



Stock code: 6504

NAN LIU ENTERPRISE CO., LTD.

2017 Annual Shareholders' Meeting

Meeting Minutes

Date: May 31, 2017

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THIS IS A TRANSLATION OF THE MINUTES FOR THE 2016 GENERAL SHAREHOLDERS' MEETING ("THE MINUTES") OF UNITED MICROELECTRONICS CORPORATION ("THE COMPANY"). THE TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NO OTHER PURPOSE. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION. THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

NAN LIU ENTERPRISE CO., LTD.
2017 ANNUAL SHAREHOLDERS' MEETING
MINUTES
(Translation)

Time: 10:00 a.m., Wednesday, May 31, 2017

Place: No.88 Bixiu Road, Qiaotou Dist., Kaohsiung City (Headquarters conference room 3F)

Attendants: All shareholders and their proxy holders, representing 50,505,118 shares (among them, 41,564,869 shares voted via electronic transmission), or 69.56% of the total 72,600,000 outstanding shares.

Directors present:

Bixiu Investments Co., Ltd. Representative: Huang Chin-san, Tian Zi Ding Investments Co., Ltd. Representative: Huang Huo-cun, Yang Juei-hua, Wang, Chin-Hung, Huang Tung-rong, Huang Jin-feng, Huang Chun-ping.

Supervisor present:

Su Chao-shan, Chung Mao-Chih, Hsieh, Chiu-Lan.

Chairperson: Huang Chin-san

Recorder: Chuang Chun-chin

I. The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

II. Chairperson's Remarks (omitted)

III. Report Items

1. To report 2016 Business Report (Please refer to Attachment 1).
2. To report Supervisor's Review of the 2016 Financial Statements (Please refer to Attachment 2).
3. To report distribution of the 2016 Compensation of Employees, Directors and Supervisors (Please refer to the Meeting Handbook).

IV. Proposed Items

1. To accept 2016 Financial Statements and the Business Report (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The 2016 Financial Statements of the Company were completed according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. All statements were audited and the Audit Report was completed by independent auditors, Wang Ching-Hsiang and Wang

Shu-Tung of Yangtze CPAs & Co. The Business Report and the Financial Statements have been reviewed by the supervisors.

(2) For the Audit Report and the 2016 Financial Statements and the Business Report, please refer to pages 15-35 (Attachment 3 & 4) and pages 6-8 (Attachment 1) of the Handbook.

(3) Please proceed to adopt the motion.

Resolution:

Voting Result: 50,505,118 shares were represented at the time of voting.

Voting Results
Votes in favor : 50,420,091 votes , 99.83% of the total representation at the time of voting. (including 41,508,842 shares voted via electronic transmission)
Votes against : 15 votes (including 15 shares voted via electronic transmission)
Votes invalid : 0 votes
Votes abstained : 85,012 votes (including 56,012 shares voted via electronic transmission)

Approved and acknowledged as proposed by Board of Directors.

2. To approve the proposal for the distribution of the 2016 profit (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The after-tax profit in 2016 was NT\$582,367,471. Of that, 10% (i.e., NT\$58,236,747) has been set aside as a legal reserve, subtracted other comprehensive income-defined benefit remeasured amount was NT\$798,318, subtracted special reserve amount was NT\$111,319,139, coupled with unappropriated retained earnings of NT\$812,395,218 (including unappropriated retained earnings of NT\$27,960,645 before (1997) and NT\$784,434,573 after (1998)), retained earnings for this year is NT\$1,224,408,485.
- (2) In terms of the distribution of the 2016 profit, a cash dividend of NT\$4.8 per share is proposed, amounting to NT\$348,480,000 in total. (The distributable cash dividend is calculated in NT\$, and figures are rounded up.) The total fractional amount of distribution under NT\$1 is listed in Shareholders' Equity. After approval at the shareholders' meeting, the Board of Directors is then authorized to set the ex-dividend date and amend distribution matters as required. Please refer to the Profit Distribution Table for details.
- (3) In the event that the proposed profit distribution is affected by: (1) a change in the number of outstanding shares due to the buyback of shares; (2) issuance of new shares for the transfer of treasury shares to employees; (3) nullifying or rights offerings, the Board of Directors is authorized to attend to and amend such related matters.
- (4) Please proceed to adopt the motion.

NAN LIU ENTERPRISE CO., LTD.

2016

Profit Distribution Table

Unit: NT\$

Items	Amount (NT\$)	Remarks
Beginning retained earnings	812,395,218	
Other comprehensive income-defined benefit plan	(798,318)	
2015 net income	582,367,471	
subtracted : Legal reserve (10%)	(58,236,747)	
Subtracted: Special reserve	(111,319,139)	
Subtotal of distributable net profit	1,224,408,485	
Distributable items		
Dividend to shareholders-cash dividend (NT\$4.8/share)	348,480,000	
Unappropriated retained earnings	875,928,485	

Chairman: Mr. Huang, Chin-san CEO: Mr. Huang, Huo-cun Chief Accountant: Ms. Chuang Chun-chin

Note 1: 2016 unappropriated retained earnings are distributable first

Resolution:

Voting Result: 50,505,118 shares were represented at the time of voting.

Voting Results
Votes in favor : 50,420,091 votes , 99.83% of the total representation at the time of voting. (including 41,508,842 shares voted via electronic transmission)
Votes against : 15 votes (including 15 shares voted via electronic transmission)
Votes invalid : 0 votes
Votes abstained : 85,012 votes (including 56,012 shares voted via electronic transmission)

Approved and acknowledged as proposed by Board of Directors.

V. Discussion

1. Amendments to parts of the Articles of Incorporation (Proposed by the Board of Directors)

Explanatory Notes:

- (1) Amendment to parts of the Articles of Incorporation by current situation of the company. Please proceed with discussions.
- (2) Please refer to page 35~36 of the Handbook (Attachment 5) for a comparison table of the amended

Articles.

Resolution:

Voting Result: 50,505,118 shares were represented at the time of voting.

Voting Results
Votes in favor : 50,420,091votes , 99.83% of the total representation at the time of voting. (including 41,508,842 shares voted via electronic transmission)
Votes against : 15votes (including 15 shares voted via electronic transmission)
Votes invalid : 0votes
Votes abstained : 85,012votes (including 56,012 shares voted via electronic transmission)

Approved and acknowledged as proposed by Board of Directors.

- 2.** Amendments to parts of the Procedures for Acquisition or Disposal of Assets (Proposed by the Board of Directors)

Explanatory Notes:

- (1) Amendments to parts of the Procedures for Acquisition or Disposal of Assets by current situation of the company. Please proceed with discussions.
- (2) Please refer to page 37~49 of the Handbook (Attachment 6) for a comparison table of the amended Articles.

Resolution:

Voting Result: 50,505,118 shares were represented at the time of voting.

Voting Results
Votes in favor : 50,308,071votes , 99.60% of the total representation at the time of voting. (including 41,396,822 shares voted via electronic transmission)
Votes against : 112,035votes (including 112,035 shares voted via electronic transmission)
Votes invalid : 0votes
Votes abstained : 85,012votes (including 56,012 shares voted via electronic transmission)

Approved and acknowledged as proposed by Board of Directors.

VI. Other Business and Special Motion: None.

VII. Adjournment: Meeting ended at 10:43 am

Attachment 1

NAN LIU ENTERPRISE CO., LTD.

2016 Business Report

Thank you for your continuous support and care for Nan Liu. We appreciate it and look forward to your steady support in the years to come.

The following is a report of our business results in 2016.

A. 2016 Business Report

(1) Achievements of the 2016 Business Plan

The Company's major businesses in 2016 included the sale of Spunlace nonwoven fabrics, Air Through & Thermal Bond Nonwoven Fabrics, Disposable surgical gowns fabrics, hygiene consumables (most of sales on baby wet wipes), and facial mask/skin care products. In 2016, net sales was NT\$6,090,390 thousands, up 2.84% compared with 2015. Taking into cost of goods sold of NT\$4,916,094 thousands, total operating expenses of NT\$480,398 thousands, and other non-operating income and expenses of NT\$83,947 thousands, the income before income tax came in at NT\$777,845 thousands. Estimated income tax expense was NT\$195,478 thousands, and the net income was NT\$582,367 thousands with an EPS of NT\$8.02.

(2) 2016 Consolidated Financial Expenditure and Profitability

Unit: NT\$ 1000

Consolidated Statements of Comprehensive Income	2016	2015	Change %
Net Sales	6,090,390	5,922,201	2.84%
Cost of goods sold	4,916,094	4,725,558	4.03%
Gross profit	1,174,296	1,196,643	-1.87%
Total Operating expenses	480,398	445,999	7.71%
Net operating profit	693,898	750,644	-7.56%
Other non-operating income and expenses	83,947	26,995	210.97%
Income before income tax	777,845	777,639	0.03%
Net Income	582,367	581,431	0.16%

(3) Consolidated Profitability Analysis

Unit: %

	2016	2015
Return on assets	11.00	11.70
Return on equity	21.63	23.20

Capital ratio	Net operating profit	95.58	103.39
	Income before income tax	107.14	107.11
Net profit margin		9.56	9.82
After-tax earnings per share (NT\$)		8.02	8.01

The company faced some challenges in 2016. First, average prices were reduced by 10~15% as a feedback to customers due to the significant drop of oil prices. Second, CNY depreciated by 7.6 %, compared to NTD. As a result, consolidated sales revenue did not grow as originally expected. Under above two challenges, all employees pledged more efforts and consistently develop new products. The capacity utilization was full in the second half of 2016. The sales is growing up.

In general, the sales grew slightly. The China plant contributed positive effects in operation, profit and finance. With the great teamwork and efforts of all employees, the net income in 2016 reached NT\$582,367 thousands (EPS NT\$8.02).

B. Summary of the 2017 Business Plan

(I) Business Policy and Implementation

- (1) Our new vision is implemented in the Company's daily operations, and our business philosophy is strengthened and fulfilled to achieve the goal of organizational optimization.
- (2) Integration of supply chain management: we aim to have in place competitive and strategic raw materials suppliers, meet our customers' flexible and rapid demands, and reduce inventory costs to increase cash flow.
- (3) Strengthen education and training systems, create a passionate and excellent work environment, improve staff morale, and boost operational efficiency.
- (4) Continue enhancing product development capabilities and production technologies: obtain leading technologies and upgrade production capabilities; become a research and development center for our customers; and cooperate with technology experts at home and abroad, such as technical research and academic institutions.
- (5) Implement green-energy policies and reduce carbon emissions to simultaneously lower costs and protect the environment, exercise social responsibility as a global citizen, and enhance overall image of the Company.
- (6) Persistently implement prudent accounting practices and strengthen financial risk management to improve profitability.

(II) Major Marketing Strategies

- (1) Buildup of capacity: add new production lines and enhance the benefits of economies of scale.
- (2) Leadership in quality and technology: with customer-oriented approaches and the development of new products, promote the Company's international branding.
- (3) Automation: consistently improve enterprise resource planning (ERP) systems, strengthen operational controls, and integrations to improve core competitive power.
- (4) Adopt more aggressive strategies to enhance the position of the production base in Asia.

(III) Future Development Strategy

Uphold the principle of the “cycle of virtues” — that is, to profitably provide customers with outstanding quality and service at fair prices, so that they are incentivized to purchase even more products from the Company, and thereby looking after the interests of employees and shareholders. In so doing, all four stakeholders — customers, employees, shareholders, and the community — can achieve win-win outcomes.

(IV) Competition, the Regulatory Environment, and General Business Conditions

While input prices are rising at home and abroad, the Company has strengthened its cost control measures. At the same time, our international platform offers improved conditions for customer orders through competitive advantages, and fluctuations in raw material prices are incorporated into price negotiations.

The Company will continue to strengthen its knowledge of the market environment; integrate regulatory and customer standards; reinforce accounting and legal requirements; promote environmental and labor protection initiatives; and enhance corporate governance and corporate social responsibility.

With increasing demands for the use of green energy and requirements for carbon reduction, we intend to hold ourselves to world-class standards in the pursuit of business growth.

Overall, while adverse external environments and rising production costs pose increasingly rigorous challenges, the Company believes that customers’ demands can be satisfied through constant innovation and improving processes to maintain a competitive advantage and maximize profits for its shareholders.

With best wishes, and to good health and success for all,

Chairman: Mr. Huang, Chin-san. CEO: Mr. Huang, Huo-cun. Chief Accountant: Ms. Chuang Chun-
chin

Attachment 2

Nan Liu Enterprise Co., Ltd.

Supervisor's Review Report

(Translation)

The Board of Directors has prepared the Company's 2015 Business Report, parent company only Financial Statements. Nan Liu Enterprise Co., Ltd.'s Financial Statements have been audited and certified by YANGTZE CPAS & CO. and an audit report relating to the Financial Statements has been issued an unmodified opinion.

Supervisor is responsible for overseeing the financial reporting process.

When auditing the 2016 parent company only financial Statements, the auditing CPA communicated with Supervisors about following:

1. Under planned scope and timing of audit, no significant audit findings are discovered.
2. The auditing CPA also provided statements that the auditing team has complied with relevant ethical requirements regarding independence. So far, there's no findings about matters/relationships that might influence the independence of auditing CPA.
3. From the matters communicated with auditing CPA, we determined that significant audit matters are to be communicated in the audit report.

The Business Report, parent company only Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the supervisor of Nan Liu Enterprise Co., Ltd. According to Article 219 of the Company Law, I hereby submit this report.

Submitted to :

The Company's 2017 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Supervisor : Su, Chao-Shan

On the Date of March 28, 2017

Nan Liu Enterprise Co., Ltd.

Supervisor's Review Report

(Translation)

The Board of Directors has prepared the Company's 2015 Business Report, consolidated Financial Statements. Nan Liu Enterprise Co., Ltd.'s Financial Statements have been audited and certified by YANGTZE CPAS & CO. and an audit report relating to the Financial Statements has been issued an unmodified opinion.

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When auditing the 2016 consolidated financial Statements, the auditing CPA communicated with Supervisors about following:

1. Under planned scope and timing of audit, no significant audit findings are discovered.
2. The auditing CPA also provided statements that the auditing team has complied with relevant ethical requirements regarding independence. So far, there's no findings about matters/relationships that might influence the independence of auditing CPA.
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Submitted to :

The Company's 2017 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Supervisor : Hsieh,Chiu-Lan

On the Date of March 28, 2017

Nan Liu Enterprise Co., Ltd.

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(Translation)

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Supervisor is responsible for overseeing the financial reporting process.

When auditing the 2016 consolidated financial Statements, the auditing CPA communicated with Supervisors about following:

1. Under planned scope and timing of audit, no significant audit findings are discovered.
2. The auditing CPA also provided statements that the auditing team has complied with relevant ethical requirements regarding independence. So far, there's no findings about matters/relationships that might influence the independence of auditing CPA.
3. From the matters communicated with auditing CPA, we determined that significant audit matters are to be communicated in the audit report.

The Business Report, consolidated Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the supervisor of Nan Liu Enterprise Co., Ltd. According to Article 219 of the Company Law, I hereby submit this report.

Submitted to :

The Company's 2017 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Supervisor : Hsieh,Chiu-Lan

On the Date of March 28, 2017

Nan Liu Enterprise Co., Ltd.

Supervisor's Review Report

(Translation)

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Supervisor is responsible for overseeing the financial reporting process.

When auditing the 2016 parent company only financial Statements, the auditing CPA communicated with Supervisors about following:

1. Under planned scope and timing of audit, no significant audit findings are discovered.
2. The auditing CPA also provided statements that the auditing team has complied with relevant ethical requirements regarding independence. So far, there's no findings about matters/relationships that might influence the independence of auditing CPA.
3. From the matters communicated with auditing CPA, we determined that significant audit matters are to be communicated in the audit report.

The Business Report, parent company only Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the supervisor of Nan Liu Enterprise Co., Ltd. According to Article 219 of the Company Law, I hereby submit this report.

Submitted to :

The Company's 2017 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Supervisor : Chung, Mao-Chih

On the Date of March 28, 2017

Nan Liu Enterprise Co., Ltd.

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(Translation)

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When auditing the 2016 consolidated financial Statements, the auditing CPA communicated with Supervisors about following:

1. Under planned scope and timing of audit, no significant audit findings are discovered.
2. The auditing CPA also provided statements that the auditing team has complied with relevant ethical requirements regarding independence. So far, there's no findings about matters/relationships that might influence the independence of auditing CPA.
3. From the matters communicated with auditing CPA, we determined that significant audit matters are to be communicated in the audit report.

The Business Report, consolidated Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the supervisor of Nan Liu Enterprise Co., Ltd. According to Article 219 of the Company Law, I hereby submit this report.

Submitted to :

The Company's 2017 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Supervisor : Chung, Mao-Chih

On the Date of March 28, 2017



INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nanliu Enterprise Company Limited

Opinion

We have audited the accompanying parent company only financial statements of Nanliu Enterprise Company Limited (the "Company"), which comprise the parent company only balance sheets as of December 31, 2016 and 2015, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2016 and 2015, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2016 are stated as follows:

Valuation of accounts receivable

Please refer to Notes 4(6) and 6(3) to the consolidated financial statements for detail information and accounting policy of valuation of accounts receivable. As of December 31, 2016, net accounts and notes receivable of the Company amounted to NT\$ 523,466 thousand dollars, accounted for 11.74% of total assets, has significant impact to financial statements of the Company, and the provision for impairment of accounts and notes receivable is inherently judgmental, therefore, we



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have identified valuation of accounts receivable as a key audit matter.

Our audit procedures to the above key audit matter (including but not limited to) are as the following:

1. Performed internal control test on top 10 customers and other major customers, surveyed these customers' background and randomly checked to confirm whether the receivables arising from these customer sales are in line with the Company's credit policy. We inspected how the Company processed breach of the credit policy.
2. Performed internal control test by randomly vouching from sales documents to accounts receivable aging report to test accuracy of accounts receivable aging.
3. Performed analytical review procedures by comparing the difference in turnover and accounts receivable balance for reasonableness of variances.
4. Reviewed subsequent collection of significant receivables after the balance sheet date.
5. Analyzed accounts receivable aging and overdue accounts receivable analysis provided by the Company as of balance sheet date and reviewed based on historical information to determine whether to conduct valuation of accounts receivable for individual customers. We focused on unusual events and traced how these events were recognized in financial statements. We tested the reasonableness of the recoverable rate based on collection of receivables and other customer information to verify the adequacy of provision for impairment of individual overdue receivables and reasonableness of underlying assumptions used by the management of the Company.
6. Reviewed the subsequent collection of overdue accounts receivable after the balance sheet date to determine adequacy of allowance for overdue accounts.

Valuation of inventories

Please refer to Notes 4(9) , 5 and 6(4) to the Company for the detail information and accounting policy , uncertainty of valuation of inventories; The principal operating activities of the Company include Air-Through/Thermal-Bonded Nonwovens Fabrics、 Spunlace Nonwovens Fabrics、 Hightech

woodpulp spunlace Fabrics、 Wet Wipes、 Facial Mask and care product, etc., the selling price of these products fluctuates from the supply of upstream suppliers and changes in the market competition, resulted risk of book value exceeding its net realizable value, therefore, we have identified valuation of inventories as a key audit matter.

Our audit procedures to the above key audit matter (including but not limited to) are as the following:

1. Understood inventory valuation process by the management.
2. Understood he Group's warehousing management process, reviewed the Company's annual physical inventory count plan and observed the annual inventory count to assess the reasonableness of methods used by the management to identify and monitor obsolescent inventories.
3. Randomly checked the inventory movement report for consumption of inventories and compared inventory aging report to that of prior year for reasonableness and accuracy of inventory aging report.



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4. Conducted analytical review process for inventory balances, turnover and gross margin by products, compared differences to prior year for any unusual variance.
5. Compared historical inventory provision and actual write-down to analyze the appropriateness of the accounting policies of the management for inventory provision.
6. Verified the reasonableness of the net realizable value of inventory by randomly vouching sales and purchase orders to evaluate adequacy of inventory provision.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance (including Supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 auditing standards generally accepted in 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 parent company only financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2016 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.



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The engagement partners on the audit resulting in this independent auditors' report are Ching-Hsiang Wang and Shu-Tung Wang.

YANGTZE CPAS & Co.,
March 14, 2017

Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdiction. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China. For the convenience of readers, 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nanliu Enterprise Company Limited

Opinion

We have audited the accompanying consolidated financial statements of Nanliu Enterprise Company Limited and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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, 2016 and 2015, 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 (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 consolidated financial statements for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2016 are stated as follows:



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Valuation of accounts receivable

Please refer to Notes 4(7) and 6(3) to the consolidated financial statements for detail information and accounting policy of valuation of accounts receivable. As of December 31, 2016, net accounts and notes receivable of the Group amounted to NT\$ 1,322,201 thousand dollars, accounted for 24.55% of total assets, has significant impact to financial statements of the Group, and the provision for impairment of accounts and notes receivable is inherently judgmental, therefore, we have identified valuation of accounts receivable as a key audit matter. Our audit procedures to the above key audit matter (including but not limited to) are as the following:

1. Performed internal control test on top 10 customers and other major customers, surveyed these customers' background and randomly checked to confirm whether the receivables arising from these customer sales are in line with the Group's credit policy. We inspected how the Group processed breach of the credit policy.
2. Performed internal control test by randomly vouching from sales documents to accounts receivable aging report to test accuracy of accounts receivable aging.
3. Performed analytical review procedures by comparing the difference in turnover and accounts receivable balance for reasonableness of variances.
4. Reviewed subsequent collection of significant receivables after the balance sheet date.
5. Analyzed accounts receivable aging and overdue accounts receivable analysis provided by the Group as of balance sheet date and reviewed based on historical information to determine whether to conduct valuation of accounts receivable for individual customers. We focused on unusual events and traced how these events were recognized in financial statements. We tested the reasonableness of the recoverable rate based on collection of receivables and other customer information to verify the adequacy of provision for impairment of individual overdue receivables and reasonableness of underlying assumptions used by the management of the Group.
6. Reviewed the subsequent collection of overdue accounts receivable after the balance sheet date to determine adequacy of allowance for overdue accounts.

Valuation of inventories

Please refer to Notes 4(10), 5 and 6(4) to the Group for the detail information and accounting policy, uncertainty of valuation of inventories; As of December 31, 2016, inventories of the Group amounted to NT\$ 928,930 thousand dollars, accounted for 17.25% of total assets, has significant impact to financial statements of the Group, in addition, the principal operating activities of the Group include Air-Through/Thermal-Bonded Nonwovens Fabrics, Spunlace Nonwovens Fabrics, High-tech woodpulp spunlace Fabrics, Wet Wipes, Facial Mask and care product, etc., the selling price of these products fluctuates from the supply of upstream suppliers and changes in the market competition, resulted risk of book value exceeding its net realizable value, therefore, we have identified valuation of inventories as a key audit matter.



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Our audit procedures to the above key audit matter (including but not limited to) are as the following:

1. Understood inventory valuation process by the management.
2. Understood the Group's warehousing management process, reviewed the Group's annual physical inventory count plan and observed the annual inventory count to assess the reasonableness of methods used by the management to identify and monitor obsolescent inventories.
3. Randomly checked the inventory movement report for consumption of inventories and compared inventory aging report to that of prior year for reasonableness and accuracy of inventory aging report.
4. Conducted analytical review process for inventory balances, turnover and gross margin by products, compared differences to prior year for any unusual variance.
5. Compared historical inventory provision and actual write-down to analyze the appropriateness of the accounting policies of the management for inventory provision.
6. Verified the reasonableness of the net realizable value of inventory by randomly vouching sales and purchase orders to evaluate adequacy of inventory provision.

Other Matter

We have also audited the parent company only financial statements of Nanliu Enterprise Company Limited as of and for the years ended December 31, 2016 and 2015 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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



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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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether consolidated only 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.



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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 for the year ended December 31, 2016 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.

The engagement partners on the audit resulting in this independent auditors' report are Ching-Hsiang Wang and Shu-Tung Wang.

YANGTZE CPAS & Co.,

March 14, 2017

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdiction. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail

Attachment 4

NANLIU ENTERPRISE CO., LTD
Parent Company Only Balance Sheets
December 31, 2016 and December 31, 2015
(All amounts expressed in Thousands of New Taiwan Dollars)

ASSETS		December 31, 2016		December 31, 2015		LIABILITIES AND EQUITY		December 31, 2016		December 31, 2015			
		Amount	%	Amount	%			Amount	%	Amount	%		
CURRENT ASSETS						CURRENT LIABILITIES							
1100	Cash and cash equivalents	4 - 6(1)	\$ 166,989	3.74	\$ 253,723	6.24	2100	Short-term loans	6(7)	\$ 320,000	7.18	\$ 110,000	2.70
1150	Notes receivable, net	4 - 6(2)	70,400	1.58	50,496	1.24	2110	Short-term bills payable, net	6(8)	179,961	4.04	164,931	4.06
1170	Accounts receivable, net	4 - 6(3) - 7	453,066	10.16	502,538	12.36	2150	Notes payable	4	163,305	3.66	109,726	2.70
1200	Other receivables		31,039	0.70	1,505	0.04	2170	Accounts payable	4	393,563	8.82	292,575	7.19
1310	Inventories	4 - 5 - 6(4)	333,295	7.47	373,122	9.17	2200	Other payable		66,167	1.48	65,605	1.61
1410	Prepayments		97,085	2.18	50,037	1.23	2213	Payables on equipment		6,722	0.15	3,911	0.10
1470	Other current assets	8	24,987	0.56	89	0.00	2230	Current tax liabilities	4	23,213	0.52	54,391	1.34
	Total current assets		1,176,861	26.39	1,231,510	30.28	2311	Unearned receipts		5,552	0.12	2,832	0.07
							2322	Current portion of long-term bank borrowing	6(9)	-	-	90,000	2.21
							2399	Other current liabilities		1,668	0.04	1,457	0.04
								Total current liabilities		\$ 1,160,151	26.01	\$ 895,428	22.02
NONCURRENT ASSETS						NONCURRENT LIABILITIES							
1550	Investments accounted for using equity method	4 - 6(5)	2,757,207	61.83	2,436,232	59.90	2540	Long-term bank borrowing	6(9)	490,240	10.99	408,130	10.04
1600	Property, plant and equipment	4 - 6(6) - 8	296,772	6.65	286,263	7.04	2572	Deferred income tax liabilities-L and value increment tax		7,386	0.17	7,386	0.18
1780	Intangible assets	4	789	0.02	-	-	2640	Deferred income tax liabilities-income tax	4 - 6(14)	2,307	0.05	2,744	0.07
1840	Deferred income tax assets	4 - 5 - 6(14)	19,559	0.44	22,006	0.54		Accrued pension liabilities	4 - 5 - 6(10)	78,091	1.75	89,756	2.21
1915	Prepayments for equipment		163,787	3.67	41,181	1.01		Total noncurrent liabilities		578,024	12.96	508,016	12.50
1920	Refundable deposit		9,771	0.22	9,904	0.24		Total liabilities		1,738,175	38.97	1,403,444	34.52
1985	Prepaid investments	4 - 9	32,676	0.73	37,344	0.92	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
1990	Other assets		2,364	0.05	2,463	0.07	Owners equity						
	Total noncurrent assets		3,282,925	73.61	2,835,393	69.72	3100	Capital stock	6(11)	726,000	16.28	726,000	17.84
							3200	Capital surplus	6(11)	453,467	10.17	453,467	11.15
							3300	Retained earnings	6(11)				
							3310	Legal reserve		259,498	5.82	201,355	4.95
							3320	Special reserve		44,348	0.99	44,348	1.09
							3350	Unappropriated earnings		1,393,965	31.26	1,153,679	28.37
							3400	Other	6(11)				
							3410	Financial statements translation differences for foreign operations		(155,667)	(3.49)	84,610	2.08
								Equity attributable to shareholders of the parent		2,721,611	61.03	2,663,459	65.48
lxxx	Total assets		\$ 4,459,786	100.00	\$ 4,066,903	100.00		Total liabilities and equity		\$ 4,459,786	100.00	\$ 4,066,903	100.00

NANLIU ENTERPRISE CO., LTD
Parent Company Only Statements of Comprehensive Income
For the Year Ended December 31, 2016 and 2015

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

	Item	Note	For the year ended December 31			
			2016		2015	
			Amount	%	Amount	%
4000	Net Sales	4、6(12)、7	\$ 3,233,424	100.00	\$ 3,154,206	100.00
5000	Cost of goods sold	6(4)	(2,861,456)	(88.50)	(2,630,286)	(83.39)
5900	Gross profit		371,968	11.50	523,920	16.61
5910	Unrealized gain on sales		(7,888)	(0.24)	(40,739)	(1.29)
5920	Realized gain on sales		8,082	0.25	25,537	0.81
5950	Net Gross Profit From Operations		372,162	11.51	508,718	16.13
6000	Operating expenses					
6100	Promotion expenses		(74,750)	(2.31)	(70,329)	(2.23)
6200	Management expenses		(103,821)	(3.21)	(111,341)	(3.53)
6300	Research expenses		(18,081)	(0.56)	(18,371)	(0.58)
6000	Total Operating expenses		(196,652)	(6.08)	(200,041)	(6.34)
6900	Operating profit		175,510	5.43	308,677	9.79
	Other non-operating income and expenses					
7020	Other income	6(13)	470,131	14.54	363,691	11.53
7510	Finance costs	6(13)	(7,639)	(0.24)	(10,480)	(0.33)
7000	Other non-operating income and expenses		462,492	14.30	353,211	11.20
7900	Income before income tax		638,002	19.73	661,888	20.99
7950	Income tax expense	4、6(14)	(55,635)	(1.72)	(80,457)	(2.55)
8200	Net Income		582,367	18.01	581,431	18.44
8300	Other comprehensive income (loss)					
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit obligation	6(10)	(962)	(0.03)	(7,424)	(0.24)
8349	Income tax (expense) related to components of the comprehensive income	6(14)	164	0.01	1,262	0.04
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences arising on translation of foreign operations	6(11)	(240,277)	(7.43)	53,788	(1.71)
8300	Other comprehensive income (loss) for the period, net of income tax		(241,075)	(7.45)	(59,950)	(1.91)
8500	Total comprehensive income for the period		\$ 341,292	10.56	\$ 521,481	16.53
9750	Basic earnings per share (NT dollars)	4、6(16)	\$ 8.02		\$ 8.01	
9850	Diluted earnings per share (NT dollars)	4、6(16)	\$ 8.02		\$ 8.00	

The accompanying notes are an integral part of the standalone financial statements.

NANLIU ENTERPRISE CO., LTD
Parent Company Only Statements of Changes in Equity
For the year ended December 31, 2016 and 2015
(All amounts expressed In Thousands of New Taiwan Dollars)

Equity attributable to owners of parent

	Capital Stock - Common Stock		Retained Earnings				Other equity items	Non-controlling interests	Total Equity
	Ordinary shares	Amounts	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Financial statements translation differences for foreign operations		
Balance as of January 1, 2015	72,600	\$ 726,000	\$ 453,467	\$ 159,340	\$ 44,348	\$ 823,705	\$ 138,398	\$ -	\$ 2,345,258
Legal reserve appropriated	-	-	-	42,015	-	(42,015)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(203,280)	-	-	(203,280)
Net income in 2015	-	-	-	-	-	581,431	-	-	581,431
Other comprehensive income for the year	-	-	-	-	-	(6,162)	(53,788)	-	(59,950)
Balance as of December 31, 2015	72,600	\$ 726,000	\$ 453,467	\$ 201,355	\$ 44,348	\$ 1,153,679	\$ 84,610	\$ -	\$ 2,663,459
Balance as of January 1, 2016	72,600	\$ 726,000	\$ 453,467	\$ 201,355	\$ 44,348	\$ 1,153,679	\$ 84,610	\$ -	\$ 2,663,459
Legal reserve appropriated	-	-	-	58,143	-	(58,143)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(283,140)	-	-	(283,140)
Net income in 2016	-	-	-	-	-	582,367	-	-	582,367
Other comprehensive income for the year	-	-	-	-	-	(798)	(240,277)	-	(241,075)
Balance as of December 31, 2016	72,600	\$ 726,000	\$ 453,467	\$ 259,498	\$ 44,348	\$ 1,393,965	\$ (155,667)	\$ -	\$ 2,721,611

The accompanying notes are an integral part of the standalone financial statements.

NANLIU ENTERPRISE CO., LTD
Parent Company Only Statements of Cash Flows
For the Year Ended December 31 ,2016 and 2015
(All Amounts Expressed In Thousands of New Taiwan Dollars)

	For the year ended December 31	
	2016	2015
Cash flows from operating activities		
Profit before income tax	\$ 638,002	\$ 661,888
Adjustments for :		
Depreciation expense	58,298	57,037
Amortization expense	5,917	4,767
Interest expense	7,639	10,480
Interest income	(1,249)	(1,426)
(Income) Provision for doubtful accounts	(4,045)	8,477
Share of profit of subsidiaries and associates accounted for using equity method	(456,250)	(330,715)
(Profit) Loss on disposal of assets	(86)	682
Unrealized gain on sales	7,888	40,739
Realized gain on sales	(8,082)	(25,537)
(Profit) on physical inventory	(29)	(1,055)
Loss on disposal of inventory	32,394	3,007
(Reversal)Impairment of Assets	(1,481)	(1,602)
Foreign exchange(gain)	(1,387)	(7,547)
Total adjustments to reconcile profit or loss	(360,473)	(242,693)
Changes in operating assets and liabilities		
(Increase) Decrease in notes receivable	(19,904)	3,150
Decrease in accounts receivable	57,683	7,577
(Increase) Decrease in other receivable	(29,549)	2,021
Decrease (Increase) in inventories	7,462	(109,938)
(Increase) Decrease in prepayments	(46,809)	14,403
(Increase) Decrease in other current assets	(24,765)	34,863
Increase (Decrease) in notes payable	53,933	(37,810)
Increase in accounts payable	97,775	63,676
Increase (Decrease) in other payable	503	(623)
Increase in unearned receipts	2,720	199
(Decrease) Increase in accrued pension liabilities	(12,627)	2,239
Total Changes in Operating Assets and Liabilities	86,422	(20,243)
Cash generated from operating	363,951	398,952

(Continued)

	For the year ended December 31	
	2016	2015
Interest received	1,264	1,602
Income taxes paid	(84,639)	(79,217)
Net cash generated by operating activities	280,576	321,337
Cash flows from investing activities		
Acquisition of investments accounted for using equity method	(104,167)	(57,580)
Acquisition of property, plant and equipment	(42,077)	(38,519)
Disposal of property, plant and equipment	3	1
Acquisition of intangible assets	(1,939)	-
(Increase) in prepayments for equipment	(146,195)	(50,815)
(Increase) Decrease in Instead of payment	(133)	213
Decrease (Increase) Decrease in refundable deposits	133	(68)
Net cash used in investing activities	(294,375)	(146,768)
Cash Flows From Financing Activities :		
Interest paid	(7,550)	(10,431)
Increase (Decrease) in short-term loans	210,000	(55,567)
Increase in short-term bills payable	15,000	75,000
(Decrease) Increase in long-term bank borrowing	(7,890)	160,130
Cash dividends	(283,140)	(203,280)
Increase in other current liabilities	211	140
Net cash used in financing activities	(73,369)	(34,008)
Effect of exchange rate changes on cash and cash equivalents	434	6,038
Net (Decrease) Increase in cash and cash equivalents	(86,734)	146,599
Cash and cash equivalents, beginning of year	253,723	107,124
Cash and cash equivalents, end of year	\$ 166,989	\$ 253,723

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

NAN LIU ENTERPRISE CO., LTD AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2016 and December 31, 2015
(All Amounts Expressed In Thousands of New Taiwan Dollars)

ASSETS		December 31, 2016		December 31, 2015		LIABILITIES AND EQUITY		December 31, 2016		December 31, 2015			
		Amount	%	Amount	%			Amount	%	Amount	%		
CURRENT ASSETS						CURRENT LIABILITIES							
1100	Cash and cash equivalents	4 - 6(1)	\$ 577,150	10.72	\$ 529,058	9.82	2100	Short-term loans	6(6)	\$ 353,900	6.57	\$ 207,307	3.85
1150	Notes receivable, net	4 - 6(2) - 7	95,609	1.77	58,691	1.09	2110	Short-term bills payable, net	6(7)	179,961	3.34	164,931	3.06
1170	Accounts receivable, net	4 - 6(3) - 7	1,226,592	22.78	1,119,267	20.79	2150	Notes payable	4	590,061	10.96	540,796	10.04
1200	Other receivables		32,274	0.60	1,495	0.03	2170	Accounts payable	4	477,654	8.87	523,562	9.72
1310	Inventories	4 - 5 - 6(4)	928,930	17.25	991,811	18.42	2200	Other payable		166,447	3.09	160,252	2.98
1410	Prepayments		289,760	5.38	354,415	6.58	2213	Payables on equipment		6,722	0.12	37,893	0.70
1470	Other current assets	8	67,944	1.26	44,938	0.83	2230	Current tax liabilities	4 - 6(13)	59,215	1.10	81,986	1.52
	Total current assets		3,218,259	59.76	3,099,675	57.56	2311	Unearned receipts		12,996	0.24	9,569	0.18
							2322	Current portion of long-term bank borrowing	6(8)	53,559	0.99	169,288	3.14
							2399	Other current liabilities		3,379	0.07	2,973	0.06
								Total current liabilities		\$ 1,903,894	35.35	1,898,557	35.25
NON CURRENT ASSETS						NONCURRENT LIABILITIES							
1600	Property, plant and equipment	4 - 6(5) - 8	1,809,808	33.61	2,054,428	38.15	2540	Long-term bank borrowing	6(8)	671,605	12.47	722,425	13.42
1780	Intangible assets	4	1,783	0.03	24	0.00	2571	Deferred income tax liabilities-Land value increment tax		7,386	0.14	7,386	0.14
1840	Deferred income tax assets	4 - 5 - 6(13)	25,233	0.47	29,230	0.54	2572	Deferred income tax liabilities-income tax	4 - 6(13)	2,307	0.04	2,744	0.05
1915	Prepayments for equipment		182,617	3.39	76,135	1.41	2640	Accrued pension liabilities	4 - 5 - 6(9)	78,091	1.45	89,756	1.67
1920	Refundable deposit	9	19,668	0.37	21,550	0.40	2645	Guarantee deposits		462	0.02	500	0.01
1985	Prepaid investments	4	125,624	2.33	101,322	1.88		Total noncurrent liabilities		759,851	14.12	822,811	15.29
1990	Other assets		2,364	0.04	2,463	0.06		Total liabilities		2,663,745	49.47	2,721,368	50.54
	Total noncurrent assets		2,167,097	40.24	2,285,152	42.44	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
							Owners equity						
							3100	Capital stock	6(10)	726,000	13.48	726,000	13.49
							3200	Capital surplus	6(10)	453,467	8.42	453,467	8.42
							3300	Retained earnings	6(10)				
							3310	Legal reserve		259,498	4.82	201,355	3.74
							3320	Special reserve		44,348	0.82	44,348	0.82
							3350	Unappropriated earnings		1,393,965	25.88	1,153,679	21.42
							3400	Other	6(10)				
							3410	Financial statements translation differences for foreign operations		(155,667)	(2.89)	84,610	1.57
								Equity attributable to shareholders of the parent		2,721,611	50.53	2,663,459	49.46
1xxx	Total assets		\$ 5,385,356	100.00	\$ 5,384,827	100.00		Total liabilities and equity		\$ 5,385,356	100.00	\$ 5,384,827	100.00

NAN LIU ENTERPRISE CO., LTD AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Year Ended December 31, 2016 and 2015

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

Item	Note	For the year ended December 31				
		2016		2015		
		Amount	%	Amount	%	
4000	Net Sales	4、6(11)、7	\$ 6,090,390	100.00	\$ 5,922,201	100.00
5000	Cost of goods sold	6(4)	(4,916,094)	(80.72)	(4,725,558)	(79.79)
5900	Gross profit		1,174,296	19.28	1,196,643	20.21
6000	Operating expenses					
6100	Promotion expenses		(240,206)	(3.94)	(215,902)	(3.65)
6200	Management expenses		(210,491)	(3.46)	(201,449)	(3.40)
6300	Research expenses		(29,701)	(0.49)	(28,648)	(0.48)
6000	Total Operating expenses		(480,398)	(7.89)	(445,999)	(7.53)
6900	Operating profit		693,898	11.39	750,644	12.68
	Other non-operating income and expenses					
7020	Other income	6(12)	97,335	1.60	51,451	0.87
7050	Finance costs	6(12)	(13,388)	(0.22)	(24,456)	(0.42)
7000	Other non-operating income and expenses		83,947	1.38	26,995	0.45
7900	Income before income tax		777,845	12.77	777,639	13.13
7950	Income tax expense	4、6(13)	(195,478)	(3.21)	(196,208)	(3.31)
8200	Net Income		582,367	9.56	581,431	9.82
8300	Other comprehensive income (loss)					
8310	Items that will not be reclassified subsequently to profit or loss:					
8311	Remeasurement of defined benefit obligation	6(9)	(962)	(0.02)	(7,424)	(0.12)
8349	Income tax (expense) related to components of the comprehensive income	6(13)	164	0.00	1,262	0.02
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences arising on translation of foreign operations	6(11)	(240,277)	(3.95)	(53,788)	(0.91)
8300	Other comprehensive income (loss) for the period, net of income tax		(241,075)	(3.97)	(59,950)	(1.01)
8500	Total comprehensive income for the period		\$ 341,292	5.59	\$ 521,481	8.81
8600	Net income attributable to:					
8610	Owners of parent		\$ 582,367	9.56	\$ 581,431	9.82
8620	Non-controlling interests		-	-	-	-
	Net income		\$ 582,367	9.56	\$ 581,431	9.82
8700	Comprehensive income attributable to:					
8710	Owners of parent		\$ 341,292	5.59	\$ 521,481	8.81
8720	Non-controlling interests		-	-	-	-
	Total comprehensive income for the period		\$ 341,292	5.59	\$ 521,481	8.81
9750	Basic earnings per share(NT dollars)	4、6(15)	\$ 8.02		\$ 8.01	
9850	Diluted earnings per share(NT dollars)	4、6(15)	\$ 8.02		\$ 8.00	

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

NAN LIU ENTERPRISE CO., LTD AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the year ended December 31, 2016 and 2015

(All Amounts Expressed In Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
	Capital Stock - Common Stock		Capital Surplus	Retained Earnings			Other equity items	Non-controlling interests	Total Equity
	Ordinary shares	Amounts		Legal Reserve	Special Reserve	Unappropriated Earnings	Financial statements translation differences for foreign operations		
Balance as of January 1, 2015	72,600	\$ 726,000	\$ 453,467	\$ 159,340	\$ 44,348	\$ 823,705	\$ 138,398	\$ -	\$ 2,345,258
Legal reserve appropriated	-	-	-	42,015	-	(42,015)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(203,280)	-	-	(203,280)
Net income in 2015	-	-	-	-	-	581,431	-	-	581,431
Other comprehensive income for the year	-	-	-	-	-	(6,162)	(53,788)	-	(59,950)
Balance as of December 31, 2015	72,600	\$ 726,000	\$ 453,467	\$ 201,355	\$ 44,348	\$ 1,153,679	\$ 84,610	\$ -	\$ 2,663,459
Balance as of January 1, 2016	72,600	\$ 726,000	\$ 453,467	\$ 201,355	\$ 44,348	\$ 1,153,679	\$ 84,610	\$ -	\$ 2,663,459
Legal reserve appropriated	-	-	-	58,143	-	(58,143)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(283,140)	-	-	(283,140)
Net income in 2016	-	-	-	-	-	582,367	-	-	582,367
Other comprehensive income for the year	-	-	-	-	-	(798)	(240,277)	-	(241,075)
Balance as of December 31, 2016	72,600	\$ 726,000	\$ 453,467	\$ 259,498	\$ 44,348	\$ 1,393,965	\$ (155,667)	\$ -	\$ 2,721,611

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

NAN LIU ENTERPRISE CO., LTD AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Year Ended December 31 ,2016 and 2015
(All Amounts Expressed In Thousands of New Taiwan Dollars)

	For the year ended December 31	
	2016	2015
Cash flows from operating activities		
Consolidated Profit before income tax	\$ 777,845	\$ 777,639
Adjustments for :		
Depreciation expense	290,454	261,124
Amortization expense	7,502	6,445
Other expense	50	(465)
Interest expense	13,388	24,456
Interest income	(2,332)	(2,871)
(Income) Provision for doubtful accounts	(925)	6,255
Provision for inventory market price decline	4,609	-
Loss on disposal of inventory	46,585	9,188
(Profit) Loss on physical inventory	(986)	(1,059)
Loss on disposal of assets	2,994	4,290
(Reversal) Impairment of Assets	(3,762)	(2,188)
Foreign exchange (gain)	(1,695)	(7,985)
Total adjustments to reconcile profit or loss	<u>355,882</u>	<u>297,190</u>
Changes in operating assets and liabilities		
(Increase) in notes receivable	(36,918)	(34)
(Increase) in accounts receivable	(102,234)	(68,278)
(Increase) Decrease in other receivable	(30,806)	2,015
Decrease (Increase) in inventories	12,673	(229,155)
Decrease in prepayments	69,807	12,702
(Increase) Decrease in other current assets	(24,251)	37,832
Increase in notes payable	49,619	10,790
(Decrease) in accounts payable	(49,121)	(25,458)
Increase in other payable	6,262	3,938
Increase (Decrease) in unearned receipts	3,427	(4,268)
Increase in other current liabilities	299	-
(Decrease) Increase in accrued pension liabilities	(12,627)	2,239
Total Changes in Operating Assets and Liabilities	<u>(113,870)</u>	<u>(257,677)</u>
Cash generated from operating	<u>1,019,857</u>	<u>817,152</u>

(Continued)

	For the year ended December 31	
	2016	2015
Interest received	2,359	3,047
Income taxes paid	(214,525)	(191,916)
Net cash generated by operating activities	<u>807,691</u>	<u>628,283</u>
Cash flows from investing activities		
Acquisition of property , plant and equipment	(146,963)	(168,240)
Disposal of property , plant and equipment	492	840
Acquisition of intangible assets	(3,211)	-
(Increase) in prepayments for equipment	(71,606)	(190,110)
Decrease (Increase) in restricted assets	1,431	(336)
(Increase) in long-term prepaid rent	(35,320)	-
(Increase) Decrease in Instead of payment	(186)	901
Decrease (Increase) in refundable deposits	868	(6,135)
Net cash used in investing activities	<u>(254,495)</u>	<u>(363,080)</u>
Cash Flows From Financing Activities :		
Interest paid	(13,425)	(24,675)
Increase (Decrease) in short-term loans	146,593	(51,734)
Increase in short-term bills payable	15,000	75,000
(Decrease) Increase in long-term bank borrowing	(149,673)	135,647
Cash dividends	(283,140)	(203,280)
Increase in other current liabilities	107	697
Net cash used in financing activities	<u>(284,538)</u>	<u>(68,345)</u>
Effect of exchange rate changes on cash and cash equivalents	(220,566)	(7,135)
Net Increase in cash and cash equivalents	48,092	189,723
Cash and cash equivalents, beginning of year	529,058	339,335
Cash and cash equivalents, end of year	<u>\$ 577,150</u>	<u>\$ 529,058</u>

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

NAN LIU ENTERPRISE CO., LTD.

**Comparison between the original and amendments to the
Articles of Incorporation**

Amended version	Original version	Reason
<p>Article 14:</p> <p>The Company has 7 to 9 directors and 3 supervisors, who shall be elected by the shareholders' meeting from those with disposing capacity for a term of 3 years. They may be eligible for re-election. The percentage of shareholdings of all the directors and supervisors selected is subject to the provisions separately prescribed by the competent authority in charge of securities affairs.</p> <p><u>In above directors numbers, the Company shall not appoint independent directors of no less than two in number and no less than one-fifth of the total number of directors. <u>Directors and supervisors shall be elected by adopting candidates nomination system as specified in Article 192-1 of the ROC Company Law. The nomination of directors and related announcement shall comply with the relevant regulations of the ROC Company Law and Securities and Exchange Law.</u> Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority.</u></p> <p><u>The election of independent</u></p>	<p>Article 14:</p> <p>The Company has 7 to 9 directors and 3 supervisors, who shall be elected by the shareholders' meeting from those with disposing capacity for a term of 3 years. They may be eligible for re-election. The percentage of shareholdings of all the directors and supervisors selected is subject to the provisions separately prescribed by the competent authority in charge of securities affairs.</p> <p><u>According to Article 183 of the Securities and Exchange Act, the Company shall not appoint independent directors of no less than two in number and no less than one-fifth of the total number of directors. <u>Independent directors shall be elected by shareholders from the candidates list based on the candidates-nomination system.</u> Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority.</u></p>	<p>In compliance with Article 192-1 of the Company Act amended.</p>

<p><u>directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately.</u></p>		
<p>The articles were drawn up on November 15, 1978 and were revised on December 30, 1979 for the first time,, amended on April 30, 2013 for the 32nd time, and amended on June 13, 2016 the 33rd time, and <u>amended on May 31, 2017 the 34rd time.</u></p>	<p>The articles were drawn up on November 15, 1978 and amended on December 30, 1979 for the first time,, amended on April 30, 2013 for the 32nd time, and amended on June 13, 2016 the 33rd time.</p>	<p>Amendment dates are added</p>

NAN LIU ENTERPRISE CO., LTD.

**Comparison between the original and amendments to the
Procedures for Acquisition or Disposal of Assets**

Amended version	Original version	Reason
<p>Article 2 : These Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and <u>Financial Supervisory Commission R.O.C.(Taiwan)(“FSC”)</u></p>	<p>Article 2 : These Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and Securities and Futures Bureau.</p>	<p>Revise the competent authority.</p>
<p>Article 8 Under any of the following circumstances, a public company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds <u>issued by domestic securities investment trust enterprises.</u></p>	<p>Article 8 Under any of the following circumstances, the company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days commencing immediately from the date of occurrence of the event: 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of domestic money market funds.</p>	<p>1. Revise the competent authority. 2. Amendments base on the revised regulations “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” announced by FSC on Feb. 9, 2017 (No. 1060001296).</p>

Amended version	Original version	Reason
<p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.</p> <p>5. Acquisition or disposal by a public company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million.</p> <p>6. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NT\$500 million.</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million;</p>	<p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances: A. Trading of government bonds. B. Securities trading by</p>	

Amended version	Original version	Reason
<p>provided, this shall not apply to the following circumstances:</p> <p>A. Trading of government bonds.</p> <p>B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by <u>investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</u></p> <p>C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds <u>issued by domestic securities investment trust enterprises.</u></p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project 	<p>investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription of securities by a securities firm, either in the primary market or in accordance with relevant regulations.</p> <p>C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p>D. Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>E. Acquisition or disposal by the company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>F. Where land is acquired under an arrangement on engaging others to build on the company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership</p>	

Amended version	Original version	Reason
<p>within the preceding year.</p> <p>4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety <u>within two days counting inclusively from the date of knowing</u> of such error or omission.</p> <p>A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and</p>	<p>percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction is less than NT\$500 million.</p> <p>The amount of transactions above shall be calculated as follows:</p> <ol style="list-style-type: none"> 1. The amount of any individual transaction. 2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year. 3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year. 4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year. <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.</p> <p>A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the</p>	

Amended version	Original version	Reason
<p>securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	<p>information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>When a public company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>A public company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained for 5 years except where another act provides otherwise.</p>	
<p>Article 9: Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the <u>FSC</u> within 2 days commencing immediately from the date of occurrence of the event: (The following omitted)</p>	<p>Article 9: Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the <u>SFB</u> within 2 days commencing immediately from the date of occurrence of the event: (The following omitted)</p>	<p>Revise the competent authority.</p>
<p>Article 10: In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting</p>	<p>Article 10: In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with</p>	<p>Amendments based on the revised regulations "Regulations Governing the Acquisition and Disposal of Assets</p>

Amended version	Original version	Reason
<p>with a government <u>agency</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (The following omitted)</p>	<p>a government, institution engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: (The following omitted)</p>	<p>by Public Companies” announced by FSC on Feb. 9, 2017 (No. 1060001296).</p>
<p>Article 12: Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government <u>agency</u>, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Article 12: Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government institution, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Same as Article 10.</p>
<p>Article 16: When a public company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or</p>	<p>Article 16: When a public company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or</p>	<p>Same as Article 10.</p>

Amended version	Original version	Reason
<p>subscription or <u>repurchase of domestic money market funds issued by Securities Investment Trust Enterprises</u>, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: (The following omitted)</p>	<p>subscription or redemption of domestic money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: (The following omitted)</p>	
<p>Article 18: (The above omitted) The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the <u>FSC</u> has given its consent. (The following omitted)</p>	<p>Article 18: (The above omitted) The company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the <u>SFB</u> has given its consent. (The following omitted)</p>	<p>Same as Article 10.</p>
<p>Article 19: (The above omitted) 8.Information announce A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the <u>FSC</u> by the 10th day of each month. (The following omitted)</p>	<p>Article 19: (The above omitted) 8.Information announce A public company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the Securities and Futures Bureau by the 10th day of each month.</p>	<p>Revise the competent authority.</p>

Amended version	Original version	Reason
	(The following omitted)	
<p>Article 20: A public company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. <u>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</u> (The following content delete, and move to Article 21)</p>	<p>Article 20: The company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction,</p>	<p>Same as Article 10.</p>

Amended version	Original version	Reason
	<p>or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.</p>	
<p>Article 21: The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply. Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up</p>	<p>Added.</p>	<p>Strengthen the contents according to the laws and regulations of the competent authorities.</p>

Amended version	Original version	Reason
measures, and the preliminary date of the next shareholders meeting.		
<p>Article <u>22</u>:</p> <p>A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the <u>FSC</u> is notified in advance of extraordinary circumstances and grants consent.</p> <p>A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the <u>FSC</u> is notified in advance of extraordinary circumstances and grants consent.</p> <p>(The following omitted)</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.</p> <p>(The following omitted)</p>	<p>Article 21:</p> <p>A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the SFB is notified in advance of extraordinary circumstances and grants consent.</p> <p>A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the SFB is notified in advance of extraordinary circumstances and grants consent.</p> <p>(The following omitted)</p> <p>When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the SFB for recordation.</p> <p>(The following omitted)</p>	<ol style="list-style-type: none"> 1. Change the article No. 2. Revise the competent authority.
<p>Article 23:</p> <p>Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer</p>	<p>Added.</p>	<p>Strengthen the contents according to the laws and regulations of the</p>

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<p>of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.</p>		<p>competent authorities.</p>
<p>Article <u>24</u>: (Deleted)</p>	<p>Article 22: The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record related information, and secure the right of participated company.</p>	<ol style="list-style-type: none"> 1. Change the article No. 2. Amendments the contents according to the laws and regulations of the competent authorities.
<p>Article 25: The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:</p> <ol style="list-style-type: none"> 1. Handling of breach of contract. 2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged. 3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof. 	<p>Added.</p>	<p>Strengthen the contents according to the laws and regulations of the competent authorities.</p>

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<p>4. The manner of handling changes in the number of participating entities or companies.</p> <p>5. Preliminary progress schedule for plan execution, and anticipated completion date.</p> <p>6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.</p>		
<p>Article 26: After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.</p>	Added.	Strengthen the contents according to the laws and regulations of the competent authorities.
<p>Article 27: Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the</p>	Added.	Strengthen the contents according to the laws and regulations of the competent authorities.

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non-public company whereby the latter is required to abide by the provisions of Article 22, Article 23, and Article 26.		
Article <u>28</u> :	Article 23:	Change the article No.
Article <u>29</u> :	Article 24:	Change the article No.
<p>Article 30: After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</p> <p><u>When the procedures for the acquisition and disposal of assets are submitted for discussion by the board of directors pursuant to the preceding paragraph, the board of directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.</u></p>	<p>Article 25: After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.</p>	<ol style="list-style-type: none"> 1. Change the article No. 2. Same as Article 10.