



Stock code: 6504

NAN LIU ENTERPRISE CO., LTD.

2019 Annual Shareholders' Meeting

Meeting Minutes

Date: May 29, 2019

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THIS IS A TRANSLATION OF THE MINUTES FOR THE 2018 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.
2019 ANNUAL SHAREHOLDERS' MEETING
MINUTES
(Translation)

Time: 10:00 a.m., Wednesday, May 29, 2019

Place: No. 699, Silin Rd., Yanchao Dist., Kaohsiung City (Headquarters conference room 3F)

Attendants: All shareholders and their proxy holders, representing 55,465,778 shares, or 76.39% 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 Ho-chun, 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. Chairman's Remarks (omitted)

III. Report Items

1. To report 2018 Business Report (Please refer to Attachment 1).
2. To report Supervisor's Review of the 2018 Financial Statements (Please refer to Attachment 2).
3. To report distribution of the 2018 Compensation of Employees, Directors and Supervisors (Please refer to the Meeting Handbook).

IV. Proposed Items

1. To accept 2018 Financial Statements and the Business Report (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The 2018 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, Shu-Tung Wang and Hsiang-Ning Hu of Yangtze CPAs & Co. The Business Report and the Financial Statements have been reviewed

by the supervisors.

- (2) For the Audit Report and the 2018 Financial Statements and the Business Report, please refer to Attachment 3 & 4 and Attachment 1.
- (3) Please proceed to adopt the motion.

Resolution:

Voting Result: 55,465,778 shares were represented at the time of voting.

Voting Results
Votes in favor : 54,583,875votes , 98.41% of the total representation at the time of voting.
Votes against : 25votes
Votes invalid : 0votes
Votes abstained : 881,878votes

Approved and acknowledged as proposed by Board of Directors.

2. To approve the proposal for the distribution of the 2018 profit (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The after-tax profit in 2018 was NT\$592,765,837. Of that, 10% (i.e., NT\$59,276,584) has been set aside as a legal reserve, subtracted other comprehensive income-defined benefit remeasured amount was NT\$1,674,914, subtracted special reserve amount was NT\$71,736,240, coupled with unappropriated retained earnings of NT\$995,307,856 (including unappropriated retained earnings of NT\$27,960,645 before (1997) and NT\$967,347,211 after (1998)), retained earnings for this year is NT\$1,455,385,955.
- (2) In terms of the distribution of the 2018 profit, a cash dividend of NT\$5.0 per share is proposed, amounting to NT\$363,000,000 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.

2018

Profit Distribution Table

Unit: NT\$

Items	Amount (NT\$)	Remarks
Beginning retained earnings	995,307,856	
Other comprehensive income-defined benefit plan	(1,674,914)	
2018 net income	592,765,837	
subtracted : Legal reserve (10%)	(59,276,584)	
Subtracted: Special reserve	(71,736,240)	
Subtotal of distributable net profit	1,455,385,955	
Distributable items		
Dividend to shareholders-cash dividend (NT\$5.0/share)	363,000,000	
Unappropriated retained earnings	1,092,385,955	

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

Note 1: 2018 unappropriated retained earnings are distributable first

Resolution:

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Votes invalid : 0votes
Votes abstained : 881,878votes

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) For the operation need and follow Article 14-4 of Securities and Exchange Act, establish Audit Committee and delete related rules of Supervisors.
- (2) Comparison Table for the Articles of Incorporation before and after revision please refer to Attachment 5.

Resolution:

Voting Result: 55,465,778 shares were represented at the time of voting.

Voting Results
Votes in favor : 54,583,875votes , 98.41% of the total representation at the time of voting.
Votes against : 25votes
Votes invalid : 0votes
Votes abstained : 881,878votes

Approved and acknowledged as proposed by Board of Directors.

2. Amendments to parts of the Regulations for Election of Directors and Supervisors(Proposed by the Board of Directors)

Explanatory Notes:

- (1) The Company establish Audit Committee to replace the powers of Supervisors. ‘The Regulations for Election of Directors and Supervisors’ will be rename to ‘The Regulations for Election of Directors’. The parts of related Article will be amended to follow related Act of government and operation need.
- (2) Comparison Table for the Regulations for Election of Directors and Supervisors before and after revision please refer to Attachment 6.

Resolution:

Voting Result: 55,465,778 shares were represented at the time of voting.

Voting Results
Votes in favor : 53,954,053votes , 97.27% of the total representation at the time of voting.
Votes against : 25votes
Votes invalid : 0votes
Votes abstained : 1,511,700votes

Approved and acknowledged as proposed by Board of Directors.

3. Amendments to parts of the Rules of Procedure for Shareholders Meetings(Proposed by the Board of Directors)

Explanatory Notes:

- (1) For establishing Audit Committee, revise to ‘the Rules of Procedure for Shareholders Meetings’.
- (2) Comparison Table for the Rules of Procedure for Shareholders Meetings before and after revision please refer to Attachment 7.

Resolution:

Voting Result: 53,465,778 shares were represented at the time of voting.

Voting Results
Votes in favor : 53,954,053votes , 97.27% of the total representation at the time of voting.
Votes against : 25votes
Votes invalid : 0votes
Votes abstained : 1,511,700votes

Approved and acknowledged as proposed by Board of Directors.

4. Amendments to parts of the Procedures of the Acquisition and Disposal of Assets(Proposed by the Board of Directors)

Explanatory Notes:

- (1) For the operation need and follow Article 14-4 of Securities and Exchange Act, establish Audit Committee.
- (2) Comparison Table for the Acquisition and Disposal of Assets before and after revision please refer to Attachment 8.

Resolution:

Voting Result: 53,465,778 shares were represented at the time of voting.

Voting Results
Votes in favor : 53,954,053votes , 97.27% of the total representation at the time of voting.
Votes against : 25votes
Votes invalid : 0votes
Votes abstained : 1,511,700votes

Approved and acknowledged as proposed by Board of Directors.

5. Amendments to parts of the Procedures for Loaning of Funds(Proposed by the Board of Directors)

Explanatory Notes:

- (1) For the operation need and follow Article 14-4 of Securities and Exchange Act, establish Audit Committee.
- (2) Comparison Table for the Procedures for Loaning of Funds before and after revision please refer to Attachment 9.

Resolution:

Voting Result: 55,465,778 shares were represented at the time of voting.

Voting Results
Votes in favor : 54,583,875votes , 98.41% of the total representation at the time of voting.
Votes against : 25votes
Votes invalid : 0votes
Votes abstained : 881,878votes

Approved and acknowledged as proposed by Board of Directors.

6. Amendments to parts of the Procedures for Making of Endorsements/Guarantees(Proposed by the Board of Directors)

Explanatory Notes:

- (1) For the operation need and follow Article 14-4 of Securities and Exchange Act, establish Audit Committee.
- (2) Comparison Table for the Procedures for Making of Endorsements/Guarantees before and after revision please refer to Attachment 10.

Resolution:

Voting Result: 55,465,778 shares were represented at the time of voting.

Voting Results
Votes in favor : 54,583,875votes , 98.41% of the total representation at the time of voting.
Votes against : 25votes
Votes invalid : 0votes
Votes abstained : 881,878votes

Approved and acknowledged as proposed by Board of Directors.

VI. Directors Election

1. To election six directors and three independent directors(Proposed by the Board of Directors)

Explanatory Notes:

- (1) Upon the expiration of the terms of all Directors on June 12, 2019, the Board of Directors resolved will be elected nine Directors (including three Independent Directors) at this Annual Shareholders' Meeting. To follow Article 14-4 of Securities and Exchange Act, establish Audit Committee.
- (2) The tenure of newly elected Directors shall be 3 years, commencing on May 29, 2019 and expiring on May 28, 2022.

- (3) The Directors shall be elected by adopting candidates' nomination. The Directors and Independent Directors shall be elected from the nominated candidates.
- (4) The list of Directors and Independent Directors nominated candidates reviewed by Board of Directors on March 6, 2019. The related information is as follows.

<1> Directors nominated candidates are as follows.

Name	Main education	Main working experience	Current positions in the Company or other companies	Shares currently held
Bixiu Investments Co., Ltd	-	-	-	5,090,929
Representative: Huang Chin-san	National Kaohsiung University of Applied Sciences Honorary Doctor of Engineering	Chairman of NAN LIU ENTERPRISE CO., LTD.	NAN LIU ENTERPRISE CO., LTD.	5,288,978
Tian Zi Ding Investments Co., Ltd.	-	-	-	8,731,659
Representative: Huang, Huo-cun	Department of Chinese Medicine, Beijing University of Chinese Medicine	General Manager of NAN LIU ENTERPRISE CO., LTD.	General Manager of NAN LIU ENTERPRISE CO., LTD.	1,505,015
Wang, Chin-Hung	Ph.D. Philosophy, National Cheng Chi University.	CEO of Nan T san Co., Ltd.	CSO of Quadlink Technology Inc	0
Yang Rui-hua	Zhongzheng Senior High School	Manager of Senlong Chemical Fiber Co., Ltd.	Director of Nan Liu Enterprise Co., Ltd. (Pinghu)	181,033
Su Chao-shan	Executive Master of Business Administration, National Sun Yat-sen University	Professor and Dean of College of Business and Information, Shih Chien University	Supervisor of Laser Tek Taiwan Co., Ltd.	0
Chung Mao-Chih	Department of Accounting, Ling Tung University	Manager of Pan Kuo-Chin CPAs & Co.	Xin Shi Dai Accountancy and Tax Agent	1,497,451

<2> Independent Directors nominated candidates are as follows.

Name	Main education	Main working experience	Current positions in the Company or other companies	Shares currently held	Nominated reason for renewal of three sessions
Huang Tung-rong	Master's degree, Accounting Department,	Supervisor, Taiwan Industrial Bank	Managing Partner, Universal United CPA (CPA)	0	

	National Chi Nan University.				
Huang Jin-feng	Ph. D., Textile Science and Technology Management, North Carolina State University	Associate Professor, National Taiwan University of Science and Technology	Adjunct Associate Professor, Department of Fiber and Composite Materials, Feng Chia University	0	
Huang Chun-ping	Ph.D. candidate, Global Business, Institute of China and Asia-Pacific Studies, National Sun Yat-sen University	Deputy Director of Incubation Center, Cheng Shiu University	Vice General Manager of Kuo Fu Management Consulting Co., Ltd.	0	He has management related experience and provide good proposal for the Company. This time continue to nominate him for doing Independent Director's duty, playing his talent, supervising the Board of Directors and providing opinions to the Company.

(5) Please proceed to vote.

Voting Result:

The list of newly elected Directors (Including Independent Directors) with votes follows.

Title	ID Number	Name	Votes
Director	27303652	Bixiu Investments Co., Ltd. Representative: Huang Chin-san	70,423,077
Director	80242748	Tian Zi Ding Investments Co., Ltd. Representative: Huang Huo-chun	46,969,269
Director	Q1205*****	Wang, Chin-Hung	46,856,536
Director	S1009*****	Yang, Rui-hua	46,808,224
Director	F1017*****	Su, Chao-shan	46,631,691
Director	R1011*****	Chung, Mao-Chih	46,450,658
Independent Director	K1017*****	Huang, Tung-rong	46,327,325
Independent Director	B2005*****	Huang, Jin-feng	46,259,825
Independent Director	F1208*****	Huang, Chun-ping	46,107,780

VII. Other Business and Special Motion: None.

VIII. Adjournment: Meeting ended at 11:09 am

Attachment 1

NAN LIU ENTERPRISE CO., LTD.

2018 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 2018.

A. 2017 Business Report

(1) Achievements of the 2018 Business Plan

The Company's major businesses in 2018 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 2018, net sales was NT\$6,786,338 thousand, up 5.48% compared with 2017. Taking into cost of goods sold of NT\$5,510,590 thousand, total operating expenses of NT\$478,579 thousand, and other non-operating loss and expenses of NT\$77,094 thousand, the income before income tax came in at NT\$874,263 thousand. Estimated income tax expense was NT\$281,497 thousand, and the net income was NT\$592,766 thousand with an EPS of NT\$8.16.

(2) 2018 Consolidated Financial Expenditure and Profitability

Unit: NT\$ 1000

Consolidated Statements of Comprehensive Income	2018	2017	Change %
Net Sales	6,786,338	6,433,820	5.48%
Cost of goods sold	5,510,590	5,203,169	5.91%
Gross profit	1,275,748	1,230,651	3.66%
Total Operating expenses	478,579	498,143	-3.93%
Net operating profit	797,169	732,508	8.83%
Other non-operating income and expenses	77,094	(12,251)	729.29%
Income before income tax	874,263	720,257	21.38%
Net Income	592,766	541,377	9.49%

(3) Consolidated Profitability Analysis

Unit: %

	2018	2017	
Return on assets	8.11	9.10	
Return on equity	19.96	19.35	
Capital ratio	Net operating profit	109.80	95.58
	Income before income tax	120.42	107.14
Net profit margin	8.73	8.42	

After-tax earnings per share (NT\$)	8.16	7.46
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The company faced some challenges in 2018. First, the international trend of USD was strong in 2018. Second, compared to USD, CNY depreciated over 5%. Under above two challenges, all employees pledged more efforts and consistently develop new products. The capacity utilization was full in 2018. The sales is growing up.

In general, the sales grew slightly. The China plant contributed positive effects in operation, profit. With the great teamwork and efforts of all employees, the net income in 2018 reached NT\$592,766 thousands (EPS NT\$8.16).

B. Summary of the 2019 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, delivery and service, so that they are incentivized to purchase even more products from the Company, and thereby looking after the interests of shareholders and employees. In so doing, all four stakeholders — shareholders, employees, and customers, 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

General Manager:

Mr. Huang, Huo-cun

Accounting Manager:

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 2018 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.

Supervisor is responsible for overseeing the financial reporting process.

When auditing the 2018 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 2019 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Supervisor : Su, Chao-Shan

On the Date of March 11, 2019

Nan Liu Enterprise Co., Ltd.

Supervisor's Review Report

(Translation)

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The Company's 2019 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Supervisor : Su, Chao-Shan

On the Date of March 11, 2019

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Supervisor's Review Report

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The Company's 2019 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Supervisor : Hsieh, Chiu-Lan

On the Date of March 6, 2019

Nan Liu Enterprise Co., Ltd.

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Submitted to :

The Company's 2019 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Supervisor : Hsieh, Chiu-Lan

On the Date of March 6, 2019

Nan Liu Enterprise Co., Ltd.

Supervisor's Review Report

(Translation)

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Submitted to :

The Company's 2019 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Supervisor : Chung, Mao-Chih

On the Date of March 11, 2019

Nan Liu Enterprise Co., Ltd.

Supervisor's Review Report

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The Company's 2019 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Supervisor : Chung, Mao-Chih

On the Date of March 11, 2019



揚智聯合會計師事務所
YANGTZE CPAS & CO.



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, 2018 and 2017, 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, 2018 and 2017, 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 the 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, 2018. 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, 2018 are stated as follows:

Valuation of accounts receivable

Please refer to Notes 4(6) and 6(3) to the parent company only financial statements for detail information and accounting policy of valuation of accounts receivable. As of December 31, 2018, net accounts and notes receivable of the Company amounted to NT\$ 560,405 thousand dollars, accounted for 7.52% 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 have identified valuation of accounts receivable as a key audit matter.



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YANGTZE CPAS & CO.



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. For the preparation matrix provided by the company, evaluate whether the expected loss rate is reasonable.
6. According to accounts receivable statement, accounts receivable aging and overdue accounts receivable statement provided by the client, whether the credit period of the accounts receivable customer is consistent with the system login. Perform relevant decimation calculations to confirm that the aging and overdue vesting periods are correct.

Valuation of inventories

Please refer to Notes 4(7), 5 and 6(4) to the parent company only financial statements for the detail information and accounting policy, uncertainty of valuation of inventories; As of December 31, 2018, inventories of the Company amounted to NT\$359,166 thousand dollars, accounted for 4.82% of total assets, has significant impact to financial statements of the Company, in addition, the principal operating activities of the Company 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.

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 Company'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.
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.

台北一所：
台北市104中山區民權西路35號10樓
Tel：02-2595-8433
Fax：02-2595-9979
E-mail:h0001wacpa@gmail.com

台北二所：
台北市106大安區潮州街116號5樓
Tel：02-2393-0065
Fax：02-2393-0057
E-mail:p1001@yzcpa.com.tw

桃園所：
桃園市330桃園區春日路656號18樓之4
Tel：03-357-8808
Fax：03-357-8806
E-mail:y0001@yzcpa.com.tw

台中所(總所)：
台中市408五權西路二段666號13樓之3
Tel：04-3600-9906
Fax：04-3600-6500
E-mail:stanhuco@ms12.hinet.net

台南所：
台南市701東門路一段358號10樓之1
Tel：06-236-0606
Fax：06-236-3838
E-mail:n0083@yzcpa.com.tw

高雄所：
高雄市813左營區自由四路338號3樓
Tel：07-348-0086
Fax：07-348-0357
E-mail:k0017@yzcpa.com.tw



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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.
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

台北一所：
台北市104中山區民權西路35號10樓
Tel : 02-2595-8433
Fax : 02-2595-9979
E-mail:h0001wacpa@gmail.com

台北二所：
台北市106大安區潮州街116號5樓
Tel : 02-2393-0065
Fax : 02-2393-0057
E-mail:p1001@yzcpa.com.tw

桃園所：
桃園市330桃園區春日路656號18樓之4
Tel : 03-357-8808
Fax : 03-357-8806
E-mail:y0001@yzcpa.com.tw

台中所(總所)：
台中市408五權西路二段666號13樓之3
Tel : 04-3600-9906
Fax : 04-3600-6500
-20 E-mail:stanhuco@ms12.hinet.net

台南所：
台南市701東門路一段358號10樓之1
Tel : 06-236-0606
Fax : 06-236-3838
E-mail:n0083@yzcpa.com.tw

高雄所：
高雄市813左營區自由四路338號3樓
Tel : 07-348-0086
Fax : 07-348-0357
E-mail:k0017@yzcpa.com.tw



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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, 2018 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 Shu-Tung Wang and Hsiang-Ning Hu.

YANGTZE CPAS & Co.,

March 06, 2019

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent 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.

台北一所：
台北市104中山區民權西路35號10樓
Tel : 02-2595-8433
Fax : 02-2595-9979
E-mail:h0001wacpa@gmail.com

台北二所：
台北市106大安區潮州街116號5樓
Tel : 02-2393-0065
Fax : 02-2393-0057
E-mail:p1001@yzcpa.com.tw

桃園所：
桃園市330桃園區春日路656號18樓之4
Tel : 03-357-8808
Fax : 03-357-8806
E-mail:y0001@yzcpa.com.tw

台中所(總所)：
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Tel : 04-3600-9906
Fax : 04-3600-6500
E-mail:stanhuco@ms12.hinet.net

台南所：
台南市701東門路一段358號10樓之1
Tel : 06-236-0606
Fax : 06-236-3838
E-mail:n0083@yzcpa.com.tw

高雄所：
高雄市813左營區自由四路338號3樓
Tel : 07-348-0086
Fax : 07-348-0357
E-mail:k0017@yzcpa.com.tw

NANLIU ENTERPRISE CO., LTD
Parent Company Only Balance Sheets
December 31,2018 and December 31,2017
(All amounts expressed In Thousands of New Taiwan Dollars)

ASSETS		December 31,2018		December 31,2017		LIABILITIES AND EQUITY		December 31,2018		December 31,2017			
		Amount	%	Amount	%			Amount	%	Amount	%		
CURRENT ASSETS						CURRENT LIABILITIES							
1100	Cash and cash equivalents	4、6(1)	\$ 164,717	2.21	\$ 277,548	4.91	2100	Short-term loans	4、6(7)	\$ 1,070,000	14.36	\$ 706,435	12.49
1150	Notes receivable, net	4、6(2)	46,650	0.63	54,446	0.96	2110	Short-term bills payable, net	6(8)	-	-	399,858	7.07
1170	Accounts receivable, net	4、6(3)、7	513,755	6.89	355,353	6.28	2130	Contract liabilities-current	4、6(12)	978	0.01	-	-
1200	Other receivables		16,001	0.21	29,375	0.52	2150	Notes payable	4	104,717	1.41	105,919	1.87
1310	Inventories	4、6(4)	359,166	4.82	306,013	5.41	2170	Accounts payable	4、7	369,713	4.96	311,256	5.50
1410	Prepayments		175,898	2.36	122,908	2.17	2200	Other payable		82,956	1.11	66,861	1.18
1470	Other current assets		23,709	0.32	114	0.00	2213	Payables on equipment		18,253	0.24	74,821	1.32
	Total current assets		1,299,896	17.44	1,145,757	20.25	2230	Current tax liabilities	4	43,996	0.59	20,632	0.36
							2311	Unearned receipts		-	-	1,724	0.03
							2322	Current portion of long-term bank borrowing	4、6(9)	126,000	1.69	-	-
							2399	Other current liabilities		2,945	0.04	2,303	0.04
								Total current liabilities		1,819,558	24.41	1,689,809	29.86
NONCURRENT ASSETS						NONCURRENT LIABILITIES							
1550	Investments accounted for using equity method	4、6(5)	3,610,994	48.45	3,120,375	55.15	2540	Long-term bank borrowing	4、6(9)	2,210,825	29.66	1,010,000	17.85
1600	Property, plant and equipment	4、6(6)	1,060,735	14.23	757,474	13.40	2571	Deferred income tax liabilities-Land value increment tax		7,386	0.10	7,386	0.13
1780	Intangible assets	4	-	-	-	-	2572	Deferred income tax liabilities-income tax	4、6(14)	5,433	0.07	1,735	0.03
1840	Deferred income tax assets	4、6(14)	24,319	0.33	19,376	0.34	2620	Long-term accounts note and payable to related parties	7	267,220	3.59	-	-
1915	Prepayments for equipment		1,419,604	19.05	574,475	10.15	2640	Accrued pension liabilities	4、6(10)	76,567	1.03	75,322	1.33
1920	Refundable deposit		11,740	0.16	9,771	0.17		Total noncurrent liabilities		2,567,431	34.45	1,094,443	19.34
1985	Long-term prepaid rents	4	23,340	0.31	28,008	0.50		Total liabilities		4,386,989	58.86	2,784,252	49.20
1990	Other assets		2,364	0.03	2,364	0.04	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
	Total noncurrent assets		6,153,096	82.56	4,511,843	79.75	Owners equity						
							3100	Capital stock	6(11)	726,000	9.74	726,000	12.83
							3200	Capital surplus	6(11)	453,467	6.08	453,467	8.02
							3300	Retained earnings	6(11)				
							3310	Legal reserve		371,872	4.99	317,735	5.62
							3320	Special reserve		193,201	2.59	155,667	2.75
							3350	Unappropriated earnings		1,586,400	21.29	1,413,680	24.99
							3400	Other	6(11)				
							3410	Financial statements translation differences for foreign operations		(264,937)	(3.55)	(193,201)	(3.41)
								Equity attributable to shareholders of the parent		3,066,003	41.14	2,873,348	50.80
1xxx	Total assets		\$ 7,452,992	100.00	\$ 5,657,600	100.00		Total liabilities and equity		\$ 7,452,992	100.00	\$ 5,657,600	100.00

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

NANLIU ENTERPRISE CO., LTD

Parent Company Only Statements of Comprehensive Income

For the Year Ended December 31 ,2018 and 2017

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

				For the year ended December 31			
				2018		2017	
Item	Note	Amount	%	Amount	%		
4000	Net Sales	4、6(12)、7	\$ 3,150,067	100.00	\$ 3,001,485	100.00	
5000	Cost of goods sold	6(4)	(2,721,429)	(86.39)	(2,622,590)	(87.38)	
5900	Gross profit		428,638	13.61	378,895	12.62	
5910	Unrealized gain on sales		(7,229)	(0.23)	(1,273)	(0.04)	
5920	Realized gain on sales		-	-	21,428	0.71	
5950	Net Gross Profit From Operations		421,409	13.38	399,050	13.29	
6000	Operating expenses						
6100	Promotion expenses		(67,488)	(2.14)	(72,698)	(2.42)	
6200	Management expenses		(109,719)	(3.48)	(108,822)	(3.63)	
6300	Research expenses		(20,820)	(0.66)	(20,436)	(0.68)	
6000	Total Operating expenses		(198,027)	(6.28)	(201,956)	(6.73)	
6900	Operating profit		223,382	7.10	197,094	6.56	
	Other non-operating income and expenses						
7020	Other income	6(13)	443,926	14.09	391,360	13.04	
7510	Finance costs	6(13)	(15,586)	(0.49)	(11,098)	(0.37)	
7000	Other non-operating income and expenses		428,340	13.60	380,262	12.67	
7900	Income before income tax		651,722	20.70	577,356	19.23	
7950	Income tax expense	4、6(14)	(58,956)	(1.87)	(35,979)	(1.20)	
8200	Net Income		592,766	18.83	541,377	18.03	
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)	(2,580)	(0.08)	(4,369)	(0.15)	
8349	Income tax (expense) related to components of the comprehensive income	6(14)	905	0.03	743	0.02	
8360	Items that may be reclassified subsequently to profit or loss:						
8361	Exchange differences arising on translation of foreign operations	6(11)	(71,736)	(2.28)	(37,534)	(1.25)	
8300	Other comprehensive income (loss) for the period ,net of income tax		(73,411)	(2.33)	(41,160)	(1.38)	
8500	Total comprehensive income for the period		\$ 519,355	16.50	\$ 500,217	16.65	
9750	Basic earnings per share(NT dollars)	4、6(16)	\$ 8.16		\$ 7.46		
9850	Diluted earnings per share(NT dollars)	4、6(16)	\$ 8.16		\$ 7.45		

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, 2018 and 2017
(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, 2017	72,600	\$ 726,000	\$ 453,467	\$ 259,498	\$ 44,348	\$ 1,393,965	\$ (155,667)		
Legal reserve appropriated	-	-	-	58,237	-	(58,237)	-	-	-
Special reserve appropriated	-	-	-	-	111,319	(111,319)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(348,480)	-	-	(348,480)
Net income in 2017	-	-	-	-	-	541,377	-	-	541,377
Other comprehensive income for the year	-	-	-	-	-	(3,626)	(37,534)	-	(41,160)
Balance as of December 31, 2017	72,600	\$ 726,000	\$ 453,467	\$ 317,735	\$ 155,667	\$ 1,413,680	\$ (193,201)	\$ -	\$ 2,873,348
Balance as of January 1, 2018	72,600	\$ 726,000	\$ 453,467	\$ 317,735	\$ 155,667	\$ 1,413,680	\$ (193,201)	\$ -	\$ 2,873,348
Legal reserve appropriated	-	-	-	54,137	-	(54,137)	-	-	-
Special reserve appropriated	-	-	-	-	37,534	(37,534)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(326,700)	-	-	(326,700)
Net income in 2018	-	-	-	-	-	592,766	-	-	592,766
Other comprehensive income for the year	-	-	-	-	-	(1,675)	(71,736)	-	(73,411)
Balance as of December 31, 2018	72,600	\$ 726,000	\$ 453,467	\$ 371,872	\$ 193,201	\$ 1,586,400	\$ (264,937)	\$ -	\$ 3,066,003

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 ,2018 and 2017
(All Amounts Expressed In Thousands of New Taiwan Dollars)

	For the year ended December 31	
	2018	2017
Cash flows from operating activities		
Profit before income tax	\$ 651,722	\$ 577,356
Adjustments for :		
Depreciation expense	55,724	58,612
Amortization expense	4,668	5,460
Other expense	-	9
Interest expense	15,586	11,098
Interest income	(1,369)	(1,307)
Provision (Income) for doubtful accounts	(135)	1,562
Share of profit of subsidiaries and associates accounted for using equity method	(414,408)	(379,305)
(Profit) on disposal of assets	(707)	(1,091)
Unrealized gain on sales	7,229	1,273
Realized gain on sales	-	(21,428)
Provision for inventory market price decline	8,750	1,227
Loss on physical inventory	601	2,005
Loss on disposal of inventory	6,280	44
(Reversal) Impairment of Assets	(1,224)	(1,295)
Foreign exchange (gain) loss	(6,016)	300
Total adjustments to reconcile profit or loss	<u>(325,021)</u>	<u>(322,836)</u>
Changes in operating assets and liabilities		
Decrease in notes receivable	7,796	15,954
(Increase) Decrease in accounts receivable	(159,148)	94,815
Decrease in other receivable	13,381	1,726
(Increase) Decrease in inventories	(68,784)	24,006
(Increase) in prepayments	(52,732)	(19,822)
(Increase) Decrease in other current assets	(23,254)	24,782
(Increase) in contract liabilities-current	(746)	-
(Decrease) in notes payable	(6,501)	(55,780)
Increase (Decrease) in accounts payable	59,915	(79,442)
Increase in other payable	14,463	407
(Decrease) in unearned receipts	-	(3,828)
Increase in other current liabilities	522	543
(Decrease) in accrued pension liabilities	(1,335)	(7,138)
Total Changes in Operating Assets and Liabilities	<u>(216,423)</u>	<u>(3,777)</u>
Cash generated from operating	<u>110,278</u>	<u>250,743</u>

(Continued)

	For the year ended December 31	
	2018	2017
Interest received	1,362	1,245
Income taxes paid	(35,932)	(38,206)
Net cash generated by operating activities	75,708	213,782
Cash flows from investing activities		
Acquisition of investments accounted for using equity method	(155,016)	(601)
Acquisition of property , plant and equipment	(388,351)	(434,123)
Disposal of property , plant and equipment	4,619	1,010
Acquisition of intangible assets	-	(3)
(Increase) in prepayments for equipment	(870,138)	(434,661)
(Increase) Decrease in Instead of payment	(341)	91
(Increase) in refundable deposits	(1,969)	-
Net cash used in investing activities	(1,411,196)	(868,287)
Cash Flows From Financing Activities :		
Interest paid	(13,812)	(10,914)
Increase in short-term loans	363,565	386,435
(Decrease) Increase in short-term bills payable	(400,000)	220,000
Increase in long-term bank borrowing	1,326,825	519,760
Increase Long-term accounts note and payable to related parties	269,265	-
Cash dividends	(326,700)	(348,480)
Increase in other current liabilities	120	92
Net cash used in financing activities	1,219,263	766,893
Effect of exchange rate changes on cash and cash equivalents	3,394	(1,829)
Net (Decrease) Increase in cash and cash equivalents	(112,831)	110,559
Cash and cash equivalents, beginning of year	277,548	166,989
Cash and cash equivalents, end of year	\$ 164,717	\$ 277,548

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



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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, 2018 and 2017, 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, 2018 and 2017, 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, 2018. 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, 2018 are stated as follows:

台北一所：
台北市104中山區民權西路35號10樓
Tel : 02-2595-8433
Fax : 02-2595-9979
E-mail:h0001wacpa@gmail.com

台北二所：
台北市106大安區潮州街116號5樓
Tel : 02-2393-0065
Fax : 02-2393-0057
E-mail:p1001@yzcpa.com.tw

桃園所：
桃園市330桃園區春日路656號18樓之4
Tel : 03-357-8808
Fax : 03-357-8806
E-mail:y0001@yzcpa.com.tw

台中所(總所)：
台中市408五權西路二段666號13樓之3
Tel : 04-3600-9906
Fax : 04-3600-6500
E-mail:stanhuco@ms12.hinet.net

台南所：
台南市701東門路一段358號10樓之1
Tel : 06-236-0606
Fax : 06-236-3838
E-mail:n0083@yzcpa.com.tw

高雄所：
高雄市813左營區自由四路338號3樓
Tel : 07-348-0086
Fax : 07-348-0357
E-mail:k0017@yzcpa.com.tw



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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, 2018, net accounts and notes receivable of the Group amounted to NT\$ 1,438,325 thousand dollars, accounted for 17.71% 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. For the preparation matrix provided by the group, evaluate whether the expected loss rate is reasonable.
6. According to the consolidated accounts receivable statement, accounts receivable aging and overdue accounts receivable statement provided by the client, whether the credit period of the accounts receivable customer is consistent with the system login. Perform relevant decimation calculations to confirm that the aging and overdue vesting periods are correct.

Valuation of inventories

Please refer to Notes 4(8), 5 and 6(4) to the consolidated financial statement for the detail information and accounting policy, uncertainty of valuation of inventories; As of December 31, 2018, inventories of the Group amounted to NT\$1,022,120 thousand dollars, accounted for 12.59% 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.

台北一所：
台北市104中山區民權西路35號10樓
Tel：02-2595-8433
Fax：02-2595-9979
E-mail:h0001wacpa@gmail.com

台北二所：
台北市106大安區潮州街116號5樓
Tel：02-2393-0065
Fax：02-2393-0057
E-mail:p1001@yzcpa.com.tw

桃園所：
桃園市330桃園區春日路656號18樓之4
Tel：03-357-8808
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台南所：
台南市701東門路一段358號10樓之1
Tel：06-236-0606
Fax：06-236-3838
E-mail:n0083@yzcpa.com.tw

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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, 2018 and 2017 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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台南市701東門路一段358號10樓之1
Tel : 06-236-0606
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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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台南市701東門路一段358號10樓之1
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Fax : 06-236-3838
E-mail:n0083@yzcpa.com.tw

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高雄市813左營區自由四路338號3樓
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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, 2018 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 Shu-Tung Wang and Hsiang-Ning Hu.

YANGTZE CPAS & Co.,
March 06, 2019

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated 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 consolidated financial statements shall prevail.

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Fax : 07-348-0357
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NAN LIU ENTERPRISE CO., LTD AND SUBSIDIARIES
Consolidated Balance Sheets
December 31,2018 and December 31,2017
(All Amounts Expressed In Thousands of New Taiwan Dollars)

ASSETS		December 31,2018		December 31,2017		LIABILITIES AND EQUITY		December 31,2018		December 31,2017			
		Amount	%	Amount	%			Amount	%	Amount	%		
CURRENT ASSETS						CURRENT LIABILITIES							
1100	Cash and cash equivalents	4、6(1)	\$ 1,089,253	13.42	\$ 1,015,577	15.04	2100	Short-term loans	6(6)	\$ 1,070,000	13.18	\$ 706,435	10.46
1150	Notes receivable, net	4、6(2)	87,049	1.07	68,797	1.02	2110	Short-term bills payable , net	6(7)	-	-	399,858	5.92
1170	Accounts receivable, net	4、6(3)	1,351,276	16.64	1,322,011	19.57	2130	Contract liabilities-current	4、6(11)	22,718	0.28	-	-
1200	Other receivables		39,533	0.49	29,386	0.44	2150	Notes payable	4	563,057	6.93	486,140	7.20
1310	Inventories	4、5、6(4)	1,022,120	12.59	963,804	14.27	2170	Accounts payable	4	605,212	7.46	602,969	8.93
1410	Prepayments		370,426	4.56	355,947	5.27	2200	Other payable		163,114	2.01	147,956	2.19
1470	Other current assets	8	70,075	0.86	40,161	0.59	2213	Payables on equipment		18,925	0.23	80,973	1.20
	Total current assets		<u>4,029,732</u>	<u>49.63</u>	<u>3,795,683</u>	<u>56.20</u>	2230	Current tax liabilities	4、6(13)	178,443	2.20	91,511	1.35
							2311	Unearned receipts		-	-	9,100	0.13
							2322	Current portion of long-term bank borrowing	6(8)	126,000	1.55	-	-
							2399	Other current liabilities		4,823	0.06	4,483	0.07
								Total current liabilities		<u>\$ 2,752,292</u>	<u>33.90</u>	<u>2,529,425</u>	<u>37.45</u>
NONCURRENT ASSETS						NONCURRENT LIABILITIES							
1600	Property , plant and equipment	4、6(5)	2,392,496	29.47	2,160,933	31.99	2540	Long-term bank borrowing	6(8)	2,210,825	27.23	1,265,510	18.74
1780	Intangible assets	4	1,201	0.01	1,819	0.03	2571	Deferred income tax liabilities-Land value increment tax		7,386	0.09	7,386	0.11
1840	Deferred income tax assets	4、5、6(13)	27,651	0.34	19,604	0.29	2572	Deferred income tax liabilities-income tax	4、6(13)	5,433	0.07	1,735	0.03
1915	Prepayments for equipment		1,461,965	18.01	636,546	9.42	2640	Accrued pension liabilities	4、5、6(9)	76,567	0.94	75,322	1.12
1920	Refundable deposit		17,285	0.21	18,031	0.27	2645	Guarantee deposits		984	0.01	1,112	0.02
1985	Long-term prepaid rents	4	186,796	2.30	118,858	1.76		Total noncurrent liabilities		<u>2,301,195</u>	<u>28.34</u>	<u>1,351,065</u>	<u>20.02</u>
1990	Other assets		2,364	0.03	2,364	0.04		Total liabilities		<u>5,053,487</u>	<u>62.24</u>	<u>3,880,490</u>	<u>57.47</u>
	Total noncurrent assets		<u>4,089,758</u>	<u>50.37</u>	<u>2,958,155</u>	<u>43.80</u>	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
							3100	Owners equity					
							3200	Capital stock	6(10)	726,000	8.94	726,000	10.75
							3200	Capital surplus	6(10)	453,467	5.58	453,467	6.71
							3300	Retained earnings	6(10)				
							3310	Legal reserve		371,872	4.58	317,735	4.70
							3320	Special reserve		193,201	2.38	155,667	2.30
							3350	Unappropriated earnings		1,586,400	19.54	1,413,680	20.93
							3400	Other	6(10)				
							3410	Financial statements translation differences for foreign operations		(264,937)	(3.26)	(193,201)	(2.86)
								Equity attributable to shareholders of the parent		<u>3,066,003</u>	<u>37.76</u>	<u>2,873,348</u>	<u>42.53</u>
1xxx	Total assets		<u>\$ 8,119,490</u>	<u>100.00</u>	<u>\$ 6,753,838</u>	<u>100.00</u>		Total liabilities and equity		<u>\$ 8,119,490</u>	<u>100.00</u>	<u>\$ 6,753,838</u>	<u>100.00</u>

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

NAN LIU ENTERPRISE CO., LTD AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Year Ended December 31 ,2018 and 2017

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

		For the year ended December 31			
		2018		2017	
Item	Note	Amount	%	Amount	%
4000	Net Sales	\$ 6,786,338	100.00	\$ 6,433,820	100.00
5000	Cost of goods sold	(5,510,590)	(81.20)	(5,203,169)	(80.87)
5900	Gross profit	1,275,748	18.80	1,230,651	19.13
6000	Operating expenses				
6100	Promotion expenses	(232,539)	(3.43)	(251,976)	(3.92)
6200	Management expenses	(216,442)	(3.19)	(212,451)	(3.30)
6300	Research expenses	(29,598)	(0.44)	(33,716)	(0.52)
6000	Total Operating expenses	(478,579)	(7.06)	(498,143)	(7.74)
6900	Operating profit	797,169	11.74	732,508	11.39
	Other non-operating income and expenses				
7020	Other income	92,688	1.37	2,603	0.04
7050	Finance costs	(15,594)	(0.23)	(14,854)	(0.23)
7000	Other non-operating income and expenses	77,094	1.14	(12,251)	(0.19)
7900	Income before income tax	874,263	12.88	720,257	11.20
7950	Income tax expense	(281,497)	(4.15)	(178,880)	(2.78)
8200	Net Income	592,766	8.73	541,377	8.42
8300	Other comprehensive income (loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit obligation	(2,580)	(0.04)	(4,369)	(0.07)
8349	Income tax (expense) related to components of the comprehensive income	905	0.01	743	0.01
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences arising on translation of foreign operations	(71,736)	(1.06)	(37,534)	(0.58)
8300	Other comprehensive income (loss) for the period ,net of income tax	(73,411)	(1.09)	(41,160)	(0.64)
8500	Total comprehensive income for the period	\$ 519,355	7.64	\$ 500,217	7.78
8600	Net income attributable to :				
8610	Owners of parent	\$ 592,766	8.73	\$ 541,377	8.42
8620	Non-controlling interests	-	-	-	-
	Net income	\$ 592,766	8.73	\$ 541,377	8.42
8700	Comprehensive income attributable to :				
8710	Owners of parent	\$ 519,355	7.64	\$ 500,217	7.78
8720	Non-controlling interests	-	-	-	-
	Total comprehensive income for the period	\$ 519,355	7.64	\$ 500,217	7.78
9750	Basic earnings per share(NT dollars)	\$ 8.16		\$ 7.46	
9850	Diluted earnings per share(NT dollars)	\$ 8.16		\$ 7.45	

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 31,2018 and 2017
(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, 2017	72,600	\$ 726,000	\$ 453,467	\$ 259,498	\$ 44,348	\$ 1,393,965	\$ (155,667)		
Legal reserve appropriated	-	-	-	58,237	-	(58,237)	-	-	-
Special reserve appropriated	-	-	-	-	111,319	(111,319)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(348,480)	-	-	(348,480)
Net income in 2017	-	-	-	-	-	541,377	-	-	541,377
Other comprehensive income for the year	-	-	-	-	-	(3,626)	(37,534)	-	(41,160)
Balance as of December 31, 2017	72,600	\$ 726,000	\$ 453,467	\$ 317,735	\$ 155,667	\$ 1,413,680	\$ (193,201)	\$ -	\$ 2,873,348
Balance as of January 1, 2018	72,600	\$ 726,000	\$ 453,467	\$ 317,735	\$ 155,667	\$ 1,413,680	\$ (193,201)	\$ -	\$ 2,873,348
Legal reserve appropriated	-	-	-	54,137	-	(54,137)	-	-	-
Special reserve appropriated	-	-	-	-	37,534	(37,534)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(326,700)	-	-	(326,700)
Net income in 2018	-	-	-	-	-	592,766	-	-	592,766
Other comprehensive income for the year	-	-	-	-	-	(1,675)	(71,736)	-	(73,411)
Balance as of December 31, 2018	72,600	\$ 726,000	\$ 453,467	\$ 371,872	\$ 193,201	\$ 1,586,400	\$ (264,937)	\$ -	\$ 3,066,003

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 ,2018 and 2017

(All Amounts Expressed In Thousands of New Taiwan Dollars)

	For the year ended December 31	
	2018	2017
Cash flows from operating activities		
Consolidated Profit before income tax	\$ 874,263	\$ 720,257
Adjustments for :		
Depreciation expense	290,714	294,706
Amortization expense	8,224	7,989
Other expense	93	9
Interest expense	15,594	14,854
Interest income	(10,110)	(4,769)
Provision for doubtful accounts	10,035	10,958
Provision for inventory market price decline	9,600	1,227
Loss on disposal of inventory	13,788	13,304
Loss on physical inventory	683	2,012
Loss on disposal of assets	66	5,549
(Reversal) Impairment of Assets	(1,224)	(1,295)
Foreign exchange (gain) loss	(8,336)	511
Total adjustments to reconcile profit or loss	329,127	345,055
Changes in operating assets and liabilities		
(Increase) Decrease in notes receivable	(18,252)	26,812
(Increase) in accounts receivable	(40,181)	(107,713)
(Increase) Decrease in other receivable	(10,137)	2,949
(Increase) in inventories	(82,387)	(51,417)
(Increase) in prepayments	(12,147)	(54,240)
(Increase) Decrease in other current assets	(23,763)	24,782
Increase in contract liabilities-current	13,618	-
Increase (Decrease) in notes payable	71,618	(102,315)
Increase in accounts payable	3,701	128,180
Increase (Decrease) in other payable	13,690	(18,535)
(Decrease) in unearned receipts	-	(3,896)
Increase in other current liabilities	523	244
(Decrease) in accrued pension liabilities	(1,335)	(7,138)
Total Changes in Operating Assets and Liabilities	(85,052)	(162,287)
Cash generated from operating	1,118,338	903,025

(Continued)

	For the year ended December 31	
	2018	2017
Interest received	10,100	4,708
Income taxes paid	(198,009)	(140,784)
Net cash generated by operating activities	<u>930,429</u>	<u>766,949</u>
Cash flows from investing activities		
Acquisition of property , plant and equipment	(509,314)	(536,395)
Disposal of property , plant and equipment	10,712	1,918
Acquisition of intangible assets	(184)	(803)
(Increase) in prepayments for equipment	(936,738)	(526,404)
(Increase) Decrease in restricted assets	(5,962)	2,804
(Increase) in long-term prepaid rent	(78,322)	(1,047)
(Increase) Decrease in Instead of payment	(189)	197
Decrease (Increase) in refundable deposits	578	(710)
Net cash used in investing activities	<u>(1,519,419)</u>	<u>(1,060,440)</u>
Cash Flows From Financing Activities :		
Interest paid	(13,984)	(14,913)
Increase in short-term loans	363,565	353,483
(Decrease) Increase in short-term bills payable	(400,000)	220,000
Increase in long-term bank borrowing	1,085,015	533,896
Cash dividends	(326,700)	(348,480)
(Decrease) Increase in guarantee deposits	(106)	656
(Decrease) Increase in other current liabilities	(183)	860
Net cash used in financing activities	<u>707,607</u>	<u>745,502</u>
Effect of exchange rate changes on cash and cash equivalents	(44,941)	(13,584)
Net Increase in cash and cash equivalents	<u>73,676</u>	<u>438,427</u>
Cash and cash equivalents, beginning of year	1,015,577	577,150
Cash and cash equivalents, end of year	<u>\$ 1,089,253</u>	<u>\$ 1,015,577</u>

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

Attachment 5

NAN LIU ENTERPRISE CO., LTD.
Comparison between the original and amendments to the
Articles of Incorporation
(Translation)

Amended version	Original version	Reason
<p>Article14</p> <p>The Company has 7 to 9 directors, 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 selected is subject to the provisions separately prescribed by the competent authority in charge of securities affairs.</p> <p>In above directors' numbers, the Company shall not appoint independent directors of no less than <u>three</u> in number (<u>including at least one independent director shall have accounting or financial senior expertise</u>) and no less than one-fifth of the total number of directors.</p> <p>Directors shall be elected by adopting candidate 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. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of</p>	<p>Article14</p> <p>The Company has 7 to 9 directors <u>and 3 supervisors</u>, 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 <u>and supervisors</u> selected is subject to the provisions separately prescribed by the competent authority in charge of securities affairs.</p> <p>In above directors' numbers, the Company shall not appoint independent directors of no less than <u>two</u> in number and no less than one-fifth of the total number of directors.</p> <p>Directors <u>and supervisors</u> shall be elected by adopting candidate 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. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method</p>	<p>For establishing up Audit Committee, the Company delete related rules of Supervisors.</p>

Amended version	Original version	Reason
<p>nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority.</p> <p>The election of independent 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.</p>	<p>of nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority.</p> <p>The election of independent 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.</p>	
<p>Article14-1</p> <p>The company that has issued stock in accordance with the Securities and Exchange Act shall establish either an audit committee. The audit committee shall be composed of the entire number of independent directors. The numbers, term, powers, rules and procedures of audit committee follow ‘Regulations Governing the Exercise of Powers by Audit Committees of Public Companies’. The Company establish Audit Committee Charter to follow it.</p>	<p>Added.</p>	
<p>Article15-1:</p> <p>In calling a meeting of the Board of Directors, a notice setting forth the subjects to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of an emergency, the meeting may be convened at any time. The notice of the Board of Directors meeting may</p>	<p>Article15-1:</p> <p>In calling a meeting of the Board of Directors, a notice setting forth the subjects to be discussed at the meeting shall be given to each director <u>and supervisor</u> no later than 7 days prior to the scheduled meeting date. However, in the case of an emergency, the meeting may be convened at any time. The notice of the Board of Directors</p>	

Amended version	Original version	Reason
be effected in writing, by email, or fax to inform each director.	meeting may be effected in writing, by email, or fax to inform each director <u>and supervisor.</u>	
<p>Article17: The Board of Directors is authorized to set compensation of the directors according to their participation in operations and contributions, as well as taking into account the levels of such compensation at other companies.</p>	<p>Article17: The Board of Directors is authorized to set compensation of the directors <u>and supervisors</u> according to their participation in operations and contributions, as well as taking into account the levels of such compensation at other companies.</p>	
<p>Article19: The fiscal year of the Company starts from January 1 to December 31. The Board of Directors shall prepare the following statements and records prior to the date of a general meeting of shareholders.</p> <ol style="list-style-type: none"> 1. Business report. 2. Financial statements. 3. The earnings distribution or loss <u>make-up</u> proposals. 	<p>Article19: The fiscal year of the Company starts from January 1 to December 31. The Board of Directors shall prepare the following statements and records <u>and forward the same to supervisors for their review no later than the 30 days</u> prior to the date of a general meeting of shareholders.</p> <ol style="list-style-type: none"> 1. Business report. 2. Financial statements. 3. The earnings distribution or loss <u>off-setting</u> proposals. 	
<p>Article23: 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, amended on May 31, 2017 the 34rd time, <u>and amended on May 29, 2019 the 35rd time.</u></p>	<p>Article23: 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 amended on May 31, 2017 the 34rd time.</p>	Add amendment date

Attachment 6

NAN LIU ENTERPRISE CO., LTD.

Comparison between the original and amendments to the Rules for Electing Directors and Supervisors (Translation)

Amended version	Original version	Reason
Rules name: Rules for Electing Directors.	Rules name: Rules for Electing Directors <u>and</u> <u>Supervisors</u> .	To follow Securities and Exchange Act for establishing up Audit Committee, the Company delete related rules of Supervisors.
Article1 To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	Article1 To ensure a just, fair, and open election of directors <u>and</u> <u>supervisors</u> , these Procedures are adopted pursuant to Articles 21 <u>and</u> <u>41</u> of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	
Article2: Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors shall be conducted in accordance with these Procedures.	Article2: Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors <u>and supervisors</u> shall be conducted in accordance with these Procedures.	
Article4: (Deleted)	Article4: Supervisors of the Company shall meet the following qualifications: 1. Integrity and a practical attitude. 2. Impartial judgment. 3. Professional knowledge. 4. Broad experience. 5. Ability to read financial statements. In addition to the requirements of the preceding paragraph, at least one among the supervisors of the Company must be an accounting or financial professional.	

Amended version	Original version	Reason
<p>Article7: The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.</p>	<p>Article7: The cumulative voting method shall be used for election of the directors <u>and supervisors</u> at this Corporation. Each share will have voting rights in number equal to the directors <u>or supervisors</u> to be elected, and may be cast for a single candidate or split among multiple candidates.</p>	
<p>Article8: The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.</p>	<p>Article8: The board of directors shall prepare separate ballots for directors <u>and supervisors</u> in numbers corresponding to the directors <u>or supervisors</u> to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.</p>	
<p>Article9: The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus</p>	<p>Article9: The number of directors <u>and supervisors</u> will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus</p>	

Amended version	Original version	Reason
<p>exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.</p>	<p>exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.</p>	
<p>Article13: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors with which they were elected, shall be announced by the Chair on the site.</p>	<p>Article13: The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors <u>or supervisors</u> with which they were elected, shall be announced by the Chair on the site.</p>	
<p>Article14: The Board of Directors of the Company shall issue notifications to the persons elected as directors.</p>	<p>Article14: The Board of Directors of the Company shall issue notifications to the persons elected as directors <u>or supervisors</u>.</p>	

Attachment 7

NAN LIU ENTERPRISE CO., LTD.

Comparison between the original and amendments to the Rules and Procedures of Shareholders' Meeting (Translation)

Amended version	Original version	Reason
<p>Article3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.</p> <p>The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and</p>	<p>Article3 Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.</p> <p>The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors <u>or supervisors</u>, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting</p>	<p>To follow Securities and Exchange Act for establishing up Audit Committee, the Company delete related rules of Supervisors.</p>

Amended version	Original version	Reason
<p>supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. (The following omitted)</p>	<p>agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.</p> <p>The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.</p> <p>Election or dismissal of directors <u>or supervisors</u>, amendments to the articles of incorporation, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion. (The following omitted)</p>	
<p>Article6: (Preparation of documents such as the attendance book)</p>	<p>Article6: (Preparation of documents such as the attendance book)</p>	

Amended version	Original version	Reason
<p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.</p> <p>(The following omitted)</p>	<p>The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.</p> <p>The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors <u>or supervisors</u>, pre-printed ballots shall also be furnished.</p> <p>(The following omitted)</p>	
<p>Article14:</p> <p>The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately.</p> <p>(The following omitted)</p>	<p>Article14:</p> <p>The election of directors <u>or supervisors</u> at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately.</p> <p>(The following omitted)</p>	

Attachment 8

NAN LIU ENTERPRISE CO., LTD.

Comparison between the original and amendments to the Rules and Procedures of Shareholders' Meeting (Translation)

Amended version	Original version	Reason
<p>Article16</p> <p>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 subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises, 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 <u>Audit Committee</u>: (The middle omitted)</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current</p>	<p>Article16</p> <p>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 subscription or repurchase of domestic money market funds issued by Securities Investment Trust Enterprises, 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 <u>the supervisors</u>: (The middle omitted)</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 8, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current</p>	<p>To follow Securities and Exchange Act for establishing up Audit Committee, the Company delete related rules of Supervisors.</p>

Amended version	Original version	Reason
<p>transaction. Items that have been approved by the board of directors and recognized by <u>Audit Committee</u> need not be counted toward the transaction amount. (The following omitted)</p>	<p>transaction. Items that have been approved by the board of directors and recognized by <u>the supervisors</u> need not be counted toward the transaction amount. (The following omitted)</p>	
<p>Article18: (The above omitted) 2. <u>Audit Committee</u> shall comply with Article 218 of the Company Act. (The following omitted)</p>	<p>Article18: (The above omitted) 2. <u>Supervisors</u> shall comply with Article 218 of the Company Act. (The following omitted)</p>	
<p>Article19: (The above omitted) (10)Internal audit The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, <u>Audit Committee</u> shall be notified in writing.</p>	<p>Article19: (The above omitted) (10)Internal audit The company's internal audit personnel shall periodically make a determination of the suitability of internal controls on derivatives and conduct a monthly audit of how faithfully derivatives trading by the trading department adheres to the procedures for engaging in derivatives trading, and prepare an audit report. If any material violation is discovered, <u>all supervisors</u> shall be notified in writing.</p>	
<p>Article30: 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</p>	<p>Article30: 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</p>	

Amended version	Original version	Reason
<p>written statement, the company shall submit the director's dissenting opinion to <u>Audit Committee</u>.</p> <p>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.</p>	<p>written statement, the company shall submit the director's dissenting opinion to <u>each supervisor</u>.</p> <p>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.</p>	

Attachment 9

NAN LIU ENTERPRISE CO., LTD.

Comparison between the original and amendments to the Procedures for Loaning of Funds (Translation)

Amended version	Original version	Reason
<p>Article 3</p> <p>The Company shouldn't loan funds to any of its shareholders or any other person except under the following circumstances.</p> <ol style="list-style-type: none"> 1. A company with which it does business. 2. Where an inter-company or inter-firm short-term financing facility is necessary. The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year, one operating cycle. <p>The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of funds between foreign companies in which the Company holds 100% of the voting shares directly <u>or indirectly or the foreign companies that the Company holds 100% of the voting shares directly or indirectly</u> loan of funds to the Company. <u>But for loan of funds, the Company shall establish the total limit amount, individual limit amount and loan period.</u></p>	<p>Article 3</p> <p>The Company shouldn't loan funds to any of its shareholders or any other person except under the following circumstances.</p> <ol style="list-style-type: none"> 1. A company with which it does business. 2. Where an inter-company or inter-firm short-term financing facility is necessary. The term "short-term" as used in the preceding paragraph means one year, or where the company's operating cycle exceeds one year, one operating cycle. <p>The restriction in paragraph 1, subparagraph 2 shall not apply to inter-company loans of funds between foreign companies in which the Company holds, directly or indirectly, 100% of the voting shares.</p>	<p>To follow rules' amendment of Financial Supervisory Commission (FSC), Securities and Exchange Act for establishing up Audit Committee, the Company delete related rules of Supervisors.</p>
<p>Article 4</p> <p>The Company provided that such total financing amount shall not exceed 40 percent of the lender's</p>	<p>Article 4</p> <p>The Company provided that such total financing amount shall not exceed 40 percent of the lender's</p>	<p>Establish the evaluation standards for loan of funds.</p>

Amended version	Original version	Reason
<p>net equity. The rules of limit amount for each borrower is as follows.</p> <p>1. Because of business for loaning of funds, a company has a loan of funds with the Company, the amount for a loan of funds <u>shall not be more than purchase amount or sales amount with the Company for the latest year.</u> Based on risk management, the amount of loan of funds shouldn't more than 30% of the net equity of the Company.</p> <p>(The following omitted)</p>	<p>net equity. The rules of limit amount for each borrower is as follows.</p> <p>1. Because of business for loaning of funds, a company has a loan of funds with the Company, <u>it should evaluate</u> the amount for a loan of funds <u>and the transaction of recent one year reasonably.</u> Based on risk management, the amount of loan of funds shouldn't more than 30% of the net equity of the Company.</p> <p>(The following omitted)</p>	
<p>Article 5</p> <p>The loan period and the calculation method of interest is as follows.</p> <p>(1) The loan period shouldn't more than one year. The loan agreement should has repayment date and the board of directors should approve the loan again <u>after repay loan already.</u></p>	<p>Article 5</p> <p>The loan period and the calculation method of interest is as follows.</p> <p>(1) The loan period shouldn't more than one year. The loan agreement should has repayment date and the board of directors should approve the loan again <u>to extend the loan when the loan expired.</u></p>	<p>Establish the maximum loan period is one year.</p>
<p>Article 8</p> <p>(The above omitted)</p> <p>6. Because of the some situation changing of the Company, the borrowing entity hasn't qualification for the Procedures and the loan outstanding is more than the limit of loan of funds. The internal auditors shall urge the financial department to take back the part of over limit of loan of funds under a period and report improvement plan to <u>Audit</u></p>	<p>Article 8</p> <p>(The above omitted)</p> <p>6. Because of the some situation changing of the Company, the borrowing entity hasn't qualification for the Procedures and the loan outstanding is more than the limit of loan of funds. The internal auditors shall urge the financial department to take back the part of over limit of loan of funds under a period and report improvement plan to</p>	<p>To send improvement plan to Audit Committee</p>

Amended version	Original version	Reason
<u>Committee.</u>	<u>supervisors.</u>	
<p>Article 9 (The above omitted)</p> <p>3. The subsidiaries of the Company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found. The auditors of the Company should send the written records to <u>Audit Committee.</u></p>	<p>Article 9 (The above omitted)</p> <p>3. The subsidiaries of the Company's internal auditors shall audit the Operational Procedures for Loaning Funds to Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify all the supervisors in writing of any material violation found. The auditors of the Company should send the written records to <u>all the supervisors.</u></p>	<p>To send written records to Audit Committee</p>
<p>Article 10 (The above omitted)</p> <p>“Date of occurrence” in these Regulations <u>for loaning of funds</u> means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p>	<p>Article 10 (The above omitted)</p> <p>“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p>	<p>Insert loaning of funds wording.</p>
<p>Article 12</p> <p>The Procedures after passage by the board of directors, submit the Procedures for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion for discussion by the shareholders'</p>	<p>Article 12</p> <p>The Procedures after passage by the board of directors, submit the Procedures <u>to each supervisor and submit them</u> for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion</p>	<p>To follow rules' amendment of Financial Supervisory Commission (FSC)</p>

Amended version	Original version	Reason
<p>meeting. The same shall apply to any amendments to the Procedures.</p> <p>Where the Company has established the position of independent director, when it submits its Operational Procedures for Loaning Funds to Others for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically their reasons for dissent <u>or reservation opinion</u> shall be <u>recorded</u> in the minutes of the board of directors' meeting.</p> <p><u>When the Company establish Audit Committee already, establishment or amendment of 'Procedures for Loaning of Funds', it shall be approved by more than half members of Audit Committee and propose to board of directors approved, it's not applicable for item 2 of Securities and Exchange Act.</u></p> <p><u>When previous paragraph isn't approved by half members of Audit Committee, it can be approved by more than two-third members of board of directors and record the resolution of Audit Committee in resolution of board of directors.</u></p> <p><u>All members of Audit Committee as used in third paragraph and all directors as used in previous paragraph, it shall be calculated as</u></p>	<p><u>to each supervisor and</u> for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>Where the Company has established the position of independent director, when it submits its Operational Procedures for Loaning Funds to Others for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically <u>expressing assent or dissent and their reasons</u> for dissent shall be <u>included</u> in the minutes of the board of directors' meeting.</p>	

Amended version	Original version	Reason
<u>the actual number of persons</u> <u>currently holding those positions.</u>		

Attachment 10

NAN LIU ENTERPRISE CO., LTD.

Comparison between the original and amendments to the Procedures for Making of Endorsements/Guarantees (Translation)

Amended version	Original version	Reason
<p>Article 4 (The above omitted)</p> <p>4. The financial department shall evaluate routinely, contingent income or loss for recognizing, disclosures for making endorsements/guarantees in financial statements and provide auditors' related information for auditing by accountants to issue allowed audit report.</p>	<p>Article 4 (The above omitted)</p> <p>4. The financial department shall <u>follow No. 9 of accounting standards rules</u> to evaluate routinely, contingent income or loss for recognizing, disclosures for making endorsements/guarantees in financial statements and provide auditors' related information for auditing by accountants to issue allowed audit report.</p>	<p>There isn't applicable accounting rule.</p>
<p>Article 8</p> <p>1. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify <u>Audit Committee</u> in writing of any material violation found.</p> <p>2. Because of the some situation changing of the Company, the endorsements/guarantees entity hasn't qualification for Article 3 of the Procedures or the endorsements/guarantees outstanding is more than the</p>	<p>Article 8</p> <p>1. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify <u>all the supervisors</u> in writing of any material violation found.</p> <p>2. Because of the some situation changing of the Company, the endorsements/guarantees entity hasn't qualification for Article 3 of the Procedures or the endorsements/guarantees outstanding is more than the</p>	<p>Exchange Act for establishing up Audit Committee, the Company delete related rules of Supervisors.</p>

Amended version	Original version	Reason
<p>limit for making endorsements/guarantees. The internal auditors shall push financial department to eliminate the over part of endorsements/guarantees amount or all of endorsements/guarantees amount within a period. It's necessary to prepare improvement plan to <u>Audit Committee</u>, follow the plan to implement and report to board of directors.</p> <p>3. Where a public company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after</p>	<p>limit for making endorsements/guarantees. The internal auditors shall push financial department to eliminate the over part of endorsements/guarantees amount or all of endorsements/guarantees amount within a period. It's necessary to prepare improvement plan to <u>all supervisors</u>, follow the plan to implement and report to board of directors.</p> <p>3. Where a public company needs to exceed the limits set out in the Operational Procedures for Endorsements/Guarantees to satisfy its business requirements, and where the conditions set out in the Operational Procedures for Endorsements/Guarantees are complied with, it shall obtain approval from the board of directors and half or more of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after</p>	

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<p>the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p>Where the Company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically dissent <u>or reservation opinion</u> shall be <u>recorded</u> in the resolution of the board of directors' meeting.</p>	<p>the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.</p> <p>Where the Company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically <u>expressing assent or dissent and the reasons for dissent</u> shall be <u>included</u> in the resolution of the board of directors' meeting.</p>	
<p>Article 9 (The above omitted)</p> <p>3. Because of business for Making of Endorsements/Guarantees, the Endorsements/Guarantees amount is based on related business, including but not limited to shall not be more than purchase amount or sales amount with the Company for the latest year. Based on risk management, the amount of making of Endorsements/Guarantees shouldn't more than 30% of</p>	<p>Article 9 (The above omitted)</p> <p>Added</p>	<p>Establish standards of business for Making of Endorsements/Guarantees.</p>

Amended version	Original version	Reason
the net equity of the Company.		
<p>Article 10 (The above omitted)</p> <p>Where the Company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically dissent and their reasons for dissent <u>or reservation opinion</u> shall be <u>recorded</u> in the minutes of the board of directors' meeting.</p>	<p>Article 10 (The above omitted)</p> <p>Where the Company has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically <u>expressing assent or dissent</u> and their reasons for dissent shall be <u>included</u> in the minutes of the board of directors' meeting.</p>	Wording amendment
<p>Article 11 (The above omitted)</p> <p>3. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit department and <u>Audit Committee</u> in writing of any material violation found.</p> <p>(The following omitted)</p>	<p>Article 11 (The above omitted)</p> <p>3. The Company's internal auditors shall audit the Operational Procedures for Endorsements/Guarantees for Others and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit department and <u>all the supervisors</u> in writing of any material violation found.</p> <p>(The following omitted)</p>	Securities and Exchange Act for establishing up Audit Committee, the Company delete related rules of Supervisors.
<p>Article 12</p> <p>1. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by</p>	<p>Article 12</p> <p>1. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by</p>	To follow rules' amendment of Financial Supervisory Commission (FSC)

Amended version	Original version	Reason
<p>the 10th day of each month.</p> <p>2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence on MOPS:</p> <p>(1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent.</p> <p>(2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent.</p> <p>(3) The balance of endorsements/guarantees, <u>investment under equity method</u>, and loan of funds by the Company and its subsidiaries for a single enterprise reaches NT\$10 million.</p> <p>(4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement. After announces information on MOPS, the</p>	<p>the 10th day of each month.</p> <p>2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence on MOPS:</p> <p>(1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent <u>or more of the Company's net worth as stated in its latest financial statement. After announces information on MOPS, the Company shall announce and report such event when endorsements/guarantees increases reaches 5% of net equity.</u></p> <p>(2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent <u>or more of the Company's net worth as stated in its latest financial statement. After announces information on MOPS, the Company shall announce and report such event when endorsements/guarantees increases reaches 5% of net equity.</u></p>	

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<p>Company shall announce and report such event when endorsements/guarantees increases reaches 5% of net equity.</p> <p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.</p> <p>“Date of occurrence” in these Regulations <u>for Making of Endorsements/Guarantees</u> means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p>	<p>(3) The balance of endorsements/guarantees, <u>long term investment</u> and loan of funds by the Company and its subsidiaries for a single enterprise reaches NT\$10 million <u>or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of Company's net worth as stated in its latest financial statement. After announces information on MOPS, the Company shall announce and report such event when endorsements/guarantees increases reaches 5% of net equity.</u></p> <p>(4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement. After announces information on MOPS, the Company shall announce and report such event when endorsements/guarantees increases reaches 5% of net equity.</p>	

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	<p>The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.</p> <p>“Date of occurrence” in these Regulations means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.</p>	
<p>Article 15</p> <p>The Procedures after approved by the board of directors, submit the Procedures to <u>Audit Committee</u> and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to <u>Audit Committee</u> and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>Where the Company has established the position of independent director, when it submits its Operational</p>	<p>Article 15</p> <p>The Procedures after approved by the board of directors, submit the Procedures to <u>each supervisor</u> and submit them for approval by the shareholders' meeting; where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinion to <u>each supervisor</u> and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>Where the Company has established the position of independent director, when it submits its Operational</p>	<p>Securities and Exchange Act for establishing up Audit Committee, the Company delete related rules of Supervisors.</p>

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<p>Procedures for Loaning Funds to Others for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically dissent <u>or reservation opinion</u> shall be <u>recorded</u> in the minutes of the board of directors' meeting.</p> <p><u>When the Company establish Audit Committee already, establishment or amendment of 'Procedures for Loaning of Funds', it shall be approved by more than half members of Audit Committee and propose to board of directors approved, it's not applicable for item 2 of Securities and Exchange Act.</u></p> <p><u>When previous paragraph isn't approved by half members of Audit Committee, it can be approved by more than two-third members of board of directors and record the resolution of Audit Committee in resolution of board of directors.</u></p> <p><u>All members of Audit Committee as used in third paragraph and all directors as used in previous paragraph, it shall be calculated as the actual number of persons currently holding those positions.</u></p>	<p>Procedures for Loaning Funds to Others for discussion by the board of directors under the preceding paragraph, the board of directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically <u>expressing assent or</u> dissent and their reasons for dissent shall be <u>included</u> in the minutes of the board of directors' meeting.</p>	