NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

DECEMBER 31,2023 AND 2022

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.

NAN LIU ENTERPRISE CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as the entities required to be included in the consolidated financial statements under International Financial Reporting Standard No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,

NAN LIU ENTERPRISE CO., LTD.

March 14, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Nan Liu Enterprise Co., Ltd. and subsidiaries (the "Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Appropriateness of inventory valuation

Description

Refer to Note 4(9) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimations and assumptions relating to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2023, the carrying amount of inventories and allowance for inventory valuation loss are NT$870,493 thousand and NT$75,583 thousand, respectively.

The Group is primarily engaged in the manufacture and sales of air-through nonwoven, spunlace nonwoven, wet napkins, facial mask and skin care products. As the net realisable value of its inventories fluctuate based on market demand and sales strategy, there is a higher risk of incurring inventory valuation loss or having obsolete inventories. The Group's inventories are stated at the lower of cost and net realisable value. The Group also individually identifies the net realisable value of inventories that are over a certain age, obsolete or damaged and recognises related loss if any. As the amount of inventories is significant, the types of inventories are various and the valuation of the net realisable value involves a high degree of estimation uncertainty, the appropriateness of inventory valuation has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of policies and procedures on allowance for inventory valuation loss.
2. Assessed the effectiveness of the management’s inventory control, based on our understanding of the operations of the warehouse management, inspected the annual inventory taking plan and performed our observation.
3. Verified the appropriateness of the net realisable value of inventories and the logic in inventory ageing report which was used for valuation and discussed and checked the related supporting documents with the management to assess the adequacy of allowance for inventory valuation loss.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Nan Liu Enterprise Co., Ltd. as of and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

	Tien, Chung-Yu
Independent Auditors	
	Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan
Republic of China
March 14, 2024

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

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,089,012	11	$ 1,522,409	15
1136	Financial assets at amortised cost - current	6(1)(2) and 8	659,874	6	230,667	2
1150	Notes receivable, net	6(3) and 12	32,339	-	40,075	1
1170	Accounts receivable, net	6(3) and 12	1,438,963	14	1,185,421	11
1200	Other receivables		21,226	-	22,996	-
1220	Current income tax assets	6(26)	3,359	-	1,626	-
130X	Inventories	5(2) and 6(4)	794,910	8	866,654	8
1410	Prepayments	6(5)	422,118	4	357,571	4
11XX	**Total current assets**		4,461,801	43	4,227,419	41
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(6)	97,314	1	84,130	1
1600	Property, plant and equipment	6(7)(10) and 8	4,978,861	48	4,880,167	47
1755	Right-of-use assets	6(8)	503,454	5	525,475	5
1760	Investment property, net	6(9)	27,644	-	29,814	-
1780	Intangible assets		1,834	-	1,415	-
1840	Deferred income tax assets	6(26)	98,645	1	91,008	1
1915	Prepayments for equipment	6(7)	100,174	1	446,061	4
1920	Guarantee deposits paid		48,641	-	47,539	-
1990	Other non-current assets	6(11)	65,888	1	86,530	1
15XX	**Total non-current assets**		5,922,455	57	6,192,139	59
1XXX	**Total assets**		$ 10,384,256	100	$ 10,419,558	100

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NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12) and 8	$ 2,802,157	27	$ 2,717,512	26
2110	Short-term notes and bills payable	6(13)	99,937	1	49,967	1
2130	Contract liabilities - current	6(19)	10,874	-	6,495	-
2150	Notes payable		317,266	3	340,958	3
2170	Accounts payable		516,616	5	523,381	5
2200	Other payables		204,265	2	187,213	2
2230	Current income tax liabilities	6(26)	14,064	-	21,158	-
2280	Lease liabilities - current	6(8)	8,904	-	10,487	-
2320	Long-term liabilities, current portion	6(14), 7 and 8	422,257	4	415,633	4
21XX	**Total current liabilities**		4,396,340	42	4,272,804	41
	Non-current liabilities					
2540	Long-term borrowings	6(14), 7 and 8	2,038,340	20	2,185,517	21
2570	Deferred income tax liabilities	6(26)	57,431	1	63,361	1
2580	Lease liabilities - non-current	6(8)	356,028	3	367,118	3
2640	Net defined benefit liabilities - non-current	6(15)	32,712	-	27,530	-
2645	Guarantee deposits received		1,383	-	1,457	-
25XX	**Total non-current liabilities**		2,485,894	24	2,644,983	25
2XXX	**Total liabilities**		6,882,234	66	6,917,787	66
	Equity attributable to owners of parent					
	Share capital					
3110	Common stock	6(16)	726,000	7	726,000	7
3200	Capital surplus	6(17)	453,467	5	453,467	4
	Retained earnings	6(18)				
3310	Legal reserve		647,961	6	641,211	6
3320	Special reserve		343,422	3	382,531	4
3350	Unappropriated retained earnings		1,718,012	17	1,641,984	16
3400	Other equity interest	6(6)	(386,975)	(4)	(343,422)	(3)
31XX	**Equity attributable to owners of parent**		3,501,887	34	3,501,771	34
36XX	**Non-controlling interests**		135	-	-	-
3XXX	**Total Equity**		3,502,022	34	3,501,771	34
	Contingent Liabilities and Commitments	7 and 9				
3X2X	**Total liabilities and equity**		$ 10,384,256	100	$ 10,419,558	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 earning per share amounts)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(19)	$ 6,179,040	100	$ 5,986,346	100
5000	Operating costs	6(4)(15)(24)(25)	(5,441,109)	(88)	(5,358,782)	(90)
5900	Net operating margin		737,931	12	627,564	10
	Operating expenses	6(15)(24)(25), 7 and 12				
6100	Selling expenses		(219,870)	(4)	(284,588)	(5)
6200	General and administrative expenses		(261,999)	(4)	(255,219)	(4)
6300	Research and development expenses		(74,037)	(1)	(39,643)	-
6450	Expected credit gains		2,190	-	10,711	-
6000	Total operating expenses		(553,716)	(9)	(568,739)	(9)
6900	Operating profit		184,215	3	58,825	1
	Non-operating income and expenses					
7100	Interest income	6(2)(20)	64,093	1	28,970	-
7010	Other income	6(6)(21)	38,465	1	31,967	1
7020	Other gains and losses	6(8)(9)(22) and 12	6,574	-	123,428	2
7050	Finance costs	6(7)(8)(23)	(90,061)	(2)	(54,356)	(1)
7000	Total non-operating income and expenses		19,071	-	130,009	2
7900	**Profit before income tax**		203,286	3	188,834	3
7950	Income tax expense	6(26)	(83,415)	(1)	(131,099)	(2)
8200	**Profit for the year**		$ 119,871	2	$ 57,735	1
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	(Losses) gains on remeasurements of defined benefit plans	6(15)	($ 4,496)	-	$ 12,206	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(6)	13,184	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	899	-	(2,441)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation		(56,737)	(1)	32,407	1
8300	**Other comprehensive (loss) income for the year**		($ 47,150)	(1)	$ 42,172	1
8500	**Total comprehensive income for the year**		$ 72,721	1	$ 99,907	2
	Profit attributable to:					
8610	Owners of the parent		$ 119,866	2	$ 57,735	1
8620	Non-controlling interest		5	-	-	-
			$ 119,871	2	$ 57,735	1
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 72,716	1	$ 99,907	2
8720	Non-controlling interest		5	-	-	-
			$ 72,721	1	$ 99,907	2
	Earnings per share (in dollars)	6(27)				
9750	Basic		$	1.65	$	0.80
9850	Diluted		$	1.65	$	0.80

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)

	Notes	Equity attributable to owners of the parent								Non-controlling interests	Total equity
				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	Unrealised gains from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
For the year ended December 31, 2022											
Balance at January 1, 2022		$ 726,000	$ 453,467	$ 629,412	$ 382,531	$1,673,403	($ 375,829)	$ -	$3,488,984	$ -	$3,488,984
Profit for the year		-	-	-	-	57,735	-	-	57,735	-	57,735
Other comprehensive income for the year		-	-	-	-	9,765	32,407	-	42,172	-	42,172
Total comprehensive income		-	-	-	-	67,500	32,407	-	99,907	-	99,907
Distribution of 2021 net income											
Legal reserve		-	-	11,799	-	(11,799)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(87,120)	-	-	(87,120)	-	(87,120)
Balance at December 31, 2022		$ 726,000	$ 453,467	$ 641,211	$ 382,531	$1,641,984	($ 343,422)	$ -	$3,501,771	$ -	$3,501,771
For the year ended December 31, 2023											
Balance at January 1, 2023		$ 726,000	$ 453,467	$ 641,211	$ 382,531	$1,641,984	($ 343,422)	$ -	$3,501,771	$ -	$3,501,771
Profit for the year		-	-	-	-	119,866	-	-	119,866	5	119,871
Other comprehensive (loss) income for the year	6(6)	-	-	-	-	(3,597)	(56,737)	13,184	(47,150)	-	(47,150)
Total comprehensive income (loss)		-	-	-	-	116,269	(56,737)	13,184	72,716	5	72,721
Distribution of 2022 net income											
Legal reserve		-	-	6,750	-	(6,750)	-	-	-	-	-
Special reserve		-	-	-	(39,109)	39,109	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(72,600)	-	-	(72,600)	-	(72,600)
Increase in non-controlling interests		-	-	-	-	-	-	-	-	130	130
Balance at December 31, 2023		$ 726,000	$ 453,467	$ 647,961	$ 343,422	$1,718,012	($ 400,159)	$ 13,184	$3,501,887	$ 135	$3,502,022

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)

	Notes	For the years ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 203,286	$ 188,834
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gains	12	(2,190)	(10,711)
Provision for inventory market price decline	6(4)	17,422	836
Depreciation	6(7)(8)(9)	507,760	508,761
Loss (gain) on disposal of property, plant and equipment	6(22)	3,696	(7,463)
Gain from lease modification	6(8)(22)	(39)	-
Amortisation	6(24)	845	263
Amortisation of other non-current assets		34,066	32,953
Unrealised exchange gains on long-term borrowings	6(29)	(2,755)	-
Interest income	6(20)	(64,093)	(28,970)
Dividend income	6(6)(21)	(3,066)	-
Interest expense	6(23)	90,061	54,356
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		7,732	19,588
Accounts receivable		(251,184)	166,481
Other receivables		(1,616)	(3,280)
Inventories		54,716	(5,746)
Prepayments		(64,547)	(92,954)
Changes in operating liabilities			
Contract liabilities - current		4,379	(13,656)
Notes payable		(16,863)	(218,318)
Accounts payable		(6,765)	(33,453)
Other payables		22,023	(55,046)
Net defined benefit liabilities - non-current		686	(5,779)
Cash inflow generated from operations		533,554	496,696
Interest received		57,579	24,294
Dividend received	6(6)	3,066	-
Income tax paid		(104,910)	(124,231)
Net cash flows from operating activities		489,289	396,759

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NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost - current		($ 673,811)	($ 680,375)
Repayment of principal at maturity from financial assets at amortised cost - current		244,604	449,708
Cash paid for acquisition of property, plant and equipment	6(28)	(104,050)	(115,440)
Interest paid for acquisition of property, plant and equipment	6(7)(23)(28)	(10,835)	-
Proceeds from disposal of property, plant and equipment	6(28)	22,769	49,956
Acquisition of investment property	6(9)	-	(467)
Acquisition of intangible assets		(1,269)	(1,510)
Increase in prepayment for equipment		(175,572)	(466,816)
(Increase) decrease in guarantee deposit paid		(1,102)	24,350
Increase in other non-current assets		(13,950)	(17,398)
Net cash flows used in investing activities		(713,216)	(757,992)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(89,831)	(51,483)
Increase in short-term borrowings	6(29)	88,740	768,612
Increase (decrease) in short-term notes and bills payable	6(29)	49,970	(40,017)
Payments of lease liabilities	6(29)	(11,952)	(11,366)
Increase in long-term borrowings	6(29)	2,366,990	2,479,429
Decrease in long-term borrowings	6(29)	(2,504,788)	(2,996,500)
(Decrease) increase in guarantee deposits received	6(29)	(44)	441
Payment of cash dividends	6(18)	(72,600)	(87,120)
Increase in non-controlling interests		130	-
Net cash flows (used in) from financing activities		(173,385)	61,996
Effect of foreign exchange rate changes		(36,085)	44,284
Net decrease in cash and cash equivalents		(433,397)	(254,953)
Cash and cash equivalents at beginning of year	6(1)	1,522,409	1,777,362
Cash and cash equivalents at end of year	6(1)	$ 1,089,012	$ 1,522,409

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 YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

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

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

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 14, 2024.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. Summary of Material 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", International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the financial assets at fair value through other comprehensive income and defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with 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 (%) December 31, 2023	Percentage owned by the Group (%) December 31, 2022	Note
Nan Liu Enterprise Co., Ltd.	Nanliu Enterprise (Samoa) Co., Ltd.	General investment	100.00	100.00	—
	Ching-Tsun Biomedical Technology Co., Ltd.	Research and development of health care and hygiene products as well as sales of skin care products	100.00	100.00	—
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	—
	Nanliu Manufacturing (India) Private Limited	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	100.00	100.00	—
	Nan Fang Enterprise (India) Private Limited	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	100.00	100.00	—
Nanliu Enterprises (Pinghu) Ltd.	Zhuomei (Jiaxin) Biomedical Technology Co., Ltd.	Sales of knitted textiles, medical and hygiene products	70.00	—	(Note)

(Note) The subsidiary was newly established in August 2023.

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) <u>Classification of current and non-current items</u>

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;

(d) 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 the estimated costs necessary to make the sale.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) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(11) 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.

(12) Derecognition of financial assets

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

(13) 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 (including auxiliary equipment)	2 ～ 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

(14) 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.

(15) 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.

(16) Intangible assets

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

(17) 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.

(18) 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.

(19) 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.

(20) Derecognition of financial liabilities

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

(21) 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.

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.

(22) 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 and does not give rise to equal taxable and deductible temporary differences. 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.

(23) 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.

(24) 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.

(25) 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.

(26) 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.

(27) 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 December 31, 2023, the carrying amount of inventories was $794,910.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand and petty cash	$ 3,618	$ 2,415
Checking accounts and demand deposits	929,173	809,190
	932,791	811,605
Cash equivalents:		
Time deposits	156,221	710,804
	$ 1,089,012	$ 1,522,409

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 December 31, 2023 and 2022, the Group's time deposits maturing between three months and one year and pledged to others as collateral were reclassified as 'Financial assets at amortised cost - current' in the amount of $659,874 and $230,667, respectively.

C. As of December 31, 2023 and 2022, the Group's cash and cash equivalents pledged to others as collateral are described in Note 8, 'Pledged assets'.

(2) Financial assets at amortised cost - current

Items	December 31, 2023	December 31, 2022
Pledged time deposits	$ 371,530	$ –
Time deposits maturing over three months	288,344	230,667
	$ 659,874	$ 230,667

A. The Group recognised interest income in profit or loss on financial assets at amortised cost amounting to $17,498 and $6,215 (listed as "Interest income") for the years ended December 31, 2023 and 2022, respectively.

B. As of December 31, 2023 and 2022, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was approximately its book value.

C. For more information regarding the Group's financial assets pledged to others as of December 31, 2023, refer to Note 8, 'Pledged assets'. There was no such situation for the year ended December 31, 2022.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2), 'Financial instruments'. The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable	$ 32,879	$ 40,611
Less: Allowance for uncollectible accounts	(540)	(536)
	$ 32,339	$ 40,075
Accounts receivable	$ 1,457,082	$ 1,205,898
Less: Allowance for uncollectible accounts	(18,119)	(20,477)
	$ 1,438,963	$ 1,185,421

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

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 30,515	$ 1,309,771	$ 38,660	$ 1,079,181
Up to 60 days	2,364	139,677	1,951	121,351
61 to 90 days	-	1,938	-	150
91 to 180 days	-	1,767	-	1,246
Over 181 days	-	8,424	-	8,465
	$ 32,879	$ 1,461,577	$ 40,611	$ 1,210,393

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $1,437,073.

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

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

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 5,870	($ 1,761)	$ 4,109
Raw materials	364,324	(8,103)	356,221
Raw materials in transit	22,560	-	22,560
Supplies	56,317	(2,063)	54,254
Work in progress	5,351	(2,054)	3,297
Finished goods	470,787	(44,574)	426,213
	$ 925,209	($ 58,555)	$ 866,654

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 5,263,558	$ 5,223,135
Under-applied fixed manufacturing overhead	188,996	184,088
Provision for inventory market price decline	17,422	836
Loss on scrapped inventories	9,191	15,577
Gain on physical inventory	(1,081)	(14,044)
Income from sale of scraps	(36,977)	(50,810)
	$ 5,441,109	$ 5,358,782

(5) Prepayments

	December 31, 2023	December 31, 2022
Prepaid expenses	$ 154,228	$ 150,344
Input tax	104,439	77,817
Prepayment for purchases	99,078	103,883
Other prepayments	64,373	25,527
	$ 422,118	$ 357,571

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

Items	December 31, 2023	December 31, 2022
Equity instruments		
Unlisted stocks	$ 84,130	$ 84,130
Valuation adjustment	13,184	–
	$ 97,314	$ 84,130

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $97,314 and $93,756 as of December 31, 2023 and 2022, respectively.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive income	$ 13,184	$ –
Dividend income recognized in profit or loss held at end of year	$ 3,066	$ –

C. The Group has no financial assets at fair value through other comprehensive income pledged to others as of December 31, 2023 and 2022.

(7) Property, plant and equipment

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
January 1, 2023									
Cost	$ 61,490	$ 1,980,613	$ 5,152,862	$ 576,153	$ 87,878	$ 22,878	$ 310,129	$ 669,448	$ 8,861,451
Accumulated depreciation	-	(520,644)	(2,989,962)	(235,078)	(61,049)	(20,191)	(144,547)	-	(3,971,471)
Accumulated impairment	-	(9,813)	-	-	-	-	-	-	(9,813)
	$ 61,490	$ 1,450,156	$ 2,162,900	$ 341,075	$ 26,829	$ 2,687	$ 165,582	$ 669,448	$ 4,880,167
For the year ended December 31, 2023									
At January 1	$ 61,490	$ 1,450,156	$ 2,162,900	$ 341,075	$ 26,829	$ 2,687	$ 165,582	$ 669,448	$ 4,880,167
Additions-cost	-	2,320	54,244	4,700	180	436	19,810	21,165	102,855
Transfers from prepayments for equipment	-	1,078	457,917	5,906	1,081	-	19,055	36,422	521,459
Depreciation	-	(68,829)	(330,724)	(47,961)	(8,842)	(1,054)	(29,358)	-	(486,768)
Disposals-cost	-	-	(33,928)	-	(1,110)	(207)	(98)	(15,093)	(50,436)
-accumulated depreciation	-	-	32,471	-	1,110	197	93	-	33,871
Net exchange differences	-	(9,032)	(11,005)	(870)	(63)	(20)	(623)	(674)	(22,287)
At December 31	$ 61,490	$ 1,375,693	$ 2,331,875	$ 302,850	$ 19,185	$ 2,039	$ 174,461	$ 711,268	$ 4,978,861
December 31, 2023									
Cost	$ 61,490	$ 1,968,931	$ 5,521,071	$ 583,279	$ 87,301	$ 22,933	$ 344,241	$ 711,268	$ 9,300,514
Accumulated depreciation	-	(583,425)	(3,189,196)	(280,429)	(68,116)	(20,894)	(169,780)	-	(4,311,840)
Accumulated impairment	-	(9,813)	-	-	-	-	-	-	(9,813)
	$ 61,490	$ 1,375,693	$ 2,331,875	$ 302,850	$ 19,185	$ 2,039	$ 174,461	$ 711,268	$ 4,978,861

	Land	Buildings	Machinery	Utility equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
January 1, 2022									
Cost	$ 61,490	$ 1,625,700	$ 4,834,255	$ 426,361	$ 83,489	$ 22,857	$ 266,253	$ 1,130,340	$ 8,450,745
Accumulated depreciation	-	(448,765)	(2,632,811)	(195,578)	(50,679)	(19,638)	(117,787)	-	(3,465,258)
Accumulated impairment	-	(9,813)	-	-	-	-	-	-	(9,813)
	$ 61,490	$ 1,167,122	$ 2,201,444	$ 230,783	$ 32,810	$ 3,219	$ 148,466	$ 1,130,340	$ 4,975,674
For the year ended December 31, 2022									
At January 1	$ 61,490	$ 1,167,122	$ 2,201,444	$ 230,783	$ 32,810	$ 3,219	$ 148,466	$ 1,130,340	$ 4,975,674
Additions-cost	-	3,299	20,018	17,843	547	418	7,925	10,538	60,588
Transfers from prepayments for equipment	-	359,198	295,317	129,376	4,386	-	33,299	(424,236)	397,340
Depreciation	-	(68,080)	(343,965)	(37,834)	(10,783)	(960)	(26,154)	-	(487,776)
Disposals-cost	-	-	(10,780)	(24)	(869)	(536)	(99)	(47,274)	(59,582)
-accumulated depreciation	-	-	5,689	23	869	514	94	-	7,189
Net exchange differences	-	(11,383)	(4,823)	908	(131)	32	2,051	80	(13,266)
At December 31	$ 61,490	$ 1,450,156	$ 2,162,900	$ 341,075	$ 26,829	$ 2,687	$ 165,582	$ 669,448	$ 4,880,167
December 31, 2022									
Cost	$ 61,490	$ 1,980,613	$ 5,152,862	$ 576,153	$ 87,878	$ 22,878	$ 310,129	$ 669,448	$ 8,861,451
Accumulated depreciation	-	(520,644)	(2,989,962)	(235,078)	(61,049)	(20,191)	(144,547)	-	(3,971,471)
Accumulated impairment	-	(9,813)	-	-	-	-	-	-	(9,813)
	$ 61,490	$ 1,450,156	$ 2,162,900	$ 341,075	$ 26,829	$ 2,687	$ 165,582	$ 669,448	$ 4,880,167

A. As of December 31, 2023 and 2022, 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 year ended December 31, 2023
Amount capitalised	
Property, plant and equipment	$ 10,835
Range of the interest rates for capitalisation	1.45%～1.68%

There was no such situation for the year ended December 31, 2022.

C. For more information regarding the Group's property, plant and equipment pledged to others as of December 31, 2023 and 2022, refer to Note 8, 'Pledged assets'.

D. Impairment information about the property, plant and equipment is provided in Note 6(10), 'Impairment of non-financial assets'.

(8) Leasing arrangements－lessee

A. The Group leases various assets including land and transportation equipment. Rental contracts are typically made for periods of 3 to 99 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but the Group may not sublease or transfer leased assets in whole or in part without permission from a lessor.

B. Short-term leases with a lease term of 12 months or less comprise trucks and warehouses. Low-value assets comprise pallets and air coolers.

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

	Carrying amount	
	December 31, 2023	December 31, 2022
Land	$ 503,454	$ 524,500
Transportation equipment	-	975
	$ 503,454	$ 525,475

	Depreciation charge	
	For the years ended December 31,	
	2023	2022
Land	$ 19,139	$ 19,127
Transportation equipment	278	279
	$ 19,417	$ 19,406

D. For the years ended December 31, 2023 and 2022, there were no additions to right-of-use assets.

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

	For the years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,344	$ 1,443
Expense on short-term lease contracts	8,942	3,679
Expense on leases of low-value assets	747	406
Gain from lease modification	(39)	-
	$ 10,994	$ 5,528

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $22,985 and $16,894, respectively.

(9) Investment property, net

	For the years ended December 31,	
	2023	2022
	Buildings	Buildings
Opening book amount as at January 1		
Cost	$ 33,268	$ 32,276
Accumulated depreciation	(3,454)	(1,849)
	$ 29,814	$ 30,427
At January 1	$ 29,814	$ 30,427
Additions	-	467
Depreciation	(1,575)	(1,579)
Net exchange differences	(595)	499
At December 31	$ 27,644	$ 29,814
Closing book amount as at December 31		
Cost	$ 32,574	$ 33,268
Accumulated depreciation	(4,930)	(3,454)
	$ 27,644	$ 29,814

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

	For the years ended December 31,	
	2023	2022
Direct operating expenses arising from the investment property that did not generate rental income (shown as 'Other gains and losses')	$ 1,575	$ 1,579

B. The fair value of the investment property held by the Group as of December 31, 2023 and 2022 were $40,607 and $42,878, respectively, which was valued based on the latest transaction price of similar objects in the location. Valuations were made based on most recent transaction prices of similar properties, considering factors such as location, scale and purpose of use, etc., which were categorised within Level 3 in the fair value hierarchy.

C. No borrowing costs were capitalised as part of investment property for the years ended December 31, 2023 and 2022.

D. As of December 31, 2023 and 2022, no investment property held by the Group was pledged to others.

(10) Impairment of non-financial assets

A. Certain buildings and structures of the Group were located in the special district of Kaohsiung New Town where building permits are currently not being issued. Except for the plant in the first floor, the building permits of the second and third floors cannot yet be obtained which resulted to an impairment in the Group's property, plant and equipment. The Group wrote down the carrying amount of the asset based on the recoverable amount and recognised an impairment loss accordingly in previous year. No impairment loss or gain on reversal of impairment loss on certain property, plant and equipment was recognised for the years ended December 31, 2023 and 2022.

B. As of December 31, 2023 and 2022, the balance for accumulated impairment of property, plant and equipment was $9,813.

(11) Long-term receivable

	December 31, 2023	December 31, 2022
Long-term receivable	$ 4,495	$ 4,495
Less: Allowance for uncollectible accounts	(4,495)	(4,495)
	$ -	$ -

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

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

(12) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured bank borrowings	$ 2,461,157	1.68%～7.95%	None
Secured bank borrowings	341,000	1.47%～1.55%	Time deposits
	$ 2,802,157		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured bank borrowings	$ 2,717,512	1.22%～5.91%	None

For more information on interest expense recognised in profit or loss by the Group for the years ended December 31, 2023 and 2022, refer to Note 6(23), 'Finance costs'.

(13) Short-term notes and bills payable

	December 31, 2023	Interest rate	Collateral
Commercial paper payable	$ 100,000	1.90%	None
Less: Unamortised discount	(63)		
	$ 99,937		

	December 31, 2022	Interest rate	Collateral
Commercial paper payable	$ 50,000	1.89%	None
Less: Unamortised discount	(33)		
	$ 49,967		

A. The above commercial papers were issued and secured by China Bills Finance Corporation.

B. For more information on interest expense recognised in profit or loss by the Group for the years ended December 31, 2023 and 2022, refer to Note 6(23), 'Finance costs'.

(14) Long-term borrowings

Type of borrowings	Range of maturity dates	Range of interest rates	Collateral	December 31, 2023
Unsecured bank borrowings	3.2024～10.2026	1.78%～5.95%	None	$ 1,757,525
Secured borrowings	1.2024～5.2030	0.60%	Machinery and transportation equipment (Note)	703,072
				2,460,597
Less: Current portion				(422,257)
				$ 2,038,340

Type of borrowings	Range of maturity dates	Range of interest rates	Collateral	December 31, 2022
Unsecured bank borrowings	3.2023～12.2025	1.40%～2.03%	None	$ 1,815,500
Secured borrowings	1.2023～5.2030	0.47%	Machinery and transportation equipment (Note)	785,650
				2,601,150
Less: Current portion				(415,633)
				$ 2,185,517

(Note) Jointly guaranteed by Huang Chin-San.

For more information on interest expense recognized in profit or loss by the Group for the years ended December 31, 2023 and 2022, refer to Note 6(23), 'Finance costs'.

(15) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Related information is shown below:

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 63,748)	($ 59,385)
Fair value of plan assets	31,036	31,855
Net defined benefit liability	($ 32,712)	($ 27,530)

(b) Movements in net defined benefit liabilities are as follows:

	For the year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 59,385)	$ 31,855	($ 27,530)
Current service cost	(515)	-	(515)
Interest (expense) income	(731)	391	(340)
	(60,631)	32,246	(28,385)
Remeasurements:			
Return on plan assets	-	303	303
Change in financial assumptions	(265)	-	(265)
Experience adjustments	(4,534)	-	(4,534)
	(4,799)	303	(4,496)
Pension fund contribution	-	169	169
Paid pension	1,682	(1,682)	-
At December 31	($ 63,748)	$ 31,036	($ 32,712)

	For the year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 86,561)	$ 41,046	($ 45,515)
Current service cost	(766)	-	(766)
Interest (expense) income	(585)	270	(315)
Effect of plan curtailment	-	(1,178)	(1,178)
	(87,912)	40,138	(47,774)
Remeasurements:			
Return on plan assets	-	3,037	3,037
Change in financial assumptions	2,882	-	2,882
Experience adjustments	6,287	-	6,287
	9,169	3,037	12,206
Pension fund contribution	-	254	254
Paid pension	19,358	(11,574)	7,784
At December 31	($ 59,385)	$ 31,855	($ 27,530)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.20%	1.25%
Future salary increase rate	3.00%	3.00%

Future mortality rate was both estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 1,307)	$ 1,352	$ 1,325	($ 1,288)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 1,241)	$ 1,283	$ 1,258	($ 1,223)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $723.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 8 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 2,049
2～5 years	21,066
Over 6 years	46,992
	$ 70,107

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group's subsidiaries have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations are based on a certain percentage of the employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $22,666 and $22,768, respectively.

(16) Share capital

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

	For the years ended December 31,	
	2023	2022
Beginning and ending number of shares	72,600	72,600

B. As of December 31, 2023, the Company's authorised capital was $1,000,000 and the paid-in capital was $726,000, consisting of 72,600 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(17) Capital surplus

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

(18) Retained earnings

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

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

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

C. Special reserve

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

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

D. The Company recognised cash dividends distributed to owners in 2023 and 2022 amounting to $72,600 ($1 (in dollars) per share) and $87,120 ($1.2 (in dollars) per share), respectively. On March 14, 2024, the Board of Directors proposed for the distribution of dividends from 2023 earnings in the amount of $79,860 ($1.1 (in dollars) per share).

(19) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 6,179,040	$ 5,986,346

A. Disaggregation of revenue from contracts with customers

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

	For the year ended December 31, 2023				
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Nanliu Manufacturing (India) Private Limited	Others	Total
Air-through nonwovens	$ 353,195	$ 1,202,365	$ 406,835	$ -	$ 1,962,395
Biotechnology	926,670	926,507	45	69	1,853,291
Spunlace nonwovens	897,561	841,790	-	-	1,739,351
Disposable surgical gowns	388,102	235,901	-	-	624,003
	$ 2,565,528	$ 3,206,563	$ 406,880	$ 69	$ 6,179,040

	For the year ended December 31, 2022			
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Nanliu Manufacturing (India) Private Limited	Total
Air-through nonwovens	$ 385,784	$ 1,178,319	$ 197,621	$ 1,761,724
Biotechnology	958,148	929,337	40	1,887,525
Spunlace nonwovens	1,054,895	787,353	–	1,842,248
Disposable surgical gowns	322,369	172,480	–	494,849
	$ 2,721,196	$ 3,067,489	$ 197,661	$ 5,986,346

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

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - current	$ 10,874	$ 6,495	$ 20,151

Revenue recognised that was included in the contract liability balance at the beginning of the year were $4,579 and $17,763 for the years ended December 31, 2023 and 2022, respectively.

(20) Interest income

	For the years ended December 31,	
	2023	2022
Bank deposits	$ 46,595	$ 22,755
Financial assets at amortised cost	17,498	6,215
	$ 64,093	$ 28,970

(21) Other income

	For the years ended December 31,	
	2023	2022
Income from renewable energy sold	$ 16,611	$ 13,968
Grant income	9,230	3,870
Compensation income	1,948	6,451
Dividend income	3,066	–
Miscellaneous income	7,610	7,678
	$ 38,465	$ 31,967

(22) Other gains and losses

	For the years ended December 31, 2023	2022
Net (loss) gain on disposal of property, plant and equipment	($ 3,696)	$ 7,463
Net currency exchange gain	16,065	120,036
Gain from lease modification	39	-
Other losses	(5,834)	(4,071)
	$ 6,574	$ 123,428

(23) Finance costs

	For the years ended December 31, 2023	2022
Interest expense:		
Bank borrowings	$ 99,552	$ 52,913
Interest expense on lease liabilities	1,344	1,443
	100,896	54,356
Less: Capitalisation of qualifying assets	(10,835)	-
	$ 90,061	$ 54,356

(24) Expenses by nature

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 371,868	$ 177,303	$ 549,171
Depreciation charges	468,655	37,530	506,185
Amortisation charges	126	719	845

	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 386,748	$ 150,425	$ 537,173
Depreciation charges	474,139	33,043	507,182
Amortisation charges	32	231	263

(25) Employee benefit expense

	For the year ended December 31, 2023		
	Operating cost	Operating expense	Total
Wages and salaries	$ 305,925	$ 149,243	$ 455,168
Labor and health insurance expense	23,125	10,068	33,193
Pension costs	16,123	7,398	23,521
Other personnel expenses	26,695	10,594	37,289
	$ 371,868	$ 177,303	$ 549,171

	For the year ended December 31, 2022		
	Operating cost	Operating expense	Total
Wages and salaries	$ 315,349	$ 122,127	$ 437,476
Labor and health insurance expense	23,655	9,588	33,243
Pension costs	18,058	6,969	25,027
Other personnel expenses	29,686	11,741	41,427
	$ 386,748	$ 150,425	$ 537,173

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 years ended December 31, 2023 and 2022, employees' compensation was accrued at \$1,425 and \$826, respectively; while directors' remuneration was accrued at \$986 and \$572, 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 \$826 and \$572 recognised in the 2022 financial statements, respectively. On March 14, 2024, the amounts of employees' compensation and directors' remuneration as resolved by the Board of Directors were \$1,425 and \$986, respectively. The employees' compensation will be distributed in the form of cash.

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

(26) Income tax

A. Components of income tax expense:

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 100,586	$ 128,026
Prior year income tax overestimation	(4,503)	(11,193)
	96,083	116,833
Deferred tax:		
Origination and reversal of temporary differences	(12,668)	14,266
Income tax expense	$ 83,415	$ 131,099

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	($ 899)	$ 2,441

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 120,496	$ 93,825
Effect from items disallowed by tax regulation	(9,439)	(694)
Temporary differences between finance report and income tax report	(35,595)	2,321
Prior year income tax overestimation	(4,503)	(11,193)
Separate taxation	12,456	46,840
Income tax expense	$ 83,415	$ 131,099

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax losses are as follows:

	For the year ended December 31, 2023			
	Balance, beginning of year	Recognised in profit or loss	Recognised in other comprehensive income	Balance, end of year
Deferred income tax assets				
Temporary differences:				
Loss on doubtful debts	$ 2,468	($ 408)	$ -	$ 2,060
Loss on inventories from market decline	8,288	2,916	-	11,204
Pensions	5,506	137	899	6,542
Impairment of assets	1,963	-	-	1,963
Unused compensated absences	232	10	-	242
Unrealised losses	817	-	-	817
Tax difference in depreciation	-	1,311	-	1,311
Unrealised profit	278	-	-	278
Tax losses	71,456	2,772	-	74,228
	$ 91,008	$ 6,738	$ 899	$ 98,645
Deferred income tax liabilities				
Temporary differences:				
Gains on foreign investment accounted for under equity method	($ 49,144)	$ 5,250	$ -	($ 43,894)
Unrealised exchange gain	(6,831)	680	-	(6,151)
Increment tax on land revaluation	(7,386)	-	-	(7,386)
	($ 63,361)	$ 5,930	$ -	($ 57,431)
	$ 27,647	$ 12,668	$ 899	$ 41,214

	For the year ended December 31, 2022			
	Balance, beginning of year	Recognised in profit or loss	Recognised in other comprehensive income	Balance, end of year
Deferred income tax assets				
Temporary differences:				
Loss on doubtful debts	$ 2,468	$ -	$ -	$ 2,468
Loss on inventories from market decline	5,339	2,949	-	8,288
Pensions	9,103	(1,156)	(2,441)	5,506
Impairment of assets	1,963	-	-	1,963
Unused compensated absences	666	(434)	-	232
Unrealised losses	817	-	-	817
Unrealised profit	278	-	-	278
Tax losses	34,684	36,772	-	71,456
	$ 55,318	$ 38,131	($ 2,441)	$ 91,008
Deferred income tax liabilities				
Temporary differences:				
Gains on foreign investment accounted for under equity method	$ -	($ 49,144)	$ -	($ 49,144)
Unrealised exchange gain	($ 3,578)	($ 3,253)	$ -	($ 6,831)
Increment tax on land revaluation	(7,386)	-	-	(7,386)
	($ 10,964)	($ 52,397)	$ -	($ 63,361)
	$ 44,354	($ 14,266)	($ 2,441)	$ 27,647

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2023	$ 20,983	$ 20,983	$ -	2033
2022	188,346	188,346	-	2032
2021	161,811	161,811	-	2031
	$ 371,140	$ 371,140	$ -	

	December 31, 2022			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year
2022	$ 195,466	$ 195,466	$ -	2032
2021	161,811	161,811	-	2031
	$ 357,277	$ 357,277	$ -	

E. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Loss on inventories from market decline	$ 19,561	$ 17,113

F. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred income tax liabilities. As of December 31, 2023 and 2022, the amounts of temporary differences unrecognised as deferred income tax liabilities were $708,523 and $668,492, respectively.

G. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. As of March 14, 2024, there was no administrative lawsuit.

(27) Earnings per share

	For the year ended December 31, 2023		
	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	$ 119,866	72,600	$ 1.65
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 119,866	72,600	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	21	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 119,866	72,621	$ 1.65

	For the year ended December 31, 2022		
	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	$ 57,735	72,600	$ 0.80
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 57,735	72,600	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	14	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 57,735	72,614	$ 0.80

(28) Supplemental cash flow information

A. Investing activities with partial cash receipts and payments:

	For the years ended December 31,	
	2023	2022
(a) Acquisition of property, plant and equipment	$ 102,855	$ 60,588
Add: Opening balance of notes payable	6,829	2,627
Opening balance of other payables	24,380	83,434
Less: Ending balance of notes payable	-	(6,829)
Ending balance of other payables	(19,179)	(24,380)
Capitalisation of interest	(10,835)	-
Cash paid for aquisition of property, plant and equipment	$ 104,050	$ 115,440

	For the years ended December 31,	
	2023	2022
(b) Disposal of property, plant and equipment	$ 12,869	$ 59,856
Add: Opening balance of other receivables	9,900	-
Less: Ending balance of other receivables	-	(9,900)
Cash inflow from disposal of property, plant and equipment	$ 22,769	$ 49,956

B. Investing activities with no cash flow effect:

	For the years ended December 31,	
	2023	2022
Prepayments for equipment transferred to property, plant and equipment	$ 521,459	$ 397,340

(29) Changes in liabilities from financing activities

For the year ended December 31, 2023	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings	Guarantee deposit received	Liabilities from financing activities - gross
At January 1	$ 2,717,512	$ 49,967	$ 377,605	$ 2,601,150	$ 1,457	$ 5,747,691
Changes in cash flow from financing activities	88,740	49,970	(11,952)	(137,798)	(44)	(11,084)
Changes in other non-cash items	-	-	(721)	(2,755)	-	(3,476)
Impact of changes in foreign exchange rate	(4,095)	-	-	-	(30)	(4,125)
At December 31	$ 2,802,157	$ 99,937	$ 364,932	$ 2,460,597	$ 1,383	$ 5,729,006

For the year ended December 31, 2022	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Long-term borrowings	Guarantee deposit received	Liabilities from financing activities - gross
At January 1	$ 1,948,900	$ 89,984	$ 388,971	$ 3,118,221	$ 999	$ 5,547,075
Changes in cash flow from financing activities	768,612	(40,017)	(11,366)	(517,071)	441	200,599
Impact of changes in foreign exchange rate	-	-	-	-	17	17
At December 31	$ 2,717,512	$ 49,967	$ 377,605	$ 2,601,150	$ 1,457	$ 5,747,691

7. Related Party Transactions

(1) Names of related parties and relationship

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

(2) Significant related party transactions

Secured bank borrowings that the Group borrowed from the banks as of December 31, 2023 and 2022 were guaranteed by Huang Chin-San. For more information, refer to Note 6(14), 'Long-term borrowings'.

(3) Key management compensation

	For the years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	$ 13,114	$ 14,245
Service allowance	580	810
	$ 13,694	$ 15,055

8. Pledged Assets

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

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Pledged time deposits (Note 1)	$ 371,530	$ -	Short-term borrowings
Machinery-net and transportation equipment-net (Note 2)	952,940	1,112,652	Long-term borrowings
	$ 1,324,470	$ 1,112,652	

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

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

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) As of December 31, 2023 and 2022, the balances for contracts that the Group entered into but not yet incurred are $411,794 and $517,471, respectively.

(2) As of December 31, 2023 and 2022, the unused letters of credit amounted to $— and $1,425, 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, RMB and JPY. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

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

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

	December 31, 2023		
(foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD : NTD	$ 23,172	30.71	$ 711,612
USD : RMB	13,916	7.08	427,360
USD : INR	387	83.22	11,885
RMB : NTD	1,885	4.327	8,156
EUR : RMB	38	7.86	1,291
Financial liabilities			
Monetary items			
USD : NTD	6,405	30.71	196,698
USD : RMB	1,048	7.08	32,184
USD : INR	1,275	83.22	39,155
EUR : NTD	79	33.98	2,684

	December 31, 2022		
(foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange rate	Book value
Financial assets			
Monetary items			
USD : NTD	$ 27,737	30.71	$ 851,803
USD : RMB	7,465	6.96	229,250
RMB : NTD	2,074	4.408	9,142
Financial liabilities			
Monetary items			
USD : NTD	1,977	30.71	60,714
USD : RMB	918	6.96	28,192
USD : INR	5,108	82.73	156,867
JPY : INR	45,115	0.6315	10,485
EUR : INR	34	88.79	1,112

(iv) As of December 31, 2023 and 2022, 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 years ended December 31, 2023 and 2022 would have increased/decreased by $8,896 and $8,328, respectively.

(v) The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to \$16,065 and \$120,036, respectively.

ii. Price risk

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

(ii) The Group's investments in equity securities comprise shares issued by the foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, other components of equity for the years ended December 31, 2023 and 2022 would have increased/decreased by \$973 and \$841, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

(i) The Group's interest rate risk arises from short-term borrowings and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rate. During the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in New Taiwan dollars, US dollars and INR dollars.

(ii) If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$887 and \$529, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. For banks and financial institutions, only those with high credit rating are accepted. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

iii. In line with the credit risk management procedure, if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. In line with the credit risk management procedure, the default occurs when the contract payments are past due over 180 days.

v. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

vi. The Group classifies customer's receivables in accordance with the credit rating of the customer. The Group applies the modified approach using the provision matrix to estimate expected credit loss. The Group used the forecastability of conditions to adjust historical and timely information to assess the default possibility of receivables, whereby rate ranging from 0.56% 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 year ended December 31, 2023		
	Notes receivable	Accounts receivable	Long-term receivables
At January 1	$ 536	$ 20,477	$ 4,495
Expected credit losses (gains)	4	(2,194)	-
Effect of foreign exchange	-	(164)	-
At December 31	$ 540	$ 18,119	$ 4,495

	For the year ended December 31, 2022		
	Notes receivable	Accounts receivable	Long-term receivables
At January 1	$ 1,777	$ 29,621	$ 4,495
Expected credit gains	(1,241)	(9,470)	-
Effect of foreign exchange	-	326	-
At December 31	$ 536	$ 20,477	$ 4,495

(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:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 2,812,515	$ 1,928,378
Expiring beyond one year	1,825,189	2,867,150
	$ 4,637,704	$ 4,795,528

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:

December 31, 2023	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 2,811,472	$ -	$ -	$ -
Short-term notes and bills payable	100,000	-	-	-
Notes payable	317,266	-	-	-
Accounts payable	516,616	-	-	-
Other payables	204,265	-	-	-
Lease liabilities (including current portion)	11,309	22,364	22,364	208,318
Long-term borrowings (including current portion)	464,326	1,882,167	119,778	83,991
Guarantee deposits received	-	-	-	1,383

December 31, 2022	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 2,728,502	$ -	$ -	$ -
Short-term notes and bills payable	50,000	-	-	-
Notes payable	340,958	-	-	-
Accounts payable	523,381	-	-	-
Other payables	187,213	-	-	-
Lease liabilities (including current portion)	13,012	32,450	31,856	387,548
Long-term borrowings (including current portion)	448,800	1,937,927	163,099	120,155
Guarantee deposits received	-	-	-	1,457

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

(3) Fair value information

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

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

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

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

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

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

D. The related information on financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 97,314	$ 97,314

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 84,130	$ 84,130

E. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

For the year ended December 31, 2023	Equity securities
Beginning balance	$ 84,130
Gain recognized in other comprehensive income	13,184
Ending balance	$ 97,314

For the year ended December 31, 2022	Equity securities (Note)
Beginning and ending balance	$ 84,130

(Note) For the year ended December 31, 2022, there was no adjustment to the Level 3 equity securities at fair value, because the movement was not immaterial.

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

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

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

	December 31, 2022	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 93,756	Market comparable companies	Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. For financial assets categorised within Level 3, if the inputs used to valuation models have changed by 1%, the effect on other comprehensive income would have been by $973 and $1,052 for the years ended December 31, 2023 and 2022, respectively.

13. Supplementary Disclosures

In accordance with the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2023.

(1) Significant transactions information

A. Loans to others: Refer to table 1.

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Refer to table 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Refer to table 5.

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

J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Refer to table 8.

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

(4) Major shareholders information

Refer to table 10.

14. Segment Information

(1) General information

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

(2) Measurement of segment information

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

(3) Information about segment profit or loss and assets

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

	For the year ended December 31, 2023				
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Nanliu Manufacturing (India) Private Limited	Others	Total
Segment revenue	$2,586,475	$3,734,283	$ 415,489	$ 69	$ 6,736,316
Inter-segment revenue	(20,947)	(527,720)	(8,609)	-	(557,276)
Revenue from external customers, net	$2,565,528	$3,206,563	$ 406,880	$ 69	$ 6,179,040
Segment (loss) profit	($ 177,157)	$ 396,443	($ 43,548)	$ 36,505	$ 212,243
Segment assets	$5,192,113	$3,143,961	$ 1,578,356	$ 469,826	$10,384,256

	For the year ended December 31, 2022				
	Nan Liu Enterprise Co., Ltd.	Nanliu Enterprises (Pinghu) Ltd.	Nanliu Manufacturing (India) Private Limited	Others	Total
Segment revenue	$2,734,889	$3,608,149	$ 197,661	$ -	$ 6,540,699
Inter-segment revenue	(13,693)	(540,660)	-	-	(554,353)
Revenue from external customers, net	$2,721,196	$3,067,489	$ 197,661	$ -	$ 5,986,346
Segment (loss) profit	($ 187,134)	$ 325,591	($ 120,934)	$ 189,786	$ 207,309
Segment assets	$5,607,651	$3,015,231	$ 1,322,972	$ 473,704	$10,419,558

(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 years ended December 31,	
	2023	2022
Reportable segment income before income tax	$ 175,738	$ 17,523
Other segments income before income tax	36,505	189,786
Inter-segment loss	(8,957)	(18,475)
Profit before income tax	$ 203,286	$ 188,834

(5) Information on products and services

Refer to Note 6(19) for the information on products for the years ended December 31, 2023 and 2022.

(6) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	For the years ended December 31,			
	2023		2022	
	Revenue (note)	Non-current assets	Revenue (note)	Non-current assets
Taiwan	$ 1,207,866	$ 3,516,695	$ 1,299,009	$ 3,812,356
Mainland China	2,781,843	1,065,556	2,679,385	1,108,431
Japan	958,058	-	947,944	-
India	403,556	1,095,604	243,590	1,048,675
Others	827,717	-	816,418	-
	$ 6,179,040	$ 5,677,855	$ 5,986,346	$ 5,969,462

(Note) Revenue is categorised based on the locations of customers.

(7) Major customer information

Major customer (net revenue from the customer constituting more than 10% of net consolidated operating revenue) information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	For the years ended December 31,	
	2023	2022
Company A	$ 841,472	$ 937,704
Company B	732,866	759,034
	$ 1,574,338	$ 1,696,738

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Loans to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	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 (Note 1)	Ceiling on total loans granted (Note 1)	Footnote
1	Nanliu Enterprise (Samoa) Co., Ltd.	Nan Liu Enterprise Co., Ltd.	Other receivables	Y	$ 968,100	$ 706,215	$ 706,215	2.0%	Short-term financing	$ -	Repayments of borrowings	$ -	—	$ -	$ 5,047,248	$ 5,047,248	—
		Nanliu Manufacturing (India) Private Limited	Long-term receivables	Y	1,286,084	1,209,557	1,178,852	3.5% ~ 6.8%	Short-term financing	-	Construction of plants and acquisition of machinery and purchase of inventories	-	—	-	5,047,248	5,047,248	—

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

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

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

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

Note 2: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2023 as follows: USD:NTD 1:30.705.

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Number	Endorser/guarantor	Endorsees: Company name	Endorsees: Relationship	Endorsement limit for a single entity (Note 3)	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 3)	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
0	Nan Liu Enterprise Co., Ltd.	Nanliu Manufacturing (India) Private Limited	(Note 1)	$ 7,003,774	$ 820,852	$ 786,392	$ 47,364	$ -	22.46%	$ 7,003,774	Y	N	N	—
1	Nan Fang Enterprise (India) Private Limited	Nanliu Manufacturing (India) Private Limited	(Note 2)	583,650	113,700	-	-	-	-	583,650	N	N	N	—

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

Note 2: The Company directly owns more than 90% ownership of the investee company.

Note 3: 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 4: Foreign currencies were translated into New Taiwan Dollars with exchange rate as of December 31, 2023 as follows: USD:NTD 1:30.705 ; INR:NTD 1:0.369.

Nan Liu Enterprise Co., Ltd. and Subsidiaries

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

December 31, 2023

Table 3

Expressed in thousands of NTD

Held company name	Marketable securities type and name	Relationship with the company	Financial statements item	December 31, 2023						Footnote
				Shares/units (in thousands)	Carrying value		Percentage of ownership (%)	Fair value		
Nanliu Enterprise (Samoa) Co., Ltd.	Stock:									
	Principle & Will Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non-current	2,000	$	97,314	10.00%	$	97,314	—

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 year ended December 31, 2023

Table 4

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	$ 527,720	31%	Closes its accounts 60 days after the end of each month by T/T	$ -	Same with the third parties	($ 142,468)	(46%)	—
Nanliu Enterprises (Pinghu) Ltd.	Nan Liu Enterprise Co., Ltd.	The company	(Sales)	(527,720)	(14%)	Closes its accounts 60 days after the end of each month by T/T	-	″	142,468	16%	—

(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 December 31, 2023 (USD:NTD 1:30.705); amounts of transactions were translated using the weighted-average exchange rate for the year ended December 31, 2023 (USD:NTD 1:31.155).

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

December 31, 2023

Table 5

Expressed in thousands of NTD

Creditor	Counterparty	Relationship	Balance as of December 31, 2023 Items	Balance as of December 31, 2023 Amount	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Subsequent collections	Allowance for doubtful accounts
Nanliu Enterprise (Samoa) Co., Ltd.	Nan Liu Enterprise Co., Ltd.	The Company	Other receivables	$ 709,790	—	$ -	—	$ 133,414	$ -
	Nanliu Manufacturing (India) Private Limited	Subsidiary	Long-term receivables	1,178,852	—	-	—	-	-
			Other receivables	34,126	—	-	—	33,894	-
Nanliu Enterprises (Pinghu) Ltd.	Nan Liu Enterprise Co., Ltd.	The Company	Accounts receivable	142,468	4.38	-	—	39,450	-

(Note) Foreign currencies were translated into New Taiwan Dollars at the exchange rate as of December 31, 2023 as follows: USD:NTD 1:30.705.

Nan Liu Enterprise Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
For the year ended December 31, 2023

Table 6

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	$ 527,720	Closes its accounts 60 days after the end of each month by T/T	9%
			1	Accounts payable	142,468	–	1%
			1	Machinery and other equipment for sale	124,385		2%
		Nanliu Manufacturing (India) Private Limited	1	Endorsements and guarantees	786,392	–	8%
1	Nanliu Enterprise (Samoa) Co., Ltd.	Nan Liu Enterprise Co., Ltd.	2	Other receivables	709,790	–	7%
		Nanliu Manufacturing (India) Private Limited	3	Long-term receivables	1,178,852	–	11%

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

Note 2: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 3: Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

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

Note 5: Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances and carrying amounts were translated using the exchange rate as of December 31, 2023 (USD:NTD 1:30.705; RMB:USD 1:0.1408); amounts of transactions were translated using the weighted-average exchange rate for the year ended December 31, 2023 (USD:NTD 1:31.155; RMB:USD 1:0.1412).

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Information on investees

For the year ended December 31, 2023

Table 7

Expressed in thousands of NTD

				Initial investment amount		Shares held as at December 31, 2023					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2023	Balance as at December 31, 2022 (Note 2)	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised for the year ended December 31, 2023	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	$ 5,018,332	$ 297,489	$ 290,793	Subsidiary
	Ching-Tsun Biomedical Technology Co., Ltd.	Taiwan	Research and development of health care and hygiene products as well as sales of skin care products	50,000	40,000	5,000,000	100.00	41,967	(6,438)	(6,438)	Subsidiary
Nanliu Enterprise (Samoa) Co., Ltd.	Nanliu Manufacturing (India) Private Limited	India	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	666,698	666,698	170,000,000	100.00	390,093	(43,482)	(Note 1)	Subsidiary
	Nan Fang Enterprise (India) Private Limited	India	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	284,350	284,350	75,000,000	100.00	291,489	13,083	(Note 1)	Subsidiary

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

(Note2) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances and carrying amounts were translated using the exchange rate as of December 31, 2023 (INR:NTD 1:0.369); amounts of transactions were translated using the weighted-average exchange rate for the year ended December 31, 2023 (INR:NTD 1:0.374).

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Information on investments in Mainland China

For the year ended December 31, 2023

Table 8

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, 2023	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 3)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Nanliu Enterprises (Pinghu) Ltd.	Manufacturing and sales of special textiles, hair care, skin care, cosmetics and hygiene products	$ 1,846,701	(Note 1)	$ 1,487,607	$ -	$ -	$ 1,487,607	$ 312,747	100.00	$ 304,486	$ 2,474,574	$ 116,892	—
Zhuomei (Jiaxin) Biomedical Technology Co., Ltd.	Sales of knitted textiles, medical and hygiene products	442	(Note 2)	-	-	-	-	-	70.00	13	315	-	—

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investment in Mainland China by the Investment Commission of MOEA (Note 4)
Nan Liu Enterprise Co., Ltd.	$ 1,487,607	$ 1,877,537	$ 2,101,213

(Note 1) Indirect investment in Mainland China through an existing company (Nanliu Enterprise (Samoa) Co., Ltd.) located in the third area.
(Note 2) Indirect investment in Mainland China through an existing company (Nanliu Enterprise (Pinghu) Co., Ltd.).
(Note 3) The Company recognised income (loss) based on audited financial statements.
(Note 4) The ceiling amount is 60% of net assets or consolidated net assets (higher).
(Note 5) Foreign currencies were translated into New Taiwan Dollars using the following exchanges: Ending balances and carrying amounts were translated using the exchange rate as of December 31, 2023 (RMB:NTD 1:4.322); amounts of transactions were translated using the weighted-average exchange rate for the year ended December 31, 2023 (RMB:NTD 1:4.399).

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 year ended December 31, 2023

Table 9

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 December 31, 2023	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023	Others
Nanliu Enterprises (Pinghu) Ltd.	($ 527,720)	(31%)	$ 124,385	-	($ 142,468)	(46%)	$ -	—	$ -	$ -	—	$ -	Gain on disposal $ 6,709
	20,947	1%	(18,362)	-	8,405	2%							

Nan Liu Enterprise Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2023

Table 10

Name of the key shareholder	Shares	
	Common shares	Ownership (%)
Tianziding Investment Co., Ltd.	8,186,659	11.27%
Neizhuang Investment Co., Ltd.	6,769,924	9.32%
Huang Chin-San	5,288,978	7.28%
Bisiou Investment Co., Ltd.	5,090,929	7.01%
Jun-Yi Investment Co., Ltd.	4,973,000	6.84%

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

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