NAN LIU ENTERPRISE CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REVIEW REPORT

JUNE 30, 2020 AND 2019

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 sheet of Nan Liu Enterprise Co., Ltd. and subsidiaries (the "Group") as of June 30, 2020, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, as well as the consolidated statements of changes in equity and of cash flows for the six-month period then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of 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" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity" in 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 review, 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 June 30, 2020, and of its consolidated financial performance for the three-month and six-month periods then ended and its consolidated cash flows for the six-month period then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Other matter– the prior period consolidated financial statements were reviewed by other auditors

The consolidated financial statements of the Group as of and for the three-month and six-month periods ended June 30, 2019 were reviewed by other auditors whose report dated August 12, 2019 expressed an unqualified conclusion on those statements.

Lin, Tzu-Shu

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan
Republic of China
August 11, 2020

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.

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

	Assets	Notes	June 30, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%	June 30, 2019 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,738,844	17	$ 1,310,313	13	$ 1,283,908	15
1136	Financial assets at amortised cost - current	6(1)(2) and 8	161,453	1	170,964	2	56,409	1
1150	Notes receivable, net	6(3) and 12	56,774	-	88,569	1	41,987	-
1170	Accounts receivable, net	6(3) and 12	1,612,264	16	1,254,190	13	1,273,383	14
1200	Other receivables		16,673	-	10,557	-	10,574	-
130X	Inventories	5 and 6(4)	1,060,775	10	941,608	10	836,481	10
1410	Prepayments		266,780	3	364,214	4	291,019	3
11XX	**Total current assets**		4,913,563	47	4,140,415	43	3,793,761	43
	Non-current assets							
1600	Property, plant and equipment	6(5)(8) and 8	4,532,173	44	4,366,569	46	3,981,558	46
1755	Right-of-use assets	6(6)	541,576	5	675,635	7	695,625	8
1760	Investment property, net	6(7)	16,118	-	16,981	-	-	-
1780	Intangible assets		552	-	351	-	600	-
1840	Deferred income tax assets	6(23)	26,489	-	29,182	-	27,802	-
1915	Prepayments for equipment	6(5)	158,060	2	161,063	2	155,292	2
1920	Guarantee deposits paid		48,482	1	40,349	1	15,769	-
1990	Other non-current assets		117,261	1	106,540	1	110,200	1
15XX	**Total non-current assets**		5,440,711	53	5,396,670	57	4,986,846	57
1XXX	**Total assets**		$ 10,354,274	100	$ 9,537,085	100	$ 8,780,607	100

(Continued)

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of June 30, 2020 and 2019 are reviewed, not audited)

			June 30, 2020		December 31, 2019		June 30, 2019	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(9)	$ 1,084,500	11	$ 1,370,000	14	$ 1,264,091	14
2110	Short-term notes and bills payable	6(10)	-	-	34,999	-	-	-
2130	Contract liabilities - current	6(16)	288,225	3	13,237	-	19,403	-
2150	Notes payable		689,865	7	668,764	7	438,500	5
2170	Accounts payable		728,080	7	553,124	6	461,727	5
2200	Other payables	6(15)	554,394	5	230,289	3	610,668	7
2230	Current income tax liabilities	6(23)	146,269	1	58,521	1	87,834	1
2280	Lease liabilities - current	6(6)	9,540	-	11,857	-	2,701	-
2320	Long-term liabilities, current portion	6(11) and 8	351,729	3	394,433	4	329,718	4
21XX	**Total current liabilities**		3,852,602	37	3,335,224	35	3,214,642	36
	Non-current liabilities							
2540	Long-term borrowings	6(11) and 8	2,790,180	27	2,505,237	26	2,019,730	23
2570	Deferred income tax liabilities	6(23)	13,079	-	19,358	-	10,679	-
2580	Lease liabilities - non-current	6(6)	373,275	4	492,830	5	504,686	6
2640	Net defined benefit liabilities - non-current	6(12)	73,604	1	77,924	1	76,850	1
2645	Guarantee deposits received		920	-	947	-	995	-
25XX	**Total non-current liabilities**		3,251,058	32	3,096,296	32	2,612,940	30
2XXX	**Total liabilities**		7,103,660	69	6,431,520	67	5,827,582	66
	Equity attributable to owners of parent							
	Share capital							
3110	Common stock	6(13)	726,000	7	726,000	8	726,000	8
3200	Capital surplus	6(14)	453,467	4	453,467	5	453,467	5
	Retained earnings	6(15)						
3310	Legal reserve		483,750	5	431,149	4	431,149	5
3320	Special reserve		382,531	4	264,937	3	264,937	3
3350	Unappropriated retained earnings		1,666,403	16	1,612,543	17	1,299,221	15
3400	Other equity interest		(461,537)	(5)	(382,531)	(4)	(221,749)	(2)
3XXX	**Total equity**		3,250,614	31	3,105,565	33	2,953,025	34
	Contingent liabilities and commitments	9						
3X2X	**Total liabilities and equity**		$ 10,354,274	100	$ 9,537,085	100	$ 8,780,607	100

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

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)
(REVIEWED, NOT AUDITED)

			Three months ended June 30				Six months ended June 30			
			2020		2019		2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(16)	$ 2,564,843	100	$ 1,642,889	100	$ 4,133,282	100	$ 3,250,579	100
5000	Operating costs	6(4)(6)(12)(21)(22) and 7	(1,853,577)	(72)	(1,344,614)	(82)	(3,100,067)	(75)	(2,682,548)	(83)
5900	Net operating margin		711,266	28	298,275	18	1,033,215	25	568,031	17
	Operating expenses	6(6)(12)(21)(22), 7 and 12								
6100	Selling expenses		(61,461)	(2)	(59,412)	(4)	(120,282)	(3)	(120,149)	(4)
6200	General and administrative expenses		(62,645)	(3)	(59,394)	(4)	(122,089)	(3)	(136,295)	(4)
6300	Research and development expenses		(14,344)	(1)	(9,307)	-	(23,549)	-	(19,005)	-
6450	Expected credit losses		-	-	(1,349)	-	-	-	(1,349)	-
6000	Total operating expenses		(138,450)	(6)	(129,462)	(8)	(265,920)	(6)	(276,798)	(8)
6900	Operating profit		572,816	22	168,813	10	767,295	19	291,233	9
	Non-operating income and expenses									
7100	Interest income	6(2)(17)	7,499	-	5,212	-	14,681	-	8,699	-
7010	Other income	6(18)	7,910	1	6,159	-	16,175	-	38,825	1
7020	Other gains and losses	6(5)(8)(19)(21) and 12	(21,649)	(1)	1,561	-	2,604	-	(589)	-
7050	Finance costs	6(5)(6)(20)	(9,220)	-	(5,689)	-	(18,909)	-	(13,077)	-
7000	Total non-operating income and expenses		(15,460)	-	7,243	-	14,551	-	33,858	1
7900	**Profit before income tax**		557,356	22	176,056	10	781,846	19	325,091	10
7950	Income tax expense	6(23)	(149,166)	(6)	(83,930)	(5)	(231,091)	(6)	(118,257)	(3)
8200	**Profit for the period**		$ 408,190	16	$ 92,126	5	$ 550,755	13	$ 206,834	7
	Other comprehensive income									
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Exchange differences on translation		($ 54,372)	(2)	($ 37,695)	(2)	($ 79,006)	(2)	$ 43,188	1
8300	**Other comprehensive (loss) income for the period**		($ 54,372)	(2)	($ 37,695)	(2)	($ 79,006)	(2)	$ 43,188	1
8500	**Total comprehensive income for the period**		$ 353,818	14	$ 54,431	3	$ 471,749	11	$ 250,022	8
	Profit attributable to:									
8610	Owners of the parent		$ 408,190	16	$ 92,126	5	$ 550,755	13	$ 206,834	7
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 353,818	14	$ 54,431	3	$ 471,749	11	$ 250,022	8
	Earnings per share (in dollars)	6(24)								
9750	Basic		$ 5.62		$ 1.27		$ 7.59		$ 2.85	
9850	Diluted		$ 5.62		$ 1.27		$ 7.58		$ 2.85	

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
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

		Equity attributable to owners of the parent						
				Retained Earnings			Other Equity Interest	
	Notes	Share capital – common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
For the six-month period ended June 30, 2019								
Balance at January 1, 2019		$ 726,000	$ 453,467	$ 371,872	$ 193,201	$ 1,586,400	($ 264,937)	$ 3,066,003
Profit for the period		-	-	-	-	206,834	-	206,834
Other comprehensive income for the period		-	-	-	-	-	43,188	43,188
Total comprehensive income		-	-	-	-	206,834	43,188	250,022
Distribution of 2018 net income								
Legal reserve		-	-	59,277	-	(59,277)	-	-
Special reserve	6(15)	-	-	-	71,736	(71,736)	-	-
Cash dividends	6(15)	-	-	-	-	(363,000)	-	(363,000)
Balance at June 30, 2019		$ 726,000	$ 453,467	$ 431,149	$ 264,937	$ 1,299,221	($ 221,749)	$ 2,953,025
For the six-month period ended June 30, 2020								
Balance at January 1, 2020		$ 726,000	$ 453,467	$ 431,149	$ 264,937	$ 1,612,543	($ 382,531)	$ 3,105,565
Profit for the period		-	-	-	-	550,755	-	550,755
Other comprehensive loss for the period		-	-	-	-	-	(79,006)	(79,006)
Total comprehensive income (loss)		-	-	-	-	550,755	(79,006)	471,749
Distribution of 2019 net income								
Legal reserve		-	-	52,601	-	(52,601)	-	-
Special reserve	6(15)	-	-	-	117,594	(117,594)	-	-
Cash dividends	6(15)	-	-	-	-	(326,700)	-	(326,700)
Balance at June 30, 2020		$ 726,000	$ 453,467	$ 483,750	$ 382,531	$ 1,666,403	($ 461,537)	$ 3,250,614

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

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the six-month periods ended June 30, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 781,846	$ 325,091
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses	12	-	1,349
Provision for inventory market price decline	6(4)	-	7,900
Depreciation	6(5)(6)(7)(21)	176,361	134,035
Loss on disposal of property, plant and equipment	6(19)	12	115
Gain on reversal of impairment loss on property, plant and equipment	6(5)(8)(19)	-	(548)
Amortisation	6(21)	270	243
Amortisation of other non-current assets		9,813	10,238
Interest income	6(17)	(14,681)	(8,699)
Interest expense	6(20)	18,909	13,077
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		31,795	44,062
Accounts receivable		(357,422)	76,034
Other receivables		(3,349)	29,688
Inventories		(116,640)	177,739
Prepayments		97,434	80,387
Changes in operating liabilities			
Contract liabilities - current		274,988	(3,315)
Notes payable		33,792	(125,502)
Accounts payable		174,956	(142,287)
Other payables		(20,577)	14,095
Net defined benefit liabilities - non-current		(4,320)	283
Cash inflow generated from operations		1,083,187	633,985
Interest received		11,914	7,970
Income tax paid		(144,656)	(211,157)
Net cash flows from operating activities		950,445	430,798

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NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(REVIEWED, NOT AUDITED)

	Notes	For the six-month periods ended June 30, 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost - current		($ 55,075)	($ 23,871)
Repayment of principal at maturity from financial assets at amortised cost - current		55,206	38,462
Cash paid for acquisition of property, plant and equipment	6(25)	(198,492)	(89,441)
Interest paid for acquisition of property, plant and equipment	6(5)(20)(25)	(1,540)	(4,792)
Increase in intangible assets		(485)	-
Increase in prepayment for equipment		(170,718)	(289,343)
Increase in guarantee deposit paid		(8,295)	(1,000)
Increase in other non-current assets		(21,278)	(80,913)
Net cash flows used in investing activities		(400,677)	(450,898)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(19,489)	(13,560)
(Decrease) increase in short-term borrowings	6(26)	(285,500)	194,191
Decrease in short-term notes and bills payable	6(26)	(34,999)	-
Payments of lease liabilities	6(26)	(4,110)	(9,544)
Increase in long-term borrowings	6(26)	1,360,569	386,288
Decrease in long-term borrowings	6(26)	(1,118,330)	(364,632)
Net cash flows (used in) from financing activities		(101,859)	192,743
Effect of foreign exchange rate changes		(19,378)	22,012
Net increase in cash and cash equivalents		428,531	194,655
Cash and cash equivalents at beginning of period	6(1)	1,310,313	1,089,253
Cash and cash equivalents at end of period	6(1)	$ 1,738,844	$ 1,283,908

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 SIX-MONTH PERIODS ENDED JUNE 30, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Reviewed, not audited)

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, please 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 authorized for issuance by the Board of Directors on August 11, 2020.
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") as endorsed by the Financial Supervisory Commission ("FSC")
   New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7 ,'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020

   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 IFRSs as endorsed by the FSC but not yet adopted by the Group
   None.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 4,'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts – cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

4. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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' as endorsed by the FSC.

(2) Basis of preparation

A. Except for the 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 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:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investors	Name of subsidiaries	Main business activities	Percentage owned by the Group (%)			Note
			June 30, 2020	December 31, 2019	June 30, 2019	
Nan Liu Enterprise Co., Ltd.	Nanliu Enterprise (Samoa) Co., Ltd.	General investment	100.00	100.00	100.00	–
Nan Liu Enterprise Co., Ltd.	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	–	(Note)
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 Enterprise (Samoa) Co., Ltd.	Nanliu Manufaturing (India) Private Limited	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	100.00	100.00	100.00	–

(Note) Established in July 2019.

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) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other gains and losses'.

B. Translation of foreign operations

The financial performance and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(e) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Notes and accounts receivable

A. Notes and accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term notes and accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. When the cost of inventories exceeds the net realisable value, the amount of any write-down of inventories is recognised as cost of sales during the period; and the amount of any reversal of inventory write-down is recognised as a reduction in cost of sales during the period.

(10) Impairment of financial assets

For financial assets at amortised cost at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset	Useful lives
Buildings	10 ~ 50 years
Machinery	2 ~ 15 years
Utility equipment	2 ~ 15 years
Transportation equipment	2 ~ 5 years
Office equipment	2 ~ 5 years
Other equipment	2 ~ 15 years

(13) Leasing arrangements (lessee) — right-of-use assets / lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between the remeasured lease liability in profit or loss.

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. It is depreciated on a straight-line basis over its estimated useful life of 20 years.

(15) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 years.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the lifetime using the effective interest method.

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. 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.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(21) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. 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.

F. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(22) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells nonwoven, wet napkins and facial mask. Sales are recognised when control of the products has transferred, being when the products are delivered to the customers, the customers has full discretion over the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated output tax, sales returns and discounts. Accumulated experience is used to estimate and provide for the sales returns and discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. The sales usually are made with a credit term which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(25) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year. The related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the change in market demand and sales strategy, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of June 30, 2020, the carrying amount of inventories was $ 1,060,775.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2020	December 31, 2019	June 30, 2019
Cash:			
Cash on hand and petty cash	$ 2, 559	$ 2, 170	$ 2, 456
Checking accounts and demand deposits	1, 143, 090	863, 849	1, 018, 024
	1, 145, 649	866, 019	1, 020, 480
Cash equivalents:			
Time deposits	593, 195	444, 294	263, 428
	$ 1, 738, 844	$ 1, 310, 313	$ 1, 283, 908

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 June 30, 2020, December 31, 2019 and June 30, 2019, the Group's time deposits maturing between three months and one year were reclassified as 'Current financial assets at amortised cost' in the amount of $161,453, $170,964 and $23,871, respectively.

C. Details of the Group's cash and cash equivalents pledged to others as collateral (listed as "Current financial assets at amortised cost") as of June 30, 2019 is described in Note 8, 'Pledged assets'. Additionally, as of June 30, 2020 and December 31, 2019, the Group has no cash and cash equivalents pledged to others.

(2) Financial assets at amortised cost - current

Items	June 30, 2020	December 31, 2019	June 30, 2019
Time deposits maturing over three months	$ 161, 453	$ 170, 964	$ 23, 871
Restricted demand deposits	-	-	32, 538
	$ 161, 453	$ 170, 964	$ 56, 409

A. The Group recognised interest income in profit or loss on financial assets at amortised cost amounting to \$2,276, \$199, \$4,636 and \$407 (listed as "Interest income") for the three-month and six-month periods ended June 30, 2020 and 2019, respectively.

B. As of June 30, 2020, December 31, 2019 and June 30, 2019, 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. Details of the Group's financial assets at amortised cost pledged to others as collateral as of June 30, 2020, December 31, 2019 and June 30, 2019 are provided in Note 8, 'Pledged assets'.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2), 'Financial instruments'.

(3) Notes and accounts receivable, net

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	\$ 60, 281	\$ 92, 076	\$ 42, 987
Less: Allowance for uncollectible accounts	(3, 507)	(3, 507)	(1, 000)
	\$ 56, 774	\$ 88, 569	\$ 41, 987

	June 30, 2020	December 31, 2019	June 30, 2019
Accounts receivable	\$ 1, 643, 469	\$ 1, 286, 047	\$ 1, 305, 234
Less: Allowance for uncollectible accounts	(31, 205)	(31, 857)	(31, 851)
	\$ 1, 612, 264	\$ 1, 254, 190	\$ 1, 273, 383

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

	June 30, 2020		December 31, 2019	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$ 60, 281	\$ 1, 500, 261	\$ 88, 568	\$ 1, 109, 257
Up to 60 days	-	104, 013	-	153, 006
61 to 90 days	-	16, 288	-	9, 152
91 to 180 days	-	19, 185	-	10, 064
Over 180 days	-	3, 722	3, 508	4, 568
	\$ 60, 281	\$ 1, 643, 469	\$ 92, 076	\$ 1, 286, 047

	June 30, 2019	
	Notes receivable	Accounts receivable
Not past due	$ 41,987	$ 935,094
Up to 60 days	-	331,324
61 to 90 days	-	32,570
91 to 180 days	-	810
Over 180 days	1,000	5,436
	$ 42,987	$ 1,305,234

The above ageing analysis was based on past due date.

B. As of June 30, 2020, December 31, 2019 and June 30, 2019, notes and accounts receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to $1,470,053.

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

	June 30, 2020		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 6,320	($ 2,626)	$ 3,694
Raw materials	501,012	(22,784)	478,228
Inventory in transit	17,695	-	17,695
Supplies	76,197	(2,773)	73,424
Work in progress	13,753	(2,266)	11,487
Finished goods	492,281	(16,034)	476,247
	$ 1,107,258	($ 46,483)	$ 1,060,775

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 11,494	($ 2,945)	$ 8,549
Raw materials	423,423	(23,075)	400,348
Inventory in transit	11,678	-	11,678
Supplies	56,954	(2,900)	54,054
Work in progress	14,001	(2,477)	11,524
Finished goods	473,068	(17,613)	455,455
	$ 990,618	($ 49,010)	$ 941,608

	June 30, 2019		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 6, 802	($ 2, 673)	$ 4, 129
Raw materials	345, 583	(19, 899)	325, 684
Inventory in transit	13, 228	-	13, 228
Supplies	60, 305	(2, 832)	57, 473
Work in progress	15, 179	(2, 101)	13, 078
Finished goods	440, 494	(17, 605)	422, 889
	$ 881, 591	($ 45, 110)	$ 836, 481

The cost of inventories recognised as expense for the period:

	For the three-month periods ended June 30,	
	2020	2019
Cost of goods sold	$ 1, 850, 350	$ 1, 340, 808
Under-applied fixed manufacturing overhead	11, 589	5, 192
Loss on scrapped inventories	2, 449	7, 376
Gain on physical inventory	(63)	(657)
Income from sale of scraps	(10, 748)	(8, 105)
	$ 1, 853, 577	$ 1, 344, 614

	For the six-month periods ended June 30,	
	2020	2019
Cost of goods sold	$ 3, 096, 370	$ 2, 674, 793
Under-applied fixed manufacturing overhead	21, 739	8, 142
Loss on decline in market value	-	7, 900
Loss on scrapped inventories	3, 781	9, 350
Gain on physical inventory	(63)	(657)
Income from sale of scraps	(21, 760)	(16, 980)
	$ 3, 100, 067	$ 2, 682, 548

(5) Property, plant and equipment

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
January 1, 2020									
Cost	$57,310	$1,502,345	$2,820,377	$192,258	$ 62,269	$19,705	$205,592	$ 2,173,551	$7,033,407
Accumulated depreciation	-	(337,396)	(2,042,301)	(141,729)	(37,793)	(18,756)	(79,050)	-	(2,657,025)
Accumulated impairment	-	(9,813)	-	-	-	-	-	-	(9,813)
	$57,310	$1,155,136	$ 778,076	$ 50,529	$ 24,476	$ 949	$126,542	$ 2,173,551	$4,366,569
For the six-month period ended June 30, 2020									
At January 1	$57,310	$1,155,136	$ 778,076	$ 50,529	$ 24,476	$ 949	$126,542	$ 2,173,551	$4,366,569
Additions-cost	-	9,204	38,568	18,650	500	-	3,100	135,881	205,903
Transfer from Prepayments for equipment	-	7,215	1,430,844	164,799	12,634	-	5,897	(1,447,668)	173,721
Depreciation	-	(22,229)	(123,913)	(9,800)	(4,517)	(167)	(7,397)	-	(168,023)
Disposals-cost	-	-	(1,201)	(209)	-	(361)	(194)	-	(1,965)
-accumulated depreciation	-	-	1,201	209	-	349	194	-	1,953
Net exchange differences	-	(10,923)	(16,236)	(1,052)	(300)	(14)	(472)	(16,988)	(45,985)
At June 30	$57,310	$1,138,403	$2,107,339	$223,126	$ 32,793	$ 756	$127,670	$ 844,776	$4,532,173
June 30, 2020									
Cost	$57,310	$1,507,110	$4,244,457	$373,808	$ 74,663	$19,173	$213,032	$ 844,776	$7,334,329
Accumulated depreciation	-	(358,894)	(2,137,118)	(150,682)	(41,870)	(18,417)	(85,362)	-	(2,792,343)
Accumulated impairment	-	(9,813)	-	-	-	-	-	-	(9,813)
	$57,310	$1,138,403	$2,107,339	$223,126	$ 32,793	$ 756	$127,670	$ 844,776	$4,532,173

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
January 1, 2019									
Cost	$57, 310	$ 714, 643	$2, 797, 105	$190, 636	$ 58, 331	$20, 190	$107, 715	$ 2, 289, 171	$6, 235, 101
Accumulated depreciation	-	(297, 723)	(1, 945, 155)	(135, 598)	(33, 377)	(18, 884)	(67, 314)	-	(2, 498, 051)
Accumulated impairment	-	(10, 909)	-	-	-	-	-	-	(10, 909)
	$57, 310	$ 406, 011	$ 851, 950	$ 55, 038	$ 24, 954	$ 1, 306	$ 40, 401	$ 2, 289, 171	$3, 726, 141
For the six-month period ended June 30, 2019									
At January 1	$57, 310	$ 406, 011	$ 851, 950	$ 55, 038	$ 24, 954	$ 1, 306	$ 40, 401	$ 2, 289, 171	$3, 726, 141
Additions-cost	-	4, 616	12, 130	2, 653	-	178	1, 221	121, 574	142, 372
Transfer from Prepayments for equipment	-	738, 432	15, 244	5, 040	7, 235	-	90, 253	(630, 137)	226, 067
Depreciation	-	(22, 537)	(88, 742)	(4, 842)	(4, 130)	(294)	(7, 166)	-	(127, 711)
Disposals-cost	-	-	(677)	-	-	(408)	(628)	-	(1, 713)
-accumulated depreciation	-	-	580	-	-	391	627	-	1, 598
Reversal of impairment loss	-	548	-	-	-	-	-	-	548
Net exchange differences	-	5, 668	7, 140	(571)	187	7	715	1, 110	14, 256
At June 30	$57, 310	$ 1, 132, 738	$ 797, 625	$ 57, 318	$ 28, 246	$ 1, 180	$125, 423	$ 1, 781, 718	$3, 981, 558
June 30, 2019									
Cost	$57, 310	$ 1, 461, 963	$2, 849, 334	$195, 813	$ 65, 912	$20, 035	$199, 101	$ 1, 781, 718	$6, 631, 186
Accumulated depreciation	-	(318, 864)	(2, 051, 709)	(138, 495)	(37, 666)	(18, 855)	(73, 678)	-	(2, 639, 267)
Accumulated impairment	-	(10, 361)	-	-	-	-	-	-	(10, 361)
	$57, 310	$ 1, 132, 738	$ 797, 625	$ 57, 318	$ 28, 246	$ 1, 180	$125, 423	$ 1, 781, 718	$3, 981, 558

A. As of June 30, 2020, December 31, 2019 and June 30, 2019, the Group's property, plant and equipment are all for own use.

B. Amount of borrowing costs capitalised and the range of the interest rates for such capitalisation are as follows:

	For the three-month periods ended June 30, 2020	For the three-month periods ended June 30, 2019
Amount capitalised	$ -	$ 2,415
Interest rate range	$ -	0.81%~1.15%

	For the six-month periods ended June 30, 2020	For the six-month periods ended June 30, 2019
Amount capitalised	$ 1,540	$ 4,792
Interest rate range	0.86%~0.91%	0.81%~1.15%

C. For more information regarding the Group's property, plant and equipment pledged to others as of June 30, 2020, December 31, 2019 and June 30, 2019, please refer to Note 8, 'Pledged assets'.

D. Impairment information about the property, plant and equipment is provided in Note 6(8), 'Impairment of non-financial assets'.

(6) Leasing arrangements—lessee

A. The Group leases various assets including land and transportation equipment. Rental contracts are typically made for periods of 1 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 permissions from a lessor.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Carrying amount		
	June 30, 2020	December 31, 2019	June 30, 2019
Land	$ 541,398	$ 675,235	$ 694,982
Transportation equipment	178	400	643
	$ 541,576	$ 675,635	$ 695,625

	Depreciation charge	
	For the three-month periods ended June 30,	
	2020	2019
Land	$ 3,926	$ 810
Transportation equipment	101	121
	$ 4,027	$ 931

	Depreciation charge	
	For the six-month periods ended June 30,	
	2020	2019
Land	$ 7,710	$ 6,081
Transportation equipment	223	243
	$ 7,933	$ 6,324

C. For the three-month and six-month periods ended June 30, 2020 and 2019, the additions to right-of-use assets were $－, $－, $1,005 and $－, respectively.

D. The Group leases 12 parcels of land including No. 9, Sec. Daitianfu, Yanchao Dist., Kaohsiung City from Taiwan Sugar Corporation ('Taiwan Sugar Corp.'). The Group uses the land to set up plants, which met the requirements of Taiwan Sugar Corp.'s rental adjustment plan, and therefore the Group's annual rental of land leased from Taiwan Sugar Corp. could be decreased. The Group decreased both right-of-use assets and lease liabilities amounting to $118,767 for the three-month period ended June 30, 2020 after reassessing the decreased rental.

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

	For the three-month periods ended June 30,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 346	$ 1,019
Expense on short-term lease contracts	535	306
Expense on leases of low-value assets	64	40
	$ 945	$ 1,365

	For the six-month periods ended June 30,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,015	$ 2,046
Expense on short-term lease contracts	989	612
Expense on leases of low-value assets	112	81
	$ 2,116	$ 2,739

F. For the three-month and six-month periods ended June 30, 2020 and 2019, the Group's total cash outflow for leases were $2,740, $3,365, $6,226 and $12,283, respectively.

(7) Investment property, net

	For the six-month period ended June 30, 2020	
	Buildings	
Opening book amount as at January 1		
Cost	$	17,181
Accumulated depreciation	(	200)
	$	16,981
At January 1	$	16,981
Depreciation	(	405)
Net exchange differences	(	458)
At June 30	$	16,118
Closing book amount as at June 30		
Cost	$	16,710
Accumulated depreciation	(	592)
	$	16,118

A. There was no such situation for the six-month period ended June 30, 2019.

B. The fair value of the investment property held by the Group as at June 30, 2020 and December 31, 2019 were both $17,915, 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 six-month period ended June 30, 2020.

D. As of June 30, 2020 and December 31, 2019, no investment property held by the Group was pledged to others.

(8) 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. The Group did not recognise impairment loss for the three-month and six-month periods ended June 30, 2020 and 2019 and gain on reversal of impairment loss on certain property, plant and equipment (listed as "Other gains and losses") amounted to $—, $274, $— and $548, respectively.

B. The gain on reversal of impairment loss reported by operating segments is as follows:

Segment	For the three-month period ended June 30, 2019	
	Recognised in profit or loss	Recognised in other comprehensive income
Nan Liu Enterprise Co., Ltd.	$ 274	$ -

Segment	For the six-month period ended June 30, 2019	
	Recognised in profit or loss	Recognised in other comprehensive income
Nan Liu Enterprise Co., Ltd.	$ 548	$ -

There was no such situation for the six-month period ended June 30, 2020.

C. As of June 30, 2020, December 31, 2019 and June 30, 2019, the balances for accumulated impairment of property, plant and equipment were $9,813, $9,813 and $10,361, respectively.

(9) Short-term borrowings

Type of borrowings	June 30, 2020	Interest rate range	Collateral
Unsecured bank borrowings	$ 1, 084, 500	0. 70%~0. 79%	None

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Unsecured bank borrowings	$ 1, 370, 000	0. 81%~0. 91%	None

Type of borrowings	June 30, 2019	Interest rate range	Collateral
Unsecured bank borrowings	$ 1, 264, 091	0. 81%~1. 00%	None

For more information on interest expense recognised in profit or loss by the Group for the three-month and six-month periods ended June 30, 2020 and 2019, please refer to Note 6(20), 'Finance costs'.

(10) Short-term notes and bills payable

	December 31, 2019	Interest rate range	Collateral
Commercial papers payable	$ 35, 000	0. 55%~0. 75%	None
Less: Unamortised discount	(1)		
	$ 34, 999		

A. There was no commercial papers payable as of June 30, 2020 and 2019.

B. The above commercial papers were issued and secured by Dah Chung Bills Finance Corporation and China Bills Finance Corporation.

C. For more information on interest expense recognised in profit or loss by the Group for the three-month and six-month periods ended June 30, 2020 and 2019, please refer to Note 6(20), 'Finance costs'.

(11) Long-term borrowings

Type of borrowings	Range of maturity dates	Range of interest rates	Collateral	June 30, 2020
Unsecured bank borrowings	9. 2021～5. 2030	0. 095%～1. 05%	None	$ 2, 851, 961
Secured borrowings	9. 2020～9. 2022	1. 00%	Machinery (Note 1)	289, 948
				3, 141, 909
Less: Current portion				(351, 729)
				$ 2, 790, 180

Type of borrowings	Range of maturity dates	Range of interest rates	Collateral	December 31, 2019
Unsecured bank borrowings	3. 2020～6. 2026	0. 095%～1. 15%	None	$ 2, 541, 881
Secured borrowings	3. 2020～9. 2022	1. 00%	(Notes 1 and 2)	357, 789
				2, 899, 670
Less: Current portion				(394, 433)
				$ 2, 505, 237

Type of borrowings	Range of maturity dates	Range of interest rates	Collateral	June 30, 2019
Unsecured bank borrowings	2. 2020～9. 2025	1. 05%～1. 15%	None	$ 1, 972, 592
Secured borrowings	12. 2019～9. 2022	1. 12%	(Notes 1 and 2)	376, 856
				2, 349, 448
Less: Current portion				(329, 718)
				$ 2, 019, 730

(Note 1) Jointly guaranteed by Huang Chin-San and Huang Ho-Chun.

(Note 2) As machinery pledged as collateral for borrowings is still under installation, the lending bank would be given the first priority mortgage on the property after the machinery is assembled.

For more information on interest expense recognised in profit or loss by the Group for the three-month and six-month periods ended June 30, 2020 and 2019, please refer to Note 6(20), 'Finance costs'.

(12) 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 six-month periods ended June 30, 2020 and 2019 were $394, $370, $789 and $739, respectively.

(b) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to $958.

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. (Note) Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group (listed as "Operating costs" and "Operating expenses") for the three-month and six-month periods ended June 30, 2020 and 2019 were $3,017, $2,938, $6,578 and $8,444, respectively.

(Note) Due to the impact of the COVID-19 pandemic, no pension contribution was required to be made for certain subsidiaries from February 2020 to December 2020 in accordance with their respective local government preferential policies.

(13) Share capital

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

	For the six-month periods ended June 30,	
	2020	2019
Beginning and ending number of shares	72,600	72,600

B. As of June 30, 2020, 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.

(14) 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.

(15) 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. For the year ended December 31, 2020 and 2019, the Company set aside special reserve amounting to $117,594 and $71,736, respectively because of the increase in the debit balance on other equity arising from currency translation differences. As of June 30, 2020 and 2019, the accumulated amount of special reserve that has been set aside as required under the regulations was $382,531 and $264,937, respectively, and shall not be distributed as dividends.

(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 amounting to $326,700 ($4.5 (in dollars) per share as cash dividend) and $363,000 ($5 (in dollars) per share as cash dividend) for the years ended December 31, 2020 and 2019, respectively. The cash dividends for 2020 which was listed as "Other payables" has not yet been distributed.

(16) Operating revenue

	For the three-month periods ended June 30,	
	2020	2019
Revenue from contracts with customers	$ 2,564,843	$ 1,642,289

	For the six-month periods ended June 30,	
	2020	2019
Revenue from contracts with customers	$ 4,133,282	$ 3,250,579

A. Disaggregation of revenue from contracts with customers

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

	For the three-month period ended June 30, 2020		
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Total
Biotechnology	$ 359, 609	$ 429, 559	$ 789, 168
Spunlace nonwovens	626, 461	191, 967	818, 428
Air-through nonwovens	156, 370	448, 658	605, 028
Disposable surgical gowns	103, 580	248, 639	352, 219
	$ 1, 246, 020	$ 1, 318, 823	$ 2, 564, 843

	For the three-month period ended June 30, 2019		
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Total
Biotechnology	$ 206, 704	$ 406, 312	$ 613, 016
Spunlace nonwovens	332, 217	115, 795	448, 012
Air-through nonwovens	107, 629	292, 601	400, 230
Disposable surgical gowns	83, 988	97, 643	181, 631
	$ 730, 538	$ 912, 351	$ 1, 642, 889

	For the six-month period ended June 30, 2020		
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Total
Biotechnology	$ 603, 218	$ 730, 351	$ 1, 333, 569
Spunlace nonwovens	955, 463	297, 643	1, 253, 106
Air-through nonwovens	345, 541	691, 746	1, 037, 287
Disposable surgical gowns	195, 806	313, 514	509, 320
	$ 2, 100, 028	$ 2, 033, 254	$ 4, 133, 282

	For the six-month period ended June 30, 2019		
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Total
Biotechnology	$ 387, 541	$ 709, 357	$ 1, 096, 898
Spunlace nonwovens	657, 439	276, 573	934, 012
Air-through nonwovens	252, 757	582, 764	835, 521
Disposable surgical gowns	169, 312	214, 836	384, 148
	$ 1, 467, 049	$ 1, 783, 530	$ 3, 250, 579

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

	June 30, 2020	December 31, 2019
Contract liabilities - current	$ 288, 225	$ 13, 237

	June 30, 2019	January 1, 2019
Contract liabilities - current	$ 19, 403	$ 22, 718

Revenue recognised that was included in the contract liability balance at the beginning of the three-month and six-month periods ended June 30, 2020 and 2019 were $1,395, $9,968, $8,975 and $17,560, respectively.

(17) Interest income

	For the three-month periods ended June 30,	
	2020	2019
Bank deposits	$ 5, 223	$ 5, 013
Financial assets at amortised cost	2, 276	199
	$ 7, 499	$ 5, 212

	For the six-month periods ended June 30,	
	2020	2019
Bank deposits	$ 10, 045	$ 8, 292
Financial assets at amortised cost	4, 636	407
	$ 14, 681	$ 8, 699

(18) Other income

	For the three-month periods ended June 30,	
	2020	2019
Other income	$ 7,910	$ 6,159

	For the six-month periods ended June 30,	
	2020	2019
Other income	$ 16,175	$ 38,825

(19) Other gains and losses

	For the three-month periods ended June 30,	
	2020	2019
Gain on reversal of impairment loss on property, plant and equipment	$ -	$ 274
Net loss on disposal of property, plant and equipment	(5)	(115)
Net currency exchange (loss) gain	(21,331)	1,565
Other losses	(313)	(163)
	($ 21,649)	$ 1,561

	For the six-month periods ended June 30,	
	2020	2019
Gain on reversal of impairment loss on property, plant and equipment	$ -	$ 548
Net loss on disposal of property, plant and equipment	(12)	(115)
Net currency exchange gain (loss)	3,786	(289)
Other losses	(1,170)	(733)
	$ 2,604	($ 589)

(20) Finance costs

	For the three-month periods ended June 30,	
	2020	2019
Interest expense:		
Bank borrowings	$ 8,874	$ 7,085
Interest expense on lease liabilities	346	1,019
	9,220	8,104
Less: Capitalisation of qualifying assets	-	(2,415)
	$ 9,220	$ 5,689

	For the six-month periods ended June 30,	
	2020	2019
Interest expense:		
Bank borrowings	$ 19,434	$ 15,823
Interest expense on lease liabilities	1,015	2,046
	20,449	17,869
Less: Capitalisation of qualifying assets	(1,540)	(4,792)
	$ 18,909	$ 13,077

(21) Expenses by nature

	For the three-month period ended June 30, 2020		
	Operating cost	Operating expense (Note)	Total
Employee benefit expenses	$ 129,829	$ 41,296	$ 171,125
Depreciation charges	88,658	5,809	94,467
Amortisation charges	77	43	120

	For the three-month period ended June 30, 2019		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 88,285	$ 29,164	$ 117,449
Depreciation charges	60,684	5,435	66,119
Amortisation charges	112	6	118

	For the six-month period ended June 30, 2020		
	Operating cost	Operating expense (Note)	Total
Employee benefit expenses	$ 229,272	$ 78,065	$ 307,337
Depreciation charges	164,918	11,443	176,361
Amortisation charges	184	86	270

	For the six-month period ended June 30, 2019		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 179,795	$ 64,204	$ 243,999
Depreciation charges	122,125	11,910	134,035
Amortisation charges	223	20	243

(Note) Including transactions listed as “Other gains and losses”.

(22) Employee benefit expense

	For the three-month period ended June 30, 2020		
	Operating cost	Operating expense	Total
Wages and salaries	$ 112,160	$ 36,991	$ 149,151
Labor and health insurance expense	6,827	1,858	8,685
Pension costs	2,470	941	3,411
Other personnel expenses	8,372	1,506	9,878
	$ 129,829	$ 41,296	$ 171,125

	For the three-month period ended June 30, 2019		
	Operating cost	Operating expense	Total
Wages and salaries	$ 74,471	$ 24,009	$ 98,480
Labor and health insurance expense	5,526	1,620	7,146
Pension costs	2,619	689	3,308
Other personnel expenses	5,669	2,846	8,515
	$ 88,285	$ 29,164	$ 117,449

	For the six-month period ended June 30, 2020		
	Operating cost	Operating expense	Total
Wages and salaries	$ 195,489	$ 68,936	$ 264,425
Labor and health insurance expense	13,011	3,605	16,616
Pension costs	5,395	1,972	7,367
Other personnel expenses	15,377	3,552	18,929
	$ 229,272	$ 78,065	$ 307,337

	For the six-month period ended June 30, 2019		
	Operating cost	Operating expense	Total
Wages and salaries	$ 146,417	$ 52,285	$ 198,702
Labor and health insurance expense	14,929	3,782	18,711
Pension costs	7,209	1,974	9,183
Other personnel expenses	11,240	6,163	17,403
	$ 179,795	$ 64,204	$ 243,999

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 six-month periods ended June 30, 2020 and 2019, employees' compensation was accrued at $7,331, $2,215, $10,272 and $4,175, respectively; while directors' remuneration was accrued at $5,075, $1,534, $7,111 and $2,891, 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 $7,558 and $5,232 recognised in the 2019 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.

(23) Income tax

A. Components of income tax expense

	For the three-month periods ended June 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	$ 162,998	$ 81,834
Tax on undistributed surplus earnings	-	4,938
Prior year income tax over estimation	(11,985)	(45)
Total current income tax	151,013	86,727
Deferred tax:		
Origination and reversal of temporary differences	(1,847)	(2,797)
Income tax expense	$ 149,166	$ 83,930

	For the six-month periods ended June 30,	
	2020	2019
Current tax:		
Current tax on profits for the period	$ 246,662	$ 115,655
Tax on undistributed surplus earnings	-	4,938
Prior year income tax over estimation	(11,985)	(45)
Total current income tax	234,677	120,548
Deferred tax:		
Origination and reversal of temporary differences	(3,586)	(2,291)
Income tax expense	$ 231,091	$ 118,257

B.The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority. As of August 11, 2020, there was no administrative lawsuit.

(24) Earnings per share

	For the three-month period ended June 30, 2020		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 408,190	72,600	$ 5.62
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 408,190	72,600	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	40	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 408,190	72,640	$ 5.62

	For the three-month period ended June 30, 2019		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 92, 126	72, 600	$ 1. 27
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 92, 126	72, 600	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	26	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 92, 126	72, 626	$ 1. 27

	For the six-month period ended June 30, 2020		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 550, 755	72, 600	$ 7. 59
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 550, 755	72, 600	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	58	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 550, 755	72, 658	$ 7. 58

	For the six-month period ended June 30, 2019		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 206, 834	72, 600	$ 2. 85
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 206, 834	72, 600	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	26	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 206, 834	72, 626	$ 2. 85

(25) Supplemental cash flow information

A. Investing activities with partial cash payments

	For the six-month periods ended June 30,	
	2020	2019
(a) Purchase of property, plant and equipment	$ 205, 903	$ 142, 372
Add: Opening balance of notes payable	18, 723	5, 901
Opening balance of other payables	34, 226	18, 925
Less: Ending balance of notes payable	(6, 032)	(6, 846)
Ending balance of other payables	(52, 788)	(66, 119)
Capitalisation of interest	(1, 540)	(4, 792)
Cash paid for purchase of property, plant and equipment	$ 198, 492	$ 89, 441
(b) Cash dividends declared but not paid	$ 326, 700	$ 363, 000
Less: Ending balance of other payables	(326, 700)	363, 000
Cash paid for distribution of cash dividends	$ -	$ -

B. Investing activities with no cash flow effect:

	For the six-month periods ended June 30,	
	2020	2019
(a) Write-off of doubtful accounts from accounts receivable	$ -	$ 499
(b) Prepayments for equipment transferred to property, plant and equipment	$ 173, 721	$ 226, 067
(c) Write-off of doubtful accounts from long-term receivables	$ -	$ 30

(26) Changes in liabilities from financing activities

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings	Guarantee deposit received	Liabilities from financing activities-gross
Balance at January 1, 2020	$ 1, 370, 000	$ 34, 999	$ 504, 687	$ 2, 899, 670	$ 947	$ 4, 810, 303
Changes in cash flow from financing activities	(285, 500)	(34, 999)	(4, 110)	242, 239	-	(82, 370)
Changes in other non-cash items	-	-	(117, 762)	-	-	(117, 762)
Impact of changes in foreign exchange rate	-	-	-	-	(27)	(27)
Balance at June 30, 2020	$ 1, 084, 500	$ -	$ 382, 815	$ 3, 141, 909	$ 920	$ 4, 610, 144

	Short-term borrowings	Lease liabilities	Long-term borrowings	Guarantee deposit received	Liabilities from financing activities-gross
Balance at January 1, 2019	$ 1, 070, 000	$ -	$ 2, 336, 825	$ 984	$ 3, 407, 809
Effects of retrospective application	-	518, 871	-	-	518, 871
Changes in cash flow from financing activities	194, 191	(9, 544)	21, 656	-	206, 303
Changes in other non-cash items	-	(1, 940)	-	-	(1, 940)
Impact of changes in foreign exchange rate	(100)	-	(9, 033)	11	(9, 122)
Balance at June 30, 2019	$ 1, 264, 091	$ 507, 387	$ 2, 349, 448	$ 995	$ 4, 121, 921

7. Related Party Transactions

Key management compensation

	For the three-month periods ended June 30,	
	2020	2019
Salaries and other short-term employee benefits	$ 2, 830	$ 2, 670
	For the six-month periods ended June 30,	
	2020	2019
Salaries and other short-term employee benefits	$ 8, 053	$ 7, 703

8. Pledged Assets

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

	Book value			
Pledged asset	June 30, 2020	December 31, 2019	June 30, 2019	Purpose
Demand deposits (Note 1)	$ -	$ -	$ 32, 538	Performance guarantees
Machinery-net (Note 2)	1, 044, 106	-	-	Long-term borrowings
	$ 1, 044, 106	$ -	$ 32, 538	

(Note 1) Shown as "Financial assets at amortised cost - current".

(Note 2) Shown as "Property, plant and equipment".

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1)As of June 30, 2020, December 31, 2019 and June 30, 2019, the balances for contracts that the Group entered into but not yet incurred are $588,604, $256,904 and $111,613, respectively.

(2)As of June 30, 2020, December 31, 2019 and June 30, 2019, the unused letters of credit amounted to $—, $15,588 and $27,009, 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 opeations 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:

(foreign currency: functional currency)	June 30, 2020 Foreign currency amount (in thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD : NTD	$ 19,568	29.63	$ 579,800
USD : RMB	19,287	7.08	571,474
RMB : NTD	7,342	4.19	30,763
EUR : NTD	87	33.27	2,894
Financial liabilities			
Monetary items			
USD : NTD	1,257	29.63	37,245
USD : RMB	2,481	7.08	73,512
EUR : NTD	12,138	33.27	403,831

(foreign currency: functional currency)	December 31, 2019 Foreign currency amount (in thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD : NTD	$ 41,860	29.98	$ 1,254,971
RMB : NTD	7,426	4.31	31,971
EUR : NTD	109	33.62	3,665
INR : NTD	518,730	0.42	217,866
Financial liabilities			
Monetary items			
USD : NTD	9,437	29.98	282,935
EUR : NTD	14,581	33.59	489,788

(foreign currency: functional currency)	June 30, 2019 Foreign currency amount (in thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD : NTD	$ 39,131	31.06	$ 1,215,414
RMB : NTD	7,325	4.52	33,116
EUR : NTD	90	35.53	3,198
Financial liabilities			
Monetary items			
USD : NTD	13,027	31.06	404,603
EUR : NTD	14,874	35.38	526,225
JPY : NTD	1,440	0.29	416

(iv) As of June 30, 2020 and 2019, 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 six-month periods ended June 30, 2020 and 2019 would have increased/decreased by $6,703 and $3,203, 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 six-month periods ended June 30, 2020 and 2019 amounted to ($21,331), $1,565, $3,786 and ($289), respectively.

ii.Price risk

The Group is not engaged in any financial instruments with price variations, hence does not expect price risk arising from significant variations in the market prices.

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 six-month periods ended June 30, 2020 and 2019, the Group's borrowings at variable rate were denominated in New Taiwan dollars, US dollars and EUR dollars.

(ii) If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, post-tax profit for the six-month periods ended June 30, 2020 and 2019 would have decreased/increased by $194 and $158, 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 classifies customer's receivables in accordance with the credit rating of the customer. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis. The Group used the forecastability of conditions to adjust historical and timely information to assess the default possibility of receivables, whereby rate ranges from 10% 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:

	For the six-month period ended June 30, 2020		
	Notes receivable	Accounts receivable	Long-term receivables
At January 1	$ 3,507	$ 31,857	$ 479
Effect of foreign exchange	-	(652)	-
At June 30	$ 3,507	$ 31,205	$ 479

	For the six-month period ended June 30, 2019		
	Notes receivable	Accounts receivable	Long-term receivables
At January 1	$ -	$ 31,728	$ 509
Expected credit losses	1,000	349	-
Write-offs	-	(499)	(30)
Effect of foreign exchange	-	273	-
At June 30	$ 1,000	$ 31,851	$ 479

(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:

	June 30, 2020	December 31, 2019	June 30, 2019
Floating rate:			
Expiring within one year	$ 2, 160, 937	$ 1, 545, 388	$ 2, 092, 524
Expiring beyond one year	2, 899, 170	3, 165, 400	4, 236, 249
	$ 5, 060, 107	$ 4, 710, 788	$ 6, 328, 773

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:

June 30, 2020	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	$1, 085, 298	$ -	$ -	$ -
Notes payable	689, 865	-	-	-
Accounts payable	728, 080	-	-	-
Other payables	554, 394	-	-	-
Lease liabilities	10, 159	23, 327	26, 890	410, 708
Long-term borrowings (Including current portion)	407, 527	2, 273, 314	300, 303	114, 886
Guarantee deposits received	-	-	-	920

December 31, 2019	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	$1,370,000	$ -	$ -	$ -
Short-term notes and bills payable	35,000	-	-	-
Notes payable	668,764	-	-	-
Accounts payable	553,124	-	-	-
Other payables	230,289	-	-	-
Lease liabilities	15,835	21,637	38,226	551,125
Long-term borrowings (Including current portion)	414,178	2,151,264	169,693	232,401
Guarantee deposits received	-	-	-	947

June 30, 2019	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	$1,264,091	$ -	$ -	$ -
Notes payable	438,500	-	-	-
Accounts payable	461,727	-	-	-
Other payables	610,668	-	-	-
Lease liabilities	16,125	21,977	40,272	556,687
Long-term borrowings (Including current portion)	353,535	1,643,515	280,912	123,593
Guarantee deposits received	-	-	-	995

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 Group had no fair value financial instruments as of June 30, 2020, December 31, 2019 and June 30, 2019.

B. Fair value information of investment property at cost is provided in Note 6(7).

C. Fair value of the Group's financial assets and liabilities not measured at fair value. The carrying amounts of 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, lease liabilities, long-term borrowings (including current portion) and guarantee deposits received are approximate to their fair values.

13. Supplementary Disclosures

According to the current regulatory requirements, the Group is only required to disclose the information for the six-month period ended June 30, 2020.

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

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: Please refer to table 3.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Please refer to table 9.

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 six-month period ended June 30, 2020			
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Others	Total
Segment revenue	$2, 100, 077	$2, 532, 752	$ -	$ 4, 632, 829
Inter-segment revenue	(49)	(499, 498)	-	(499, 547)
Revenue from external customers, net	$2, 100, 028	$2, 033, 254	$ -	$ 4, 133, 282
Segment profit (loss)	$ 295, 643	$ 482, 003	($ 10, 351)	$ 767, 295
Segment assets	$5, 540, 694	$3, 857, 165	$ 956, 415	$10, 354, 274

	For the six-month period ended June 30, 2019			
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Others	Total
Segment revenue	$1, 467, 391	$2, 305, 548	$ -	$ 3, 772, 939
Inter-segment revenue	(342)	(522, 018)	-	(522, 360)
Revenue from external customers, net	$1, 467, 049	$1, 783, 530	$ -	$ 3, 250, 579
Segment profit	$ 64, 792	$ 226, 441	$ -	$ 291, 233
Segment assets	$4, 549, 485	$3, 795, 285	$ 435, 837	$ 8, 780, 607

(4) Reconciliation for segment income (loss)

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 six-month periods ended June 30,	
	2020	2019
Reportable segment income before income tax	$ 777, 646	$ 291, 233
Other segments loss before income tax	(10, 351)	-
Inter-segment profit	14, 551	33, 858
Profit before income tax	$ 781, 846	$ 325, 091

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Loans to others

For the six-month period ended June 30, 2020

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the six-month period ended June 30, 2020	Balance at June 30, 2020	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
1	Nanliu Enterprise (Samoa) Co., Ltd.	Nan Liu Enterprise Co., Ltd.	Other receivables	Y	$ 533,340	$ 503,710	$ 503,710	3.5%	Short-term financing	$ -	Repayments of borrowings	$ -	—	$ -	$ 1,641,269	$ 1,641,269	—
1	Nanliu Enterprise (Samoa) Co., Ltd.	Nanliu Manufacturing (India) Private Limited	Long-term receivables	Y	740,750	740,750	592,600	3.5%	Short-term financing	-	Constructuring plants and acquiring machinery	-	—	-	1,641,269	1,641,269	—

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 40% of its net worth; the maximum amount fot individual enterprise is as follows:

(1) For trading partner: shall not exceed 30% of its net worth and shall not be higher of 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, shall not exceed 40% of its net worth.

Note 2: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of June 30, 2020 as follows: USD:NTD 1:29.63.

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

For the six-month period ended June 30, 2020

Table 2

Expressed in thousands of NTD

Number	Endorser/guarantor	Endorsees		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 subsidiary to 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)	$ 6,501,228	$ 305,342	$ 305,342	$ -	$ -	9.39%	$ 6,501,228	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 June 30, 2020 as follows: USD:NTD 1:29.63 ; INR:NTD 1:0.392.

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 six-month period ended June 30, 2020

Table 3

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Subsidiary	Purchases	$ 499,498	39%	Closes its accounts 60 days after the end of each month by T/T	$ -	Same with the third parties	($ 126,093)	(28%)	—
Nanliu Enterprises (Pinghu) Ltd.	Nan Liu Enterprise Co., Ltd.	The company	(Sales)	(499,498)	(20%)	Closes its accounts 60 days after the end of each month by T/T	-	〃	126,093	13%	—

(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 June 30, 2020 (USD:NTD 1:29.63);
Amounts of transactions were translated using the weighted-average exchange rate for the six-month period ended June 30, 2020 (USD:NTD 1:30.001).

Nan Liu Enterprise Co., Ltd. and Subsidiaries
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
June 30, 2020

Table 4

Expressed in thousands of NTD

			Balance as of June 30, 2020			Overdue receivables			Allowance for
Creditor	Counterparty	Relationship	Items	Amount	Turnover rate	Amount	Action taken	Subsequent collections	doubtful accounts
Nanliu Enterprise (Samoa) Co., Ltd.	Nan Liu Enterprise Co., Ltd.	The Company	Other receivables	$ 503,710	—	$ -	—	$ -	$ -
Nanliu Enterprise (Samoa) Co., Ltd.	Nanliu Manufacturing (India) Private Limited	Subsidiary	Long-term receivables	592,600	—	-	—	-	-
Nanliu Enterprises (Pinghu) Ltd.	Nan Liu Enterprise Co., Ltd.	The Company	Accounts receivable	126,093	3.23	-	—	65,067	-

(Note) Foreign currencies were translated into New Taiwan Dollars at the exchange rate as of June 30, 2020 as follows: USD:NTD 1:29.63.

Table 5

Nan Liu Enterprise Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
For the six-month period ended June 30, 2020

Expressed in thousands of NTD

				Transaction			
Number	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	1	Purchases	$ 499,498	Closes its accounts 60 days after the end of each month by T/T	12%
				Accounts payable	126,093	—	1%
		Nanliu Manufacturing (India) Private Limited	1	Endorsements and guarantees	305,342	—	3%
1	Nanliu Enterprise (Samoa) Co., Ltd.	Nan Liu Enterprise Co., Ltd.	2	Other receivables	503,710	—	5%
		Nanliu Manufacturing (India) Private Limited	3	Long-term notes receivables	592,600	—	6%

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 using the exchange rate as of report date (USD:NTD 1:29.63, RMB:USD 1:0.1413); amounts of transactions were translated using the weighted-average exchange rate for the six-month period ended June 30, 2020 (USD:NTD 1:30.001, RMB:USD 1:0.1421).

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Information on investees

For the six-month period ended June 30, 2020

Table 6

Expressed in thousands of NTD

				Initial investment amount		Shares held as at March 31, 2020				
Investor	Investee	Location	Main business activities	Balance as at June 30, 2020	Balance as at December 31, 2019 (Note 1)	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the six- month period ended June 30, 2020	Investment income (loss) recognised for the six-month period ended June 30, 2020	Footnote
Nan Liu Enterprise Co., Ltd.	Nanliu Enterprise (Samoa) Co., Ltd.	Samoa	General investment	$ 1,643,224	$ 1,643,224	52,948,159	100.00	$ 4,102,182	$ 303,329	$ 302,721	Subsidiary
Nan Liu Enterprise Co., Ltd.	Ching-Tsun Biomedical Technology Co., Ltd.	Taiwan	Research and development of health care and hygiene products as well as sales of skin care products	30,000	30,000	3,000,000	100.00	29,922	(81)	(81)	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	153,774	153,774	34,570,000	100.00	111,607	(7,768)	(7,768)	Subsidiary

(Note1) 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 June 30, 2020 (INR:NTD 1:0.392); amounts of transactions were translated using the weighted-average exchange rate for the six-month period ended June 30, 2020 (INR:NTD 1:0.397).

Table 7

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Information on investments in Mainland China

For the six-month period ended June 30, 2020

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the six-month period ended June 30, 2020: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	Net income of investee for the six-month period ended June 30, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2020 (Note 2)	Book value of investments in Mainland China as of June 30, 2020	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2020	Footnote
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	$ 373,213	100.00	$ 372,605	$ 2,638,816	$ -	–

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2020	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 3)
Nan Liu Enterprise Co., Ltd.	$ 1,487,607	$ 1,877,537	$ 1,950,368

(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 consolidated net assets.

(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 report date (RMB:NTD 1:4.19); amounts of transactions were translated using the weighted-average exchange rate for the six-month period ended June 30, 2020 (RMB:NTD 1:4.261).

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 six-month period ended June 30, 2020

Table 8

Expressed in thousands of NTD

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at June 30, 2020	%	Balance at June 30, 2020	Purpose	Maximum balance during the six-month period ended June 30, 2020	Balance at June 30, 2020	Interest rate	Interest during the six-month period ended June 30, 2020	Others
Nanliu Enterprises (Pinghu) Ltd.	($ 499,498)	(39%)	$ -	-	($ 126,093)	(28%)	$ -	-	$ -	$ -	—	$ -	—

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Major shareholders information

June 30, 2020

Table 9

Unit:shares

Name of the key shareholder	Number of shares		Ownership	
	Common shares	Preferred shares	(%)	Footnote
Tianziding Investment Co., Ltd.	8,731,659	-	12.03%	—
Neizhuang Investment Co., Ltd.	5,916,924	-	8.15%	—
Huang Chin-San	5,288,978	-	7.29%	—
Bisiou Investment Co., Ltd.	5,090,929	-	7.01%	—

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.