence incriminating the counterparty is in undue financial hardship and the Group cannot reasonable project the recoverable amount, such as the counterparty is in the process of liquidation, the Group should then directly write off related accounts receivable but still continue to refer to collection of the accounts. The amount incurred from the collection is recognized as profit or loss.

The preparation matrix of the Group in the measurement of allowance for loss of accounts receivable is specified as follows:

March 31, 2022

	0–60 days	61–90 days	More than 91 days	Total
Expected credit loss rate	0.01%~1.86%	0.09%~26.67%	100%	
Total carrying amount	$ 507,764	$ 31,698	$ 586	$ 540,048
Allowance for loss (expected credit loss before maturity)	(1,336)	(319)	(586)	(2,241)
Amortized cost	$ 506,428	$ 31,379	$ -	$ 537,807

December 31, 2021

	0–60 days	61–90 days	More than 91 days	Total
Expected credit loss rate	0.01%~0.15%	0.11%~17.63%	100%	
Total carrying amount	$ 681,562	$ 58,483	$ 991	$ 741,036
Allowance for loss (expected credit loss over the duration)	(1,557)	(980)	(991)	(3,528)
Amortized cost	$ 680,005	$ 57,503	$ -	$ 737,508

March 31, 2021

	0–60 days	61–90 days	More than 91 days	Total
Expected credit loss rate	0.01%~0.72%	0.10%~19.59%	100%	
Total carrying amount	$ 674,411	$ 79,544	$ 2,056	$ 756,011
Allowance for loss (expected credit loss before maturity)	(1,489)	(1,127)	(2,056)	(4,672)
Amortized cost	$ 672,922	$ 78,417	$ -	$ 751,339

Information on changes in the allowances for loss from receivables:

	For the three months ended March 31,	
	2022	2021
Balance at the beginning of period	$ 3,528	$ 4,672
Less: reversal of impairment in current period	(1,126)	-
Less: actual write-off in current period	(161)	-
Balance at the ending of period	$ 2,241	$ 4,672

XI. INVENTORY

	March 31, 2022	December 31, 2021	March 31, 2021
Raw materials	$ 204,088	$ 196,021	$ 132,541
Supplies	34,980	36,330	26,234
Finished products and General merchandises	375,338	366,716	399,461
Kinmen Kaoliang Liquor	4,680,634	4,609,741	4,693,929
	$ 5,295,040	$ 5,208,808	$ 5,252,165

For the three months ended March 31, 2022 and 2021, the costs of inventories were NT$1,601,155 thousand and NT$1,727,481 thousand, respectively. Cost of sale includes inventory devaluation and obsolescence loss of NT$4,930 thousand and NT$588 thousand, respectively.

XII. SUBSIDIARY

(I) Subsidiaries included in the Consolidated Financial Statements

The consolidated financial statements include subsidiaries which are as follows:

Company name	Name of investee company	Type of business	Percentage of shareholding: March 31, 2022	December 31, 2021	March 31, 2021	Note
Hey Song Corp.	HeySong (Samoa) Holding Co., Ltd.	Investment	-	-	100.00%	
Hey Song Corp.	HeySong (Samoa) International Co., Ltd.	Investment	100.00%	100.00%	100.00%	
Hey Song Corp.	Song-Sin Co., Ltd.	Asset management	100.00%	100.00%	100.00%	
Hey Song Corp.	HeySong Asset Management Co., Ltd.	Asset management	100.00%	100.00%	100.00%	(1)
Hey Song Corp.	Song-Bo Beverages Co., Ltd.	Food trade	100.00%	100.00%	100.00%	
Hey Song Corp.	Song-Yang Beverages Co., Ltd.	Food trade	100.00%	100.00%	100.00%	
Hey Song Corp.	Song-Ying Beverages Co., Ltd.	Food trade	100.00%	100.00%	100.00%	
Hey Song Corp.	Song-Chia Beverages Co., Ltd.	Food trade	100.00%	100.00%	100.00%	
Hey Song Corp.	Song-Tai Beverages Co., Ltd.	Food trade	100.00%	100.00%	100.00%	
Hey Song Corp.	Song-Shen Food Co., Ltd.	Food trade	100.00%	100.00%	100.00%	
Hey Song Corp.	Keh-Jyi Co., Ltd.	Food trade	100.00%	100.00%	100.00%	(1)
Hey Song Corp.	Keh-Lai Food Co., Ltd.	Food trade	100.00%	100.00%	100.00%	
Hey Song Corp.	Song-Zhang Food Co., Ltd.	Food trade	100.00%	100.00%	100.00%	
Hey Song Corp.	Song-Pu Food Co., Ltd.	Food trade	100.00%	100.00%	100.00%	
Hey Song Corp.	Song-Zhan Food Co., Ltd.	Food trade	100.00%	100.00%	100.00%	
HeySong (Samoa) International Co., Ltd.	HeySong Trading (Suzhou) Co., Ltd.	Food trade	100.00%	100.00%	100.00%	

Note (1): The subsidiaries included in the consolidated financial statements are material, and their financial statements have been reviewed.

(II) Subsidiaries not included in the Consolidated Financial Statements: None.

(III) HeySong (Samoa) Holding Co., Ltd. completed liquidation procedures on June 11, 2021.

(IV) In 2021, Hey Song Corp. increased its investment in Song-Shen Food Co., Ltd. by $15,000 thousand and Song-Tai Beverage Co., Ltd. by $12,000 thousand in cash and completed the change of registration on January 5, 2022 and January 10, 2022, with no change in the percentage of shareholding.

(V) Song-Shen Food Co., Ltd. and Song-Tai Beverages Co., Ltd. have reduced their capital by $50,000 thousand and $20,000 thousand, respectively, to make up for their losses, and the changes of registration were completed on January 5, 2022 and January 10, 2022.

(VI) Song-Sin Co., Ltd. increased its capital by $10,833 thousand from its surplus and completed the change of registration on July 26, 2021.

XIII. INVESTMENT ACCOUNTED USING THE EQUITY METHOD

Investment in associates

	March 31, 2022	December 31, 2021	March 31, 2021
Associates in materiality			
Breeze Development Co., Ltd.	$ 857,075	$850,028	$ 730,992

Associates in materiality are specified below:

Name of company	Type of business	Principal place of business	Proportion of shareholding and voting rights		
			March 31, 2022	December 31, 2021	March 31, 2021
Breeze Development Co., Ltd.	Department store retailing	No. 39, Sec. 1, Fuxing South Road Section I, Taipei City	24.46%	24.46%	25%

On September 27, 2021, the Group acquired additional shares of Breeze Development Co., Ltd. for $148,500 thousand in cash, this capital increase in cash was not based on the shareholding ratio (10% employee subscription shall be retained in accordance with the Company Act), resulting in a decrease in its shareholding ratio of Breeze Development from 25% to 24.46%.

For additional information on the type of business, principal places of business, and country of company registration of the above associates, refer to Note 33, Table 5 – “Information on investees.”

The related shares of profit (loss) from the associate and joint venture under the equity method for the three-month periods then ended were based on the subsidiaries’ and associates’ unreviewed financial statements for the same reporting periods as those of the Company

XIV. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	Proprietary land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Total
Cost						
Balance at January 1, 2022	$ 2,981,866	$ 1,751,012	$ 3,900,053	$ 207,804	$ 1,365,861	$10,206,596
Addition	-	-	14,777	2,981	721	18,479
Disposal	-	-	(24,606)	(1,168)	(8,875)	(34,649)
Net exchange difference	-	-	8	54	38	100
Balance at March 31, 2022	$ 2,981,866	$ 1,751,012	$ 3,890,232	$ 209,671	$ 1,357,745	$10,190,526
Accumulated depreciations						
Balance at January 1, 2022	$ -	$ 1,043,008	$ 1,992,857	$ 136,261	$ 1,033,238	$ 4,205,364
Depreciations	-	10,236	41,382	4,744	17,623	73,985
Disposal	-	-	(24,606)	(769)	(8,829)	(34,204)
Net exchange difference	-	-	1	47	23	71
Balance at March 31, 2022	$ -	$ 1,053,244	$ 2,009,634	$ 140,283	$ 1,042,055	$ 4,245,216
Net amount at December 31, 2021 and January 1, 2022	$ 2,981,866	$ 708,004	$ 1,907,196	$ 71,543	$ 332,623	$ 6,001,232
Net amount at March 31, 2022	$ 2,981,866	$ 697,768	$ 1,880,598	$ 69,388	$ 315,690	$ 5,945,310
Cost						
Balance at January 1, 2021	$ 2,981,866	$ 1,746,053	$ 4,202,977	$ 212,055	$ 1,346,761	$10,489,712
Addition	-	1,560	3,208	210	16,988	21,966
Disposal	-	-	(303)	(3,468)	(6,784)	(10,555)
Net exchange difference	-	-	-	(13)	(6)	(19)
Balance at March 31, 2021	$ 2,981,866	$ 1,747,613	$ 4,205,882	$ 208,784	$ 1,356,959	$10,501,104
Accumulated depreciations						
Balance at January 1, 2021	$ -	$ 1,006,809	$ 2,139,779	$ 127,122	$ 988,656	$ 4,262,366
Depreciations	-	10,714	41,237	4,986	17,457	74,394
Disposal	-	-	(303)	(3,403)	(6,784)	(10,490)
Net exchange difference	-	-	-	(10)	(3)	(13)
Balance at March 31, 2021	$ -	$ 1,017,523	$ 2,180,713	$ 128,695	$ 999,326	$ 4,326,257
Net amount at March 31, 2021	$ 2,981,866	$ 730,090	$ 2,025,169	$ 80,089	$ 357,633	$ 6,174,847

No impairment loss was recognized or reversed for the three months ended March 31, 2022 and 2021, as there was no impairment loss assessed.

Depreciation was made under the straight-line method along the service life span:

Buildings	
Principal structure of buildings	10 to 60 years
Decoration and partition works	3 to 20 years
Machinery and equipment	3 to 20 years
Transportation equipment	2 to 11 years
Other equipment	
Business equipment	3 to 12 years
Miscellaneous equipment	3 to 20 years

XV. LEASE AGREEMENT

(I) Right of use assets

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of right of use assets			
Buildings	$ 66,986	$ 110,872	$ 24,361
Transportation equipment	1,316	1,659	2,331
Other equipment	1,173	1,321	1,759
	$ 69,475	$ 113,852	$ 28,451

	For the three months ended March 31, 2022	2021
Addition of right of use assets	$ -	$ 9,812
Depreciations of right of use assets		
Buildings	$ 4,250	$ 4,450
Transportation equipment	344	355
Other equipment	148	147
	$ 4,742	$ 4,952

Except for recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2022 and 2021.

(II) Leasehold liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount of leasehold liabilities			
Current	$ 13,842	$ 28,661	$ 17,134
Non-current	$ 55,988	$ 85,440	$ 11,735

Range of discount rate (annual interest rate):

	March 31, 2022	December 31, 2021	March 31, 2021
Buildings	0.75%~0.9%	0.75%~0.9%	0.9%
Transportation equipment	0.9%	0.9%	0.9%
Other equipment	0.9%	0.9%	0.9%

(III) Other lease information

	For the three months ended March 31,	
	2022	2021
Short-term rental expense	$ -	$ -
Rental expense on low value assets	$ 16,513	$ 16,325
Total cash (outflow) of leasehold	($ 21,294)	($ 21,425)

In choosing for exemption of recognition of the rent for the short-term use of venue and office equipment meeting the criteria as low value assets for lease, and where the supplier has the right of substantive replacement that does not qualified for rental payment for the venue harboring the leased vending machines will not be applicable to related right of use asset and leasehold liabilities.

XVI. INVESTMENT PROPERTY

	Land	Buildings	Total
Cost			
Balance at January 1, 2022	$ 6,684,803	$ 2,012,803	$ 8,697,606
Addition	-	-	-
Disposal	-	-	-
Balance at March 31, 2022	$ 6,684,803	$ 2,012,803	$ 8,697,606
Accumulated depreciations			
Balance at January 1, 2022	$ -	$ 1,065,295	$ 1,065,295
Depreciations	-	7,813	7,813
Disposal	-	-	-
Balance at March 31, 2022	$ -	$ 1,073,108	$ 1,073,108
Net amount at December 31, 2021 and January 1, 2022	$ 6,684,803	$ 947,508	$ 7,632,311
Net amount at March 31, 2022	$ 6,684,803	$ 939,695	$ 7,624,498
Cost			
Balance at January 1, 2021	$ 6,684,803	$ 2,012,803	$ 8,697,606
Addition	-	-	-
Disposal	-	-	-
Balance at March 31, 2021	$ 6,684,803	$ 2,012,803	$ 8,697,606
Accumulated depreciations			
Balance at January 1, 2021	$ -	$ 1,033,145	$ 1,033,145
Depreciations	-	8,168	8,168
Disposal	-	-	-
Balance at March 31, 2021	$ -	$ 1,041,313	$ 1,041,313
Net amount at March 31, 2021	$ 6,684,803	$ 971,490	$ 7,656,293

Depreciations of investment property were made under the straight-line method for 16 to 51 years of service life span.

List of investment property:

	March 31, 2022	December 31, 2021	March 31, 2021
Hey Song Commercial Building – not used by the Group			
Land	$ 212,639	$ 212,639	$ 212,639
Buildings	43,281	43,281	43,281
Less: accumulated depreciation	(29,306)	(29,090)	(28,442)
	226,614	226,830	227,478
Breeze Center (developed from former plant in Taipei)			
Land	4,971,079	4,971,079	4,971,079
Buildings	1,847,019	1,847,019	1,847,019
Less: accumulated depreciation	(921,447)	(913,881)	(891,124)
	5,896,651	5,904,217	5,926,974
Land in Yongan Section (previously Wanshunliao Section)			
Land	1,484,058	1,484,058	1,484,058
Buildings	122,503	122,503	122,503
Less: accumulated depreciation	(122,355)	(122,324)	(121,747)
	1,484,206	1,484,237	1,484,814
Land in Puxin Section			
Land	17,027	17,027	17,027
	$ 7,624,498	$ 7,632,311	$ 7,656,293

The fair value of the Group in investment property amounted to $25,499,965 thousand and $25,250,313 thousand as of December 31, 2021 and 2020, respectively. Based on assessments of the Group’s management, there was no material change in fair value between December 31, 2021 and 2020, and March 31, 2022 and 2021.

All the investment property of the Group is self-owned equity. For information on the amount of investment property pledged by the Group for secured loans, refer to Note 30.

The Group had made the following lease arrangements with respect to its investment property – Hey Song Commercial Building for the three months ended March 31, 2022 and 2021 (disclosure of lease accounted for 5% of the total rental income of the building of respective years):

For the Three Months Ended March 31, 2022

Lessee	Subject matter of lease	Lease term	Method of rent calculation/collection	Rental income	Total rental income in 5 years ahead
Watsons Taiwan	Part of the premises of HeySong Commercial Building at Xinyi Road Section 4.	January 16, 2020 to January 15, 2024, total 4 years	Monthly rent at $1,688 thousand from January 16, 2020 to January 15, 2021. An MOU was signed on May 20, 2020 to reduce monthly rent by $180 thousand for the period from May 16, 2020 to August 15, 2020. Another MOU was signed on September 9, 2020 to reduce monthly rent by $100 thousand for the period from August 16, 2020 to October 15, 2020. Monthly rent at $1,739 thousand from January 16, 2021 to January 15, 2022. An MOU was signed on August 26, 2021 to reduce the monthly rent by $270 thousand for the period from May 16, 2021 to August 15, 2021. On December 9, 2021, an MOU was signed to reduce the monthly rent by $100,000 for the period from October 16, 2021 to December 15, 2021. Monthly rent at $1,791 thousand from January 16, 2022 to January 15, 2023. Monthly rent at $1,845 thousand from January 16, 2023 to January 15, 2024.	$ 6,125 (Including interests accrued on security deposit)	$ 38,278
Wellcome Taiwan Co. Ltd.	Part of the premises and parking lot of HeySong Commercial Building at Xinyi Road Section 4.	5-year of lease for the period from March 1, 2019 to February 29, 2024 (for the premises), and 5- year of lease for the period from March 1, 2019 to February 29, 2024 (for parking lot)	Monthly rent at $450 thousand from March 1, 2019 to February 28, 2021. Monthly rent at $460 thousand from March 1, 2021 to February 28, 2023. Monthly rent at $465 thousand from March 1, 2023 to February 28, 2024 Monthly rent at $7.5 thousand for individual parking space from March 1, 2019 to February 28, 2024.	1,405 (Including interests accrued on security deposit)	10,820

For the three months ended March 31, 2021

Lessee	Subject matter of lease	Lease term	Method of rent calculation/collection	Rental income	Total rental income in 5 years ahead
Watsons Taiwan	Part of the premises of Hey Song Commercial Building at Xinyi Road Section 4.	January 16, 2020 to January 15, 2024, total 4 years	Monthly rent at $1,688 thousand from January 16, 2020 to January 15, 2021. An MOU was signed on May 20, 2020 to reduce monthly rent by $180 thousand for the period from May 16, 2020 to August 15, 2020. Another MOU was signed on September 9, 2020 to reduce monthly rent by $100 thousand for the period from August 16, 2020 to October 15, 2020. Monthly rent at $1,739 thousand from January 16, 2021 to January 15, 2022. Monthly rent at $1,791 thousand from January 16, 2022 to January 15, 2023. Monthly rent at $1,845 thousand from January 16, 2023 to January 15, 2024.	$ 6,040 (Including interests accrued on security deposit)	$ 59,301
Wellcome Taiwan Co. Ltd.	Part of the premises and parking lot of Hey Song Commercial Building at Xinyi Road Section 4.	March 1, 2019 to February 29, 2024, a total of 5 years (for the premises), and from March 1, 2019 to February 29, 2024, a total of 5 years (for parking lot).	Monthly rent at $450 thousand from March 1, 2019 to February 28, 2021. Monthly rent at $460 thousand from March 1, 2021 to February 28, 2023. Monthly rent at $465 thousand from March 1, 2023 to February 28, 2024. Monthly rent at $7.5 thousand for each car park from March 1, 2019 to February 28, 2024.	1,385 (Including interests accrued on security deposit)	16,430

See Note 29 for details of lease arrangements the Group had made with respect to its investment property – Breeze Center for the three months ended March 31, 2021 and 2020.

Operation lease is the leasing of investment property owned by the Group and the lease term ranged from 1 to 25 years. The rent for the Breeze Center will be adjusted downward by 3% annually from the 3rd year of lease onward under the lease agreement. An agreement on the extension of lease term has been entered into in the third quarter of 2016 with annual upward adjustment of rent by 2.5%. An MOU was entered into on July 30, 2019 under which the rent for the space in the mall will be adjusted upward annually by 1.5% from October 26, 2021 to October 25, 2026, and by 1% from October

26, 2026 to October 25, 2029. No prerogative for the purchase of the property at the expiration of the lease term.

As of March 31, 2021, December 31, 2020, and March 31, 2020, the Group has collected security deposit for the operation lease contracts were all $124,828 thousand.

Total rental payment from Lessee with irrevocable operation lease (Disclosure of lease accounted for 5% of the total rental income of the building of respective years):

	March 31, 2022	December 31, 2021	March 31, 2021
Less than 1 year	$ 555,039	$ 553,168	$ 547,605
1~5 Years	2,201,760	2,202,192	2,201,851
More than 5 years	1,446,402	1,585,819	2,001,321
	$ 4,203,201	$4,341,179	$ 4,750,777

XVII. REFUNDABLE SECURITY DEPOSIT

	March 31, 2022	December 31, 2021	March 31, 2021
Performance bond	$ 162,500	$ 162,500	$ 162,500
Others	22,511	25,610	22,768
	$ 185,011	$ 188,110	$ 185,268

The Group is the exclusive distributor of Kinmen Sorghum above 50° products in Taiwan (except Kinmen) for the period from September 1, 2015 to December 31, 2024 with pledge of performance bond amounting to $160,000 thousand.

Please refer to Note 30 for the amount of pledged by the Group as the deposit margin for the performance guarantee of merchandise distribution.

XVIII. LOANS

	March 31, 2022	December 31, 2021	March 31, 2021
Secured Loans (Note 31)			
Bank loans	$ 950,000	$1,100,000	$ 1,000,000

The range of interest rates on bank loans or financing was 0.73%, 0.73% and 0.74% to 0.75% per annum as of March 31, 2022, December 31, 2021, and March 31, 2021, respectively.

XIV. NOTES AND ACCOUNTS PAYABLE

	March 31, 2022	December 31, 2021	March 31, 2021
Notes payable			
From operation	$ 9,986	$ 3,409	$ 9,406
Accounts payable			
From operation	$ 291,392	$ 364,773	$ 281,115

XX. OTHER PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Payables for equipment purchase	$ 29,285	$ 37,671	$ 50,059
Payable remuneration to employees and directors	43,451	38,131	45,340
Payable salaries and bonus	42,153	84,790	43,205
Payable advertising fees	19,554	61,438	33,868
Payable commodity tax	22,350	19,934	23,244
Payable for supplies	7,774	10,920	8,394
Payable freight	13,802	17,472	15,509
Payable leave with pay	21,635	22,934	21,519
Others	133,852	164,991	144,534
	$ 333,856	$ 458,281	$ 385,672

XXI. RETIREMENT BENEFIT PLANS

(I) Defined appropriation plan

The pension scheme introduced under the “Labor Pension Act” that the Company and domestic subsidiaries of the Group are subjected to a government-managed defined contribution plan, for which each participating entity is required to contribute an amount equal to 6% of employees’ monthly salary into their individual pension accounts held with the Bureau of Labor Insurance.

For the three months ended March 31, 2022 and 2021, the Group had made contributions according to the percentages specified in the defined contribution plan, and recognized NT$6,057 thousand and NT$6,228 thousand in expenses, respectively, in the consolidated income statement.

(II) Defined benefit plan

Defined benefit plan expenses for the three months ended March 31, 2022 and 2021, were calculated based on actuarial assumptions, pension cost rates, and pension costs determined as at December 31, 2021 and 2020; the above amounts were calculated at NT$906 thousand and NT$1,363 thousand, respectively.

The Group has established the regulations governing the retirement of all formal employees except for Keh-Jyi Co., Ltd., Keh-Lai Co., Ltd. Hey Song Asset Management Co., Ltd., and Song-Sin Co., Ltd. where there are no formal employees in the organizational structure, and Hey Song (Samoa) International Co., Ltd., and Hey Song Trading (Suzhou) Co., Ltd., where the local governments have no mandatory requirement for such purpose and thus no regulations governing the retirement of employees have ever been established such that appropriation of pension reserve under actuarial calculation is not possible.

The Group complies with Paragraph 2, Article 56 of Labor Standards Act and evaluates balance of the labor pension fund account before the end of each year. If the account is estimated to be short of balance to pay the amount of pension benefits for workers who are expected to meet the retirement criteria mentioned in Article 53 or Subparagraph 1, Paragraph 1, Article 54 of the Act in the coming year, the consolidated is required to reimburse the shortfall in one contribution before the end of March the following year. In March 2022 and March 2021, the Group had made contributions totaling NT$0 into the pension account under the above requirements.

XXII. EQUITY

(I) Capital Stock

Ordinary shares

	March 31, 2022	December 31, 2021	March 31, 2021
Stated quantity of shares (1,000 shares)	600,000	600,000	600,000
Stated capital	$ 6,000,000	$6,000,000	$ 6,000,000
Shares issued with full payment for investment (1,000 shares)	401,871	401,871	401,871
Capital stock issued	$ 4,018,711	$4,018,711	$ 4,018,711

The ordinary share is issued at $10 (in dollars) per share for offering. Holder of each share is entitled to one vote and right to dividend.

The Company has been approved by the competent authority for raising capital for each instance in the past with registration on record. Information on the sources of capital for the investment is specified below:

	Amount
Establishment after reorganization (1969)	$ 48,000
Raised capital by offering new shares	400,000
Capitalization of retained earnings into new shares	2,290,290
Capitalization of employee bonus into new shares	16,971
Capitalization of capital reserve	547,866
Capitalization of the reevaluation of capital reserve entered in book in the previous period into new shares	2,055,154
Cash buyback for recapitalization	(1,339,570)
	$ 4,018,711

(II) Capital reserve

	March 31, 2022	December 31, 2021	March 31, 2021
To make up for losses, make cash payments or capitalization (1)			
Stocks issued at premium	$ 183,296	$ 183,296	$ 183,296
Treasury share trade (subsidiary disposal of the stocks issued by parent company)	202	202	202
Only used to make up for losses			
Changes in the shareholders equity of the subsidiaries (2)	917	917	917
Changes in net equity value of associates recognized under the equity method (3)	1,474	1,474	535
Shareholders surrender the right of debts	189	189	189
	$ 186,078	$ 186,078	$ 185,139

1. This type of capital reserve may be used for making up the loss carried forward and for cash payment or capitalization into new shares if there is no loss carried forward. The appropriation for capitalization into new shares must be relevant to a certain ratio of the paid-in capital.
2. This type of capital reserve is the adjustment in the equity transactions resulted from the changes in shareholders' equity of the subsidiaries when the Company has not yet actually acquired or disposed the equity of subsidiaries, or the adjustment when the Company recognized the capital reserve of the subsidiaries accounted for under the equity method.
3. This type of capital reserve is the adjustment under IAS 28 and EAS No. 6 from equity transaction of associates, "3235 capital reserve – changes in net equity value of associates accounted for under the equity method" for recognition.

(III) Retained earnings and dividend policy

On March 22, 2022, the Board of Directors proposed the amendment of the Company's Articles of Incorporation to provide that the Company shall authorize the Board of Directors to distribute dividends and bonuses in the form of cash by the attendance of at least two-thirds of the directors and the resolution of a majority of the directors present, and to report the same to the shareholders' meeting. The resolution is pending at the ordinary shareholders' meeting scheduled to be held on June 23, 2022.

According to the earnings distribution policy stated in the Company's Articles of Incorporation, annual surpluses are first subject to taxation and reimbursement of previous losses, followed by a 10% provision for legal reserves; however, no further provision is needed when legal reserves have accumulated to the same amount as the Company's paid-in capital. Any surpluses remaining shall then be subject to provision or reversal of special reserves, as the laws may require. The residual balance can then be added to undistributed earnings carried from previous years and distributed as shareholder dividends or retained at board of directors' proposal, subject to resolution in a shareholders' meeting. The amount of dividends allocated to shareholders in a given year shall not be less than 50% of net income for that year. Dividends could be paid in shares or cash, and cash dividend shall not fall below 30% of total dividends allocated to shareholders. Please refer to Note 24(8) – Employee and director remuneration for the Company's employee and director remuneration policy outlined in the Articles of Incorporation.

Legal reserve shall be appropriated until equivalent to the amount of paid-in capital. Legal reserve may be used for covering loss carried forward. If there is no loss carried forward for the Company, the amount of legal reserve in excess of 25% of the paid-in capital could be capitalized into new shares and pay out as cash dividend.

The Company appropriates and reverses special reserve in accordance with Letter Jin-Guan-Zheng-Fa Zi No.1010012865, Letter Jin-Guan-Zheng-Fa Zi No.1010047490, Jin-Guan-Zheng-Fa Zi No.1030006415, and Q &A of appropriation of special reserve after the adoption of IFRSs."

When the Company recognized special reserve for the net decrease in other equity accumulated in previous periods, only the undistributed earnings of previous periods were recognized.

The appropriations of earnings for 2021 and 2020:

	For the years ended December 31,	
	2021	2020
Legal reserve	$ 84,161	$ 87,215
Cash dividend	$ 683,181	$ 723,368
Cash dividend per share (NTD)	$ 1.7	$ 1.8

The above cash dividends were distributed following the resolutions made in board of directors meetings dated March 22, 2022 and March 23, 2021; the remaining of the 2020 earnings appropriation proposal was resolved during the annual general meeting held on June 22, 2021, whereas the remaining of the 2021 earnings appropriation proposal was pending for resolution in the annual general meeting to be held on June 23, 2022.

(IV) Special reserve

	March 31, 2022	March 31, 2021
Appropriation of special reserves after adopting IFRSs		
Unrealized appreciation from reevaluation	$ 4,357,281	$ 4,357,281
Adjustment of accumulated conversion	-	56,395
Balance at the ending of period	$ 4,357,281	$ 4,413,676

(V) Other equity

1. Exchange difference from conversion of financial statements of foreign operations

	For the three months ended March 31,	
	2022	2021
Balance at the beginning of period	($ 31,462)	($ 30,769)
Accrued in the current period		
Conversion difference from foreign operations	8,614	(1,690)
Related income taxes	(1,723)	338
Balance at the ending of period	($ 24,571)	($ 32,121)

2. Unrealized profit and loss on financial assets at fair value through comprehensive profit and loss

	For the three months ended March 31,	
	2022	2021
Balance at the beginning of period	$ 98,428	$ 85,245
Accrued in the current period		
The share of associated accounted for under the equity method	(395)	-
Balance at the ending of period	$ 98,033	$ 85,245

XXIII. REVENUE

	For the three months ended March 31, 2022	2021
Revenue from customer contracts		
Sale revenue -beverages	$ 963,283	$ 996,393
Sale revenue -liquors	1,080,858	1,218,506
	$ 2,044,141	$ 2,214,899

(I) Contract balance

	March 31, 2022	December 31, 2021	March 31, 2021	January 1, 2021
Receivables				
Notes receivable (Note 10)	$ 26,714	$ 29,599	$ 83,136	$ 67,856
Accounts receivables (Note 10)	511,093	707,909	668,203	595,111
	$ 537,807	$ 737,508	$ 751,339	$ 662,967
Contractual liabilities (presented as other current liabilities – others)				
Product sale	$ 3,854	$ 13,145	$ 8,017	$ 9,992

XXIV. NET INCOME FROM CONTINUING OPERATIONS

(I) Interest income

	For the three months ended March 31, 2022	2021
Bank deposits	$ 2,753	$ 4,589

(II) Other incomes

	For the three months ended March 31, 2022	2021
Rental income		
Rental income from operation lease	$ 141,669	$ 140,278
Other	6,228	7,445
	$ 147,897	$ 147,723

(III) Other gains (losses)

	For the three months ended March 31, 2022	2021
Financial assets and liabilities incomes		
Financial assets at fair value through profit and loss under compulsory measurement	$ 152	$ 133
Net exchange gain (loss)	5,401	2,302
Gain on disposal of property, plant and equipment	611	173
Cost of rent	(32,726)	(33,305)
Others	(477)	(946)
	($ 27,039)	($ 31,643)

(IV) Financial cost

	For the three months ended March 31,	
	2022	2021
Interest for bank loans (including interest accrued from security deposit)	$ 1,971	$ 1,962
Interest from leasehold liabilities	144	70
	$ 2,115	$ 2,032

(V) Depreciation and amortization

	For the three months ended March 31,	
	2022	2021
Depreciations in aggregate by function		
Operating costs	$ 50,298	$ 50,777
Operating expense	28,429	28,569
Other profit and loss	7,813	8,168
	$ 86,540	$ 87,514
Amortizations in aggregate by function		
Operating expense	$ 1,715	$ 1,694

(VI) Direct expenses on investment properties

	For the three months ended March 31,	
	2022	2021
Rental income driver	$ 32,726	$ 33,305

(VII) Employee benefit expense

	For the three months ended March 31,	
	2022	2021
Short-term employee benefits	$ 183,234	$ 186,441
Benefit after retirement (Note 21)		
Defined appropriation plan	6,057	6,228
Defined benefit plan	906	1,363
Other employee benefits	25,802	27,353
Total employee benefit expense	$ 215,999	$ 221,385
Aggregate by function		
Operating costs	$ 81,453	$ 86,036
Operating expense	134,546	135,349
	$ 215,999	$ 221,385

(VIII) Remuneration to employees and directors

According to the Articles of Incorporation, annual profits concluded by the Company are subject to employee remuneration of no less than 1%, which the board of directors may decide to distribute in cash or in shares. Employees of subsidiaries who meet certain criteria are also entitled to receive remuneration. Up to 3% of the aforementioned profit may be distributed as director remuneration at the discretion of the board of directors. Employee remuneration and director remuneration estimated for the three months ended March 31, 2022 and 2021, respectively and specified as follows:

Accrual rate

	For the three months ended March 31,	
	2022	2021
Remuneration to employees	1%	1%
Remuneration to directors	3%	3%

Amount

	For the three months ended March 31,	
	2022	2021
Remuneration to employees	$ 1,330	$ 1,533
Remuneration to directors	$ 3,990	$ 4,599

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The remuneration to the employees and directors for 2021 and 2020 were determined by the Board on March 22, 2022 and March 23, 2021, respectively and specified as follows:

	For the years ended December 31,	
	2021	2020
	Cash	Cash
Remuneration to employees	$ 9,533	$ 9,802
Remuneration to directors	28,598	29,406

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

For additional information on the remunerations to the employees and directors in 2022 and 2021 approved by the Board, visit the "Market Observation Post System" on the website of the Taiwan Stock Exchange.

XXV. INCOME TAX

(I) Income tax recognized in profit and loss

Main components of income tax expense:

	For the three months ended March 31,	
	2022	2021
Current tax		
In respect of the current period	$ 22,145	$ 35,593
Adjustment for previous years	-	1,716
Deferred tax		
In respect of the current period	2,330	78
Income tax expense recognized as profit or loss	$ 24,475	$ 37,387

The applicable tax rate in Taiwan is 20%; the applicable tax rate for subsidiaries in Mainland China is 25%. Taxes in other jurisdictions shall be calculated on the basis of the applicable tax rates in relevant jurisdictions.

(II) Income tax recognized as other comprehensive profit or loss

	For the three months ended March 31,	
	2022	2021
Deferred tax		
Accrued in the current period		
- Translation of foreign operations	($ 1,723)	$ 338
Income tax recognized as other comprehensive profit or loss	($ 1,723)	$ 338

(III) Income tax assessments

Except for the Company that had profit-seeking enterprise income tax returns certified up to 2018, the subsidiaries have had profit-seeking enterprise income tax returns certified by the authority up to 2019.

XXVI. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the three months ended March 31,	
	2022	2021
Basic earnings per share	$ 0.31	$ 0.33
Diluted earnings per share	$ 0.31	$ 0.33

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net profit for the year

	For the three months ended March 31,	
	2022	2021
Net income attributable to owners of the Company	$ 125,355	$ 132,998
Effect of potentially dilutive ordinary shares Compensation of employees:		
Remuneration to employees	-	-
Net income for calculation of diluted earnings per share	$ 125,355	$ 132,998

Weighted average number of ordinary shares outstanding

Unit: 1,000 shares

	For the three months ended March 31,	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	401,871	401,871
Effect of potentially dilutive ordinary shares Compensation of employees:		
Remuneration to employees	278	311
Weighted average number of ordinary shares used in the computation of diluted earnings per share	402,149	402,182

The Group may choose to remunerate the employees by stock or in cash. The calculation of diluted earnings per share is basing on the assumption that the employees will be remunerated by stock offering in which case the ordinary share featuring potential dilution effect will be included as an integral part of the weighted average quantity of outstanding shares in order to calculate the diluted earnings per share.

Dilutive effects of potential ordinary shares will continue to be taken into account when calculating diluted earnings per share for next year's decision of share-based employee remuneration.

XXVII. CAPITAL RISK MANAGEMENT

The Group has conducted capital management to ensure that the Group's operations can be operated continuously. This capital management aims to maintain an optimal balance of debt and equity that maximizes shareholder returns.

The Group's capital structure comprises net debt (i.e. borrowings less cash and cash equivalents) and equity (i.e. sum of share capital, capital reserve, retained earnings, and other equity items).

The Group is not required to observe external capital requirement.

XXVIII. FINANCIAL INSTRUMENTS

(I) Fair value information – financial instruments that are not measured at fair value

In the management's opinion, all financial assets and liabilities that are not measured at fair value have been presented on the consolidated balance sheet at carrying amounts that resemble their fair values.

(II) Fair value information – financial instruments with fair value measured on a recurring basis

1. Fair value hierarchy

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Domestic stocks not listed at TWSE (TPEx)	$ -	$ -	$ 658	$ 658
Certificates of beneficial interest of funds	50,055	-	-	50,055
Total	$ 50,055	$ -	$ 658	$ 50,713

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Domestic stocks not listed at TWSE (TPEx)	$ -	$ -	$ 658	$ 658
Certificates of beneficial interest of funds	50,024	-	-	50,024
Total	$ 50,024	$ -	$ 658	$ 50,682

March 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit and loss				
Domestic stocks not listed at TWSE (TPEx)	$ -	$ -	$ 658	$ 658
Certificates of beneficial interest of funds	150,061	-	-	150,061
Total	$ 150,061	$ -	$ 658	$ 150,719

There were no transfers between Levels 1 and 2 in the current and prior periods.

2. Reconciliation of Level 3 financial instruments at fair value

Financial instruments at fair value under Level 3 standard adopted by the Group are the equity instruments related to Hsin Tung Yang Co., Ltd. and Dong Nan Beverages Co., Ltd. No gain or loss was recognized on these equity instruments in the consolidated income statements for the three months ended March 31, 2022 and 2021.

3. Evaluation technique and input value of measurement at fair value under Level 3

There is no active market for domestic stocks not listed at TWSE (TPEx) and there is no fair value for measurement. The equity instrument is measured on the basis of cost.

(III) Types of financial instrument

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets			
Financial assets at fair value through profit and loss			
Compulsory measurement at fair value through profit and loss	$ 50,713	$ 50,682	$ 150,719
Financial assets measured at amortized cost (Note 1)	2,366,812	2,691,100	2,299,670
Financial liabilities			
Measured at amortized cost (Note 2)	1,713,657	2,054,879	1,804,934

Note 1: The balance is the financial assets measured at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, and refundable security deposits.

Note 2: The balance includes financial liabilities at amortized costs, including short-term borrowings, notes payable, accounts payable, other payables and cash on receipt.

(IV) Purpose and policy of financial risk management

Main financial instruments used by the Group include equity investments, fund beneficiary certificates, accounts receivable, accounts payable, loans, and lease liabilities. The financial management department of the Group provides service to all business units, administers and coordinates domestic and foreign market operations, supervises and manages related financial risks of the operation of the Group through the internal risk report on the exposure of risk by intensify and scope. These risks are market risk (including exchange risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The Group is exposed to exchange risk (refer to (1) below) and interest rate risks in its operations (refer to (2) below).

(1) Exchange risk

The Group is exposed to the risk from exchange rate fluctuation in its purchases denominated in foreign currencies.

For information on the carrying amount of the monetary assets and monetary liabilities not denominated in functional currency of the Group on the Balance Sheet day, refer to Note 32.

<u>Sensitivity analysis</u>

The Group is mainly under the influence of exchange rate of USD where an appreciation or depreciation of 1% between NTD and USD will be subject to reporting by the management on exchange risk in sensitivity analysis.

Sensitivity analysis refers to the influence of the fluctuation of the exchange rate in USD by 1% on the foreign currency items denominated in USD held by the Group at the end of the year. The following table shows the increase of net income when the USD appreciates by 1% on condition that other conditions remained unchanged and the influence on earnings before taxation earnings before income tax will be in the same figure but on the negative side when the USD depreciates by 1%.

	For the three months ended March 31,	
	2022	2021
Influence on income (before taxation)	$ 3,023 (i)	$ 2,315 (i)

(i) Mainly from the outstanding amount of deposits and payables in USD without cash flow hedge of the Group at the end of each reporting period.

(2) Interest rate risk

The Group holds bank deposits and borrows loans. Given the low volatility in deposit rate and borrowing rate, changes in market interest rate should have limited effect on revenues and cash flow from operating activities.

The carrying amount of financial assets and liabilities of the Group exposed to interest rate risk at the end of each reporting period:

	March 31, 2022	December 31, 2021	March 31, 2021
With interest rate risk at fair value			
- Financial assets	$ 617,295	$ 502,868	$ 587,481
With interest rate risk in cash flow			
- Financial assets	1,020,433	1,170,667	769,597
- Financial liabilities	950,000	1,100,000	1,000,000

Sensitivity analysis

The following sensitivity analysis is determined by the interest rate risk exposure of non-derivative instruments at the end of each reporting period. The analysis of floating interest rate liabilities is basing on the assumption that the outstanding amount of liabilities at the end of each reporting period is outstanding all through the reporting period.

The rate of change for internal reporting to the top management on interest rate is the fluctuation of 1%, which also stands for the reasonable scope of possible change in interest rate subject to the assessment of the top management.

An increase of interest rate by 1% will result in an increase (decrease) of the earnings before taxation of the Group by $176 thousand and $(576) thousand for the three months ended March 31, 2022 and 2021, respectively, if all other variables remained unchanged. This variation is largely attributed to bank deposits and loans placed/borrowed at floating rate, which are partially susceptible to interest rate changes.

2. Credit risk

Credit risk refers to the risk of financial loss to the Group caused by the delay or default in performing contractual obligations by the counterparties. As of the end of reporting period, the maximum credit risk the Group is exposed to the carrying amount of financial assets recognized in the Consolidated Balance Sheet under the financial loss caused by the failure of the counterparties to perform contractual obligations and the undertaking of financial guarantee by the Group.

In addition, the Group will review the recoverable amount of every receivable account at the end of reporting period, and recognizes impairment loss where appropriate for amounts that are deemed unrecoverable. The management of the Group therefore holds that the credit risk of the Group diminishes significantly.

The principal financial activity of the Group is the review of the Board in accordance with related rules and regulations and the internal control system. In the period of financial plan implementation, the Group must follow related financial operation procedure for the overall financial risk management and segregation of authority and responsibility.

3. Liquidity risk

The Group supports the operation of the group and reduces the impact of cash flow fluctuation through proper management and keeping relevant positions in cash and cash equivalents. The management of the Group supervises the use of bank credits for assuring compliance with the terms and conditions inscribed in the loan agreements.

(1) Liquidity of non-derivative financial liabilities and interest rate risk table

The analysis of the remaining maturities of non-derivative financial liabilities is based on the nearest maturity that the Group is required to repay the loan, and compiled on the basis of the undiscounted cash flows (including the principal and estimated interest). As a result, the Group may be required to make immediate repayment on its bank loans, which are listed in the table below for the earliest period, regardless of the chance that the bank will immediately enforce the right. The analysis of the maturity of other non-derivative financial liabilities is compiled on the basis of the due date for repayment as agreed.

March 31, 2022

	Less than 1 year	1~5 Years	More than 5 years
Liabilities bearing no interest			
Notes payable	$ 9,986	$ -	$ -
Accounts payable	291,392	-	-
Other payables	90,254	-	-
Leasehold liabilities	$ 13,842	$ 37,079	$ 18,909
Floating interest rate instruments			
Short-term loans	950,000	-	-
	$ 1,355,474	$ 37,079	$ 18,909

December 31, 2021

	Less than 1 year	1~5 Years	More than 5 years
Liabilities bearing no interest			
Notes payable	$ 3,409	$ -	$ -
Accounts payable	364,773	-	-
Other payables	134,618	-	-
Leasehold liabilities	28,661	64,741	20,699
Floating interest rate instruments			
Short-term loans	1,100,000	-	-
	$ 1,631,461	$ 64,741	$ 20,699

March 31, 2021

	Less than 1 year	1~5 Years	More than 5 years
Liabilities bearing no interest			
Notes payable	$ 9,406	$ -	$ -
Accounts payable	281,115	-	-
Other payables	150,333	-	-
Leasehold liabilities	17,134	11,735	-
Floating interest rate instruments			
Short-term loans	1,000,000	-	-
	$ 1,457,988	$ 11,735	$ -

(2) Financing limit

The Board is charged with the ultimate responsibility of managing the liquidity risk of the Group. The Group has established appropriate framework for liquidity risk management for long time to respond to the management needs of short-term, mid-term, and long-term financing and liquidity. The Group manages its liquidity risk by maintaining adequate credit lines and lending commitments from banks, continually monitoring expected and actual cash flows, and planning to settle liabilities with financial assets with similar maturity dates. As at March 31, 2022, December 31, 2021, and March 31, 2021, the Group had undrawn banking facilities of NT$2,650,000 thousand, NT$2,500,000 thousand, and NT$2,900,000 thousand, respectively.

XXIX. RELATED PARTY TRANSACTIONS

The transactions, account balance, income and expense between the Company and subsidiaries (related-parties to the Company) have been written off at the time of consolidation, and no disclosure at this point. Further to the disclosure in the note, the transactions between the Group and other related-parties are specified as follows:

(I) Name and relationship of related parties

Related Party Name	Relation with the Group
Breeze Development Co., Ltd.	Associate
HeySong Educational Foundation	Substantive related party

(II) Transactions with other related parties

Item	Related Party Name	For the three months ended March 31, 2022	2021
Rental income	Associate Breeze Development Co., Ltd.	$ 131,416	$ 129,728

Item	Related Party Name	March 31, 2022	December 31, 2021	March 31, 2021
Cash on receipt	Associate Breeze Development Co., Ltd.	$ 120,000	$ 120,000	$ 120,000

Investment property – Breeze Center for rent and the status of lease:

For the three months ended March 31, 2022

Lessee	Subject matter of lease	Lease term	Method of rent calculation/collection	Rental income	Total rental income Rental income
Breeze Development Co., Ltd.	The amusement shopping center located within the scope of land at Lot No. 589 of Subsection III of Tunhua Section, Songshan District, about 13,354.44 pings and 683 car park	October 26, 2004 to October 25, 2029	Rent is set at NT$43,731 thousand per month for the period from January 1 to December 31, 2022, and a security deposit of NT$120,000 thousand applies. The tenant is required to issue to the landlord 12 promissory notes covering next year's rent in advance. See Note 16 for details on rent adjustments.	$ 131,416 (Including interests accrued on security deposit)	The 1st year $ 527,741 The 2nd year 534,641 The 3rd year 541,645 The 4th year 548,754 The 5th year 554,919

For the three months ended March 31, 2021

Lessee	Subject matter of lease	Lease term	Method of rent calculation/collection	Rental income	Total rental income Rental income
Breeze Development Co., Ltd.	The amusement shopping center located within the scope of land at Lot No. 589 of Subsection III of Tunhua Section, Songshan District, about 13,354.44 pings and 683 car park	October 26, 2004 to October 25, 2029	Rent is set at NT$43,168 thousand per month for the period from January 1 to December 31, 2022, and a security deposit of NT$120,000 thousand applies. The tenant is required to issue to the landlord 12 promissory notes covering next year's rent in advance. See Note 16 for details on rent adjustments.	$ 129,728 (Including interests accrued on security deposit)	The 1st year $ 520,943 The 2nd year 527,741 The 3rd year 534,641 The 4th year 541,645 The 5th year 548,754

(III) Lease agreement

Item	Related Party Name	March 31, 2022	December 31, 2021	March 31, 2021
Lease liability – current	Associate Breeze Development Co., Ltd.	$ 6,487	$ 6,449	$ 3,906
Lease liability – non-current	Associate Breeze Development Co., Ltd.	46,388	48,029	-
		$ 52,875	$ 54,478	$ 3,906

Item	Related Party Name	For the three months ended March 31, 2022	2021
Interest expense	Associate Breeze Development Co., Ltd.	$ 101	$ 11

For the three months ended March 31, 2022						
Lessor	Subject matter of lease	Lease term	Area	Method of rent calculation/collection	Rental expense	Total rental income Rental expense
Breeze Development Co., Ltd.	Hey Song Museum, located at the northeast corner of Breeze Center, at the junction of Civic Blvd and Fuxing South Road, Taipei.	October 26, 2021 to October 25, 2029	Approximately 112.87 pings	Rent is set at $568 thousand per month, increasing by 1.5% from the 2nd year onwards. The tenant is required to issue to the landlord 12 promissory notes covering next year's rent in advance.	$ 1,704	The 1st year $ 6,861 The 2nd year 6,964 The 3rd year 7,068 The 4th year 7,174 The 5th year 26,246

For the three months ended March 31, 2021						
Lessor	Subject matter of lease	Lease term	Area	Method of rent calculation/collection	Rental expense	Rental expense in 5 years ahead
Breeze Development Co., Ltd.	Hey Song Museum, located at the northeast corner of Breeze Center, at the junction of Civic Blvd and Fuxing South Road, Taipei.	January 1, 2009 to October 25, 2021 October 26, 2021 to October 25, 2029	Approximately 112.87 pings	Rent is set at $559 thousand per month, increasing by 3% from the 2nd year onwards. The tenant is required to issue to the landlord 12 promissory notes covering next year's rent in advance. Rent is set at $568 thousand per month, increasing by 1.5% from the 2nd year onwards. The tenant is required to issue to the landlord 12 promissory notes covering next year's rent in advance.	$ 1,679	The 1st year $ 6,760 The 2nd year 6,861 The 3rd year 6,964 The 4th year 7,068 The 5th year 33,420

The lease with the above related-party is based on the price in mutual agreement.

(IV) Transactions with other related parties

1. Donation

Item	Related Party Name	For the three months ended March 31, 2022	2021
Donation	Substantive related party HeySong Educational Foundation	$ 3,000	$ 3,000

2. Capital contribution to related party

For information on the changes in long-term equity investment, refer to Note 12.

(V) Compensation for key management

	For the three months ended March 31, 2022	2021
Short-term employee benefits	$ 12,171	$ 10,302
Retirement benefits	203	148
	$ 12,374	$ 10,450

The salaries for the directors and the top management are determined by the Remuneration Committee in commensuration with the individual performance of the persons and market trend.

XXX. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets have been placed as collaterals for bank borrowings, and as performance bonds for merchandise distributorship:

	March 31, 2022	December 31, 2021	March 31, 2021
Investment property	$ 3,359,834	$ 3,359,834	$ 3,359,834
Refundable security deposit	162,500	162,500	162,500
	$ 3,522,334	$ 3,522,334	$ 3,522,334

XXXI. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL OBLIGATIONS

In addition to items presented in the notes, the Group has the following material commitment and contingencies at the end of reporting period:

(I) The following promissory notes have been issued to banks as security for L/C limits and loans:

	March 31, 2022	December 31, 2021	March 31, 2021
Promissory notes	$ 2,844,250	$2,819,680	$ 3,141,910

(II) As at March 31, 2022, December 31, 2021, and March 31, 2021, the Group had NT$72,139 thousand, NT$59,632 thousand, and NT$38,703 thousand of letters of credit, respectively, that were issued but not yet drawn for raw material and equipment purchases.

(III) The Group had the following contractual commitments that were not recognized at the end of reporting period:

	March 31, 2022	December 31, 2021	March 31, 2021
Purchase of property, plant and equipment	$ 151,404	$ 130,799	$ 15,888

XXXII. SIGNIFICANT FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following is a summarized presentation of foreign currencies used by various segments within the Group other than the functional currency. The exchange rates disclosed are the rates at which the respective foreign currency is converted into the functional currency. Assets and liabilities denominated in foreign currencies with significant influence:

Currency unit: in $ for respective foreign currencies/NT$1,000

March 31, 2022

	Foreign currency	Exchange rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 6,210,227	28.625	$ 177,768
		（USD: CNY）	
USD	4,745,187	6.348	135,831
		（USD: CNY）	
EUR	9,910	31.92	316
JPY	233,795	0.235	55
CNY	1,311,821	4.506	5,911
CAD	15,781	22.88	361
			$ 320,242
Financial liabilities			
Monetary items			
USD	$ 392,084	28.625	$ 11,339
JPY	13,780,800	0.235	3,263
AUD	97,163	21.42	2,008
CHF	15,114	30.935	468
			$ 17,078

December 31, 2021

	Foreign currency	Exchange rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 3,706,331	27.68	$ 102,591
		(USD: NTD)	
USD	5,075,704	6.376	140,496
		(USD: CNY)	
EUR	13,512	31.32	423
JPY	668,048	0.241	161
CNY	942,440	4.344	4,085
			$ 247,756
Financial liabilities			
Monetary items			
USD	$ 1,236,714	27.68	$ 34,701
JPY	13,780,800	0.241	3,408
AUD	134,712	20.08	2,745
CHF	1,800	30.175	54
			$ 40,908

March 31, 2021

	Foreign currency	Exchange rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,938,990	28.535 (USD: NTD)	$ 83,864
USD	5,181,489	6,571 (USD: CNY)	147,854
EUR	1,835	33.480	61
JPY	81,499	0.258	21
HKD	10,620	3.670	39
CNY	796,132	4.344	3,458
CAD	106,823	22.650	2,420
			$ 237,717
Financial liabilities			
Monetary items			
USD	$ 7,884	28.535	$ 223
CHF	8,830	30.275	269
JPY	13,780,800	0.258	3,602
AUD	152,024	21.710	3,337
			$ 7,431

The Group mainly assumes the exchange risk deriving from USD and CNY. The following information is the aggregate of separate functional currency to respective foreign currencies in holding. The exchange rates disclosed are the rate for conversion of respective functional currency to relevant currencies for expression. Realized and unrealized foreign currency exchange gains and losses with material effect are as follows:

	For the three months ended March 31, 2022		For the three months ended March 31, 2021	
Functional currency	Conversion between functional currency and the currency for expression	Net exchange gain (loss)	Conversion between functional currency and the currency for expression	Net exchange gain (loss)
NTD	1.000 (NTD:NTD)	$ 5,819	1.000 (NTD:NTD)	$ 1,254
CNY	4.406 (CNY:NTD)	(418)	4.376 (CNY:NTD)	1,048
		$ 5,401		$ 2,302

XXXIII. SEPARATELY DISCLOSED ITEMS

(I) Information on Significant transactions

1. Loaning to others (None)
2. Guarantee and endorsement in favor of a third party (None)
3. Holding of securities at the ending of period (excluding the investment in subsidiaries, associates, and joint venture equity). (Table 1)

4. Buy or sell particular security amounting to NT$300 million or more than 20% of the paid-in capital in accumulation. (None)
5. Acquisition of property amounting to NT$300 million or more than 20% of the paid-in capital. (None)
6. Disposal of property amounting to NT$300 million or more than 20% of the paid-in capital. (None)
7. Purchase and sale with related-parties amounting to NT$100 million or more than 20% of the paid-in capital. (Table 2)
8. Receivables from related-parties amounting to NT$100 million or more than 20% of the paid-in capital. (Table 3)
9. Engagement in derivative trade (None)
10. Others: Business relations and significant transactions between the parent company and the subsidiaries and among the subsidiaries, and the amount. (Table 4)

(II) Information on investees. (Table 5)

(III) Information on investment in Mainland China:

1. Names of the investee companies in Mainland China, principal business, paid-in capital, inward and outward remittance of fund, proportion of shareholding, investment return/loss, carrying amount at the ending of the period, repatriated investment profit or loss, and limit of investment in Mainland China. (Table 6)
2. Significant transactions directly or indirectly conducted in joint effort with the investee companies in Mainland China via a third country, the price, terms and condition of payment, and unrealized profit and loss. (None)
   (1) Amount and percentage of purchase and percentage to balance of corresponding payables at the ending of period.
   (2) Amount and percentage of sale and percentage to balance of corresponding receivables at the ending of period.
   (3) Amount of asset trade and the amount of profit or loss generated.
   (4) Balance of endorsement and guarantee or pledge of collateral at the ending of period and the purpose.
   (5) Maximum loan balance, closing loan balance, interest rate range, and total interests in the current period.

(6) Other transactions with significant influence on the income of financial position in current period, such as the rendering of service and acceptance of service.

(IV) Major shareholders: Names of shareholders with more than 5% ownership interest, and the number and percentage of shares held. (None)

XXXIV. SEGMENT INFORMATION

The information provided to chief operating decision maker for resource allocation and segment performance assessment with emphasis on the type of product or service in each transaction of delivery or supply. The segments to be reported by the Group are specified as follows:

Beverages business unit -beverages

Beverages business unit – liquors

Property lease department

(I) Segment income and performance

The revenue and operation result from continued operations of the Group for reporting:

	Segment revenue		Segment profit and loss	
	For the three months ended March 31,		For the three months ended March 31,	
	2022	2021	2022	2021
Beverages business unit -beverages	$ 963,283	$ 996,393	$ 268,926	$ 311,490
Beverages business unit -liquors	1,080,858	1,218,506	174,060	175,928
Property lease department	141,669	140,278	108,943	106,973
Total amount of continued operations	$ 2,185,810	$ 2,355,177	551,929	594,391
Operating expense			(422,094)	(430,930)
Interest income			2,753	4,589
Share of profits/losses from equity-accounted associated companies			7,442	(4,740)
Gain on disposal of property, plant and equipment			611	173
Financial assets at fair value through profit and loss under compulsory measurement			152	133
Net gain on currency exchange			5,401	2,302
General revenue of company			6,228	7,445
General expense of company			(477)	(946)
Financial cost			(2,115)	(2,032)
Profit before tax from continuing operations			$ 149,830	$ 170,385

The aforementioned segment revenues are generated from transactions with external customers. No sale among the segments for the three months ended March 31, 2022 and 2021.

Segment profits are the profits earned by respective departments, excluding the cost allocated for the management of the corporate headquarters and remuneration to the directors, share of profits and losses from equity-accounted associated companies, rental income, interest income, gain/loss on disposal of property, plant, and equipment, gain/loss on disposal of investment, net (gain) loss on currency exchange, gain/loss on valuation of financial instrument, financial cost, and income tax expense. This measured amount provide to chief operating decision maker for resource allocation and segment performance assessment.

(II) Total segment assets

Segment assets	March 31, 2022	December 31, 2021	March 31, 2021
Beverages segment	$ 14,132,058	$ 14,483,452	$ 14,102,233
Property lease department	8,423,981	8,304,944	8,370,516
Total combined assets	$ 22,556,039	$ 22,788,396	$ 22,472,749

For purpose of supervising segment performance and allocation of resources:

Associates accounted for under the equity method, other financial assets, and current and deferred income tax assets are allocated to relevant segments required for reporting. Assets shared by the reporting segments are based on the income earned by respective segments in allocation.

XXXV. NON-CASH TRANSACTIONS

The Group had the following investing and financing activities taking place in the first quarter of 2022 and 2021 that were partially paid (collected) in cash:

	For the three months ended March 31,	
	2022	2021
Purchase of property, plant and equipment		
Addition of property, plant and equipment	$ 18,479	$ 21,966
Add: Opening balance of payables for equipment	37,671	78,520
Less: Ending balance of other payables for equipment	(29,285)	(50,059)
Cash payment	$ 26,865	$ 50,427

	For the three months ended March 31,	
	2022	2021
Capital gain from disposal of property, plant and equipment		
Proceeds from disposal of property, plant and equipment	$ 1,056	$ 238
Less: Book value of property, plant and equipment	(445)	(65)
	$ 611	$ 173

HEY SONG CORP. AND SUBSIDIARIES

HOLDING OF SECURITIES AT THE ENDING OF PERIOD

MARCH 31, 2022

Table 1

Unit: NTD thousands

Company name	Related party	Relation with the issuers of securities	Financial statement account	Ending of period				Note
				Quantity of shares/units	Carrying Amount	Percentage of Shareholding (%)	Fair value	
	Certificates of beneficial interests							
Hey Song Corp.	Japanese Yen Money Market Fund	No	Financial assets at fair value through profit and loss – current	3,337,783.71	$ 50,055		$ 50,055	
	Stock – not listed on TWSE and TPEx							
Hey Song Corp.	Dong Nan Beverages Co., Ltd.	No	Financial assets at fair value through profit and loss – noncurrent	4,800	$ -	4.80	No information on market price	
Song-Sin Co., Ltd.	Hsin Tung Yang Co., Ltd.	No	Financial assets at fair value through profit and loss – noncurrent	48,000	518	0.05	No information on market price	
Song-Chia Beverages Co., Ltd.	Hsin Tung Yang Co., Ltd.	No	Financial assets at fair value through profit and loss – noncurrent	13,000	140	0.02	No information on market price	
					$ 658			

Note 1: See Tables 5 and 6 for information relating to subsidiaries, associated companies, and joint ventures.

HEY SONG CORP. AND SUBSIDIARIES

PURCHASE AND SALES WITH RELATED-PARTIES AMOUNTING TO NT$100 MILLION OR MORE THAN 20% OF THE PAID-IN CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 2022

Table 2

Unit: NTD thousands

Company name	Related party	Relation	Transaction details				Description and reasons for difference in transaction terms compared to non-related party		Notes and accounts receivables (payables)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit price	Payment Terms	Ending Balance	% to Total	
Hey Song Corp.	Keh-Jyi Co., Ltd.	Parent-subsidiary	Sales	$ 329,621	18	95~105 days	At regular transaction price	No significant difference from regular transactions	Notes $ - Accounts 346,102	- 45	
Hey Song Corp.	Keh-Lai Food Co., Ltd.	Parent-subsidiary	Sales	127,221	7	95~105 days	At regular transaction price	No significant difference from regular transactions	Notes - Accounts 133,582	- 17	
Keh-Jyi Co., Ltd.	Hey Song Corp.	Parent-subsidiary	Purchases	329,621	98	95~105 days	At regular transaction price	No significant difference from regular transactions	Notes - Accounts 346,102	- 99	
Keh-Lai Food Co., Ltd.	Hey Song Corp.	Parent-subsidiary	Purchases	127,221	96	95~105 days	At regular transaction price	No significant difference from regular transactions	Notes - Accounts 133,582	- 97	

Note 2: The above transactions have been fully eliminated when preparing consolidated financial statements.

HEY SONG CORP. AND SUBSIDIARIES

RELATED PARTY RECEIVABLES AMOUNTING TO MORE THAN NT$ 100 MILLION OR 20% OF PAID-IN CAPITAL

MARCH 31, 2022

Table 3

Unit: NTD thousands

Company name	Related party	Relation	Related party receivables balance	Turnover rate	Overdue receivables from related-parties		Amount of related party receivables collected after the balance sheet date	Allowance for bad debts
					Amount	Method of settlement		
Hey Song Corp.	Keh-Jyi Co., Ltd.	Parent-subsidiary	Accounts receivable $ 346,102	3.43 times/year	$ -	—	Collections $ 154,456	$ -
	Keh-Lai Food Co., Ltd.	Parent-subsidiary	Accounts receivable 133,582	3.60 times/year	-	—	Collections 98,190	-

Note 2: The above transactions have been fully eliminated when preparing consolidated financial statements.

HEY SONG CORP. AND SUBSIDIARIES

BUSINESS RELATION AND SIGNIFICANT TRANSACTIONS BETWEEN PARENT COMPANY AND SUBSIDIARIES

FOR THE THREE MONTHS ENDED MARCH 31, 2022

Table 4

Unit: NTD thousands

Code (Note 1)	Company name	Related party	Nature of Relationship (Note 2)	Status of trade			
				Financial statement account	Amount	Condition of trade	Percentage to consolidated net revenue or total assets (Note 3)
0	Hey Song Corp.	Keh-Jyi Co., Ltd	1	Sales	$ 329,621	No significant difference from regular transactions	16.13%
		Keh-Lai Co., Ltd.	1	Sales	127,221	No significant difference from regular transactions	6.22%
		Song-Bo Beverages Co., Ltd.	1	Sales	40,444	No significant difference from regular transactions	1.98%
		Song-Yang Beverages Co., Ltd.	1	Sales	33,177	No significant difference from regular transactions	1.62%
		Song-Ying Beverages Co., Ltd.	1	Sales	38,060	No significant difference from regular transactions	1.86%
		Song-Chia Beverages Co., Ltd.	1	Sales	53,225	No significant difference from regular transactions	2.60%
		Song-Tai Beverages Co., Ltd.	1	Sales	36,186	No significant difference from regular transactions	1.77%
		Song-Shen Food Co., Ltd	1	Sales	61,057	No significant difference from regular transactions	2.99%
		Song-Zhang Food Co., Ltd	1	Sales	21,865	No significant difference from regular transactions	1.07%
		Song-Pu Food Co., Ltd.	1	Sales	25,441	No significant difference from regular transactions	1.24%
		Keh-Jyi Co., Ltd	1	Accounts receivable	346,102	No significant difference from regular transactions	1.53%
		Keh-Lai Co., Ltd.	1	Accounts receivable	133,582	No significant difference from regular transactions	0.59%

Note 1: Information on the business transactions between parent company and the subsidiaries should be stated in the numbering field specified as follows:

1. Enter 0 for the parent company.
2. Number the subsidiaries in the order starting from the Arabic numeral 1.

Note 2: There are 3 forms of relation with counterparties, please specify the type in the following:

1. Parent to subsidiary.
2. Subsidiary to parent.

Note 3: When calculating the amount of transaction as a proportion of the consolidated revenue or assets, if it is recognized as items of assets or liabilities, the ending balance should be divided by the consolidated assets; if it is recognized as income or loss, the midterm accumulated amount should be divided by the consolidated assets.

HEY SONG CORP. AND SUBSIDIARIES

INFORMATION ON INVESTEE

FOR THE THREE MONTHS ENDED MARCH 31, 2022

Table 5

Unit: NTD thousands

Company name	Related party	Place of registration	Principal business	Initial amount of investment		Holding at the ending of period			Income (loss) from investee company in current period	Investment gains (losses) recognized in the current period (Note 1)	Note
				Ending of current period	Ending of previous period	Quantity of shares	Proportion (%)	Carrying Amount			
Hey Song Corp.	HeySong (Samoa) International Co., Ltd.	P.O.BOX1225,Apia Samoa	Investment	$ 262,000	$ 262,000	8,000,000	100.00	$ 242,704	$ 7,854	$ 7,854	Subsidiary
Hey Song Corp.	Song-Sin Co., Ltd.	4F, No. 296, Sec. 4, Xinyi Road, Taipei	Asset management	1,582,289	1,582,289	102,003,337	100.00	2,079,367	5,927	5,949	Subsidiary
Hey Song Corp.	HeySong Asset Management Co., Ltd.	5F, No.296, Sec. 4, Xinyi Road, Taipei	Asset management	2,703,834	2,703,834	108,342,890	100.00	5,033,712	82,488	82,488	Subsidiary (2)
Hey Song Corp.	Song-Bo Beverages Co., Ltd.	No. 92, Aly. 370, Sec. 4, Yatan Rd., Daya Dist., Taichung City	Food trade	35,011	35,011	3,500,000	100.00	23,931	(720)	(720)	Subsidiary
Hey Song Corp.	Song-Yang Beverages Co., Ltd.	No. 6-17, Songpu Road, Niaosong District, Kaohsiung City	Food trade	27,436	27,436	2,600,000	100.00	19,803	(1,372)	(1,372)	Subsidiary
Hey Song Corp.	Song-Ying Beverages Co., Ltd.	No. 858, Zhongzheng Rd., Yongkang Dist., Tainan City	Food trade	54,475	54,475	5,400,000	100.00	12,450	(367)	(365)	Subsidiary
Hey Song Corp.	Song-Chia Beverages Co., Ltd.	No. 25, Juguang Road, Pingzheng District, Taoyuan City	Food trade	26,040	26,040	3,280,000	100.00	32,355	(559)	(556)	Subsidiary
Hey Song Corp.	Song-Tai Beverages Co., Ltd.	No. 46, Zhongxing Road, Huwei Township, Yunlin County	Food trade	49,002	49,002	3,000,000	100.00	20,051	(1,481)	(1,479)	Subsidiary
Hey Song Corp.	Song-Shen Food Co., Ltd.	No. 7, Zhangshu 1st Rd., Xizhi Dist., New Taipei City	Food trade	111,994	111,994	6,200,000	100.00	33,436	(1,945)	(1,941)	Subsidiary
Hey Song Corp.	Keh-Jyi Co., Ltd.	4F, No. 296, Sec. 4, Xinyi Road, Taipei	Food trade	10,036	10,036	4,350,000	100.00	36,735	(18,877)	(18,877)	Subsidiary (2)
Hey Song Corp.	Keh-Lai Food Co., Ltd.	4F, No. 296, Sec. 4, Xinyi Road, Taipei	Food trade	10,000	10,000	3,940,000	100.00	57,312	68	68	Subsidiary
Hey Song Corp.	Song-Zhang Food Co., Ltd.	No. 25, Sec. 2, Fuzun Road, Yuanlin City, Changhua County	Food trade	26,000	26,000	2,600,000	100.00	11,726	(956)	(956)	Subsidiary
Hey Song Corp.	Song-Pu Food Co., Ltd.	No. 12, Ln. 167, Quanjia Road, Shuiyuan Village, East District, Hsinchu City.	Food trade	32,000	32,000	3,200,000	100.00	26,170	(310)	(310)	Subsidiary
Hey Song Corp.	Song-Zhan Food Co., Ltd.	No. 46, Zhongxing Road, Huwei Township, Yunlin County	Food trade	18,000	18,000	1,800,000	100.00	14,688	17	17	Subsidiary
Hey Song Corp.	Breeze Development Co., Ltd.	No. 39, Sec. 1, Fuxing South Road Section I, Taipei City	Department store retailing	331,000	331,000	22,750,000	24.46	857,075	30,424	7,442	Equity method evaluation

Note 1: The above amount includes the adjustment of unrealized gross profit

Note 2: The abovementioned investees in the first-quarter gain (loss) of 2022 were recognized based on auditor-reviewed financial statements of the respective investees for the corresponding period.

HEY SONG CORP. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA

FOR THE THREE MONTHS ENDED MARCH 31, 2022

Table 6

Currency unit: in NT$1,000 thousand unless otherwise specified

Investee company	Principal business	Paid-in capital	Investment Method (Note 1)	Accumulated amount of investment remitted from Taiwan at the beginning of period	Amount of outward remittance or repatriation of investment in current period		Accumulated amount of investment remitted from Taiwan at the ending of period	Income (loss) from investee company in current period	Proportion of direct or indirect holding of share by the Company	Investment income (loss) recognized in current period	Book value of investment at the ending of period	Investment return repatriated by the end of current period	Note
					Outward remittance	Repatriation							
HeySong Trading (Suzhou) Co., Ltd.	Import and export, and wholesaling of packed food.	$ 262,000	(2) HeySong (Samoa) International Co., Ltd.	$ 262,000	$ -	$ -	$ 262,000	$ 7,854	100.00	$ 7,854	$ 242,704	$ -	Note 2(2)C, Note 4

Accumulated amount of investment remitted from Taiwan to Mainland China in current period	Amount of investment approved by Investment Commission, Ministry of Economic Affairs.	Investment limit under the requirement of the Investment Commission for investment in Mainland China
$1,930,511	$ 1,930,511	$ 10,965,458

Note 1: There are 3 types of investment method, please specify the type:

(1) Direct investment in Mainland China.

(2) Investment in Mainland China via a third jurisdiction (specify the investment company registered in the third jurisdiction).

(3) Others.

Note 2: Recognized in the field of investment income/loss in current period

(1) Specify if it is in the process of preparation that no investment income or loss resulted yet.

(2) There are 3 types of recognition of investment income or loss specified below, please specify.

A. The financial report was audited and certified by an international accounting firm in cooperation with an accounting firm in the ROC.

B. The financial statements were audited by the parent company’s auditors.

C. Others: unaudited financial statements.

Note 3: According to the “Principles for the Review of Investment or Technical Joint Venture in Mainland China” dated August 29, 2008, cumulative investments into the Mainland shall not exceed 60% of investor’s net worth or consolidated net worth, whichever the higher.

Note 4: The Company invested and held 100% equity interest in Hey Song Trading (Suzhou) Co., Ltd. through Hey Song (Samoa) International Co., Ltd., another 100%-owned subsidiary. The investment has been approved by the Investment Commission of the Ministry of Economic Affairs under Letter Jing-Sheng (II) Zi No. 10400223090 dated September 10, 2015.