

**NAN LIU ENTERPRISE CO., LTD. AND
SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REVIEW REPORT
SEPTEMBER 30, 2024 AND 2023**

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 AUDITORS' REVIEW REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Nan Liu Enterprise Co., Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Nan Liu Enterprise Co., Ltd. and subsidiaries (the "Group") as of September 30, 2024 and 2023, and the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine-month periods then ended, and notes to the consolidated financial statements, including a summary of material accounting policies. Management is responsible for the preparation and fair presentation of these 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" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standard on Review Engagements 2410, "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. 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.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2024 and 2023, and of its consolidated financial performance for the three-month and nine-month periods then ended and its consolidated cash flows for the nine-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” that came into effect as endorsed by the Financial Supervisory Commission.

Tien, Chung-Yu

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

November 8, 2024

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, PricewaterhouseCoopers 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.

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	September 30, 2024		December 31, 2023		September 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current assets								
1100	Cash and cash equivalents	6(1)	\$ 1,253,320	13	\$ 1,089,012	11	\$ 1,666,891	16
1136	Financial assets at amortised cost - current	6(1)(2) and 8	373,320	4	659,874	6	306,171	3
1150	Notes receivable, net	6(3) and 12	45,668	-	32,339	-	59,640	1
1170	Accounts receivable, net	6(3) and 12	1,404,313	14	1,438,963	14	1,327,590	12
1200	Other receivables		20,097	-	21,226	-	19,724	-
1220	Current income tax assets	6(26)	6,299	-	3,359	-	2,044	-
130X	Inventories	6(4)	819,310	8	794,910	8	768,414	7
1410	Prepayments	6(5)	456,519	5	422,118	4	421,771	4
11XX	Total current assets		<u>4,378,846</u>	<u>44</u>	<u>4,461,801</u>	<u>43</u>	<u>4,572,245</u>	<u>43</u>
Non-current assets								
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	90,395	1	97,314	1	99,772	1
1600	Property, plant and equipment	6(7)(10) and 8	4,750,204	48	4,978,861	48	4,892,042	46
1755	Right-of-use assets	6(8)	495,526	5	503,454	5	513,812	5
1760	Investment property, net	6(9)	27,623	-	27,644	-	28,661	-
1780	Intangible assets		1,159	-	1,834	-	2,072	-
1840	Deferred income tax assets	6(26)	58,710	1	98,645	1	98,400	1
1915	Prepayments for equipment	6(7)	37,775	-	100,174	1	323,972	3
1920	Guarantee deposits paid		51,743	1	48,641	-	49,349	-
1990	Other non-current assets	6(11)	46,536	-	65,888	1	71,339	1
15XX	Total non-current assets		<u>5,559,671</u>	<u>56</u>	<u>5,922,455</u>	<u>57</u>	<u>6,079,419</u>	<u>57</u>
1XXX	Total assets		<u>\$ 9,938,517</u>	<u>100</u>	<u>\$ 10,384,256</u>	<u>100</u>	<u>\$ 10,651,664</u>	<u>100</u>

(Continued)

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2024, DECEMBER 31, 2023 AND SEPTEMBER 30, 2023
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	September 30, 2024		December 31, 2023		September 30, 2023		
		AMOUNT	%	AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(12) and 8	\$ 2,575,255	26	\$ 2,802,157	27	\$ 2,713,739	26
2110	Short-term notes and bills payable	6(13)	99,929	1	99,937	1	99,933	1
2130	Contract liabilities - current	6(19)	15,865	-	10,874	-	12,394	-
2150	Notes payable		140,827	2	317,266	3	206,142	2
2170	Accounts payable		514,864	5	516,616	5	531,630	5
2200	Other payables	6(18)	253,993	3	204,265	2	263,800	2
2230	Current income tax liabilities	6(26)	10,353	-	14,064	-	19,354	-
2280	Lease liabilities - current	6(8)	8,572	-	8,904	-	9,547	-
2320	Long-term liabilities, current portion	6(14), 7 and 8	319,726	3	422,257	4	442,386	4
21XX	Total current liabilities		<u>3,939,384</u>	<u>40</u>	<u>4,396,340</u>	<u>42</u>	<u>4,298,925</u>	<u>40</u>
Non-current liabilities								
2540	Long-term borrowings	6(14), 7 and 8	2,106,453	21	2,038,340	20	2,286,634	22
2570	Deferred income tax liabilities	6(26)	11,076	-	57,431	1	76,848	1
2580	Lease liabilities - non-current	6(8)	286,252	3	356,028	3	358,207	3
2640	Net defined benefit liabilities - non-current	6(15)	32,722	-	32,712	-	27,788	-
2645	Guarantee deposits received		1,442	-	1,383	-	1,414	-
25XX	Total non-current liabilities		<u>2,437,945</u>	<u>24</u>	<u>2,485,894</u>	<u>24</u>	<u>2,750,891</u>	<u>26</u>
2XXX	Total liabilities		<u>6,377,329</u>	<u>64</u>	<u>6,882,234</u>	<u>66</u>	<u>7,049,816</u>	<u>66</u>
Equity attributable to owners of parent								
Share capital								
3110	Common stock	6(16)	726,000	7	726,000	7	726,000	7
3200	Capital surplus	6(17)	453,467	5	453,467	5	453,467	5
Retained earnings								
3310	Legal reserve	6(18)	659,588	7	647,961	6	647,961	6
3320	Special reserve		386,975	4	343,422	3	343,422	3
3350	Unappropriated retained earnings		1,601,628	16	1,718,012	17	1,724,936	16
3400	Other equity interest		(266,586)	(3)	(386,975)	(4)	(294,071)	(3)
31XX	Equity attributable to owners of parent		<u>3,561,072</u>	<u>36</u>	<u>3,501,887</u>	<u>34</u>	<u>3,601,715</u>	<u>34</u>
36XX	Non-controlling interests		<u>116</u>	<u>-</u>	<u>135</u>	<u>-</u>	<u>133</u>	<u>-</u>
3XXX	Total equity		<u>3,561,188</u>	<u>36</u>	<u>3,502,022</u>	<u>34</u>	<u>3,601,848</u>	<u>34</u>
Contingent Liabilities and Commitments								
3X2X	Total liabilities and equity		<u>\$ 9,938,517</u>	<u>100</u>	<u>\$ 10,384,256</u>	<u>100</u>	<u>\$ 10,651,664</u>	<u>100</u>

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

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except for (loss) earnings per share amounts)

Items	Notes	Three months ended September 30				Nine months ended September 30			
		2024		2023		2024		2023	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(19)	\$ 1,687,318	100	\$ 1,470,988	100	\$ 4,823,904	100	\$ 4,540,327	100
5000 Operating costs	6(4)(8)(15)(24) (25)	(1,510,420)	(90)	(1,323,878)	(90)	(4,240,543)	(88)	(4,038,651)	(89)
5900 Net operating margin		<u>176,898</u>	<u>10</u>	<u>147,110</u>	<u>10</u>	<u>583,361</u>	<u>12</u>	<u>501,676</u>	<u>11</u>
Operating expenses	6(8)(15)(24)(25), 7 and 12								
6100 Selling expenses		(71,948)	(4)	(52,050)	(3)	(200,926)	(4)	(148,506)	(3)
6200 General and administrative expenses		(69,571)	(4)	(69,948)	(5)	(205,680)	(4)	(195,480)	(4)
6300 Research and development expenses		(21,492)	(1)	(23,269)	(2)	(80,513)	(2)	(41,767)	(1)
6450 Expected credit gains		<u>7,341</u>	-	<u>3,955</u>	-	<u>1,320</u>	-	<u>2,773</u>	-
6000 Total operating expenses		(155,670)	(9)	(141,312)	(10)	(485,799)	(10)	(382,980)	(8)
6900 Operating profit		<u>21,228</u>	<u>1</u>	<u>5,798</u>	-	<u>97,562</u>	<u>2</u>	<u>118,696</u>	<u>3</u>
Non-operating income and expenses									
7100 Interest income	6(2)(20)	9,207	-	16,712	1	35,245	1	47,320	1
7010 Other income	6(6)(21)	9,539	1	13,940	1	28,396	-	27,998	1
7020 Other gains and losses	6(8)(9)(22) and 12	(58,138)	(4)	48,212	4	29,017	1	92,036	2
7050 Finance costs	6(8)(23)	(23,851)	(1)	(26,917)	(2)	(71,838)	(2)	(74,984)	(2)
7000 Total non-operating income and expenses		(63,243)	(4)	51,947	4	20,820	-	92,370	2
7900 Profit (loss) before income tax		(42,015)	(3)	57,745	4	118,382	2	211,066	5
7950 Income tax expense	6(26)	(3,781)	-	(26,710)	(2)	(99,750)	(2)	(87,873)	(2)
8200 Profit (loss) for the period		<u>(\$ 45,796)</u>	<u>(3)</u>	<u>\$ 31,035</u>	<u>2</u>	<u>\$ 18,632</u>	<u>-</u>	<u>\$ 123,193</u>	<u>3</u>
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
8316 Unrealised (losses) gains from investments in equity instruments measured at fair value through other comprehensive income	6(6)	(\$ 6,919)	-	\$ -	-	(\$ 6,919)	-	\$ 15,642	-
Components of other comprehensive income that will be reclassified to profit or loss									
8361 Exchange differences on translation		<u>3,225</u>	-	<u>86,249</u>	<u>6</u>	<u>127,313</u>	<u>3</u>	<u>33,709</u>	<u>1</u>
8300 Other comprehensive income (loss) for the period		<u>(\$ 3,694)</u>	-	<u>\$ 86,249</u>	<u>6</u>	<u>\$ 120,394</u>	<u>3</u>	<u>\$ 49,351</u>	<u>1</u>
8500 Total comprehensive income (loss) for the period		<u>(\$ 49,490)</u>	<u>(3)</u>	<u>\$ 117,284</u>	<u>8</u>	<u>\$ 139,026</u>	<u>3</u>	<u>\$ 172,544</u>	<u>4</u>
Profit (loss) attributable to:									
8610 Owners of the parent		(\$ 45,850)	(3)	\$ 31,035	2	\$ 18,656	-	\$ 123,193	3
8620 Non-controlling interests		<u>54</u>	-	-	-	(24)	-	-	-
		<u>(\$ 45,796)</u>	<u>(3)</u>	<u>\$ 31,035</u>	<u>2</u>	<u>\$ 18,632</u>	<u>-</u>	<u>\$ 123,193</u>	<u>3</u>
Comprehensive income (loss) attributable to:									
8710 Owners of the parent		(\$ 49,546)	(3)	\$ 117,284	8	\$ 139,045	3	\$ 172,544	4
8720 Non-controlling interests		<u>56</u>	-	-	-	(19)	-	-	-
		<u>(\$ 49,490)</u>	<u>(3)</u>	<u>\$ 117,284</u>	<u>8</u>	<u>\$ 139,026</u>	<u>3</u>	<u>\$ 172,544</u>	<u>4</u>
(Loss) earnings per share (in dollars)	6(27)								
9750 Basic		<u>(\$ 0.63)</u>		<u>\$ 0.43</u>		<u>\$ 0.26</u>		<u>\$ 1.70</u>	
9850 Diluted		<u>(\$ 0.63)</u>		<u>\$ 0.43</u>		<u>\$ 0.26</u>		<u>\$ 1.70</u>	

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

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent											
	Notes	Retained Earnings					Other Equity Interest			Total	Non-controlling interests	Total equity
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income				
<u>For the nine-month period ended September 30, 2023</u>												
Balance at January 1, 2023		\$ 726,000	\$ 453,467	\$ 641,211	\$ 382,531	\$1,641,984	(\$ 343,422)	\$ -	\$3,501,771	\$ -	\$3,501,771	
Profit for the period		-	-	-	-	123,193	-	-	123,193	-	123,193	
Other comprehensive income for the period		-	-	-	-	-	33,709	15,642	49,351	-	49,351	
Total comprehensive income		-	-	-	-	123,193	33,709	15,642	172,544	-	172,544	
Distribution of 2022 net income												
Legal reserve		-	-	6,750	-	(6,750)	-	-	-	-	-	
Special reserve		-	-	-	(39,109)	39,109	-	-	-	-	-	
Cash dividends	6(18)	-	-	-	-	(72,600)	-	-	(72,600)	-	(72,600)	
Increase in non-controlling interests		-	-	-	-	-	-	-	-	133	133	
Balance at September 30, 2023		<u>\$ 726,000</u>	<u>\$ 453,467</u>	<u>\$ 647,961</u>	<u>\$ 343,422</u>	<u>\$1,724,936</u>	<u>(\$ 309,713)</u>	<u>\$ 15,642</u>	<u>\$3,601,715</u>	<u>\$ 133</u>	<u>\$3,601,848</u>	
<u>For the nine-month period ended September 30, 2024</u>												
Balance at January 1, 2024		\$ 726,000	\$ 453,467	\$ 647,961	\$ 343,422	\$1,718,012	(\$ 400,159)	\$ 13,184	\$3,501,887	\$ 135	\$3,502,022	
Profit for the period		-	-	-	-	18,656	-	-	18,656	(24)	18,632	
Other comprehensive income (loss) for the period		-	-	-	-	-	127,308	(6,919)	120,389	5	120,394	
Total comprehensive income (loss)		-	-	-	-	18,656	127,308	(6,919)	139,045	(19)	139,026	
Distribution of 2023 net income												
Legal reserve		-	-	11,627	-	(11,627)	-	-	-	-	-	
Special reserve		-	-	-	43,553	(43,553)	-	-	-	-	-	
Cash dividends	6(18)	-	-	-	-	(79,860)	-	-	(79,860)	-	(79,860)	
Balance at September 30, 2024		<u>\$ 726,000</u>	<u>\$ 453,467</u>	<u>\$ 659,588</u>	<u>\$ 386,975</u>	<u>\$1,601,628</u>	<u>(\$ 272,851)</u>	<u>\$ 6,265</u>	<u>\$3,561,072</u>	<u>\$ 116</u>	<u>\$3,561,188</u>	

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

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	For the nine-month periods ended September 30,	
		2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 118,382	\$ 211,066
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gains	12	(1,320)	(2,773)
(Reversal of allowance) provision for inventory market price decline	6(4)		
Depreciation	6(7)(8)(9)	(16,049)	31,078
Loss on disposal of property, plant and equipment	6(22)	390,953	380,874
Property, plant and equipment transferred to expense	6(7)	17,576	3,684
Gain from lease modification	6(8)(22)	4,042	-
Amortisation	6(24)	(386)	-
Amortisation of other non-current assets		1,795	614
Unrealised exchange losses of long-term borrowings	6(29)	25,517	25,292
Interest income	6(20)	2,756	7,550
Dividend income	6(6)(21)	(35,245)	(47,320)
Interest expense	6(23)	-	(3,066)
Changes in operating assets and liabilities		71,838	74,984
Changes in operating assets			
Notes receivable		(13,074)	(19,603)
Accounts receivable		35,401	(139,351)
Other receivables		(5,142)	(3,083)
Inventories		(9,094)	67,021
Prepayments		(34,401)	(64,200)
Changes in operating liabilities			
Contract liabilities - current		4,991	5,899
Notes payable		(176,439)	(133,368)
Accounts payable		(1,752)	8,249
Other payables		(18,336)	2,258
Net defined benefit liabilities - non-current		10	258
Cash inflow generated from operations		<u>362,023</u>	<u>406,063</u>
Interest received		41,516	44,251
Dividend received	6(6)	-	3,066
Income tax paid		(112,821)	(84,000)
Net cash flows from operating activities		<u>290,718</u>	<u>369,380</u>

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NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Notes	<u>For the nine-month periods ended September 30,</u>	
		<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Increase in financial assets at amortised cost - current		(\$ 1,255,299)	(\$ 328,451)
Decrease in financial assets at amortised cost - current		1,541,853	252,947
Cash paid for acquisition of property, plant and equipment	6(28)	(51,341)	(72,100)
Cash received from disposal of property, plant and equipment	6(28)	21,398	22,577
Acquisition of intangible assets		(1,108)	(1,271)
Increase in prepayments for equipment		(23,688)	(183,796)
Increase in guarantee deposits paid		(2,801)	(1,582)
Increase in other non-current assets		(4,783)	(10,115)
Net cash flows from (used in) investing activities		<u>224,231</u>	<u>(321,791)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Interest paid		(72,854)	(74,668)
Decrease in short-term borrowings	6(29)	(227,882)	(8,382)
(Decrease) increase in short-term notes and bills payable	6(29)	(8)	49,966
Payments of lease liabilities	6(29)	(69,722)	(9,851)
Increase in long-term borrowings	6(29)	1,155,530	1,418,760
Decrease in long-term borrowings	6(29)	(1,192,704)	(1,298,440)
Decrease in guarantee deposits received	6(29)	-	(44)
Increase in non-controlling interests		-	133
Net cash flows (used in) from financing activities		<u>(407,640)</u>	<u>77,474</u>
Effect of foreign exchange rate changes		<u>56,999</u>	<u>19,419</u>
Net increase in cash and cash equivalents		164,308	144,482
Cash and cash equivalents at beginning of period	6(1)	<u>1,089,012</u>	<u>1,522,409</u>
Cash and cash equivalents at end of period	6(1)	<u>\$ 1,253,320</u>	<u>\$ 1,666,891</u>

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

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

(1) Nan Liu Enterprise Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on December 1, 1978. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture and sales of air-through nonwoven, spunlace nonwoven, wet napkins, facial mask and skin care products. For the subsidiaries’ scope of business, refer to Note 4(3), ‘Basis of consolidation’.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since May 2013.

2. The Date of Authorisation for Issuance of the Consolidated Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on November 8, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 9 and IFRS 7, 'Amendments to the classification and measurement of financial instruments'	January 1, 2026
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 IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
IFRS 18, 'Presentation and disclosure in financial statements'	January 1, 2027
IFRS 19, 'Subsidiaries without public accountability: disclosures'	January 1, 2027
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 18, 'Presentation and disclosure in financial statements' :

IFRS 18 replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2023, except for the compliance statement, basis of preparation, basis of consolidation and applicable part of interim financial statements as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, 'Interim financial reporting' that came into effect as endorsed by the FSC.

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(2) Basis of preparation

- A. Except for the financial assets at fair value through other comprehensive income and defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC[®] Interpretations, and SIC[®] Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, ‘Critical accounting judgements, estimates and key sources of assumption uncertainty’.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is consistent with those for the preparation of consolidated financial statements for the year ended December 31, 2023.

- B. Subsidiaries included in the consolidated financial statements:

Name of investors	Name of subsidiaries	Main business activities	Percentage owned by the Group (%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Nan Liu Enterprise Co., Ltd.	Nanliu Enterprise (Samoa) Co., Ltd.	General investment	100.00	100.00	100.00	—
	Ching-Tsun Biomedical Technology Co., Ltd.	Research and development of health care and hygiene products as well as sales of skin care products	100.00	100.00	100.00	—
Nanliu Enterprise (Samoa) Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	100.00	100.00	100.00	—
	Nanliu Manufacturing (India) Private Limited	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	100.00	100.00	100.00	—

Name of investors	Name of subsidiaries	Main business activities	Percentage owned by the Group (%)			Note
			September 30, 2024	December 31, 2023	September 30, 2023	
Nanliu Enterprise (Samoa) Co., Ltd.	Nan Fang Enterprise (India) Private Limited	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	100.00	100.00	100.00	—
Nanliu Enterprises (Pinghu) Ltd.	Zhuomei (Jiaxin) Biomedical Technology Co., Ltd.	Sales of knitted textiles, medical and hygiene products	70.00	70.00	70.00	—

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly.

(5) Income taxes

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

There have been no significant changes as of September 30, 2024. Refer to Note 5 in the consolidated financial statements for the year ended December 31, 2023.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	September 30, 2024	December 31, 2023	September 30, 2023
Cash:			
Cash on hand and petty cash	\$ 3,758	\$ 3,618	\$ 1,857
Checking accounts and demand deposits	1,202,178	929,173	969,849
	<u>1,205,936</u>	<u>932,791</u>	<u>971,706</u>
Cash equivalents:			
Time deposits	47,384	156,221	695,185
	<u>\$ 1,253,320</u>	<u>\$ 1,089,012</u>	<u>\$ 1,666,891</u>

- A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group's time deposits maturing between three months and one year and pledged to others as collateral were reclassified as 'Financial assets at amortised cost - current' in the amount of \$373,320, \$659,874 and \$306,171, respectively.
- C. The Group's cash and cash equivalents pledged to others as collateral are described in Note 8, 'Pledged assets'.

(2) Financial assets at amortised cost - current

Items	September 30, 2024	December 31, 2023	September 30, 2023
Pledged time deposits	\$ 284, 850	\$ 371, 530	\$ -
Time deposits maturing over three months	88, 470	288, 344	306, 171
	\$ 373, 320	\$ 659, 874	\$ 306, 171

- A. The Group recognised interest income in profit or loss on financial assets at amortised cost amounting to \$3,426, \$4,250, \$12,549 and \$7,744 (listed as "Interest income") for the three-month and nine-month periods ended September 30, 2024 and 2023, respectively.
- B. As of September 30, 2024, December 31, 2023 and September 30, 2023, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was approximately its book value.
- C. For more information regarding the Group's financial assets pledged to others as of September 30, 2024 and December 31, 2023, refer to Note 8, 'Pledged assets'. There was no such situation as of September 30, 2023.
- D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2), 'Financial instruments'. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable, net

	September 30, 2024	December 31, 2023	September 30, 2023
Notes receivable	\$ 45, 953	\$ 32, 879	\$ 60, 214
Less: Allowance for uncollectible accounts	(285)	(540)	(574)
	\$ 45, 668	\$ 32, 339	\$ 59, 640
Accounts receivable	\$ 1, 421, 681	\$ 1, 457, 082	\$ 1, 345, 249
Less: Allowance for uncollectible accounts	(17, 368)	(18, 119)	(17, 659)
	\$ 1, 404, 313	\$ 1, 438, 963	\$ 1, 327, 590

A. The ageing analysis of notes receivable, accounts receivable and long-term receivables that were past due but not impaired is as follows:

	September 30, 2024		December 31, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 43,821	\$ 1,297,075	\$ 30,515	\$ 1,309,771
Up to 60 days	2,132	89,174	2,364	139,677
61 to 90 days	-	30,254	-	1,938
91 to 180 days	-	1,532	-	1,767
Over 181 days	-	8,141	-	8,424
	\$ 45,953	\$ 1,426,176	\$ 32,879	\$ 1,461,577

	September 30, 2023	
	Notes receivable	Accounts receivable
Not past due	\$ 58,191	\$ 1,291,182
Up to 60 days	2,023	40,172
61 to 90 days	-	8,076
91 to 180 days	-	1,410
Over 181 days	-	8,904
	\$ 60,214	\$ 1,349,744

The above ageing analysis was based on past due date.

- B. As of September 30, 2024, December 31, 2023 and September 30, 2023, notes and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of receivables from contracts with customers amounted to \$1,251,004.
- C. Without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was approximately its book value.
- D. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(4) Inventories

	September 30, 2024		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 8,629	(\$ 1,231)	\$ 7,398
Merchandise in transit	2,311	-	2,311
Raw materials	315,743	(13,323)	302,420
Raw materials in transit	45,962	-	45,962
Supplies	49,715	(4,810)	44,905
Work in progress	4,078	(1,140)	2,938
Finished goods	453,149	(39,773)	413,376
	<u>\$ 879,587</u>	<u>(\$ 60,277)</u>	<u>\$ 819,310</u>

	December 31, 2023		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 11,389	(\$ 1,226)	\$ 10,163
Raw materials	331,368	(20,518)	310,850
Raw materials in transit	11,784	-	11,784
Supplies	51,377	(4,992)	46,385
Work in progress	4,270	(1,760)	2,510
Finished goods	460,305	(47,087)	413,218
	<u>\$ 870,493</u>	<u>(\$ 75,583)</u>	<u>\$ 794,910</u>

	September 30, 2023		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Merchandise	\$ 14,087	(\$ 1,285)	\$ 12,802
Raw materials	368,984	(19,788)	349,196
Raw materials in transit	17,534	-	17,534
Supplies	54,755	(3,871)	50,884
Work in progress	3,140	(1,889)	1,251
Finished goods	399,688	(62,941)	336,747
	<u>\$ 858,188</u>	<u>(\$ 89,774)</u>	<u>\$ 768,414</u>

The cost of inventories recognised as expense for the period:

	For the three-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 1,475,670	\$ 1,261,088
Under-applied fixed manufacturing overhead	44,182	47,905
(Reversal of allowance) provision for inventory market price decline (Note)	(10,842)	17,615
Loss on scrapped inventories	8,269	4,794
Gain on physical inventory	(6)	-
Income from sale of scraps	(6,853)	(7,524)
	<u>\$ 1,510,420</u>	<u>\$ 1,323,878</u>
	For the nine-month periods ended September 30,	
	2024	2023
Cost of goods sold	\$ 4,130,794	\$ 3,880,063
Under-applied fixed manufacturing overhead	135,168	148,697
(Reversal of allowance) provision for inventory market price decline (Note)	(16,049)	31,078
Loss on scrapped inventories	11,783	6,472
Loss on physical inventory	139	27
Income from sale of scraps	(21,292)	(27,686)
	<u>\$ 4,240,543</u>	<u>\$ 4,038,651</u>

(Note) For the three-month and nine-month periods ended September 30, 2024, the Group reversed a previous inventory write-down as a result of subsequent sales and scraps of inventories which were previously provided with allowance.

(5) Prepayments

	September 30, 2024	December 31, 2023	September 30, 2023
Prepaid expenses	\$ 138,749	\$ 154,228	\$ 175,281
Input tax	120,030	104,439	112,589
Prepayment for purchases	161,120	99,078	106,795
Other prepayments	<u>36,620</u>	<u>64,373</u>	<u>27,106</u>
	<u>\$ 456,519</u>	<u>\$ 422,118</u>	<u>\$ 421,771</u>

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

Items	September 30, 2024	December 31, 2023	September 30, 2023
Equity instruments			
Unlisted stocks	\$ 84,130	\$ 84,130	\$ 84,130
Valuation adjustment	<u>6,265</u>	<u>13,184</u>	<u>15,642</u>
	<u>\$ 90,395</u>	<u>\$ 97,314</u>	<u>\$ 99,772</u>

- A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to \$90,395, \$97,314 and \$100,132 as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.
- B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 6,919)	\$ -
Dividend income recognized in profit or loss	\$ -	\$ -
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognized in other comprehensive income	(\$ 6,919)	\$ 15,642
Dividend income recognized in profit or loss	\$ -	\$ 3,066

- C. The Group has no financial assets at fair value through other comprehensive income pledged to others as of September 30, 2024, December 31, 2023 and September 30, 2023.

(7) Property, plant and equipment

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
<u>January 1, 2024</u>									
Cost	\$ 61,490	\$ 1,968,931	\$ 5,521,071	\$ 583,279	\$ 87,301	\$ 22,933	\$ 344,241	\$ 711,268	\$ 9,300,514
Accumulated depreciation	-	(583,425)	(3,189,196)	(280,429)	(68,116)	(20,894)	(169,780)	-	(4,311,840)
Accumulated impairment	-	(9,813)	-	-	-	-	-	-	(9,813)
	<u>\$ 61,490</u>	<u>\$ 1,375,693</u>	<u>\$ 2,331,875</u>	<u>\$ 302,850</u>	<u>\$ 19,185</u>	<u>\$ 2,039</u>	<u>\$ 174,461</u>	<u>\$ 711,268</u>	<u>\$ 4,978,861</u>
<u>For the nine-month period ended September 30, 2024</u>									
At January 1	\$ 61,490	\$ 1,375,693	\$ 2,331,875	\$ 302,850	\$ 19,185	\$ 2,039	\$ 174,461	\$ 711,268	\$ 4,978,861
Additions - cost	-	190	10,534	11,325	897	511	1,065	16,039	40,561
Transfers from prepayments for equipment	-	2,219	192,156	42,268	3,082	-	9,595	(163,233)	86,087
Depreciation	-	(50,520)	(253,853)	(40,339)	(6,322)	(668)	(25,474)	-	(377,176)
Disposals - cost	-	-	(43,720)	(3,992)	(83)	(77)	(1,477)	-	(49,349)
- accumulated depreciation	-	-	6,747	3,123	83	77	345	-	10,375
Transferred to expenses	-	-	-	-	-	-	-	(4,042)	(4,042)
Net exchange differences	-	22,895	28,265	1,911	132	53	1,808	9,823	64,887
At September 30	<u>\$ 61,490</u>	<u>\$ 1,350,477</u>	<u>\$ 2,272,004</u>	<u>\$ 317,146</u>	<u>\$ 16,974</u>	<u>\$ 1,935</u>	<u>\$ 160,323</u>	<u>\$ 569,855</u>	<u>\$ 4,750,204</u>
<u>September 30, 2024</u>									
Cost	\$ 61,490	\$ 2,007,005	\$ 5,778,902	\$ 640,166	\$ 92,678	\$ 23,730	\$ 357,633	\$ 569,855	\$ 9,531,459
Accumulated depreciation	-	(646,715)	(3,506,898)	(323,020)	(75,704)	(21,795)	(197,310)	-	(4,771,442)
Accumulated impairment	-	(9,813)	-	-	-	-	-	-	(9,813)
	<u>\$ 61,490</u>	<u>\$ 1,350,477</u>	<u>\$ 2,272,004</u>	<u>\$ 317,146</u>	<u>\$ 16,974</u>	<u>\$ 1,935</u>	<u>\$ 160,323</u>	<u>\$ 569,855</u>	<u>\$ 4,750,204</u>

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
<u>January 1, 2023</u>									
Cost	\$ 61,490	\$ 1,980,613	\$ 5,152,862	\$ 576,153	\$ 87,878	\$ 22,878	\$ 310,129	\$ 669,448	\$ 8,861,451
Accumulated depreciation	-	(520,644)	(2,989,962)	(235,078)	(61,049)	(20,191)	(144,547)	-	(3,971,471)
Accumulated impairment	-	(9,813)	-	-	-	-	-	-	(9,813)
	<u>\$ 61,490</u>	<u>\$ 1,450,156</u>	<u>\$ 2,162,900</u>	<u>\$ 341,075</u>	<u>\$ 26,829</u>	<u>\$ 2,687</u>	<u>\$ 165,582</u>	<u>\$ 669,448</u>	<u>\$ 4,880,167</u>
<u>For the nine-month period ended September 30, 2023</u>									
At January 1	\$ 61,490	\$ 1,450,156	\$ 2,162,900	\$ 341,075	\$ 26,829	\$ 2,687	\$ 165,582	\$ 669,448	\$ 4,880,167
Additions - cost	-	2,440	38,044	1,525	-	366	11,606	18,084	72,065
Transfers from prepayments for equipment	-	10,693	179,976	5,640	870	-	7,185	101,521	305,885
Depreciation	-	(51,619)	(248,618)	(36,007)	(6,722)	(817)	(21,350)	-	(365,133)
Disposals - cost	-	-	(33,528)	-	(1,110)	-	(101)	(15,395)	(50,134)
- accumulated depreciation	-	-	32,091	-	1,110	-	96	-	33,297
Net exchange differences	-	16,019	(1,578)	774	172	9	355	144	15,895
At September 30	<u>\$ 61,490</u>	<u>\$ 1,427,689</u>	<u>\$ 2,129,287</u>	<u>\$ 313,007</u>	<u>\$ 21,149</u>	<u>\$ 2,245</u>	<u>\$ 163,373</u>	<u>\$ 773,802</u>	<u>\$ 4,892,042</u>
<u>September 30, 2023</u>									
Cost	\$ 61,490	\$ 2,011,109	\$ 5,272,573	\$ 584,424	\$ 87,893	\$ 23,273	\$ 326,525	\$ 773,802	\$ 9,141,089
Accumulated depreciation	-	(573,607)	(3,143,286)	(271,417)	(66,744)	(21,028)	(163,152)	-	(4,239,234)
Accumulated impairment	-	(9,813)	-	-	-	-	-	-	(9,813)
	<u>\$ 61,490</u>	<u>\$ 1,427,689</u>	<u>\$ 2,129,287</u>	<u>\$ 313,007</u>	<u>\$ 21,149</u>	<u>\$ 2,245</u>	<u>\$ 163,373</u>	<u>\$ 773,802</u>	<u>\$ 4,892,042</u>

- A. As of September 30, 2024, December 31, 2023 and September 30, 2023, the Group's property, plant and equipment are all for own use.
- B. There was no capitalization of borrowing costs for the three-month and nine-month periods ended September 30, 2024 and 2023.
- C. For more information regarding the Group's property, plant and equipment pledged to others as of September 30, 2024, December 31, 2023 and September 30, 2023, refer to Note 8, 'Pledged assets'.
- D. Impairment information about the property, plant and equipment is provided in Note 6(10), 'Impairment of non-financial assets'.

(8) Leasing arrangements – lessee

- A. The Group leases various assets including land and transportation equipment. Rental contracts are typically made for periods of 3 to 99 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but the Group may not sublease or transfer leased assets in whole or in part without permission from a lessor.
- B. Short-term leases with a lease term of 12 months or less comprise trucks and warehouses. Low-value assets comprise pallets and air coolers.
- C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount		
	September 30, 2024	December 31, 2023	September 30, 2023
Land	\$ 495,526	\$ 503,454	\$ 513,045
Transportation equipment	–	–	767
	<u>\$ 495,526</u>	<u>\$ 503,454</u>	<u>\$ 513,812</u>

	Depreciation charge	
	For the three-month periods ended September 30,	
	2024	2023
Land	\$ 4,159	\$ 4,782
Transportation equipment	–	68
	<u>\$ 4,159</u>	<u>\$ 4,850</u>

	Depreciation charge	
	For the nine-month periods ended September 30,	
	2024	2023
Land	\$ 12,582	\$ 14,352
Transportation equipment	–	208
	<u>\$ 12,582</u>	<u>\$ 14,560</u>

- D. There were no additions to right-of-use assets for the three-month and nine-month periods ended September 30, 2024 and 2023.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the three-month periods ended September 30,	
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 303	\$ 333
Expense on short-term lease contracts	1,703	2,152
Expense on leases of low-value assets	253	281
Gain from lease modification	(51)	-
<u>For the nine-month periods ended September 30,</u>		
	2024	2023
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 923	\$ 1,017
Expense on short-term lease contracts	5,345	6,474
Expense on leases of low-value assets	671	570
Gain from lease modification	(386)	-

F. For the three-month and nine-month periods ended September 30, 2024 and 2023, the Group's total cash outflow for leases were \$3,858, \$4,818, \$76,661 and \$17,912, respectively.

(9) Investment property, net

	For the nine-month periods ended September 30,	
	2024	2023
	<u>Buildings</u>	<u>Buildings</u>
<u>Beginning balance</u>		
Cost	\$ 32,574	\$ 33,268
Accumulated depreciation	(4,930)	(3,454)
	<u>\$ 27,644</u>	<u>\$ 29,814</u>
At January 1	\$ 27,644	\$ 29,814
Depreciation	(1,195)	(1,181)
Net exchange differences	1,174	28
At September 30	<u>\$ 27,623</u>	<u>\$ 28,661</u>
<u>Ending balance</u>		
Cost	\$ 33,976	\$ 33,306
Accumulated depreciation	(6,353)	(4,645)
	<u>\$ 27,623</u>	<u>\$ 28,661</u>

A. Direct operating expenses arising from investment property are shown below:

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Direct operating expenses arising from the investment property that did not generate rental income (listed as ‘Other gains and losses’)	\$ <u>404</u>	\$ <u>391</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Direct operating expenses arising from the investment property that did not generate rental income (listed as ‘Other gains and losses’)	\$ <u>1,195</u>	\$ <u>1,181</u>

B. The fair value of the investment property held by the Group as of September 30, 2024, December 31, 2023 and September 30, 2023 were \$40,607, \$40,607 and \$42,878, respectively, which was valued based on the latest transaction price of similar objects in the location. Valuations were made based on most recent transaction prices of similar properties, considering factors such as location, scale and purpose of use, etc., which were categorised within Level 3 in the fair value hierarchy.

C. No borrowing costs were capitalised as part of investment property for the nine-month periods ended September 30, 2024 and 2023.

D. As of September 30, 2024, December 31, 2023 and September 30, 2023, no investment property held by the Group was pledged to others.

(10) Impairment of non-financial assets

A. Certain buildings and structures of the Group were located in the special district of Kaohsiung New Town where building permits are currently not being issued. Except for the plant in the first floor, the building permits of the second and third floors cannot yet be obtained which resulted to an impairment in the Group’s property, plant and equipment. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss accordingly in previous year. No impairment loss or gain on reversal of impairment loss on certain property, plant and equipment was recognised for the three-month and nine-month periods ended September 30, 2024 and 2023.

B. As of September 30, 2024, December 31, 2023 and September 30, 2023, the balance for accumulated impairment of property, plant and equipment was \$9,813.

(11) Long-term receivable

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Long-term receivable	\$ 4,495	\$ 4,495	\$ 4,495
Less: Allowance for uncollectible accounts	(4,495)	(4,495)	(4,495)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

C. Without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's long-term receivable was approximately its book value.

D. Information relating to credit risk of long-term receivable is provided in Note 12(2), 'Financial instruments'.

(12) Short-term borrowings

<u>Type of borrowings</u>	<u>September 30, 2024</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 2,315,255	1.85%~8.04%	None
Secured bank borrowings	260,000	1.62%	Time deposits
	<u>\$ 2,575,255</u>		
<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 2,461,157	1.68%~7.95%	None
Secured bank borrowings	341,000	1.47%~1.55%	Time deposits
	<u>\$ 2,802,157</u>		
<u>Type of borrowings</u>	<u>September 30, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured bank borrowings	\$ 2,713,739	1.47%~6.90%	None

For more information on interest expense recognised in profit or loss by the Group for the three-month and nine-month periods ended September 30, 2024 and 2023, refer to Note 6(23), 'Finance costs'.

(13) Short-term notes and bills payable

	<u>September 30, 2024</u>	<u>Interest rate</u>	<u>Collateral</u>
Commercial paper payable	\$ 100,000	1.99%	None
Less: Unamortised discount	(71)		
	<u>\$ 99,929</u>		
	<u>December 31, 2023</u>	<u>Interest rate</u>	<u>Collateral</u>
Commercial paper payable	\$ 100,000	1.90%	None
Less: Unamortised discount	(63)		
	<u>\$ 99,937</u>		
	<u>September 30, 2023</u>	<u>Interest rate</u>	<u>Collateral</u>
Commercial paper payable	\$ 100,000	1.90%	None
Less: Unamortised discount	(67)		
	<u>\$ 99,933</u>		

- A. The above commercial papers were issued and secured by China Bills Finance Corporation.
 B. For more information on interest expense recognised in profit or loss by the Group for the three-month and nine-month periods ended September 30, 2024 and 2023, refer to Note 6(23), 'Finance costs'.

(14) Long-term borrowings

<u>Type of borrowings</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>September 30, 2024</u>
Unsecured bank borrowings	12. 2024~4. 2027	1. 84%~2. 01%	None	\$ 1, 850, 500
Secured borrowings	10. 2024~5. 2030	0. 72%	Machinery and transportation equipment (Note)	575, 679
				2, 426, 179
Less: Current portion				(319, 726)
				<u>\$ 2, 106, 453</u>

<u>Type of borrowings</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Unsecured bank borrowings	3. 2024~10. 2026	1. 78%~5. 95%	None	\$ 1, 757, 525
Secured borrowings	1. 2024~5. 2030	0. 60%	Machinery and transportation equipment (Note)	703, 072
				2, 460, 597
Less: Current portion				(422, 257)
				<u>\$ 2, 038, 340</u>

<u>Type of borrowings</u>	<u>Range of maturity dates</u>	<u>Range of interest rates</u>	<u>Collateral</u>	<u>September 30, 2023</u>
Unsecured bank borrowings	12. 2023~5. 2026	1. 78%~6. 24%	None	\$ 1, 991, 850
Secured borrowings	10. 2023~5. 2030	0. 60%	Machinery and transportation equipment (Note)	737, 170
				2, 729, 020
Less: Current portion				(442, 386)
				<u>\$ 2, 286, 634</u>

(Note) Jointly guaranteed by Huang Chin-San.

For more information on interest expense recognised in profit or loss by the Group for the three-month and nine-month periods ended September 30, 2024 and 2023, refer to Note 6(23), 'Finance costs'.

(15) Pensions

- A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Related information is shown below:
- (a) The pension costs under the defined benefit pension plan of the Company (listed as "Operating costs" and "Operating expenses") for the three-month and nine-month periods ended September 30, 2024 and 2023 were \$53, \$124, \$207 and \$389, respectively.
 - (b) Expected contributions to the defined benefit pension plan of the Company within next year amount to \$723.
- B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group's subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations are based on a certain percentage of the employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2024 and 2023 were \$6,512, \$5,651, \$19,104 and \$16,891, respectively.

(16) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (unit: shares in thousands):

	For the nine-month periods ended September 30,	
	2024	2023
Beginning and ending balance	<u>72,600</u>	<u>72,600</u>

B. As of September 30, 2024, the Company's authorised capital was \$1,000,000, and the paid-in capital was \$726,000, consisting of 72,600 thousand shares of ordinary stock, with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset accumulated operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve shall be set aside if needed. The remainder, if any, to be appropriated shall be proposed by the Board of Directors and resolved by the stockholders at the stockholders' meeting.

The Company's business is in the growth stage and it will continue to invest in order to stabilise market competition position. In order to meet future capital needs and long-term financial plan, the residual dividend policy is adopted for the distribution of dividends. The Company measures future capital requirements in accordance with the Company's future capital budget and finances it with retained earnings. The remainder is distributed in the form of cash dividends and share dividends. However, cash dividends shall account for at least 10% of the total dividends.

C. Special reserve

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount

could be included in the distributable earnings.

(b) The amount previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No.1010012865, dated April 6, 2012, was \$44,348 and shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The Company recognised cash dividends distributed to owners in 2024 and 2023 amounting to \$79,860 (\$1.1 (in dollars) per share) and \$72,600 (\$1 (in dollars) per share), respectively. The cash dividends for 2024 and 2023 has not yet been actually distributed (listed as “Other payables”).

(19) Operating revenue

	For the three-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers	\$ 1,687,318	\$ 1,470,988
	For the nine-month periods ended September 30,	
	2024	2023
Revenue from contracts with customers	\$ 4,823,904	\$ 4,540,327

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from sales of nonwoven goods in the following major product lines:

	For the three-month period ended September 30, 2024				
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Nanliu Manufacturing (India) Private Limited	Others	Total
Air-through nonwovens	\$ 102,644	\$ 281,763	\$ 154,672	\$ -	\$ 539,079
Biotechnology	224,041	229,414	1,233	1,082	455,770
Spunlace nonwovens	248,110	229,147	-	-	477,257
Disposable surgical gowns	111,302	103,910	-	-	215,212
	<u>\$ 686,097</u>	<u>\$ 844,234</u>	<u>\$ 155,905</u>	<u>\$ 1,082</u>	<u>\$ 1,687,318</u>
	For the three-month period ended September 30, 2023				
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Nanliu Manufacturing (India) Private Limited	Others	Total
Air-through nonwovens	\$ 83,533	\$ 286,767	\$ 102,083	\$ -	\$ 472,383
Biotechnology	240,364	173,631	8	-	414,003
Spunlace nonwovens	211,026	203,073	-	-	414,099
Disposable surgical gowns	102,343	68,160	-	-	170,503
	<u>\$ 637,266</u>	<u>\$ 731,631</u>	<u>\$ 102,091</u>	<u>\$ -</u>	<u>\$ 1,470,988</u>

For the nine-month period ended September 30, 2024

	Nanliu				Total
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Manufacturing (India) Private Limited	Others	
Air-through nonwovens	\$ 283,154	\$ 820,786	\$ 347,580	\$ -	\$1,451,520
Biotechnology	679,991	709,246	2,540	1,670	1,393,447
Spunlace nonwovens	733,746	638,634	-	-	1,372,380
Disposable surgical gowns	318,688	287,869	-	-	606,557
	<u>\$2,015,579</u>	<u>\$2,456,535</u>	<u>\$ 350,120</u>	<u>\$1,670</u>	<u>\$4,823,904</u>

For the nine-month period ended September 30, 2023

	Nanliu				Total
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Manufacturing (India) Private Limited	Others	
Air-through nonwovens	\$ 244,123	\$ 911,152	\$ 296,333	\$ -	\$1,451,608
Biotechnology	697,487	677,681	8	-	1,375,176
Spunlace nonwovens	663,422	592,336	-	-	1,255,758
Disposable surgical gowns	292,386	165,399	-	-	457,785
	<u>\$1,897,418</u>	<u>\$2,346,568</u>	<u>\$ 296,341</u>	<u>\$ -</u>	<u>\$4,540,327</u>

B. The Group has recognised the following revenue-related contract liabilities:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Contract liabilities - current	<u>\$ 15,865</u>	<u>\$ 10,874</u>
	<u>September 30, 2023</u>	<u>January 1, 2023</u>
Contract liabilities - current	<u>\$ 12,394</u>	<u>\$ 6,495</u>

Revenue recognised that was included in the contract liability balance at the beginning of the periods were \$1,768, \$640, \$9,593 and \$4,395 for the three-month and nine-month periods ended September 30, 2024 and 2023, respectively.

(20) Interest income

	For the three-month periods ended September 30,	
	2024	2023
Bank deposits	\$ 5,781	\$ 12,462
Financial assets at amortised cost	3,426	4,250
	<u>\$ 9,207</u>	<u>\$ 16,712</u>

	For the nine-month periods ended September 30,	
	2024	2023
Bank deposits	\$ 22,696	\$ 39,576
Financial assets at amortised cost	12,549	7,744
	<u>\$ 35,245</u>	<u>\$ 47,320</u>

(21) Other income

	For the three-month periods ended September 30,	
	2024	2023
Income from renewable energy sold	\$ 6,300	\$ 3,827
Grant income	898	8,406
Miscellaneous income	2,341	1,707
	<u>\$ 9,539</u>	<u>\$ 13,940</u>

	For the nine-month periods ended September 30,	
	2024	2023
Income from renewable energy sold	\$ 16,517	\$ 10,599
Grant income	2,213	9,402
Dividend income	–	3,066
Miscellaneous income	9,666	4,931
	<u>\$ 28,396</u>	<u>\$ 27,998</u>

(22) Other gains and losses

	For the three-month periods ended September 30,	
	2024	2023
Net loss on disposal of property, plant and equipment	(\$ 1,915)	(\$ 1,605)
Net currency exchange (loss) gain	(55,916)	50,753
Gain from lease modification	51	–
Other losses	(358)	(936)
	<u>(\$ 58,138)</u>	<u>\$ 48,212</u>

	For the nine-month periods ended September 30,	
	2024	2023
Net loss on disposal of property, plant and equipment	(\$ 17,576)	(\$ 3,684)
Net currency exchange gain	48,572	101,035
Gain from lease modification	386	-
Other losses	(2,365)	(5,315)
	<u>\$ 29,017</u>	<u>\$ 92,036</u>

(23) Finance costs

	For the three-month periods ended September 30,	
	2024	2023
Interest expense:		
Bank borrowings	\$ 23,548	\$ 26,584
Lease liabilities	303	333
	<u>\$ 23,851</u>	<u>\$ 26,917</u>

	For the nine-month periods ended September 30,	
	2024	2023
Interest expense:		
Bank borrowings	\$ 70,915	\$ 73,967
Lease liabilities	923	1,017
	<u>\$ 71,838</u>	<u>\$ 74,984</u>

(24) Expenses by nature

	For the three-month period ended September 30, 2024		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 101,121	\$ 45,670	\$ 146,791
Depreciation charges	121,373	10,841	132,214
Amortisation charges	33	332	365

	For the three-month period ended September 30, 2023		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 98,197	\$ 50,527	\$ 148,724
Depreciation charges	117,423	10,351	127,774
Amortisation charges	32	196	228

	For the nine-month period ended September 30, 2024		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 301,366	\$ 144,940	\$ 446,306
Depreciation charges	360,090	29,668	389,758
Amortisation charges	96	1,699	1,795

	For the nine-month period ended September 30, 2023		
	Operating cost	Operating expense	Total
Employee benefit expenses	\$ 301,950	\$ 129,069	\$ 431,019
Depreciation charges	351,738	27,955	379,693
Amortisation charges	95	519	614
(25) <u>Employee benefit expense</u>			

	For the three-month period ended September 30, 2024		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 83,548	\$ 38,990	\$ 122,538
Labor and health insurance expense	5,793	2,382	8,175
Pension costs	4,723	1,842	6,565
Other personnel expenses	7,057	2,456	9,513
	<u>\$ 101,121</u>	<u>\$ 45,670</u>	<u>\$ 146,791</u>

	For the three-month period ended September 30, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 82,476	\$ 43,440	\$ 125,916
Labor and health insurance expense	5,353	2,607	7,960
Pension costs	3,738	2,037	5,775
Other personnel expenses	6,630	2,443	9,073
	<u>\$ 98,197</u>	<u>\$ 50,527</u>	<u>\$ 148,724</u>

	For the nine-month period ended September 30, 2024		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 251,026	\$ 123,469	\$ 374,495
Labor and health insurance expense	17,365	7,333	24,698
Pension costs	13,468	5,843	19,311
Other personnel expenses	19,507	8,295	27,802
	<u>\$ 301,366</u>	<u>\$ 144,940</u>	<u>\$ 446,306</u>

	For the nine-month period ended September 30, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	\$ 253,333	\$ 109,304	\$ 362,637
Labor and health insurance expense	16,560	7,163	23,723
Pension costs	12,121	5,159	17,280
Other personnel expenses	19,936	7,443	27,379
	<u>\$ 301,950</u>	<u>\$ 129,069</u>	<u>\$ 431,019</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 2% for directors' remuneration. Employees' compensation will be distributed in the form of shares or in cash. Qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirements, are entitled to receive aforementioned share or cash. Directors' remuneration will be distributed in the form of cash. The Company may, by a resolution adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

B. For the three-month and nine-month periods ended September 30, 2024 and 2023, employees' compensation was accrued at \$—, \$—, \$797 and \$—, respectively; while directors' remuneration was accrued at \$—, \$—, \$552 and \$—, respectively. The aforementioned amounts were recognised in salary expenses. The expenses recognised were accrued based on the profit of current period distributable and the percentage specified in the Articles of Incorporation of the Company. The amounts of employees' compensation and directors' remuneration as resolved by the Board of Directors were the same as the estimated amount of \$1,425 and \$986 recognised in the 2023 financial statements, respectively. The employees' compensation will be distributed in the form of cash.

Information about employees' compensation and directors' remuneration of the Company as proposed by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Components of income tax expense:

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Current tax:		
Current tax on profits for the period	\$ 10,604	\$ 19,086
Deferred tax:		
Origination and reversal of temporary differences	(6,823)	7,624
Income tax expense	<u>\$ 3,781</u>	<u>\$ 26,710</u>

	For the nine-month periods ended September 30,	
	2024	2023
Current tax:		
Current tax on profits for the period	\$ 66,923	\$ 73,825
Separate taxation	38,495	12,456
Prior year income tax underestimation (overestimation)	752	(4,503)
	<u>106,170</u>	<u>81,778</u>
Deferred tax:		
Origination and reversal of temporary differences	(6,420)	6,095
Income tax expense	<u>\$ 99,750</u>	<u>\$ 87,873</u>

B. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. As of November 8, 2024, there was no administrative lawsuit.

(27) (Loss) earnings per share

	For the three-month period ended September 30, 2024		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic and diluted loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 45,850)	72,600	(\$ 0.63)
	For the three-month period ended September 30, 2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 31,035	72,600	\$ 0.43
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 31,035	72,600	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	—	—	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 31,035</u>	<u>72,600</u>	<u>\$ 0.43</u>

<u>For the nine-month period ended September 30, 2024</u>			
	<u>Amount after tax</u>	<u>Weighted average number of shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,656	72,600	\$ 0.26
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 18,656	72,600	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	—	17	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 18,656	72,617	\$ 0.26
<u>For the nine-month period ended September 30, 2023</u>			
	<u>Amount after tax</u>	<u>Weighted average number of shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 123,193	72,600	\$ 1.70
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 123,193	72,600	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	—	3	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	\$ 123,193	72,603	\$ 1.70

The potential ordinary shares-employee compensation is anti-dilutive ; thus, it is not included in the calculation of diluted earnings per share for the three-month period ended September 30, 2024.

(28) Supplemental cash flow information

A. Investing activities with partial cash receipts and payments:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
(a) Acquisition of property, plant and equipment	\$ 40,561	\$ 72,065
Add: Beginning balance of notes payable	-	6,829
Beginning balance of other payables	19,179	24,380
Less: Ending balance of notes payable	-	(5,381)
Ending balance of other payables	(8,399)	(25,793)
Cash paid for acquisition of property, plant and equipment	<u>\$ 51,341</u>	<u>\$ 72,100</u>
(b) Disposal of property, plant and equipment	\$ 21,398	\$ 13,153
Add: Beginning balance of other receivables	-	9,900
Less: Ending balance of other receivables	-	(476)
Cash received from disposal of property, plant and equipment	<u>\$ 21,398</u>	<u>\$ 22,577</u>

B. Investing and financing activities with no cash flow effect:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
(a) Prepayments for equipment transferred to property, plant and equipment	<u>\$ 86,087</u>	<u>\$ 305,885</u>
(b) Cash dividends declared but not paid	<u>\$ 79,860</u>	<u>\$ 72,600</u>

(29) Changes in liabilities from financing activities

<u>For the nine-month period ended September 30, 2024</u>	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Lease liabilities</u>	<u>Long-term borrowings</u>	<u>Guarantee deposit received</u>	<u>Liabilities from financing activities - gross</u>
At January 1	\$ 2,802,157	\$ 99,937	\$ 364,932	\$ 2,460,597	\$ 1,383	\$ 5,729,006
Changes in cash flow from financing activities	(227,882)	(8)	(69,722)	(37,174)	-	(334,786)
Changes in other non-cash items	-	-	(386)	-	-	(386)
Impact of changes in foreign exchange rate	980	-	-	2,756	59	3,795
At September 30	<u>\$ 2,575,255</u>	<u>\$ 99,929</u>	<u>\$ 294,824</u>	<u>\$ 2,426,179</u>	<u>\$ 1,442</u>	<u>\$ 5,397,629</u>
<u>For the nine-month period ended September 30, 2023</u>	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Lease liabilities</u>	<u>Long-term borrowings</u>	<u>Guarantee deposit received</u>	<u>Liabilities from financing activities - gross</u>
At January 1	\$ 2,717,512	\$ 49,967	\$ 377,605	\$ 2,601,150	\$ 1,457	\$ 5,747,691
Changes in cash flow from financing activities	(8,382)	49,966	(9,851)	120,320	(44)	152,009
Changes in other non-cash items	-	-	-	7,550	-	7,550
Impact of changes in foreign exchange rate	4,609	-	-	-	1	4,610
At September 30	<u>\$ 2,713,739</u>	<u>\$ 99,933</u>	<u>\$ 367,754</u>	<u>\$ 2,729,020</u>	<u>\$ 1,414</u>	<u>\$ 5,911,860</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
Huang Chin-San	Second-degree relative of consanguinity to the key management personnel

(2) Significant related party transactions

Secured bank borrowings that the Group borrowed from the banks as of September 30, 2024, December 31, 2023 and September 30, 2023 were guaranteed by Huang Chin-San. For more information, refer to Note 6(14), 'Long-term borrowings'.

(3) Key management compensation

	<u>For the three-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employee benefits	\$ 2,948	\$ 2,838
Service allowance	70	80
	<u>\$ 3,018</u>	<u>\$ 2,918</u>
	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Salaries and other short-term employee benefits	\$ 9,892	\$ 9,449
Service allowance	250	240
	<u>\$ 10,142</u>	<u>\$ 9,689</u>

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>			<u>Purpose</u>
	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>	
Pledged time deposits (Note 1)	\$ 284,850	\$ 371,530	\$ –	Short-term borrowings
Machinery-net and transportation equipment-net (Note 2)	863,893	952,940	982,623	Long-term borrowings
	<u>\$ 1,148,743</u>	<u>\$ 1,324,470</u>	<u>\$ 982,623</u>	

(Note 1) Listed as 'Financial assets at amortized cost - current'.

(Note 2) Listed as 'Property, plant and equipment'.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) As of September 30, 2024, December 31, 2023 and September 30, 2023, the balances for contracts that the Group entered into but not yet incurred are \$100,137, \$411,794 and \$440,124, respectively.

(2) As of September 30, 2024, December 31, 2023 and September 30, 2023, the unused letters of credit amounted to \$–, \$– and \$1,477, respectively.

(3) The details of endorsement and guarantees provided to others are described in Note 13(1)B.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, maintain an optimal capital structure to both reduce the cost of capital and meet the monetary needs of improving productivity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Group are described in Note 6.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, EUR, and RMB. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

(ii) The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. The Group's foreign operations are considered strategic investments; thus, no hedging for the purpose is conducted.

(iii) The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: RMB and INR). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

September 30, 2024			
(foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 24,800	31.65	\$ 784,920
USD : RMB	12,217	7.01	386,668
RMB : NTD	1,854	4.52	8,386
USD : INR	201	83.76	6,362
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	7,759	31.65	245,572
USD : RMB	1,677	7.01	53,077
USD : INR	1,890	83.76	59,819
EUR : NTD	37	35.38	1,309
December 31, 2023			
(foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value
<u>Financial assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 23,172	30.71	\$ 711,612
USD : RMB	13,916	7.08	427,360
USD : INR	387	83.22	11,885
RMB : NTD	1,885	4.327	8,156
EUR : RMB	38	7.86	1,291
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD : NTD	6,405	30.71	196,698
USD : RMB	1,048	7.08	32,184
USD : INR	1,275	83.22	39,155
EUR : NTD	79	33.98	2,684

				September 30, 2023	
(foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value		
<u>Financial assets</u>					
<u>Monetary items</u>					
USD : NTD	\$ 26,619	32.27	\$	858,995	
USD : RMB	10,021	7.18	323,378		
RMB : NTD	1,883	4.415	8,313		
USD : INR	81	83.09	2,614		
<u>Financial liabilities</u>					
<u>Monetary items</u>					
USD : NTD	6,275	32.27	202,494		
USD : RMB	546	7.18	17,619		
USD : INR	3,474	83.09	112,106		

(iv) As of September 30, 2024 and 2023, if the Group's functional currency exchange rate to foreign currencies had appreciated/depreciated by 1% with all other factors remaining constant, the post-tax profit for the nine-month periods ended September 30, 2024 and 2023 would have increased/decreased by \$8,266 and \$8,610, respectively.

(v) The total exchange (loss) gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2024 and 2023 amounted to (\$55,916), \$50,753, \$48,572 and \$101,035, respectively.

ii. Price risk

(i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(ii) The Group's investments in equity securities comprise shares issued by the foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the nine-month periods ended September 30, 2024 and 2023 would have increased/decreased by \$904 and \$998, respectively, as a result of other comprehensive income on equity investments classified as at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

- (i) The Group's interest rate risk arises from short-term borrowings and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rate. During the nine-month periods ended September 30, 2024 and 2023, the Group's borrowings at variable rate were denominated in New Taiwan dollars and US dollars.
- (ii) If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2024 and 2023 would have decreased/increased by \$709 and \$740, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. For banks and financial institutions, only those with high credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.
- iii. In line with the credit risk management procedure, if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. In line with the credit risk management procedure, the default occurs when the contract payments are past due over 180 days.
- v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.
- vi. The Group classifies customer's receivables in accordance with the credit rating of the customer. The Group applies the modified approach using the provision matrix to estimate expected credit loss. The Group used the forecastability of conditions to adjust historical and timely information to assess the default possibility of receivables, whereby rate ranging from 0.51% to 100% are applied to the provision matrix. Movements in relation to the Group applying the modified approach to provide loss allowance for receivables are as follows:

	<u>For the nine-month period ended September 30, 2024</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Long-term receivables</u>
At January 1	\$ 540	\$ 18,119	\$ 4,495
Expected credit gains	(255)	(1,065)	–
Effect of foreign exchange	–	314	–
At September 30	<u>\$ 285</u>	<u>\$ 17,368</u>	<u>\$ 4,495</u>
	<u>For the nine-month period ended September 30, 2023</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Long-term receivables</u>
At January 1	\$ 536	\$ 20,477	\$ 4,495
Expected credit losses (gains)	38	(2,811)	–
Effect of foreign exchange	–	(7)	–
At September 30	<u>\$ 574</u>	<u>\$ 17,659</u>	<u>\$ 4,495</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. The Group treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts.
- iii. The Group has the following undrawn borrowing facilities:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Floating rate:			
Expiring within one year	\$ 4,371,653	\$ 2,812,515	\$ 2,815,363
Expiring over one year	<u>1,754,629</u>	<u>1,825,189</u>	<u>1,896,029</u>
	<u>\$ 6,126,282</u>	<u>\$ 4,637,704</u>	<u>\$ 4,711,392</u>

iv. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

<u>September 30, 2024</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 2, 585, 391	\$ -	\$ -	\$ -
Short-term notes and bills payable	100, 000	-	-	-
Notes payable	140, 827	-	-	-
Accounts payable	514, 864	-	-	-
Other payables	253, 993	-	-	-
Lease liabilities (including current portion)	11, 182	22, 364	22, 364	281, 066
Long-term borrowings (including current portion)	359, 180	1, 969, 342	126, 406	41, 735
Guarantee deposits received	-	-	-	1, 442
<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 2, 811, 472	\$ -	\$ -	\$ -
Short-term notes and bills payable	100, 000	-	-	-
Notes payable	317, 266	-	-	-
Accounts payable	516, 616	-	-	-
Other payables	204, 265	-	-	-
Lease liabilities (including current portion)	11, 309	22, 364	22, 364	350, 603
Long-term borrowings (including current portion)	464, 326	1, 882, 167	119, 778	83, 991
Guarantee deposits received	-	-	-	1, 383

September 30, 2023	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 2,722,210	\$ -	\$ -	\$ -
Short-term notes and bills payable	100,000	-	-	-
Notes payable	206,142	-	-	-
Accounts payable	531,630	-	-	-
Other payables	263,800	-	-	-
Lease liabilities (including current portion)	15,501	32,246	31,700	375,660
Long-term borrowings (including current portion)	489,123	1,957,630	117,257	96,664
Guarantee deposits received	-	-	-	1,414

v. The Group does not expect the maturity date to end early nor the actual cash flow to be materially different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. The carrying amounts of financial assets and financial liabilities not measured at fair value including cash and cash equivalents, financial assets at amortised cost - current, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

D. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

<u>September 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 90,395	\$ 90,395
<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 97,314	\$ 97,314
<u>September 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	\$ -	\$ -	\$ 99,772	\$ 99,772

E. For the nine-month periods ended September 30, 2024 and 2023, there was no transfer into or out from Level 3.

F. The following chart is the movement of Level 3 for the nine-month periods ended September 30, 2024 and 2023:

	<u>For the nine-month periods ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
	<u>Equity securities</u>	<u>Equity securities</u>
Beginning balance	\$ 97,314	\$ 84,130
(Loss) gain recognized in other comprehensive income	(6,919)	15,642
Ending balance	<u>\$ 90,395</u>	<u>\$ 99,772</u>

G. Finance segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	September 30, 2024	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 90,395	Market comparable companies	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
	December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 97,314	Market comparable companies	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value
	September 30, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	\$ 100,132	Market comparable companies	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. For financial assets categorised within Level 3, if the inputs used to valuation models have changed by 1%, the effect on other comprehensive income would have been by \$904 and \$1,001 for the nine-month periods ended September 30, 2024 and 2023, respectively.

13. Supplementary Disclosures

In accordance with the current regulatory requirements, the Group is only required to disclose the information for the nine-month period ended September 30, 2024.

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding NT\$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 4.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 7.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 8.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to table 9.

(4) Major shareholders information

Refer to table 10.

14. Segment Information

(1) General information

The management of the Group has identified the operating segments based on information provided to the Group's chief operating decision-maker in order to make strategic decisions. The Group's organization basis of identification and measurement of segment information had no significant changes in this period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on segment pre-tax income.

(3) Information about segment profit or loss and assets

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the nine-month period ended September 30, 2024				
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Nanliu Manufacturing (India) Private Limited	Others	Total
Segment revenue	\$ 2,021,302	\$ 2,949,575	\$ 417,944	\$ 1,670	\$ 5,390,491
Inter-segment revenue	(5,723)	(493,040)	(67,824)	-	(566,587)
Revenue from external customers, net	<u>\$ 2,015,579</u>	<u>\$ 2,456,535</u>	<u>\$ 350,120</u>	<u>\$ 1,670</u>	<u>\$ 4,823,904</u>
Segment (loss) profit	(\$ 217,130)	\$ 295,019	(\$ 33,450)	\$ 75,070	\$ 119,509
Segment assets	<u>\$ 5,005,412</u>	<u>\$ 2,849,632</u>	<u>\$ 1,623,025</u>	<u>\$ 460,448</u>	<u>\$ 9,938,517</u>
	For the nine-month period ended September 30, 2023				
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Nanliu Manufacturing (India) Private Limited	Others	Total
Segment revenue	\$ 1,905,380	\$ 2,730,079	\$ 297,447	\$ -	\$ 4,932,906
Inter-segment revenue	(7,962)	(383,511)	(1,106)	-	(392,579)
Revenue from external customers, net	<u>\$ 1,897,418</u>	<u>\$ 2,346,568</u>	<u>\$ 296,341</u>	<u>\$ -</u>	<u>\$ 4,540,327</u>
Segment (loss) profit	(\$ 159,991)	\$ 297,222	(\$ 32,210)	\$ 114,518	\$ 219,539
Segment assets	<u>\$ 5,372,577</u>	<u>\$ 3,069,942</u>	<u>\$ 1,606,676</u>	<u>\$ 602,469</u>	<u>\$ 10,651,664</u>

(4) Reconciliation for segment income

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the consolidated statement of comprehensive income. A reconciliation of reportable segment income before income tax is provided as follows:

	For the nine-month periods ended September 30,	
	2024	2023
Reportable segment income before income tax	\$ 44,439	\$ 105,021
Other segments income before income tax	75,070	114,518
Inter-segment loss	(1,127)	(8,473)
Profit before income tax	<u>\$ 118,382</u>	<u>\$ 211,066</u>

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Loans to others

For the nine-month period ended September 30, 2024

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding	Balance at	Actual amount	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 1)	Ceiling on total loans granted (Note 1)	Footnote
					balance during the nine-month period ended September 30, 2024								September 30, 2024	drawn down			
1	Nanliu Enterprise (Samoa) Co., Ltd.	Nan Liu Enterprise Co., Ltd.	Other receivables	Y	\$ 755,205	\$ 582,360	\$ 582,360	2.0%	Short-term financing	\$ -	Repayments of borrowings	\$ -	-	\$ -	\$ 5,053,086	\$ 5,053,086	-
		Nanliu Manufacturing (India) Private Limited	Long-term receivables	Y	1,293,464	1,246,784	1,246,784	3.5% ~ 6.8%	Short-term financing	-	Construction of plants, acquisition of machinery and purchase of inventories	-	-	-	5,053,086	5,053,086	-
2	Nanliu Enterprises (Pinghu) Ltd.	Zhuomei (Jiaxin) Biomedical Technology Co., Ltd.	Other receivables	Y	909	902	902	3.0%	Short-term financing	-	Additional operating capital	-	-	-	2,426,958	2,426,958	-

Note 1: Calculations of limit on ceiling on total loans granted and limit on loans granted to a single party were as follows:

The maximum amount for total loan is 100% of its net worth; the maximum amount for individual enterprise is as follows:

(1) For trading partner: shall not exceed 30% of its net worth and shall not be higher than the purchase or sales amount of the most recent year.

(2) For short-term financing: the maximum amount for total loan is 30% of its net worth; for the 50% directly and indirectly owned subsidiaries are not subject to such limitation, however, it shall not exceed 100% of its net worth.

Note 2: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of September 30, 2024 as follows: USD:NTD 1:31.65.

Nan Liu Enterprise Co., Ltd. and Subsidiaries
Provision of endorsements and guarantees to others
For the nine-month period ended September 30, 2024

Table 2

Expressed in thousands of NTD

Number	Endorser/guarantor	Endorsee		Endorsement limit for a single entity (Note 2)	Maximum outstanding endorsement/ guarantee amount	Outstanding endorsement/ guarantee amount	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 2)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
		Company name	Relationship											
0	Nan Liu Enterprise Co., Ltd.	Nanliu Manufacturing (India) Private Limited	(Note 1)	\$ 7,122,144	\$ 838,110	\$ 808,023	\$ 33,600	\$ -	22.69%	\$ 7,122,144	Y	N	N	—
		Nanliu Enterprise (Samoa) Co., Ltd.	(Note 1)	7,122,144	323,875	316,500	-	-	8.89%	7,122,144	Y	N	N	—

Note 1: The Company directly owns over 50% ownership of the investee company.

Note 2: The total amount of transactions of endorsement equals to 200% of the Company's net worth and the limit of endorsement for any single entity is 200% of the Company's net worth.

For the Group, the overall amount of transactions of endorsement equals to 200% of its net worth and the limit of endorsement for any single entity is 200% of its net worth.

For trading partner: shall not exceed 30% of its net worth and shall not be higher than the transaction amount of the most recent year.

Note 3: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of September 30, 2024 as follows: USD:NTD 1:31.65 ; INR:NTD 1:0.378.

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

September 30, 2024

Table 3 Expressed in thousands of NTD

Held company name	Marketable securities type and name	Relationship with the company	Financial statements item	September 30, 2024		Percentage of ownership (%)	Fair value	Footnote
				Shares/units (in thousands)	Carrying value			
Nanliu Enterprise (Samoa) Co., Ltd.	Stock: Principle & Will Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	2,000	\$ 90,395	10.00%	\$ 90,395	—

Nan Liu Enterprise Co., Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
For the nine-month period ended September 30, 2024

Table 4

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Subsidiary	Purchases	\$ 493,040	34%	Closes its accounts 60 days after the end of each month by T/T	\$ -	Same with the third parties	(\$ 158,864)	(47%)	—
Nanliu Enterprises (Pinghu) Ltd.	Nan Liu Enterprise Co., Ltd.	The company	(Sales)	(493,040)	(17%)	Closes its accounts 60 days after the end of each month by T/T	-	"	158,864	18%	—

(Note) Foreign currencies were translated into New Taiwan Dollars using the following exchange rates: Ending balances of receivables and payables were translated using the exchange rates as of September 30, 2024 (USD:NTD 1:31.65); amounts of transactions were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2024 (USD:NTD 1:32.034).

Nan Liu Enterprise Co., Ltd. and Subsidiaries
Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
September 30, 2024

Table 5

Expressed in thousands of NTD

Creditor	Counterparty	Relationship	Balance as of September 30, 2024		Turnover rate	Overdue receivables		Subsequent collections	Allowance for doubtful accounts
			Items	Amount		Amount	Action taken		
Nanliu Enterprise (Samoa) Co., Ltd.	Nan Liu Enterprise Co., Ltd.	The Company	Other receivables	\$ 584,179	—	\$ -	—	\$ -	\$ -
	Nanliu Manufacturing (India) Private Limited	Subsidiary	Long-term receivables	1,246,784	—	-	—	-	-
			Other receivables	29,892	—	-	—	5,143	-
Nanliu Enterprises (Pinghu) Ltd.	Nan Liu Enterprise Co., Ltd.	The Company	Accounts receivable	158,864	4.34	-	—	45,712	-

(Note) Foreign currencies were translated into New Taiwan Dollars at the exchange rate as of September 30, 2024 as follows: USD:NTD 1:31.65.

Nan Liu Enterprise Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
For the nine-month period ended September 30, 2024

Table 6

Expressed in thousands of NTD

Number	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	1	Purchases	\$ 493,040	Closes its accounts 60 days after the end of each month by T/T	10%
				Accounts payable	158,864		2%
				Endorsements and guarantees	808,023		8%
				Endorsements and guarantees	316,500		3%
1	Nanliu Enterprise (Samoa) Co., Ltd.	Nan Liu Enterprise Co., Ltd.	2	Other receivables	584,179	—	6%
		Nanliu Manufacturing (India) Private Limited	3	Long-term receivables	1,246,784	—	13%

Note 1: As the amounts and counterparties of significant inter-company transactions are the same from the opposite transaction sides, no disclosure is required. Only transactions amounting to more than \$100,000 are disclosed.

Note 2: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 3: Relationship between transaction company and counterparty is classified into the following three categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 4: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 5: Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances and carrying amounts were translated using the exchange rate as of September 30, 2024 (USD:NTD 1:31.65; RMB:USD 1:0.1424); amounts of transactions were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2024 (USD:NTD 1:32.034; RMB:USD 1:0.1389).

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Information on investees

For the nine-month period ended September 30, 2024

Table 7

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at September 30, 2024			Net profit (loss) of the investee for the nine-month period ended September 30, 2024	Investment income (loss) recognised for the nine-month period ended September 30, 2024	Footnote
				Balance as at September 30, 2024	Balance as at December 31, 2023 (Note 2)	Number of shares	Ownership (%)	Book value			
Nan Liu Enterprise Co., Ltd.	Nanliu Enterprise (Samoa) Co., Ltd.	Samoa	General investment	\$ 1,643,224	\$ 1,643,224	52,948,159	100.00	\$ 5,023,033	\$ 234,802	\$ 233,665	Subsidiary
	Ching-Tsun Biomedical Technology Co., Ltd.	Taiwan	Research and development of health care and hygiene products as well as sales of skin care products	60,000	50,000	6,000,000	100.00	47,669 (4,298) (4,298)	Subsidiary
Nanliu Enterprise (Samoa) Co., Ltd.	Nanliu Manufacturing (India) Private Limited	India	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	666,698	666,698	170,000,000	100.00	366,864 (33,090)	(Note 1)	Subsidiary
	Nan Fang Enterprise (India) Private Limited	India	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	284,350	284,350	75,000,000	100.00	297,839 (784)	(Note 1)	Subsidiary

(Note1) According to the related regulations, it is not required to disclosure investment income (loss) recognised by the Company.

(Note2) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances and carrying amounts were translated using the exchange rate as of September 30, 2024 (INR:NTD 1:0.378); amounts of transactions were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2024 (INR:NTD 1:0.382).

Nan Liu Enterprise Co., Ltd. and Subsidiaries
Information on investments in Mainland China
For the nine-month period ended September 30, 2024

Table 8

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the nine-month period ended September 30, 2024			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Net income of investee for the nine-month period ended September 30, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2024 (Note 3)	Book value of investments in Mainland China as of September 30, 2024	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2024	Footnote
				Remitted to Mainland China	Remitted back to Taiwan									
Nanliu Enterprises (Pinghu) Ltd.	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	\$ 1,846,701	(Note 1)	\$ 1,487,607	\$ -	\$ -	\$ 1,487,607	\$ 227,010	100.00	\$ 225,948	\$ 2,426,958	\$ 466,244	—	
Zhuomei (Jiaxin) Biomedical Technology Co., Ltd.	Sales of knitted textiles, medical and hygiene products	442	(Note 2)	-	-	-	-	(80)	70.00	(58)	270	-	—	
Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investment in Mainland China by the Investment Commission of MOEA (Note 4)											
Nan Liu Enterprise Co., Ltd.	\$ 1,487,607	\$ 1,877,537	\$ 2,136,713											

(Note 1) Indirect investment in Mainland China through an existing company (Nanliu Enterprise (Samoa) Co., Ltd.) located in the third area.

(Note 2) The Company recognised income (loss) based on reviewed financial statements.

(Note 3) The ceiling amount is 60% of net assets or consolidated net assets (higher).

(Note 4) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances and carrying amounts were translated using the exchange rate as of September 30, 2024 (RMB:NTD 1:4.508); amounts of transactions were translated using the weighted-average exchange rate for the nine-month period ended September 30, 2024 (RMB:NTD 1:4.449).

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

For the nine-month period ended September 30, 2024

Table 9

Expressed in thousands of NTD

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing		Interest during the nine-month period ended September 30, 2024	Others		
	Amount	%	Amount	%	Balance at September 30, 2024	%	Balance at September 30, 2024	Purpose	Maximum balance during the nine-month period ended September 30, 2024	Balance at September 30, 2024			Interest rate	
Nanliu Enterprises (Pinghu) Ltd.	(\$ 493,040)	(34%)	\$ 3,233	-	(\$ 158,864)	(47%)	\$ -	—	\$ -	\$ -	—	\$ -	Gain on disposal	\$ 1,393

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Major shareholders information

September 30, 2024

Table 10

Name of the key shareholder	Shares	
	Common shares	Ownership (%)
Tianziding Investment Co., Ltd.	8,061,659	11.10%
Neizhuang Investment Co., Ltd.	6,769,924	9.32%
Huang Chin-San	5,288,978	7.28%
Bisiou Investment Co., Ltd.	5,090,929	7.01%
Jun-Yi Investment Co., Ltd.	4,973,000	6.84%

Notes: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded on the financial statements may be different from the actual number of shares issued in dematerialised form due to the different calculation basis.