



Stock code: 6504

NAN LIU ENTERPRISE CO., LTD.

2019 Annual Shareholders' Meeting

Meeting Handbook

(Translation)

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

Place: No. 699, Silin Rd., Yanchao Dist., Kaohsiung City 824, Taiwan

NAN LIU ENTERPRISE CO., LTD.

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NAN LIU ENTERPRISE CO., LTD.
2019 Shareholders' Meeting Agenda

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

Place: No. 699, Silin Rd., Yanchao Dist., Kaohsiung City

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

1. To report 2018 Business Report
2. Supervisor's Review of the 2018 Financial Statements
3. To report 2018 Compensation of Employees, Directors and Supervisors

IV. Proposed Resolutions

1. To accept 2018 Financial Statements and Business Report
2. To approve the proposal for distribution of 2018 Profit

V. Discussion Items

1. To revise the Articles of Incorporation
2. To revise the Regulations for Election of Directors and Supervisors
3. To revise the Rules of Procedure for Shareholders Meetings
4. To revise the Procedures of the Acquisition and Disposal of Assets
5. To revise the Procedures for Loaning of Funds
6. To revise the Procedures for Making of Endorsements/Guarantees

VI. Directors Election

1. To election six directors and three independent directors
Voting by poll

VII. Other Business and Special Motion

VIII. Meeting Adjourned

Report Items

1. To report 2018 Business Report

Explanatory Notes: Please refer to pages 6~8 of the Handbook for the Business Report (Attachment 1).

2. To report Supervisor's Review of the 2018 Financial Statements

Explanatory Notes: Please refer to pages 9-14 of the Handbook for the Supervisor's Review Report (Attachment 2).

3. To report distribution of the 2018 Compensation of Employees, Directors and Supervisors

Explanatory Notes: According to the Company Act and the Articles of Incorporation, when the Company makes a profit, over 1% of thereof should be set aside as employee compensation, and less than 2% set aside as compensation for the directors and supervisors. In the latest financial year, 1.3% (i.e., NT\$8,662,972) of the profit has been set aside for employee compensation, while 0.9% (i.e., NT\$5,997,442) has been earmarked as compensation for the directors and supervisors. All compensations are distributed in the form of cash.

Proposed Resolutions

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 pages 15-34 (Attachment 3 & 4) and pages 6-8 (Attachment 1) of the Handbook.
- (3) Please proceed to adopt the motion.

Resolution:

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 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.

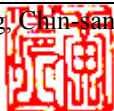
2018

Profit Distribution Table

Unit: NT\$

Items	Amount (NT\$)	Remarks
Beginning retained earnings	995,307,856	
Other comprehensive income-defined benefit plan	(1,674,914)	
2017 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/share)	363,000,000	
Unappropriated retained earnings	1,092,385,955	

Chairman: Mr. Huang, Chun-san CEO: Mr. Huang, Huo-cun Accounting Manager: Ms. Chuang Chun-chin



Note 1: 2018 unappropriated retained earnings are distributable first

Resolution:

Discussion Items

1. To revise 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.
2. To revise 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.
3. To revise 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.
4. To revise 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.
5. To revise 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.

6. To revise 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.

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,	General Manager of NAN LI	General Manager of NAN LIU ENTERP	1,505,015

	Beijing University of Chinese Medicine	U ENTERPRISE CO., LTD.	RISE CO., LTD.	
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, National Chinan University.	Supervisor, Taiwan Industrial Bank	Managing Partner, Universal United CPA (CPA)	0	
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.

Voting by poll

Other Business and Special Motion

Meeting Adjourned

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	

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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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)

The Board of Directors has prepared the Company's 2018 Business Report, parent company only Financial Statements. Nan Liu Enterprise Co., Ltd.'s Financial Statements have been audited and certified by YANGTZE CPAS & CO. and an audit report relating to the Financial Statements has been issued an unmodified opinion.

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The Company's 2019 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

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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

(Translation)

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3. From the matters communicated with auditing CPA, we determined that significant audit matters are to be communicated in the audit report.

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

Submitted to :

The Company's 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 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:



揚智聯合會計師事務所
YANGTZE CPAS & CO.



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
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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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

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

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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
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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
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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.

台北一所：
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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
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台南所：
台南市701東門路一段358號10樓之1
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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

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						
							Owners equity						
							3100	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	4 ∙ 6(11)	\$ 6,786,338	100.00	\$ 6,433,820	100.00	
5000	Cost of goods sold	6(4)	(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	6(12)	92,688	1.37	2,603	0.04	
7050	Finance costs	6(12)	(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	4 ∙ 6(13)	(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	6(9)	(2,580)	(0.04)	(4,369)	(0.07)	
8349	Income tax (expense) related to components of the comprehensive income	6(13)	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	6(10)	(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)	4 ∙ 6(15)	\$ 8.16		\$ 7.46		
9850	Diluted earnings per share(NT dollars)	4 ∙ 6(15)	\$ 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	930,429	766,949
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	(1,519,419)	(1,060,440)
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	707,607	745,502
Effect of exchange rate changes on cash and cash equivalents	(44,941)	(13,584)
Net Increase in cash and cash equivalents	73,676	438,427
Cash and cash equivalents, beginning of year	1,015,577	577,150
Cash and cash equivalents, end of year	\$ 1,089,253	\$ 1,015,577

The accompanying notes are an integral part of the consolidated 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 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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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4
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:h0001wcpa@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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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)：
台中市408五權西路二段666號13樓之4
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)	\$ -	\$ 2,721,611
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)

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: 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: 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>:</p> <p>(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>:</p> <p>(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>	

Amended version	Original version	Reason
<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>	

Amended version	Original version	Reason
<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>	

Amended version	Original version	Reason
	<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>

Amended version	Original version	Reason
<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>	

Appendix 1



Nan Liu Enterprise Co., Ltd.

Articles of Incorporation

(Translation)

Chapter I General Provisions

Article 1: The organization's name is Nan Liu Enterprise Co., Ltd., according to the provisions related to limited companies in the Company Act.

Article 2: The Company's businesses are listed as follows:

1. Manufacturing, processing, trade, and import and export of suede, imitation leather, nonwoven linings, fabrics for civil engineering, waterproof/fire-resistant filter bag nets, resin bond paddings, shoe materials, non-woven carpets, nylon carpets, and DuPont synthetic fiber bullet-proof vests. (C303010 non-woven) (C399990 other textile and apparel manufacturing) (C0401030 leather, fur finishing) (CK01010 shoe manufacturing) (CI01020 carpet, felt manufacturing)
2. Manufacturing, trade, and import and export of scrub sponges, abrasive wheels for industrial use, household aluminum foil products (aluminum foil anti-pollution plates). (F106020 wholesale of articles for daily use) (C901990 other non-metallic mineral products manufacturing)
3. Trade, import and export of household hardware, non-woven, resin, carborundum, aluminum products and their raw materials. (F106010 wholesale of hardware) (F107990 wholesale of other chemicals) (F207990 retailing of other chemicals)
4. Manufacturing, processing, trade, and import and export of non-woven air filters, cotton fabrics, and aluminum paper dining tableware. (CO01010 cutlery manufacturing)
5. Trade, import and export of household plastic products (tableware) and stainless steel cutlery. (F401010 international trade)
6. Agent of domestic and foreign manufacturers' distribution, quotation and bidding for above-mentioned products. (F401010 international trade)
7. H701020 development and rental of industrial plants.
8. H701040 specialized field construction and development.
9. C802100 cosmetic manufacturing.
10. C601040 paper processing.
11. F108040 wholesale of cosmetics.
12. F208040 retailing of cosmetics.
13. C802110 cosmetic pigment manufacturing.
14. C103030 dehydrated foods manufacturing.
15. F102160 wholesale of supplementary foods.
16. F102010 wholesale of frozen prepared foods.
17. F102160 wholesale of dehydrated foods.
18. ZZ99999 the Company may operate any business not prohibited or restricted by laws or regulations, except for those that require special permission.

19. C802090 cleaning preparations manufacturing.

20. F107030 wholesale of cleaning preparations.

21. F207030 trade of cleaning preparations.

Article 3: The Company may guarantee other companies.

Article 4: The Company is headquartered in Kaohsiung City, Taiwan. If necessary, the Board of Directors will pass a resolution to set up branch offices in the domestic and international markets.

Article 5: The Company makes announcements in accordance with Article 28 of the Company Act.

Chapter II Shares

Article 6: The total capital of the Company is NT\$1,000,000,000 (consisting of 100,000,000 shares at NT\$10 per share). The shares are issued in installments.

Article 7: Deleted

Article 8: All of the Company's shares are registered. Share certificates shall be affixed with the signatures or personal seals of three or more directors of the Company and stamped with the company seal, and shall be duly certified in accordance with the relevant laws before issuance. For the shares to be issued to the public by the Company, the Company may be exempted from printing share certificates for the shares issued. For the shares to be issued in accordance with the provision of the preceding statement, the Company shall appoint a centralized securities custodian to make recordation or keep custody of the issue of such shares. Furthermore, shares may be converted to share certificates in large denomination as per request of the centralized securities custodian. When the Company proposes to cancel a public offering, the proposal shall obtain the resolution adopted at a shareholders' meeting.

Article 9: The Company's shareholder services are performed according to the Regulations Governing the Administration of Shareholder Services of Public Companies.

Chapter III Shareholders' Meeting

Article 10: Shareholders' meetings shall be of two kinds: a regular meeting of shareholders or a special meeting of shareholders. A regular meeting of shareholders is held at least once every year, and shall be convened within 6 months after the close of the fiscal year. A special meeting of shareholders shall be convened as required under the related rules. A notice to convene a regular meeting of shareholders shall be given to each shareholder no later than 30 days prior to the scheduled meeting date. A notice to convene a special meeting of shareholders shall be given no later than 15 days prior to the scheduled meeting date. The time, place and proposal(s) of the meeting shall be indicated in the notice and given to shareholders in writing or by electronic transmission. However, for shareholders holding less than 1,000 shares, they shall be informed by public notice.

Article 11: When a shareholder cannot attend a shareholders' meeting, he/she/it may appoint a proxy to attend on his/her/its behalf by executing a power of attorney printed by the company stating the scope of power authorized to the proxy. The power of attorney shall be signed and sealed for the proxy to attend the meeting.

Article 12: Except for shareholders who have no voting power under Article 179 of the Company Act, each shareholder shall have one voting right.

Article 13: Resolutions at a shareholders' meeting shall, unless otherwise provided for in the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

Voting rights for resolutions adopted at a shareholders' meeting shall be performed in writing

or by electronic transmission.

Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, which shall be affixed with the signature or seal of the chairperson of the meeting and shall be distributed to all shareholders of the company within 20 days after the close of the meeting in writing or by electronic transmission. The required distribution of the minutes of a shareholders' meeting may be effected by public notice.

Chapter IV Directors and Supervisors

Article 14: The Company has 7 to 9 directors and 3 supervisors, who shall be elected by the shareholders' meeting from those with disposing capacity for a term of 3 years. They may be eligible for re-election. The percentage of shareholdings of all the directors and supervisors selected is subject to the provisions separately prescribed by the competent authority in charge of securities affairs.

In above directors' numbers, the Company shall not appoint independent directors of no less than two in number and no less than one-fifth of the total number of directors. Directors and supervisors 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 nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority.

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.

Article 15: The Board of Directors is organized by the directors. The Chair is elected by a majority vote at a meeting attended by over two-thirds of the directors to represent the company externally. In the case where a meeting of the Board of Directors takes place via remote visual communications, such as video conferencing, then the directors taking part in such a meeting is deemed to have attended the meeting in person. According to Article 205 of the Company Act, a director may appoint another director to attend a meeting of the Board of Directors in his/her behalf. A director may accept the appointment to act as the proxy of one other director only.

Article 15-1: 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 and supervisor 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 be effected in writing, by email, or fax to inform each director and supervisor.

Article 16: In case the Chair of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, a designate shall be selected according to Article 208 of the Company Act.

Article 17: The Board of Directors is authorized to set compensation of the directors and supervisors according to their participation in operations and contributions, as well as taking into account the levels of such compensation at other companies.

Chapter V Managers

Article 18: The Company may have one or more managerial personnel. The appointment, discharge and

the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article 19: The fiscal year of the Company starts from January 1 to December 31. The Board of Directors shall prepare the following statements and records and forward the same to supervisors for their review no later than the 30 days prior to the date of a general meeting of shareholders.

1. Business report.
2. Financial statements.
3. The earnings distribution or loss off-setting proposals.

Article 20: If the Company makes a profit, over 1% shall be set aside as compensation for employees, and less than 2% as compensation for directors and supervisors. However, the Company's accumulated losses shall first have been covered. If the Company makes a profit, taxes shall be paid and accumulated losses shall be covered first, followed by 10% being set aside as a legal reserve. A special reserve shall be set aside if necessary. Based on business conditions at the time, the Board of Directors may then propose to distribute any remaining profit amount, and such proposal shall be submitted for approval at the shareholders' meeting. Employees may be compensated in shares or in cash. Employees who qualify for compensation may include those of the Company's subsidiaries who meet specific criteria. Compensation of the directors and supervisors shall be paid in cash. The preceding two paragraphs shall be adopted by a majority vote at a meeting of the Board of Directors attended by at least two-thirds of the total number of directors and submitted to the shareholders' meeting.

Article 20-1: The Company's business is still growing, and we will continue to invest to strengthen our market position. To adapt to future funding demands and long-term financial planning, a dividend is distributed based on a residual dividend policy, mainly in line with future capital budgeting plans.

Chapter VII Supplemental Provisions

Article 21: The Company's total amount of reinvestment shall not be restricted by Article 13 of the Company Act.

Article 22: For matters not specified in the Articles, all must comply with the Company Act.

Article 23: The articles were drawn up on November 15, 1978. They were amended on December 30, 1979 for the first time; amended on April 25, 1981 for the second time; amended on August 5, 1983 for the third time; amended on January 11, 1984 for the fourth time; amended on April 5, 1984 for the fifth time; amended on March 21, 1985 for the sixth time; amended on August 25, 1988 for the seventh time; amended on October 23, 1989 for the eighth time; amended on September 14, 1990 for the ninth time; amended on June 20, 1995 for the 10th time; amended on December 7, 1997 for the 11th time; amended on April 29, 1998 for the 12th time; amended on July 9, 1999 for the 13th time; amended on July 31, 1999 for the 14th time; amended on April 30, 2000 for the 15th time; amended on June 3, 2000 for the 16th time; amended on April 28, 2001 for the 17th time; amended on November 3, 2001 for the 18th time; amended on June 25, 2002 for the 19th time; amended on September 23, 2002 for the 20th time; amended on June 19, 2003 for the 21st time; amended on June 18, 2004 for the 22nd time; amended on December 10, 2004 for the 23rd time; amended on June 17, 2005 for the 24th time; amended on June 27, 2006 for the 25th time; amended on June 7, 2007 for the 26th time; amended on June 16, 2008 for the 27th time; amended on June 22, 2009 for

the 28th time; amended on June 24, 2010 for the 29th time; amended on June 13, 2011 for the 30th time; amended on November 16, 2012 for the 31st time; and 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.

Nan Liu Enterprise Co., Ltd.

Chairman: Huang, Chin-san

Appendix 2

NAN LIU ENTERPRISE CO., LTD. Procedures for the Election of Directors and Supervisors (Translation)

March 18, 2016 revised

[Article 1](#) To ensure a just, fair, and open election of directors and supervisors, these Procedures are adopted pursuant to Articles 21 and 41 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

[Article 2](#) Except as otherwise provided by law and regulation or by the Company's articles of incorporation, elections of directors and supervisors shall be conducted in accordance with these Procedures.

[Article 3](#) The overall composition of the Board of Directors shall be taken into consideration in the selection of the Company's directors. Each board member shall have the necessary knowledge, skill, and experience to perform their duties. The abilities that must be present in the board as a whole are as follows:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business management ability.
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership.
8. Decision making ability.

[Article 4](#) 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.

[Article 5](#) The qualifications for the independent directors of the Company shall comply with Articles 2, 3, and 4 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies. The election of independent directors of the Company shall comply with Articles 5, 6, 7, 8, and 9 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and shall be conducted in accordance with Article 24 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.

[Article 6](#) Deleted.

[Article 7](#) The cumulative voting method shall be used for election of the directors and supervisors at this Corporation. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.

[Article 8](#) The board of directors shall prepare separate ballots for directors and supervisors in numbers corresponding to the directors or supervisors 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.

[Article 9](#) The number of directors and supervisors 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 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.

[Article 10](#) Before the start of the election, the Chairperson shall appoint voting supervisors who are shareholders and several qualified tellers to perform related duties. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

[Article 11](#) If the candidate is a shareholder, voters should fill in the account name and shareholder account number of the candidate. If the candidate is not a shareholder, voters should fill in the candidate's name and the identity document number. When the government or a juristic person shareholder is the candidate, not only the name of the government or the juristic person but also the name of their representatives should be filled in as the account name of the candidate in the ballot; if there are more than two representatives, their names should be filled in separately.

[Article 12](#) A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the Board of Directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register; or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
5. Other words or marks are entered in addition to the candidate's account name (or name) or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

[Article 13](#) 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 or supervisors with which they were elected, shall be announced by the Chair on the site.

[Article 14](#) The Board of Directors of the Company shall issue notifications to the persons elected as directors or supervisors.

[Article 15](#) These Procedures, and any amendments thereto, shall be implemented after approval at shareholders' meetings.

Appendix 3

NAN LIU ENTERPRISE CO., LTD. Rules and Procedures of Shareholders' Meeting (Translation)

November 16, 2012 revised

Article 1 To establish an effective governing system for shareholders' meetings, build solid supervisory functions, and enhance management functions. The Rules and Procedures are made according to Article 5 of Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies.

Article 2 The rules and procedures for the Company's shareholders' meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be in accordance with the Rules and Procedures stated below.

Article 3 (Convening shareholders' meetings and shareholders' meeting notices)
Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

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 or supervisors, 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 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.

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.

Election or dismissal of directors or supervisors, 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.

Shareholders holding 1% or more of the total number of outstanding shares of the Company may submit a proposal to the Company for discussion at a regular shareholders' meeting. However, only one matter shall be allowed in each proposal. If a proposal contains more than one matter, such proposal shall not be included in the agenda. In addition, if a shareholder's proposal contains matters related to Paragraph 4 of Article 172-1 in the Company Act, the Board of Directors shall not include it in the agenda. Prior to the book closure date and before a regular shareholders' meeting is convened, the Company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the meeting; the period for accepting such proposals shall not be less than 10 days.

The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting and shall take part in the discussion of such proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal-submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the shareholders' meeting.

Article 4 A shareholder may appoint a proxy to attend a shareholders' meeting on his/her/its behalf by executing a power of attorney printed by the Company stating the scope of power authorized to the proxy.

A shareholder may only execute one power of attorney and appoint one proxy only, and shall serve such written proxy to the Company no later than 5 days prior to the date of the shareholders' meeting. In case two or more written proxies are received from one shareholder, the first one received by the Company shall prevail, unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later. After providing the power of attorney of a proxy to the Company, in case the shareholder issuing the said proxy intends to attend the shareholders' meeting in person or to exercise his/her/its voting power in writing or by electronic transmission, a proxy rescission notice shall be filed in writing with the company 2 days prior to the date of the shareholders' meeting as scheduled in the shareholders' meeting notice so as to rescind the proxy at issue, otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 5 (Principles determining time and place of shareholders' meeting)

A shareholders' meeting shall be held at the Company's headquarters and during the business hours of the company, or at a place and time convenient to all directors and suitable for holding such a meeting. The meeting shall begin no earlier than 9:00 a.m. and no later than 3:00 p.m.

Article 6 (Preparation of documents such as the attendance book)

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.

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 or supervisors, pre-printed ballots shall also be furnished. A shareholder shall attend a shareholders' meeting with the attendance card, sign-in card, or other certificate of attendance; solicitors with solicited proxies shall bring identification documents for verification when attending the shareholders' meeting.

When the government or a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 7 (The Chair and non-voting participants of a shareholders' meeting)

When a shareholders' meeting is convened by the Board of Directors, the Chair of the Board will chair the meeting. In case the Chair of the Board of Directors is on leave or absent or cannot exercise his/her power and authority for any cause, the vice chairperson shall act on his/her behalf. In case there is no vice chairperson, or the vice chairperson is also on leave or absent or unable to exercise his/her power and authority for any cause, the

Chair of the Board of Directors shall designate one of the managing directors, or where there is no managing director, one of the directors to act on his/her behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairperson of the Board of Directors.

A shareholders' meeting convened by the Board of Directors shall be attended by a majority of the directors.

For a shareholders' meeting convened by any other person having the convening right, he/she shall act as the chairperson of that meeting provided, however, that if there were two or more people having the convening right, the chairperson of the meeting shall be elected from among themselves.

The Company may designate its lawyer, certified public accountant or other relevant people to attend the shareholders' meeting.

Article 8 (Documentation of shareholders' meeting by audio or video)

The Company shall document the shareholders' meeting by audio or video, and recorded materials shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 9 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The Chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the Chair shall declare the meeting adjourned.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the Chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to Article 174 of the Company Act.

Article 10 (Discussion of proposals)

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.

The provisions of the preceding paragraph apply to a shareholders' meeting convened by a party with the power to convene that is not the Board of Directors.

The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting. If the Chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson according to statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The Chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the

shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and call for a vote.

Article 11 (Shareholders' speeches)

Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chair.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Except with the consent of the Chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chair may terminate the speech.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chair and the shareholder that has the floor; the Chair shall stop any violations.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

After an attending shareholder has spoken, the Chair may respond in person or direct relevant personnel to respond.

Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders meeting shall be calculated based the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that a shareholder may not vote on that item, and may not exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust entity or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed 3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed non-voting shares under Article 179, paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic transmission. When voting rights are exercised by correspondence or electronic transmission, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic transmission will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. Therefore, the Company shall avoid the extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic transmission under the preceding paragraph shall deliver a written declaration of intent to the Company before 2 days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic transmission, and subsequently intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised shall be made known to the Company, by the same means by which the voting rights were exercised, 2 business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic transmission shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic transmission and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

When there is an amendment or an alternative to a proposal, the Chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chair, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting shall be announced on-site at the meeting, and a record made of the votes.

Article 14 (Election of directors and supervisors)

The election of directors or supervisors 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.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chairperson of the meeting and a copy distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in public notice.

The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained for the duration of the existence of the Company.

Article 16 (Public disclosure)

On the day of a shareholders' meeting, the Company shall compile in the prescribed form a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or

GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.

The Chair may direct the proctors or security personnel to help maintain order at the meeting venue. When proctors or security personnel help maintain order at the meeting venue, they shall wear an identification card or armband bearing the word "Proctor."

At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the Chair may prevent the shareholder from so doing.

When a shareholder violates the rules of procedure and defies the Chair's correction, obstructing the proceedings and refusing to heed calls to stop, the Chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and resumption of a shareholders meeting)

When a meeting is in progress, the Chair may announce a break based on time considerations. If a force majeure event occurs, the Chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting venue is no longer available for continued use and not all of the items (including extraordinary motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue. A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within 5 days in accordance with Article 182 of the Company Act.

Article 19 These Rules and Procedures, and any amendments hereto, shall be implemented after adoption at shareholders' meetings.

Nan Liu Enterprise Co., Ltd.
Procedures for Acquisition or Disposal of Assets
(Translation)

2017.05.31 revised

Article1 Purpose

For protect investment, information disclosure, the company shall handle the acquisition or disposal of assets in compliance with the procedures.

Article2 Accordance

These Procedures are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act ("the Act") and Financial Supervisory Commission R.O.C.(Taiwan)("FSC")

Article3 The term "assets" as used in the procedures includes the following:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities.
2. Real property (including land, houses and buildings, investment property, rights to use land, and construction enterprise inventory) and equipment.
3. Memberships.
4. Patents, copyrights, trademarks, franchise rights, and other intangible assets.
5. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
6. Derivatives.
7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law.
8. Other major assets.

Article3-1 Terms used in the procedures are defined as follows:

1. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.
2. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
3. Related party or subsidiary: As defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
4. Professional appraiser: Refers to a real property appraiser or other person duly

authorized by law to engage in the value appraisal of real property or equipment.

5. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of boards of directors resolutions, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.

6. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 4 Evaluation procedures

1. In acquiring or disposing of securities which are not traded on any stock exchange or over-the-counter, its net worth per share, profitability, potential of future growth, market rates, interest rates of bonds, credit ratings and its current market price shall be evaluated.

2. When the securities are acquired or disposed of through stock exchange or over-the-counter, the then current stock or bond prices shall be used as the basis for determining the price.

3. Acquisition or disposal of assets other than the assets mentioned above shall be effected through price inquiry, price comparison, price negotiation, or public bidding, and references shall be made to public announcements of present value and price of real property in the neighborhood.

Article 5 Procedures of acquiring or disposal of assets

1. When acquiring or disposing assets, responsible department must present to decision-making authorities following evaluation contents : motivation, target, counterparts of the deal, prices, terms of payments/receivables and reference materials of prices

2. Responsible departments are as follows:

i) marketable securities – finance department

ii) plant, properties and other fixed assets – departments utilizing the assets.

iii) other assets – evaluate before execution.

3. The acquisition or disposal of assets should abide by our rules of internal controls. Violators are subject to punishment.

Article 6 Securities

1. The purchase or sale of long/short term marketable securities must be approved by general manager and chairman.

2. Before the acquisition or disposal of fixed assets, the responsible department must present to chairman analysis reports which covers term of trades and prices and , after the deal is done, reports to the next board meeting. For deals reaches the standards of public announcement, the deal must not be executed before the approval of board meeting.

3. For amounts less than NTD 100,000,000 , deals can be approved and executed by

authorization levels. For amounts greater than NTD 100,000,000 , deals can only be executed after being approved by board meeting.

Article 7 Limits of investments

Investments in non-operational fixed assets and marketable securities should not exceed 30% of total assets, among which marketable securities should not exceed 20% of total assets and none of any specific marketable security should not exceed 10% of total asset.

Article 8 Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
2. Merger, demerger, acquisition, or transfer of shares.
3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.
4. Where the type of asset acquired or disposed is equipment for business use, the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million or more.
5. Acquisition or disposal by the Company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million.
6. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches NT\$500 million.
7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:

- A. Trading of government bonds.
- B. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or subscription by investment professionals of ordinary corporate bonds or of general bank debentures without equity characteristics that are offered and issued in the domestic primary market, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.
- C. Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction.
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.
3. The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount.

The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The Company acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company headquarters, where they shall be retained

for 5 years except where another act provides otherwise.

Article 9

Where any of the following circumstances occurs with respect to a transaction that the company has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days commencing immediately from the date of occurrence of the event:

1. Change, termination, or rescission of a contract signed in regard to the original transaction.
2. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
3. Change to the originally publicly announced and reported information. 本

Article 10

In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

1. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the board of directors, and the same procedure shall be followed for any future changes to the terms and conditions of the transaction.
2. Where the transaction amount is NT\$1 billion or more, appraisals from two or more professional appraisers shall be obtained.
3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - A. The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - B. The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.

4. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks commencing immediately from the date of occurrence.

Article 11

The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 12:

Where a public company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.

Article 12-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done 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 transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 13 Where the company acquires or disposes of assets through court auction

procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 14 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall not be a related party of any party to the transaction.

Article 15 When the company engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the preceding Section and this Section.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 12-1 herein.

When judging whether a trading counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 16

When a public company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or 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 the supervisors:

1. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
2. The reason for choosing the related party as a trading counterparty.
3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 15 and Article 16.
4. The date and price at which the related party originally acquired the real property, the original trading counterparty, and that trading counterparty's relationship to the company and the related party.
5. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.

6. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.

7. Restrictive covenants and other important stipulations associated with the transaction.

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 transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount.

With respect to the acquisition or disposal of business-use equipment between a public company and its parent or subsidiaries, the company's board of directors may pursuant to Article 6, paragraph 1, subparagraph 3 delegate the board chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the board of directors pursuant to paragraph 1, 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.

Article 17 A public company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.
2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.

Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the

preceding paragraph.

A public company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.

Where a public company acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 16 and the preceding three paragraphs do not apply:

1. The related party acquired the real property through inheritance or as a gift.
2. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.

Article 17-1 When the results of a public company's appraisal conducted in accordance with paragraph 1 and paragraph 2 of the preceding Article are uniformly lower than the transaction price, the matter shall be handled in compliance with Article 18. However, where the following circumstances exist, objective evidence has been submitted and specific opinions on reasonableness have been obtained from a professional real property appraiser and a CPA have been obtained, this restriction shall not apply:

1. Where the related party acquired undeveloped land or leased land for development, it may submit proof of compliance with one of the following conditions:
 - A. Where undeveloped land is appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.
 - B. Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in accordance with standard property market practices.
 - C. Completed leasing transactions by unrelated parties for other floors of the same property from within the preceding year, where the transaction terms are similar after calculation of reasonable price discrepancies among floors in

accordance with standard property leasing market practices.

2. Where a public company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year. Completed transactions for neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transaction for similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property.

Article 18 Where a public company acquires real property from a related party and the results of appraisals conducted in accordance with Article 17 and Article 17-1 are uniformly lower than the transaction price, the following steps shall be taken:

1. A special reserve shall be set aside the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where a public company uses the equity method to account for its investment in another company, then the special reserve shall be set aside pro rata in a proportion consistent with the share of public company's equity stake in the other company.
2. Supervisors shall comply with Article 218 of the Company Act.
3. Actions taken pursuant to subparagraph 1 and subparagraph 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

A public company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent. When the company obtains real property from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arms length transaction.

Article 19 Derivative financial transaction

- (1) Definition of derivative financial instruments

Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, and swap contracts, and compound contracts combining the above products, whose value is derived from assets, interest rates, foreign

exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.

(2) Limit of scopes

Our derivatives transactions should be only for foreign currency forwards or foreign currency options. Purpose of transactions should be only for the evasion of exchange rate risk rather than speculation. Moreover, transaction currencies must be same as the company's trade-related currencies.

(3) Strategy of hedge

Chairman should designate a financial planning team. The team must build the strategy, execution and periodical evaluation of positions as well reporting. On the other hand, the Board should designate senior officers who are not members of financial team to measure, monitor and control risks. The finance team should report to chairman periodically to review and improve hedge strategy.

(4) The finance team should select banks of better transaction terms. To sign contract with banks before chairman approved. To make transactions under the credit line.

(5) Risk management

Risk management shall address credit, market, liquidity, cash flow, operational, and legal risks. Risk measurement, monitoring, and control personnel shall be assigned to a different department than the personnel in the preceding subparagraph and shall report to the board of directors or senior management personnel with no responsibility for trading or position decision-making. Derivatives trading positions held shall be evaluated at least once per week; however, positions for hedge trades required by business shall be evaluated at least twice per month. Evaluation reports shall be submitted to senior management personnel authorized by the board of directors.

(6) Exposure Control

Foreign currency forward contract should not exceed the company's sum of actual export/import foreign currency.

When revaluated by market-to-market method, potential exercise value of foreign currency options contract must not exceed USD 5,000,000.

Total loss of derivatives contracts should not exceed USD 250,000. Individual loss should not exceed 5% of that individual contract and should not exceed USD 250,000.

(7) Trading record

The company engaging in derivatives trading shall establish a log book in which details of the types and amounts of derivatives trading engaged in, board of directors approval dates, and the matters shall be recorded in detail in the log

book.

(8) Information announce

The company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

(9) Board of directors supervision

Where the company engaging in derivatives trading, its board of directors shall faithfully supervise and manage such trading in accordance with the following principles:

1. Designate senior management personnel to pay continuous attention to monitoring and controlling derivatives trading risk.
2. Periodically evaluate whether derivatives trading performance is consistent with established operational strategy and whether the risk undertaken is within the company's permitted scope of tolerance.

Senior management personnel authorized by the board of directors shall manage derivatives trading in accordance with the following principles:

1. Periodically evaluate the risk management measures currently employed are appropriate and are faithfully conducted in accordance with these Regulations and the procedures for engaging in derivatives trading formulated by the company.
2. When irregular circumstances are found in the course of supervising trading and profit-loss circumstances, appropriate measures shall be adopted and a report immediately made to the board of directors; where a company has independent directors, an independent director shall be present at the meeting and express an opinion.

A company shall report to the soonest meeting of the board of directors after it authorizes the relevant personnel to handle derivatives trading in accordance with its Procedures for Engaging in Derivatives Trading.

(10) Internal audit

The company's internal auditors 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, all supervisors shall be notified in writing.

Article 20:

The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a

CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the public company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Article 21:

The company participating in a merger, demerger, acquisition, or transfer of shares shall prepare a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

Article 22:

A company participating in a merger, demerger, or acquisition shall convene a board of directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals)

of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a board of directors meeting.

Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of board of directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days commencing immediately from the date of passage of a resolution by the board of directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recordation.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of paragraphs 3 and 4.

Article 23:

Every person participating in or privy to the plan for merger, demerger, acquisition, or transfer of shares shall issue a written undertaking of confidentiality and may not disclose the content of the plan prior to public disclosure of the information and may not trade, in their own name or under the name of another person, in any stock or other equity security of any company related to the plan for merger, demerger, acquisition, or transfer of shares.

Article 24:

The companies participating in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

1. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.
2. An action, such as a disposal of major assets, that affects the company's financial operations.
3. An event, such as a major disaster or major change in technology, that affects

shareholder equity or share price.

4. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.
5. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.
6. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record related information, and secure the right of participated company.

Article 25:

The contract for participation by the company in a merger, demerger, acquisition, or of shares shall record the rights and obligations of the companies participating in the merger, demerger, acquisition, or transfer of shares, and shall also record the following:

1. Handling of breach of contract.
2. Principles for the handling of equity-type securities previously issued or treasury stock previously bought back by any company that is extinguished in a merger or that is demerged.
3. The amount of treasury stock participating companies are permitted under law to buy back after the record date of calculation of the share exchange ratio, and the principles for handling thereof.
4. The manner of handling changes in the number of participating entities or companies.
5. Preliminary progress schedule for plan execution, and anticipated completion date.
6. Scheduled date for convening the legally mandated shareholders meeting if the plan exceeds the deadline without completion, and relevant procedures.

Article 26:

After public disclosure of the information, if any company participating in the merger, demerger, acquisition, or share transfer intends further to carry out a merger, demerger, acquisition, or share transfer with another company, all of the participating companies shall carry out anew the procedures or legal actions that had originally been completed toward the merger, demerger, acquisition, or share transfer; except that where the number of participating companies is decreased and a participating company's shareholders meeting has adopted a resolution authorizing the board of directors to alter the limits of authority, such participating company may be exempted from calling another shareholders meeting to resolve on the matter anew.

Article 27:

Where any of the companies participating in a merger, demerger, acquisition, or transfer of shares is not a public company, the public company(s) shall sign an agreement with the non-public company whereby the latter is required to abide by the provisions of Article 22, Article 23, and Article 26.

Article 28: The Company's controlling procedure on its subsidiary's procedure of acquiring or disposing of assets:

1. Subsidiary's procedure of acquiring or disposing of assets is follow the parent company.
2. If the subsidiary is not a public listed company, the Company will proceed with the disclosure and report if the subsidiary satisfies the criteria of Article 8.
3. The paid-in capital or total assets of the Company shall be the standard for determining whether or not a subsidiary requires a public announcement and regulatory filing in the event the type of transaction specified therein reaches 20 percent of paid-in capital or 10 percent of the total assets.

The said "subsidiaries" are companies in which the company directly or indirectly holds more than fifty percent (50%) of their total outstanding shares with voting rights, and so on.

Article 29: Disclosure in financial reports

When the acquisition or disposal of assets reaches the standards of announcement specified in Article 8 and the counterparts are actual related parties, the company should disclose the information in financial reports and report to shareholders' meeting.

Article 30:

After the procedures have been approved by the board of directors, they shall be submitted to each supervisor, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to each supervisor.

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.

NAN LIU ENTERPRISE CO., LTD.
Procedures for Loaning of Funds
(Translation)

November 16, 2012 revised

- Article 1 To establish an effective governing system for Procedures for Loaning of Funds, build procedures to follow. It shall follow related rules of government if there is not definition in the procedures.
- Article 2 The procedures amendment follow ‘Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies’ of Chin Kuan Cheng Liu No.0940006026 letter announced by Financial Supervisory Commission of Executive Yuan and ‘Regulations Governing Establishment of Internal Control Systems by Public Companies’ of Chin Kuan Cheng Chi No.0940005920 letter, Chin Kuan Cheng Shen No. 09900113755 on March 19, 2010.
- Article 3 The Company shouldn’t loan funds to any of its shareholders or any other person except under the following circumstances.
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.
- 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.
- Article 4 The Company provided that such total financing amount shall not exceed 40 percent of the lender's net equity. The rules of limit amount for each borrower is as follows.
1. Because of business for loaning of funds, a company has a loan of funds with the Company, it should evaluate the amount for a loan of funds and the transaction of recent one year reasonably. Based on risk management, the amount of loan of funds shouldn’t more than 30% of the net equity of the Company.
 2. Where an inter-company or inter-firm short-term financing facility is necessary, it should be qualified as follows.
 - (1) The subsidiaries that the Company holds more than 50% of shares, short-term financing facility is necessary.
 - (2) A company has transactions with the Company, because of purchasing raw materials and working capital has short term loan of funds need.
 - (3) Other based on the Company’s policy, has short term loan of funds need and approved by board of directors already.
- Based on risk management, the amount of loan of funds shouldn’t more than 30% of the net equity of the Company except it’s qualified for item (1).
- The above subsidiaries or company of loan of funds should report related information and loan condition to financial department manager and general manager of the Company, then proposed to board of directors to approve.
- The loan of funds between the Company and subsidiaries or subsidiaries and subsidiaries, should follow the above rules to propose to board of directors to approve. And authorize to chairman by board of directors to lend a limit loan of funds to the same borrower by several batch transfer or revolving during one year.
- Except the limit loan of funds have to follow the item 4 of Article 3, the limit loan of funds that the Company and subsidiaries lend to a company shouldn’t more than 10% of the net equity of the recent financial statements.

- Article 5 The loan period and the calculation method of interest is as follows.
- (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 to extend the loan when the loan expired.
 - (2) The interest rate shouldn't less than the average floating short term loan interest rate. It should get interest by month.
- Article 6
1. The Company should get related information and financial information of the borrowing entity by written application from borrowing entity to the person in charge.
 2. Because of business for a loan of funds, the person in charge of financial department should evaluate the amount of loan of funds and transaction amount reasonably. It should expose the borrowing reason and situation and need to credit check. The related information and loan condition should report to the financial manager and general manager, then propose to the board of directors to approve.
 3. When the Company do credit check for borrowing entity, it should evaluate the effect of the loan of funds to the operational risk, financial situation and equity of the Company.
- When the Company has established the position of independent director and has loan of funds, independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in in the resolution of board of directors.
- Article 7
1. If the project has collateral of the loan of funds, the borrowing entity shall provide collateral and finish pledge procedure. The Company shall evaluate the value of the collateral to ensure creditor's rights.
 2. Except the collateral is land and securities, it shall buy fire insurance and related insurance and insurance amount shouldn't less than then value of collateral. The policy shall remark the Company for beneficiary. The name, quantity, storage location, insurance condition, endorsement of subject matter should be same as the condition approved by the board of directors.
- Article 8
1. The company shall prepare a memorandum book for its fund-loaning activities and truthfully record the following information: borrower, amount, date of approval by the board of directors, lending/borrowing date, and matters to be carefully evaluated under the procedure.
 2. After drawdown loan, the person in charge of project shall manage contract, Promissory Note, collateral documents, policy and others documents, then put these documents into custody bag, remark the borrower's name and content of these documents on custody bag and check by financial manager. After documents double checking, seal the custody bag by the person in charge and financial manager.
 3. The financial department shall follow, collect, analyze and evaluate the operation situation of borrowing entity, then report to general manager and chairman for evaluation reference.
 4. If the borrowing entity doesn't repayment principal and interest on time, the financial department shall report to general manager and chairman, dispose collateral by law and recover debts.
 5. The Company's internal auditors shall audit the 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.
 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 supervisors.

- Article 9
1. If the subsidiaries of the Company need loaning of funds, it should establish procedures for loaning of funds and follow the Procedures. The net equity is calculated based on the net equity of the subsidiaries.
 2. The subsidiaries should prepare the statement of loaning of funds for previous month before 10th every month and report to the Company.
 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 all the supervisors.
 4. When the internal auditors of the Company audit the subsidiaries by annual audit plan, it should follow the operation situation of loaning of funds of subsidiaries. If there is missing item, it should follow improvement situation and prepare follow-up report to general manager.

- Article 10
1. The Company shall announce and report the previous month's loan balances of its head office and subsidiaries by the 10th day of each month on MOPS.
 2. The Company whose loans of funds reach one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence on MOPS:
 - (1) The aggregate balance of loans to others by the Company and its subsidiaries reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
 - (2) The balance of loans by the Company and its subsidiaries to a single enterprise reaches 10 percent or more of the public company's net worth as stated in its latest financial statement.
 - (3) The amount of new loans of funds by the public company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the public company's net worth as stated in its latest financial statement.
 3. 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 3 of the preceding paragraph.
 4. The Company shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

“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.

- Article 11
- Penalty for violation of the Procedure or of the company's Operational Procedures for Loaning Funds to Others by managers or personnel in charge, will follow employee management procedure of the Company.

- Article 12
- The Procedures after passage by the board of directors, submit the Procedures to each supervisor 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 each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

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 expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Appendix 6

Nan Liu Enterprise Co., Ltd. **Procedures for Making of Endorsements/Guarantees** (Translation)

November 16, 2012 revised

Article 1 To establish an effective governing system for Procedures for Making of Endorsements/Guarantees, build procedures to follow. It shall follow related rules of government if there is not definition in the procedures. The procedures amendment follow 'Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies' of Chin Kuan Cheng Liu No.0940006026 letter announced by Financial Supervisory Commission of Executive Yuan and 'Regulations Governing Establishment of Internal Control Systems by Public Companies' of Chin Kuan Cheng Chi No.0940005920 letter, Chin Kuan Cheng Shen No. 09900113755 on March 19, 2010.

Article 2 The term "endorsements/guarantees" as used in the Procedures refers to the following:

1. Financing endorsements/guarantees, including:
 - (1) Bill discount financing.
 - (2) Endorsement or guarantee made to meet the financing needs of another company.
 - (3) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
2. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
3. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.

Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with the Procedures.

Article 3 The Company may make endorsements/guarantees for the following companies:

- (1) A company with which it does business.
- (2) A company in which the Company directly and indirectly holds more than 50 percent of the voting shares.
- (3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Company.

Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the Company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the public company, or through a company in which the public company holds 100% of the voting shares.

- Article 4
1. The department in charge of the Company shall evaluate the risk with financial department, internal auditors and prepare evaluation record.
 2. The evaluation items include necessity of and reasonableness for making endorsements/guarantees. Because of business for making endorsements/guarantees, the person in charge of financial department shall evaluate the amount of making endorsements/guarantees and transaction amount reasonably, the operational risk of the Company, financial situation, the effect to equity, whether need pledge collateral or not and value evaluation of collateral.
 3. Financial department shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the board of directors or of authorization by the chairman of the board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated under the procedures, the content of collateral, the evaluation value, the date for releasing endorsements/guarantees for filing.
 4. The financial department shall follow No. 9 of accounting standards rules 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.
- Article 5 The Company shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person approved by the board of directors and may be used to seal or issue negotiable instruments only in prescribed procedures of head office.
- Article 6 The person who take care of the stamp for making endorsements/guarantees shall be authorized by chairman after the board of directors authorized chairman.
- Article 7 When making a guarantee for a foreign company, the Company shall have the Guarantee Agreement signed by chairman authorized by the board of directors.
- Article 8
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 all the supervisors in writing of any material violation found.
 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 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 all supervisors, follow the plan to implement and report to board of directors.
 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 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.

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 expressing assent or dissent and the reasons for dissent shall be included in the resolution of the board of directors' meeting.

- Article 9
1. The total amount of aggregate balance of endorsements/guarantees by the Company shall not more than 200% of the net equity as stated in its latest financial statement. The limit balance of endorsements/guarantees by the Company for a single enterprise can't more than 200% of the Company's net equity as stated in its latest financial statements.
 2. The total amount of aggregate balance of endorsements/guarantees by the Company and subsidiaries shall not more than 200% of the net equity as stated in its latest consolidated financial statements. The limit balance of endorsements/guarantees by the Company and subsidiaries for a single enterprise can't more than 200% of the Company's net equity as stated in its latest consolidated financial statements. The above equity is based on the latest financial statements after accountants audited or reviewed.

- Article 10
- The Company shall evaluate the risk when make endorsements/guarantees to others and do it after the board of directors approved. But for timing need, the board of directors authorize chairman make endorsements/guarantees to single entity when the endorsements/guarantees amount is less than NT\$ 40 million and report to the latest board of directors. Then report related items to the latest shareholders' meeting. It shall be approved by board of directors when the endorsements/guarantees amount is more than or equal to NT\$ 40 million.
- Before making any endorsement/guarantee pursuant to Article 3, paragraph 2, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's board of directors for a resolution, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the Company holds, directly or indirectly, 100% of the voting shares.
- 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 expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

- Article 11
1. Where a subsidiary of the Company intends to make endorsements/guarantees for others, the Company shall instruct it to formulate its own Operational Procedures for Endorsements/Guarantees in compliance with the Procedures, and it shall comply with the Procedures when making endorsements/guarantees. The net equity is based on the equity of the subsidiary.
 2. The subsidiaries shall prepare the endorsements/guarantees statement for previous month and report to the Company.
 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 all the supervisors in writing of any material violation found.
 4. When the internal auditors of the Company audit the subsidiaries by annual audit plan, it should follow the operation situation of making endorsements/guarantees to others of subsidiaries. If there is missing item, it should follow improvement situation and prepare follow-up report to chairman.

- Article 12
1. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.
 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:
 - (1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent 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.
 - (2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent 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.
 - (3) The balance of endorsements/guarantees, long term investment and loan of funds by the Company and its subsidiaries for a single enterprise reaches NT\$10 million 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.
 - (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.

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.

"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.

- Article 13 Penalty for violation of the Procedure or of the company's Operational Procedures for Loaning Funds to Others by managers or personnel in charge, will follow employee management procedure of the Company.
- Article 14 When the net equity of endorsements/guarantees entity by the Company is less than 50% of capital stock, the manager shall has appropriate management. The subsidiaries shall report Balance Sheet and Statements of Comprehensive Income to the Company manager to control the financial situation before the 10th day of each month.
When the subsidiaries need to increase loan, it shall be approved by the Company's manager first. The financial department of subsidiaries shall send improvement plan to approve by the Company. If the improvement plan not as expected, the Company shall decrease the amount of endorsements/guarantees till to the amount of equity of subsidiaries.
In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.
- Article 15 The Procedures after approved by the board of directors, submit the Procedures to each

supervisor 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 each supervisor and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

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 expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Appendix 7

Nan Liu Enterprise Co., Ltd.

Shareholding of Directors and Supervisors

(Translation)

- (1) The paid-up capital of the company stands at NT\$726,000,000 with 72,600,000 shares.
- (2) In compliance with Article 26 of the Securities and Exchange Act:
Total minimum number of shares required to be held by directors: 5,808,000 shares
Total minimum number of shares required to be held by supervisors: 580,800 shares
As of March 30, 2019, the book closure date, shareholding information of directors and supervisors was as follows:

Job Title	Name	Shares held
Chairman	Bixiu Investments Co., Ltd (Representative: Huang Chin-shan)	5,090,929
Director	Tian Zi Ding Investments Co., Ltd. (Representative: Huang Ho-cun)	8,731,659
Independent Director	Huang, Tung-Rung	0
Independent Director	Hwang, Jin-Feng	0
Independent Director	Huang, Chun-Ping	0
Director	Wang, Chin-Hung	0
Director	Yang, Juei-Hua	181,033
Supervisor	Su, Chao-Shan	0
Supervisor	Chung, Mao-Chih	749,451
Supervisor	Hsieh, Chiu-Lan	0
Total shares held of directors		14,003,621
Total shares held of supervisors		1,497,451

Appendix 8

The effect of dividend distributions for the current fiscal year on the Company's operating performance, earnings per share, and return on equity

(I) The effect of dividend distributions proposed by shareholders' meeting for the current fiscal year on the Company's operating performance and earnings per share:
Not applicable.