



Stock code: 6504

NAN LIU ENTERPRISE CO., LTD.

2020 Annual Shareholders' Meeting

Meeting Handbook

(Translation)

Time: 10:00 a.m., Friday, 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.
2020 Shareholders' Meeting Agenda

Time: 10:00 a.m., Friday, May 29, 2020

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

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

1. To report 2019 Business Report
2. Audit Committee's Review of the 2019 Financial Statements
3. To report 2019 Compensation of Employees and Directors

IV. Proposed Resolutions

1. To accept 2019 Financial Statements and Business Report
2. To approve the proposal for distribution of 2019 Profit

V. Discussion Items

1. To revise the Rules of Procedure for Shareholders Meetings
2. To revise the Articles of Incorporation

VI. Other Business and Special Motion

VII. Meeting Adjourned

Report Items

1. To report 2019 Business Report

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

2. To report Audit Committee's Review of the 2019 Financial Statements

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

3. To report distribution of the 2019 Compensation of Employees and Directors

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. In the latest financial year, 1.3% (i.e., NT\$7,557,647) of the profit has been set aside for employee compensation, while 0.9% (i.e., NT\$5,232,217) has been earmarked as compensation for the directors. All compensations are distributed in the form of cash.

Proposed Resolutions

1. To accept 2019 Financial Statements and the Business Report (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The 2019 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, Hsiang-Ning Hu and Szu-Ning Lin of Yangtze CPAs & Co. The Business Report and the Financial Statements have been reviewed by the Audit Committee.
- (2) For the Audit Report and the 2019 Financial Statements and the Business Report, please refer to pages 10-28 (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 2019 profit (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The after-tax profit in 2019 was NT\$526,005,594. Of that, 10% (i.e., NT\$52,600,559) has been set aside as a legal reserve, subtracted other comprehensive income-defined benefit remeasured amount was NT\$5,849,128, subtracted special reserve amount was NT\$117,593,758, coupled with unappropriated retained earnings of NT\$1,092,385,955 (including unappropriated retained earnings of NT\$27,960,645

- before (1997) and NT\$1,064,425,310 after (1998)), retained earnings for this year is NT\$1,442,348,104.
- (2) In terms of the distribution of the 2019 profit, a cash dividend of NT\$4.5 per share is proposed, amounting to NT\$326,700,000 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.

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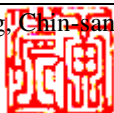
2019

Profit Distribution Table

Unit: NT\$

Items	Amount (NT\$)	Remarks
Beginning retained earnings	1, 092, 385, 955	
Other comprehensive income-defined benefit plan	(5, 849, 128)	
2017 net income	526, 005, 594	
Subtracted: Legal reserve (10%)	(52, 600, 559)	
Subtracted: Special reserve	(117, 593, 758)	
Subtotal of distributable net profit	1, 442, 348, 104	
Distributable items		
Dividend to shareholders-cash dividend (NT\$5/share)	326, 700, 000	
Unappropriated retained earnings	1, 115, 648, 104	

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



Note 1: 2019 unappropriated retained earnings are distributable first

Resolution:

Discussion Items

1. To revise the Rules of Procedure for Shareholders Meetings(Proposed by the Board of Directors)

Explanatory Notes:

- (1) For the operation need and follow related rules.
 - (2) Comparison Table for the Articles of Incorporation before and after revision please refer to Attachment 5.
2. To revise the Articles of Incorporation (Proposed by the Board of Directors)
- Explanatory Notes:
- (1) Because of COVID-19, service items increase Medical Materials manufacturing, wholesale of medical materials and retailing of medical materials. (CF01011 Medical Materials manufacturing, F108031 wholesale of medical materials, F208031 retailing of medical materials) for environment's need.
 - (2) The original service items: C601040 paper processing change item name. To delete item C103030, F102160, F102010, F102080 and rename to 27. C601040 paper processing, 28. F102170 Other Food manufacturing.
 - (3) Comparison Table for the Regulations for Election of Directors and Supervisors before and after revision please refer to Attachment 6.

Voting by poll

Other Business and Special Motion

Meeting Adjourned

Attachment 1

NAN LIU ENTERPRISE CO., LTD.



2019 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 2019.

A. 2019 Business Report

(1) Achievements of the 2019 Business Plan

The Company's major businesses in 2019 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 2019, net sales was NT\$6,546,829 thousand, down 3.53% compared with 2018. Taking into cost of goods sold of NT\$5,309,526 thousand, total operating expenses of NT\$516,814 thousand, and other non-operating loss and expenses of NT\$70,260 thousand, the income before income tax came in at NT\$790,749 thousand. Estimated income tax expense was NT\$264,744 thousand, and the net income was NT\$526,005 thousand with an EPS of NT\$7.25.

(2) 2019 Consolidated Financial Expenditure and Profitability

Unit: NT\$ thousand

Consolidated Statements of Comprehensive Income	2019	2018	Change %
Net Sales	6,546,829	6,786,338	-3.53%
Cost of goods sold	5,309,526	5,510,590	-3.65%
Gross profit	1,237,303	1,275,748	-3.01%
Total Operating expenses	516,814	478,444	8.02%
Net operating profit	720,489	797,304	-9.63%
Other non-operating income and expenses	70,260	76,959	-8.70%
Income before income tax	790,749	874,263	-9.55%
Net Income	526,005	592,766	-11.26%

(3) Consolidated Profitability Analysis

Unit: %

	2018	2017	
Return on assets	6.18	8.11	
Return on equity	17.05	19.96	
Capital ratio	Net operating profit	99.24	109.82
	Income before income tax	108.92	120.42
Net profit margin	8.03	8.73	
After-tax earnings per share (NT\$)	7.25	8.16	

The company faced some challenges in 2019. Compared to USD, CNY depreciated around 2-3%. Under above challenges, all employees pledged more efforts and consistently develop new products. The capacity utilization was full in 2019.

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 2019 reached NT\$526,005 thousands (EPS NT\$7.25).

B. Summary of the 2020 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. **Audit Committee's Review Report** (Translation)

The Board of Directors has prepared the Company's 2019 Business Report, consolidated Financial Statements. The financial statements includes Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows. The Financial Statements have been audited by external auditors Hsiang-Ning Hu and Szu-Ning Lin of YANGTZE CPAS & CO., and an opinion and report have been issued on the Financial Statements.

Audit Committee is responsible for overseeing the financial reporting process.

When auditing the 2019 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, Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the Audit Committee of Nan Liu Enterprise Co., Ltd. According to Article 219 of the Company Law, I hereby submit this report.

Submitted to :

The Company's 2020 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Chairman of the Audit Committee : Huang, Tung-Rung

On the Date of March 10, 2020



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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nanliu Enterprise Company Limited

Opinion

We have audited the accompanying consolidated financial statements of Nanliu Enterprise Company Limited and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, 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, 2019 and 2018, 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, Financial Supervisory Commission Letter No.1090360805 of February 25, 2020 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, 2019. 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, 2019 are stated as follows:



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Valuation of accounts receivable

Please refer to Notes 4 and 6(2) to the consolidated financial statements for detail information and accounting policy of valuation of accounts receivable. As of December 31, 2019, net accounts and notes receivable of the Group amounted to NT\$ 1,342,759 thousand dollars, accounted for 14.08% 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, 5 and 6(3) to the consolidated financial statement for the detail information and accounting policy, uncertainty of valuation of inventories; As of December 31, 2019, inventories of the Group amounted to NT\$941,608 thousand dollars, accounted for 9.87% of total assets, has significant impact to financial statements of the Group, in addition, the principal operating activities of the Group include Air-Through/Thermal-Bonded Nonwovens Fabrics、Spunlace Nonwovens Fabrics、High-tech woodpulp spunlace Fabrics、Wet Wipes、Facial Mask and care product, etc., the selling price of these products fluctuates from the supply of upstream suppliers and changes in the market competition, resulted risk of book value exceeding its net realizable value, therefore, we have identified valuation of inventories as a key audit matter.



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

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

Other Matter

We have also audited the parent company only financial statements of Nanliu Enterprise Company Limited as of and for the years ended December 31, 2019 and 2018 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 or members of Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and



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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether consolidated only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 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.

Hsiang-Ning Hu

Szu-Ning Lin

YANGTZE CPAS & Co.,
March 10, 2020

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.



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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, 2019 and 2018, 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, 2019 and 2018, 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, Financial Supervisory Commission Letter No.1090360805 of February 25, 2020 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, 2019 are stated as follows:

Valuation of accounts receivable

Please refer to Notes 4 and 6(2) to the parent company only financial statements for detail information and accounting policy of valuation of accounts receivable. As of December 31, 2019, net accounts and notes receivable of the Company amounted to NT\$ 510,829 thousand dollars, accounted for 5.79% 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, 5 and 6(3) to the parent company only financial statements for the detail information and accounting policy, uncertainty of valuation of inventories; As of December 31, 2019, inventories of the Company amounted to NT\$ 407,500 thousand dollars, accounted for 4.62% 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.



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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 or members of Audit Committee) 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



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YANGTZE CPAS & CO.



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, 2019 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.

Hsiang-Ning Hu

Szu-Ning Lin

YANGTZE CPAS & Co.,

March 10, 2020

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.

Attachment 4

NAN LIU ENTERPRISE CO., LTD AND SUBSIDIARIES
Consolidated Balance Sheets
December 31,2019 and December 31,2018
(All Amounts Expressed In Thousands of New Taiwan Dollars)

ASSETS		December 31,2019		December 31,2018		LIABILITIES AND EQUITY		December 31,2019		December 31,2018			
		Amount	%	Amount	%			Amount	%	Amount	%		
CURRENT ASSETS						CURRENT LIABILITIES							
1100	Cash and cash equivalents	4、6(1)	\$ 1,310,313	13.74	\$ 1,089,253	13.42	2100	Short-term loans	6(7)	\$ 1,370,000	14.36	\$ 1,070,000	13.18
1150	Notes receivable, net	4、6(2)	88,569	0.93	87,049	1.07	2110	Short-term bills payable, net	6(8)	34,999	0.37	-	-
1170	Accounts receivable, net	4、6(2)	1,254,190	13.15	1,351,276	16.64	2130	Contract liabilities-current	4、6(12)	13,237	0.14	22,718	0.28
1200	Other receivables		10,557	0.11	39,533	0.49	2150	Notes payable	4	668,764	7.01	563,057	6.93
1310	Inventories	4、5、6(3)	941,608	9.87	1,022,120	12.59	2170	Accounts payable	4	553,124	5.80	605,212	7.46
1410	Prepayments		364,118	3.82	370,426	4.56	2200	Other payable		191,977	2.01	163,114	2.01
1470	Other current assets	8	171,060	1.79	70,075	0.86	2213	Payables on equipment		34,226	0.36	18,925	0.23
	Total current assets		4,140,415	43.41	4,029,732	49.63	2230	Current tax liabilities	4、6(14)	58,521	0.61	178,443	2.20
							2280	Lease liabilities	6(5)	11,857	0.12	-	-
							2320	Current portion of long-term bank borrowing	6(9)	394,433	4.14	126,000	1.55
							2399	Other current liabilities		4,086	0.04	4,823	0.06
								Total current liabilities		\$ 3,335,224	34.96	2,752,292	33.90
NONCURRENT ASSETS						NONCURRENT LIABILITIES							
1600	Property, plant and equipment	4、6(4)	2,616,828	27.44	2,392,496	29.47	2540	Long-term bank borrowing	6(9)	2,505,237	26.27	2,210,825	27.23
1755	Right-of-use assets	4、6(5)	675,635	7.08	-	-	2571	Deferred income tax liabilities-Land value increment tax		7,386	0.08	7,386	0.09
1765	Investment property	4、6(6)	16,981	0.18	-	-	2572	Deferred income tax liabilities-income tax	4、6(14)	11,972	0.13	5,433	0.07
1780	Intangible assets	4	471	0.00	1,201	0.01	2580	Lease liabilities	4、6(5)	492,830	5.17	-	-
1840	Deferred income tax assets	4、5、6(14)	29,182	0.31	27,651	0.34	2640	Accrued pension liabilities	4、5、6(10)	77,924	0.82	76,567	0.94
1915	Prepayments for equipment		1,943,301	20.38	1,461,965	18.01	2645	Guarantee deposits		947	0.01	984	0.01
1920	Refundable deposit		40,349	0.42	17,285	0.21		Total noncurrent liabilities		3,096,296	32.48	2,301,195	28.34
1985	Long-term prepaid rents	4	-	-	186,796	2.30		Total liabilities		6,431,520	67.44	5,053,487	62.24
1990	Other assets		73,923	0.78	2,364	0.03							
	Total noncurrent assets		5,396,670	56.59	4,089,758	50.37		EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT					
								Owners equity					
							3100	Capital stock	6(11)	726,000	7.61	726,000	8.94
							3200	Capital surplus	6(11)	453,467	4.75	453,467	5.58
							3300	Retained earnings	6(11)				
							3310	Legal reserve		431,149	4.52	371,872	4.58
							3320	Special reserve		264,937	2.78	193,201	2.38
							3350	Unappropriated earnings		1,612,543	16.91	1,586,400	19.54
							3400	Other	6(11)				
							3410	Financial statements translation differences for foreign operations		(382,531)	(4.01)	(264,937)	(3.26)
								Equity attributable to shareholders of the parent		3,105,565	32.56	3,066,003	37.76
1xxx	Total assets		\$ 9,537,085	100.00	\$ 8,119,490	100.00		Total liabilities and equity		\$ 9,537,085	100.00	\$ 8,119,490	100.00

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 ,2019 and 2018

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

		For the year ended December 31				
Item	Note	2019		2018		
		Amount	%	Amount	%	
4000	Net Sales	4、6(12)	\$ 6,546,829	100.00	\$ 6,786,338	100.00
5000	Cost of goods sold	6(3)	(5,309,526)	(81.10)	(5,510,590)	(81.20)
5900	Gross profit		1,237,303	18.90	1,275,748	18.80
6000	Operating expenses					
6100	Promotion expenses		(242,295)	(3.70)	(232,539)	(3.43)
6200	Management expenses		(232,787)	(3.56)	(206,272)	(3.04)
6300	Research expenses		(36,707)	(0.56)	(29,598)	(0.44)
6450	Expected credit losses		(5,025)	(0.08)	(10,035)	(0.15)
6000	Total Operating expenses		(516,814)	(7.90)	(478,444)	(7.06)
6900	Operating profit		720,489	11.00	797,304	11.74
	Other non-operating income and expenses					
7020	Other income	6(13)	99,615	1.52	92,553	1.37
7050	Finance costs	6(13)	(29,355)	(0.45)	(15,594)	(0.23)
7000	Other non-operating income and expenses		70,260	1.07	76,959	1.14
7900	Income before income tax		790,749	12.07	874,263	12.88
7950	Income tax expense	4、6(14)	(264,744)	(4.04)	(281,497)	(4.15)
8200	Net Income		526,005	8.03	592,766	8.73
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)	(7,311)	(0.11)	(2,580)	(0.04)
8349	Income tax (expense) related to components of the comprehensive income	6(14)	1,462	0.02	905	0.01
8360	Items that may be reclassified subsequently to profit or loss:					
8361	Exchange differences arising on translation of foreign operations	6(11)	(117,594)	(1.80)	(71,736)	(1.06)
8300	Other comprehensive income (loss) for the period ,net of income tax		(123,443)	(1.89)	(73,411)	(1.09)
8500	Total comprehensive income for the period		\$ 402,562	6.14	\$ 519,355	7.64
8600	Net income attributable to :					
8610	Owners of parent		\$ 526,005	8.03	\$ 592,766	8.73
8620	Non-controlling interests		-	-	-	-
	Net income		\$ 526,005	8.03	\$ 592,766	8.73
8700	Comprehensive income attributable to :					
8710	Owners of parent		\$ 402,562	6.14	\$ 519,355	7.64
8720	Non-controlling interests		-	-	-	-
	Total comprehensive income for the period		\$ 402,562	6.14	\$ 519,355	7.64
9750	Basic earnings per share(NT dollars)	4、6(16)	\$ 7.25		\$ 8.16	
9850	Diluted earnings per share(NT dollars)	4、6(16)	\$ 7.24		\$ 8.16	

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 31,2019 and 2018
(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, 2018	72,600	\$ 726,000	\$ 453,467	\$ 317,735	\$ 155,667	\$ 1,413,680	\$ (193,201)		
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
Balance as of January 1, 2019	72,600	\$ 726,000	\$ 453,467	\$ 371,872	\$ 193,201	\$ 1,586,400	\$ (264,937)	\$ -	\$ 3,066,003
Legal reserve appropriated	-	-	-	59,277	-	(59,277)	-	-	-
Special reserve appropriated	-	-	-	-	71,736	(71,736)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(363,000)	-	-	(363,000)
Net income in 2019	-	-	-	-	-	526,005	-	-	526,005
Other comprehensive income for the year	-	-	-	-	-	(5,849)	(117,594)	-	(123,443)
Balance as of December 31, 2019	72,600	\$ 726,000	\$ 453,467	\$ 431,149	\$ 264,937	\$ 1,612,543	\$ (382,531)	\$ -	\$ 3,105,565

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 ,2019 and 2018

(All Amounts Expressed In Thousands of New Taiwan Dollars)

	For the year ended December 31	
	2019	2018
Cash flows from operating activities		
Consolidated Profit before income tax	\$ 790,749	\$ 874,263
Adjustments for :		
Depreciation expense	254,948	290,714
Amortization expense	686	8,224
Other expense	-	93
Interest expense	29,355	15,594
Interest income	(24,504)	(10,110)
Reversal of expected credit losses	5,025	10,035
Provision for inventory market price decline	11,800	9,600
Loss on disposal of inventory	12,474	13,788
Loss on physical inventory	(1,470)	683
Loss on disposal of assets	1,891	66
(Reversal) Impairment of Assets	-	(1,224)
Foreign exchange (gain) loss	(3,935)	(8,336)
Total adjustments to reconcile profit or loss	286,270	329,127
Changes in operating assets and liabilities		
(Increase) in notes receivable	(5,027)	(18,252)
Decrease (Increase) in accounts receivable	117,085	(40,181)
Decrease (Increase) in other receivable	32,814	(10,137)
Decrease (Increase) in inventories	42,757	(82,387)
Decrease (Increase) in prepayments	1,399	(12,147)
(Increase) in other current assets	(147,201)	(23,763)
(Decrease) Increase in contract liabilities-current	(9,481)	13,618
Increase in notes payable	111,649	71,618
(Decrease) Increase in accounts payable	(96,852)	3,701
Increase in other payable	29,410	13,690
Increase in other current liabilities	-	523
(Decrease) in accrued pension liabilities	(5,954)	(1,335)
Total Changes in Operating Assets and Liabilities	70,599	(85,052)
Cash generated from operating	1,147,618	1,118,338

(Continued)

	For the year ended December 31	
	2019	2018
Interest received	20,666	10,100
Income taxes paid	(378,196)	(198,009)
Net cash generated by operating activities	<u>790,088</u>	<u>930,429</u>
Cash flows from investing activities		
Acquisition of property , plant and equipment	(422,226)	(509,314)
Disposal of property , plant and equipment	2,681	10,712
(Increase) in investment property	(488)	-
Acquisition of intangible assets	-	(184)
(Increase) in prepayments for equipment	(535,195)	(936,738)
Decrease (Increase) in restricted assets	45,834	(5,962)
(Increase) in long-term prepaid rent	-	(78,322)
Decrease (Increase) in Instead of payment	382	(189)
(Increase) Decrease in refundable deposits	(25,083)	578
(Increase) in other assets	(60,837)	-
Net cash used in investing activities	<u>(994,932)</u>	<u>(1,519,419)</u>
Cash Flows From Financing Activities :		
Interest paid	(29,903)	(13,984)
Increase in short-term loans	300,000	363,565
Increase (Decrease) in short-term bills payable	35,000	(400,000)
Increase in long-term bank borrowing	597,956	1,085,015
Cash dividends	(363,000)	(326,700)
Repayment of the principal portion of lease liabilities	(12,244)	-
(Decrease) in guarantee deposits	-	(106)
(Decrease) in other current liabilities	(737)	(183)
Net cash used in financing activities	<u>527,072</u>	<u>707,607</u>
Effect of exchange rate changes on cash and cash equivalents	(101,168)	(44,941)
Net Increase in cash and cash equivalents	221,060	73,676
Cash and cash equivalents, beginning of year	1,089,253	1,015,577
Cash and cash equivalents, end of year	<u>\$ 1,310,313</u>	<u>\$ 1,089,253</u>

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

NANLIU ENTERPRISE CO., LTD
Parent Company Only Balance Sheets
December 31,2019 and December 31,2018
(All amounts expressed In Thousands of New Taiwan Dollars)

ASSETS		December 31,2019		December 31,2018		LIABILITIES AND EQUITY		December 31,2019		December 31,2018			
		Amount	%	Amount	%			Amount	%	Amount	%		
CURRENT ASSETS						CURRENT LIABILITIES							
1100	Cash and cash equivalents	4、6(1)	\$ 152,027	1.72	\$ 164,717	2.21	2100	Short-term loans	4、6(7)	\$ 1,370,000	15.54	\$ 1,070,000	14.36
1150	Notes receivable, net	4、6(2)	46,710	0.53	46,650	0.63	2110	Short-term bills payable , net	6(8)	34,999	0.40	-	-
1170	Accounts receivable, net	4、6(2)、7	464,119	5.26	513,755	6.89	2130	Contract liabilities-current	4、6(12)	303	0.00	978	0.01
1200	Other receivables		9,381	0.11	16,001	0.21	2150	Notes payable	4	69,854	0.79	104,717	1.41
1310	Inventories	4、6(3)	407,500	4.62	359,166	4.82	2170	Accounts payable	4、7	295,100	3.35	369,713	4.96
1410	Prepayments		167,180	1.90	175,898	2.36	2200	Other payable		396,812	4.50	82,956	1.11
1470	Other current assets		30,360	0.34	23,709	0.32	2213	Payables on equipment		22,534	0.26	18,253	0.24
	Total current assets		<u>1,277,277</u>	<u>14.48</u>	<u>1,299,896</u>	<u>17.44</u>	2230	Current tax liabilities	4	14,836	0.17	43,996	0.59
							2280	Lease liabilities	4、6(6)	11,857	0.13	-	-
							2320	Current portion of long-term bank borrowing	4、6(9)	394,433	4.48	126,000	1.69
							2399	Other current liabilities		<u>2,385</u>	<u>0.03</u>	<u>2,945</u>	<u>0.04</u>
								Total current liabilities		<u>2,613,113</u>	<u>29.65</u>	<u>1,819,558</u>	<u>24.41</u>
NONCURRENT ASSETS						NONCURRENT LIABILITIES							
1550	Investments accounted for using equity method	4、6(4)	3,905,426	44.31	3,610,994	48.45	2540	Long-term bank borrowing	4、6(9)	2,505,237	28.42	2,210,825	29.66
1600	Property , plant and equipment	4、6(5)	1,143,668	12.98	1,060,735	14.23	2571	Deferred income tax liabilities-Land value increment tax		7,386	0.08	7,386	0.10
1755	Right-of-use assets	4、6(6)	521,617	5.92	-	-	2572	Deferred income tax liabilities-income tax	4、6(14)	11,972	0.14	5,433	0.07
1840	Deferred income tax assets	4、6(14)	28,104	0.32	24,319	0.33	2580	Lease liabilities	4、6(6)	492,830	5.59	-	-
1915	Prepayments for equipment		1,842,849	20.91	1,419,604	19.05	2620	Long-term accounts note and payable to related parties	7	-	-	267,220	3.59
1920	Refundable deposit		21,163	0.24	11,740	0.16	2640	Accrued pension liabilities	4、6(10)	<u>77,924</u>	<u>0.88</u>	<u>76,567</u>	<u>1.03</u>
1985	Long-term prepaid rents		-	-	23,340	0.31		Total noncurrent liabilities		<u>3,095,349</u>	<u>35.11</u>	<u>2,567,431</u>	<u>34.45</u>
1990	Other assets		73,923	0.84	2,364	0.03		Total liabilities		<u>5,708,462</u>	<u>64.76</u>	<u>4,386,989</u>	<u>58.86</u>
	Total noncurrent assets		<u>7,536,750</u>	<u>85.52</u>	<u>6,153,096</u>	<u>82.56</u>	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT						
							Owners equity						
							3100	Capital stock	6(11)	726,000	8.24	726,000	9.74
							3200	Capital surplus	6(11)	453,467	5.14	453,467	6.08
							3300	Retained earnings	6(11)				
							3310	Legal reserve		431,149	4.89	371,872	4.99
							3320	Special reserve		264,937	3.01	193,201	2.59
							3350	Unappropriated earnings		1,612,543	18.30	1,586,400	21.29
							3400	Other	6(11)				
							3410	Financial statements translation differences for foreign operations		(382,531)	(4.34)	(264,937)	(3.55)
								Equity attributable to shareholders of the parent		<u>3,105,565</u>	<u>35.24</u>	<u>3,066,003</u>	<u>41.14</u>
lxxx	Total assets		<u>\$ 8,814,027</u>	<u>100.00</u>	<u>\$ 7,452,992</u>	<u>100.00</u>		Total liabilities and equity		<u>\$ 8,814,027</u>	<u>100.00</u>	<u>\$ 7,452,992</u>	<u>100.00</u>

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 ,2019 and 2018

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

				For the year ended December 31			
				2019		2018	
Item	Note	Amount	%	Amount	%		
4000	Net Sales	4、6(12)、7	\$ 3,032,462	100.00	\$ 3,150,067	100.00	
5000	Cost of goods sold	6(3)	(2,609,031)	(86.04)	(2,721,429)	(86.39)	
5900	Gross profit		423,431	13.96	428,638	13.61	
5910	Unrealized gain on sales		-	-	(7,229)	(0.23)	
5920	Realized gain on sales		4,184	0.14	-	-	
5950	Net Gross Profit From Operations		427,615	14.10	421,409	13.38	
6000	Operating expenses						
6100	Promotion expenses		(78,318)	(2.58)	(67,488)	(2.14)	
6200	Management expenses		(142,425)	(4.70)	(109,719)	(3.48)	
6300	Research expenses		(23,912)	(0.79)	(20,820)	(0.66)	
6450	Expected credit losses		(5,025)	(0.17)	135	0.00	
6000	Total Operating expenses		(249,680)	(8.24)	(197,892)	(6.28)	
6900	Operating profit		177,935	5.86	223,517	7.10	
	Other non-operating income and expenses						
7020	Other income	6(13)	429,633	14.17	443,791	14.09	
7510	Finance costs	6(13)	(39,001)	(1.29)	(15,586)	(0.49)	
7000	Other non-operating income and expenses		390,632	12.88	428,205	13.60	
7900	Income before income tax		568,567	18.74	651,722	20.70	
7950	Income tax expense	4、6(14)	(42,562)	(1.40)	(58,956)	(1.87)	
8200	Net Income		526,005	17.34	592,766	18.83	
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)	(7,311)	(0.24)	(2,580)	(0.08)	
8349	Income tax (expense) related to components of the comprehensive income	6(14)	1,462	0.05	905	0.03	
8360	Items that may be reclassified subsequently to profit or loss:						
8361	Exchange differences arising on translation of foreign operations	6(11)	(117,594)	(3.88)	(71,736)	(2.28)	
8300	Other comprehensive income (loss) for the period ,net of income tax		(123,443)	(4.07)	(73,411)	(2.33)	
8500	Total comprehensive income for the period		\$ 402,562	13.27	\$ 519,355	16.50	
9750	Basic earnings per share(NT dollars)	4、6(15)	\$ 7.25		\$ 8.16		
9850	Diluted earnings per share(NT dollars)	4、6(15)	\$ 7.24		\$ 8.16		

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, 2019 and 2018
(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, 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
Balance as of January 1, 2019	72,600	\$ 726,000	\$ 453,467	\$ 371,872	\$ 193,201	\$ 1,586,400	\$ (264,937)	\$ -	\$ 3,066,003
Legal reserve appropriated	-	-	-	59,277	-	(59,277)	-	-	-
Special reserve appropriated	-	-	-	-	71,736	(71,736)	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(363,000)	-	-	(363,000)
Net income in 2019	-	-	-	-	-	526,005	-	-	526,005
Other comprehensive income for the year	-	-	-	-	-	(5,849)	(117,594)	-	(123,443)
Balance as of December 31, 2019	72,600	\$ 726,000	\$ 453,467	\$ 431,149	\$ 264,937	\$ 1,612,543	\$ (382,531)	\$ -	\$ 3,105,565

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 ,2019 and 2018
(All Amounts Expressed In Thousands of New Taiwan Dollars)

	For the year ended December 31	
	2019	2018
Cash flows from operating activities		
Profit before income tax	\$ 568,567	\$ 651,722
Adjustments for :		
Depreciation expense	65,142	55,724
Amortization expense	-	4,668
Interest expense	39,001	15,586
Interest income	(1,320)	(1,369)
Reversal of expected credit losses (profit)	5,025	(135)
Share of profit of subsidiaries and associates accounted for using equity method	(377,842)	(414,408)
(Profit) on disposal of assets	(780)	(707)
Unrealized gain on sales	-	7,229
Realized gain on sales	(4,184)	-
Provision for inventory market price decline	11,800	8,750
Loss on physical inventory	(189)	601
Loss on disposal of inventory	4,245	6,280
(Reversal) Impairment of Assets	-	(1,224)
Foreign exchange (gain) loss	(3,251)	(6,016)
Total adjustments to reconcile profit or loss	<u>(262,353)</u>	<u>(325,021)</u>
Changes in operating assets and liabilities		
(Increase) Decrease in notes receivable	(3,567)	7,796
Decrease (Increase) in accounts receivable	43,849	(159,148)
Decrease in other receivable	7,015	13,381
(Increase) in inventories	(64,190)	(68,784)
Decrease (Increase) in prepayments	8,718	(52,732)
(Increase) in other current assets	(7,010)	(23,254)
(Decrease) in contract liabilities-current	(675)	(746)
(Decrease) in notes payable	(47,685)	(6,501)
(Decrease) Increase in accounts payable	(71,590)	59,915
Increase in other payable	13,348	14,463
Increase in other current liabilities	-	522
(Decrease) in accrued pension liabilities	(5,954)	(1,335)
Total Changes in Operating Assets and Liabilities	<u>(127,741)</u>	<u>(216,423)</u>
Cash generated from operating	<u>178,473</u>	<u>110,278</u>

(Continued)

	For the year ended December 31	
	2019	2018
Interest received	925	1,362
Income taxes paid	(67,506)	(35,932)
Net cash generated by operating activities	111,892	75,708
Cash flows from investing activities		
Acquisition of investments accounted for using equity method	(30,000)	(155,016)
Acquisition of property , plant and equipment	(116,034)	(388,351)
Disposal of property , plant and equipment	2,653	4,619
(Increase) in prepayments for equipment	(419,365)	(870,138)
Decrease (Increase) in Instead of payment	359	(341)
(Increase) in other assets	(71,559)	-
(Increase) in refundable deposits	(11,460)	(1,969)
Net cash used in investing activities	(645,406)	(1,411,196)
Cash Flows From Financing Activities :		
Interest paid	(38,294)	(13,812)
Increase in short-term loans	300,000	363,565
Increase (Decrease) in short-term bills payable	35,000	(400,000)
Repayment of the principal portion of lease liabilities	(12,244)	-
Increase in long-term bank borrowing	597,956	1,326,825
Increase Long-term accounts note and payable to related parties	43,435	269,265
Cash dividends	(363,000)	(326,700)
(Decrease) Increase in other current liabilities	(560)	120
Net cash used in financing activities	562,293	1,219,263
Effect of exchange rate changes on cash and cash equivalents	(41,469)	3,394
Net (Decrease) Increase in cash and cash equivalents	(12,690)	(112,831)
Cash and cash equivalents, beginning of year	164,717	277,548
Cash and cash equivalents, end of year	\$ 152,027	\$ 164,717

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 Rules and Procedures of Shareholders' Meeting (Translation)

Amended version	Original version	Reason
<p>Article3 (The above omitted) 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 <u>the professional shareholder services agent</u> designated thereby as well as being distributed on-site at the meeting place. (The third item omitted) Election or dismissal of directors, amendments to the articles of incorporation, <u>capital reduction, application of end of public, approval of directors competition, retained earnings transferred to capital, capital surplus transferred to capital</u>, the dissolution, merger, or demerger of the corporation, or any matter under Article 185, paragraph 1 of the Company Act, securities by Securities Issuers shall be set out <u>major content</u> in the notice of the reasons for convening the shareholders</p>	<p>Article3 (The above omitted) 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 third item omitted) 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 <u>the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act</u>, 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</p>	<p>To follow amendment of the Company Act.</p>

Amended version	Original version	Reason
<p>meeting. None of the above matters may be raised by an extraordinary motion. <u>The major content could show on the website of Securities Authority or the Company and show the web address on the notice.</u></p> <p><u>When convening reason of Shareholders' Meeting is re-election of all directors and show inauguration date, inauguration date shouldn't change by an extraordinary motion or other ways after re-election finished.</u></p> <p>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. <u>The directors meeting could increase the proposal that it's increasement of Public Interest or social responsibility.</u> 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.</p> <p>Prior to the book closure date and before a regular shareholders' meeting is convened, the Company shall give a public notice announcing the proposal, <u>application by written or electronic,</u></p>	<p>above matters may be raised by an extraordinary motion.</p> <p>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.</p> <p>Prior to the book closure date and before a regular shareholders' meeting is convened, the Company shall give a public notice announcing the proposal, place and the period for shareholders to</p>	

Amended version	Original version	Reason
<p>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.</p> <p>The number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words, and <u>the</u> 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.</p> <p>(The following omitted)</p>	<p>submit proposals to be discussed at the meeting; the period for accepting such proposals shall not be less than 10 days.</p> <p>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.</p> <p>(The following omitted)</p>	
<p>Article5: (Principles determining time and place of shareholders' meeting)</p> <p>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. <u>The place and time of shareholders' meeting should consider directors' opinions.</u></p>	<p>Article5: (Principles determining time and place of shareholders' meeting)</p> <p>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.</p>	<p>To follow related rules.</p>
<p>Article6: <u>The Company should announce place and time of shareholders' meeting and other notice on meeting notice.</u></p>	<p>Article6: <u>Added.</u></p>	<p>To follow related rules.</p>

Amended version	Original version	Reason
<p><u>The report time of shareholders should attend early at least thirty minutes. The checking counter should clear direction and service staff is over there.</u></p> <p>The shareholder or agent should show attendance card, sign-in card or other attendance license for shareholders' meeting. <u>The Company shouldn't request to increase others proof documents.</u></p> <p>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.</p> <p>(The following omitted)</p>	<p><u>Added.</u></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. 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. 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.</p> <p>(The following omitted)</p>	
<p>Article7: (The above omitted) <u>When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall</u></p>	<p>Article7: (The above omitted) <u>Added</u></p>	<p>To follow related rules.</p>

Amended version	Original version	Reason
<p><u>be true for a representative of a juristic person director that serves as chair.</u></p> <p>When a shareholders' meeting convened by the Board of Directors, it shall convene by chairman and directors attended by over a half of the directors. <u>The each kind of directors should attend one person at least. And the attendance situation should be written in meeting minutes of shareholders' meeting.</u></p> <p>(The following omitted)</p>	<p>A shareholders' meeting convened by the Board of Directors shall be attended by over a half of the directors.</p> <p>(The following omitted)</p>	
<p>Article8: <u>The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.</u></p> <p>The recorded materials of the preceding paragraph 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.</p>	<p>Article8: <u>Added</u></p> <p>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.</p>	<p>To follow related rules.</p>
<p>Article10: If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors.</p>	<p>Article10: If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors.</p>	<p>To follow related rules.</p>

Amended version	Original version	Reason
<p><u>All agenda should be voted.</u> The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.</p> <p>(The second and third item omitted)</p> <p>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, call for a vote <u>and arrange enough time to vote.</u></p>	<p>The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting.</p> <p>(The second and third item omitted)</p> <p>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.</p>	
<p>Article13:</p> <p>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.</p> <p>When the Company holds a shareholders' meeting, it <u>should</u> allow the shareholders to exercise voting rights by <u>electronic transmission or correspondence.</u></p> <p>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</p>	<p>Article13:</p> <p>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.</p> <p>When the Company holds a shareholders' meeting, it <u>may</u> 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</p>	<p>To follow related rules.</p>

Amended version	Original version	Reason
<p>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. (The middle omitted)</p> <p>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. <u>At the time of a vote, for each proposal, the chair or a person designated by the chair shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.</u> (The middle omitted)</p> <p>Vote counting for shareholders meeting <u>proposals or elections</u> shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, <u>the results of the voting, including the statistical tallies of the numbers of votes, shall</u></p>	<p>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. (The middle omitted)</p> <p>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.</p> <p>(The middle omitted)</p> <p>Vote counting for shareholders' meeting 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.</p>	

Amended version	Original version	Reason
be announced on-site at the meeting and a record made of the vote.		
<p>Article14: The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, <u>including the names of those elected as directors and the numbers of votes with which they were elected.</u></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>	To follow related rules.
<p>Article15: 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 chair 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 <u>in electronic form.</u> <u>The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.</u></p> <p>The meeting minutes shall accurately record the year, month, day, and place of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their results, and shall be retained</p>	<p>Article15: 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.</p> <p>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</p>	To follow related rules.

Amended version	Original version	Reason
for the duration of the existence of the Company.	retained for the duration of the existence of the Company.	

Attachment 6

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

Amended version	Original version	Reason
<p>Article2 The Company's businesses are listed as follows:</p> <ol style="list-style-type: none"> 1. C303010 non-woven 2. C399990 other textile and apparel manufacturing 3. C0401030 leather, fur finishing 4. CK01010 shoe manufacturing 5. CI01020 carpet 6. F106020 wholesale of articles for daily use 7. H701020 development and rental of industrial plants. 8. H701040 specialized field construction and development. 9. C802100 cosmetic manufacturing. 10. F108040 wholesale of cosmetics. 11. F208040 retailing of cosmetics. 12. C802110 cosmetic pigment manufacturing. 13. F401010 international trade. 14. C901990 other non-metallic mineral products manufacturing. 15. F106010 wholesale of hardware. 16. F107990 wholesale of other chemicals. 17. F207990 retailing of other chemicals. 18. CO01010 cutlery manufacturing. 19. C802090 cleaning preparations manufacturing. 	<p>Article 2: The Company's businesses are listed as follows:</p> <ol style="list-style-type: none"> 1. C303010 non-woven 2. C399990 other textile and apparel manufacturing 3. C0401030 leather, fur finishing 4. CK01010 shoe manufacturing 5. CI01020 carpet 6. F106020 wholesale of articles for daily use 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. F102080 wholesale of dehydrated foods. 18. F401010 international trade. 19. C901990 other non-metallic mineral products manufacturing. 20. F106010 wholesale of hardware. 	<p>Increase medical materials.</p>

Amended version	Original version	Reason
<p>20. F107030 wholesale of cleaning preparations.</p> <p>21. F207030 retailing of cleaning preparations.</p> <p>22. ZZ99999 the Company may operate any business not prohibited or restricted by laws or regulations, except for those that require special permission.</p> <p>23. <u>CF01011 Medical Materials manufacturing.</u></p> <p>24. <u>F108031 wholesale of medical materials.</u></p> <p>25. <u>F208031 retailing of medical materials.</u></p> <p>26. <u>C103050 Can, frozen prepared foods, dehydrated foods and pickled foods manufacturing.</u></p> <p>27. C601040 paper processing.</p> <p>28. <u>F102170 Other Food manufacturing.</u></p>	<p>21. F107990 wholesale of other chemicals.</p> <p>22. F207990 retailing of other chemicals.</p> <p>23. CO01010 cutlery manufacturing.</p> <p>24. C802090 cleaning preparations manufacturing.</p> <p>25. F107030 wholesale of cleaning preparations.</p> <p>26. F207030 retailing of cleaning preparations.</p> <p>27. ZZ99999 the Company may operate any business not prohibited or restricted by laws or regulations, except for those that require special permission.</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, amended on May 31, 2017 the 34rd time, amended on May 29, 2019 the 35rd time, <u>and amended on May 29, 2020 the 36rd 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, and amended on May 29, 2019 the 35rd time.</p>	<p>Add amendment date</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. C303010 non-woven
2. C399990 other textile and apparel manufacturing
3. C0401030 leather, fur finishing
4. CK01010 shoe manufacturing
5. CI01020 carpet
6. F106020 wholesale of articles for daily use
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. F102080 wholesale of dehydrated foods.
18. F401010 international trade.
19. C901990 other non-metallic mineral products manufacturing.
20. F106010 wholesale of hardware.
21. F107990 wholesale of other chemicals.
22. F207990 retailing of other chemicals.
23. CO01010 cutlery manufacturing.
24. C802090 cleaning preparations manufacturing.
25. F107030 wholesale of cleaning preparations.
26. F207030 retailing of cleaning preparations.
27. ZZ99999 the Company may operate any business not prohibited or restricted by laws or regulations, except for those that require special permission.

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, 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.

In above directors' numbers, the Company shall not appoint independent directors of no less than three in number (including at least one independent director shall have accounting or financial senior expertise) and no less than one-fifth of the total number of directors.

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 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 14-1: 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.

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 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.

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 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 prior to the date of a general meeting of shareholders.

1. Business report.
2. Financial statements.
3. The earnings distribution or loss make-up 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; amended on April 30, 2013 for the 32nd time; amended on June 13, 2016 the 33rd time; amended on May 31, 2017 the 34rd time, and amended on May 29, 2019 the 35rd time..

Nan Liu Enterprise Co., Ltd.

Chairman: Huang, Chin-san

Appendix 2

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

May 29, 2019 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, 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, 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, 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 over a half 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 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.

Appendix 3

Nan Liu Enterprise Co., Ltd.

Shareholding of Directors

(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. As of March 31, 2020, 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
Director	Su, Chao-Shan	0
Director	Chung, Mao-Chih	749,451
Total shares held of directors		14,753,072

Appendix 4

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.