



Stock code: 6504

# **NAN LIU ENTERPRISE CO., LTD.**

2024 Annual Shareholders' Meeting

## **Meeting Handbook**

(Translation)

Time: 10:00 a.m., Friday, May 31, 2024

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.**  
**2024 Shareholders' Meeting Agenda**

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Mode of convening: Physical convening

Time: 10:00 a.m., Friday, May 31, 2024

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

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

1. 2023 Business Report.
2. 2023 Audit Committee's Review Report.
3. Distribution of Remuneration to Employees and Directors in 2023.

IV. Proposed Resolutions

1. To accept 2023 Financial Statements and Business Report.
2. To approve the proposal for distribution of 2023 Profit.

V. Election Item

1. Independent Director Election.

VI. Other Business and Special Motion

To release limit of new directors' non-compete competition prohibition.

VII. Interim Motion

VIII. Meeting Adjourned

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## Report Items

1. To report 2023 Business Report

Explanatory Notes: Please refer to pages 8~10 of the Handbook for the Business Report (Attachment 1).

2. To report 2023 Audit Committee's Review Report.

Explanatory Notes: Please refer to pages 11 of the Handbook for the Audit Committee's Review Report (Attachment 2).

3. To report Distribution of Remuneration to Employees and Directors in 2023.

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\$1,424,920) of the profit has been set aside for employee compensation, while 0.9% (i.e., NT\$986,483) has been earmarked as compensation for the directors. All compensations are distributed in the form of cash.

## Proposed Resolutions

1. To accept 2023 Financial Statements and the Business Report (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The 2023 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 accountants, Chung-Yu Tien and Tzu-Shu Lin of PricewaterhouseCoopers Taiwan. The Business Report and the Financial Statements have been reviewed by the Audit Committee.
- (2) For the Business Report, Audit Report and the 2023 Financial Statements and the, please refer to pages 12-34 (Attachment 1) and pages 8-10 (Attachment 3) of the Meeting Handbook.
- (3) Please proceed to adopt the motion.

Resolution:

2. To approve the proposal for the distribution of the 2023 profit (Proposed by the Board of Directors)

Explanatory Notes:

- (1) In terms of the distribution of the 2023 profit, please refer to pages (Attachment 4) of the Meeting Handbook. A cash dividend of NT\$1.1 per share is proposed, amounting to NT\$79,860,000 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.

- (2) 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.
- (3) Please proceed to adopt the motion.

## **Election Directors**

1. To elect one independent director(Proposed by the Board of Directors)

Explanatory Notes:

- (1) The company's director Wang, Chin-Hung resigned on December 30, 2011. According to Article 4 of Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers, the chairman of the board of directors of a listed company and the general manager or a person with an equivalent position are the same person. Or if they are spouses or first-degree relatives of each other, four independent directors should be appointed, and one independent director seat should be elected by by-election.
- (2) The new independent director will take office immediately after being elected and expiring on May 30, 2025.
- (3) The Directors shall be elected by adopting candidates' nomination. The Directors and Independent Directors shall be elected from the nominated candidates.
- (4) The list of Independent Director nominated candidates reviewed by Board of Directors on March 14, 2024. The related information is as follows.

Name	Main education	Main working experience	Current positions in the Company or other companies	Shares currently held
HUNG,CHI-SHAN	National Cheng Kung University Law School	Director of the Kaohsiung National Taxation Bureau of the Ministry of Finance	Consultant of Kaohsiung Institute of Certified Public Accountants	0

- (5) Call for election

## **Other Business and Special Motion**

1. To release limit of new directors' non-compete competition prohibition. (Proposed by the Board of Directors)

Explanatory Notes:

- (1) To follow Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
- (2) It is planned to submit to the shareholders' meeting for permission to lift the non-competition restrictions of the company's new independent directors. Before the shareholders' meeting discusses the case, a supplementary explanation of its scope and content will be made on the spot.

**Interim Motion**

**Meeting Adjourned**

## Attachment 1

### NAN LIU ENTERPRISE CO., LTD.



### 2023 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 2023.

#### A. 2023 Business Report

##### (1) Achievements of the 2023 Business Plan

The Company's major businesses before 2023 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 2023, net sales was NT\$6179 million, grow 3.22% compared with 2022. The net income in 2023 was NT\$120 million, grow 107.62% compared with 2022 and with an EPS of NT\$1.65.

##### (2) 2023 Consolidated Financial Expenditure and Profitability

Unit: NT\$ thousand

Consolidated Statements of Comprehensive Income	2023	2022	Change %
Net Sales	6,179,040	5,986,346	3.22%
Cost of goods sold	5,441,109	5,358,782	1.54%
Gross profit	737,931	627,564	17.59%
Total Operating expenses	553,716	568,739	-2.64%
Net operating profit	184,215	58,825	213.16%
Other non-operating income and expenses	19,071	130,009	-85.33%
Income before income tax	203,286	188,834	7.65%
Net Income	119,871	57,735	107.62%

##### (3) Consolidated Profitability Analysis

Unit: %

	2023	2022	
Return on assets	1.66	0.55	
Return on equity	3.42	1.65	
Capital ratio	Net operating profit	25.37	8.10
	Income before income tax	28.00	26.01
Net profit margin	1.93	0.96	
After-tax earnings per share (NT\$)	1.65	0.80	

FY2023 is still a tough year for the external operating environment of the company. This is mainly due to the fact that during the epidemic, too many new non-woven production lines were added in China, and competition among peers was fierce. Taiwan's exports were reduced to neighboring countries, resulting in lower production capacity utilization and difficult selling prices. As prices rise due to inflation, revenue and profits will be directly affected. The Indian factory, which started mass production in the fourth quarter of 2021, not only implemented the business philosophy of the founder, but as India's local economic growth outperformed the world, it became increasingly clear that demand was rising. As a result, the first-phase production capacity was nearly full and the profit and loss were even. The second phase of production capacity is also being opened one after another, which is bound to become another dawn of contribution and profit.

However, in the face of such a dangerous environment, all the colleagues of the company continue to work hard at their jobs. The management team not only continues to develop functional new products, but also satisfies customers' affirmation of quality and places orders, striving to achieve good production capacity utilization. Keep performance steady.

## **B. Summary of the 2023 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,

Mr. Huang, Shih-Chung



Mr. Huang, Shih-Chung



Mr. Chang Cheng Hsu



## **Attachment 2**

### **Nan Liu Enterprise Co., Ltd.** **Audit Committee's Review Report** (Translation)

The board of directors submitted the Company's 2023 business report, financial report and earnings distribution proposal, among which the individual and consolidated financial reports were reviewed by accountants Chung-Yu Tien and Tzu-Shu Lin of PricewaterhouseCoopers Taiwan, and an review report was issued. The above-mentioned operating report, financial report and profit distribution proposal have been completed by the Audit Committee. All members believe that they are in compliance with relevant legal requirements and are prepared in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

, I hereby submit this report.

Submitted to :  
The Company's 2023 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.  
Chairman of the Audit Committee : Huang, Tung-Rung  
On the Date of March 14, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

**Opinion**

We have audited the accompanying parent company only balance sheets of Nan Liu Enterprise Co., Ltd. (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and 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 financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

**Basis for opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the 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. Based on our audits, 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 Company's 2023 parent company only financial statements. 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, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

### **Appropriateness of inventory valuation**

#### Description

Refer to Note 4(8) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimations and assumptions relating to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2023, the carrying amount of inventories and allowance for inventory valuation loss are NT\$365,893 thousand and NT\$56,022 thousand, respectively.

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

#### How our audit addressed the matter

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

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

### **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 the 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 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 auditors' 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 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 of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tien, Chung-Yu

Independent Auditors

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

March 14 2024

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The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.



NAN LIU ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 186,339	2	\$ 698,447	7
1136	Financial assets at amortised cost-current	6(1)(2) and 8	378,886	4	8,067	-
1150	Notes receivable, net	6(3) and 12	32,339	-	38,594	-
1170	Accounts receivable, net	6(3), 7 and 12	512,410	5	432,599	4
1200	Other receivables		11,399	-	18,978	-
1220	Current income tax assets	6(24)	2,737	-	533	-
130X	Inventories	5 and 6(4)	309,871	3	356,861	3
1410	Prepayments		147,986	1	157,630	2
11XX	<b>Total current assets</b>		<u>1,581,967</u>	<u>15</u>	<u>1,711,709</u>	<u>16</u>
<b>Non-current assets</b>						
1550	Investments accounted for using equity method	6(5) and 7	5,060,299	50	4,926,389	47
1600	Property, plant and equipment	6(6)(8), 7 and 8	3,004,202	29	3,251,049	31
1755	Right-of-use assets	6(7)	368,551	4	384,982	4
1780	Intangible assets		1,550	-	1,068	-
1840	Deferred income tax assets	6(24)	98,367	1	90,730	1
1915	Prepayments for equipment	6(6)	84,682	1	83,445	1
1920	Guarantee deposits paid		24,670	-	23,925	-
1990	Other non-current assets	6(9)	29,875	-	47,300	-
15XX	<b>Total non-current assets</b>		<u>8,672,196</u>	<u>85</u>	<u>8,808,888</u>	<u>84</u>
1XXX	<b>Total assets</b>		<u>\$ 10,254,163</u>	<u>100</u>	<u>\$ 10,520,597</u>	<u>100</u>

(Continued)

NAN LIU ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(10) and 8	\$ 2,761,000	27	\$ 2,560,000	24
2110	Short-term notes and bills payable	6(11)	99,937	1	49,967	1
2130	Contract liabilities - current	6(17)	3,523	-	745	-
2150	Notes payable		41,139	-	91,735	1
2170	Accounts payable		115,561	1	128,661	1
2180	Accounts payable - related parties	7	149,933	2	98,749	1
2200	Other payables		109,246	1	98,006	1
2220	Other payables - related parties	7	709,790	7	922,324	9
2280	Lease liabilities - current	6(7)	8,904	-	10,216	-
2320	Long-term liabilities, current portion	6(12), 7 and 8	422,257	4	415,633	4
21XX	<b>Total current liabilities</b>		<u>4,421,290</u>	<u>43</u>	<u>4,376,036</u>	<u>42</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(12), 7 and 8	1,884,815	18	2,185,517	21
2570	Deferred income tax liabilities	6(24)	57,431	1	63,361	1
2580	Lease liabilities - non-current	6(7)	356,028	4	366,382	3
2640	Net defined benefit liability - non-current	6(13)	32,712	-	27,530	-
25XX	<b>Total non-current liabilities</b>		<u>2,330,986</u>	<u>23</u>	<u>2,642,790</u>	<u>25</u>
2XXX	<b>Total liabilities</b>		<u>6,752,276</u>	<u>66</u>	<u>7,018,826</u>	<u>67</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Common stock	6(14)	726,000	7	726,000	7
3200	Capital surplus	6(15)	453,467	4	453,467	4
Retained earnings						
3310	Legal reserve	6(16)	647,961	6	641,211	6
3320	Special reserve		343,422	4	382,531	4
3350	Unappropriated retained earnings		1,718,012	17	1,641,984	15
3400	Other equity interest	6(5)	(386,975)	(4)	(343,422)	(3)
3XXX	<b>Total equity</b>		<u>3,501,887</u>	<u>34</u>	<u>3,501,771</u>	<u>33</u>
Contingent Liabilities and Commitments						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 10,254,163</u>	<u>100</u>	<u>\$ 10,520,597</u>	<u>100</u>

The accompanying notes are an integral part of these parent company only financial statements.

NAN LIU ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(17) and 7	\$ 2,586,475	100	\$ 2,734,889	100
5000	Operating costs	6(4)(13)(22)(23) and 7	( 2,514,173)	( 97)	( 2,635,705)	( 96)
5900	Net operating margin		<u>72,302</u>	<u>3</u>	<u>99,184</u>	<u>4</u>
	Operating expenses	6(13)(22)(23) and 12				
6100	Selling expenses		( 90,321)	( 4)	( 114,836)	( 4)
6200	General and administrative expenses		( 114,275)	( 4)	( 124,609)	( 5)
6300	Research and development expenses		( 17,443)	( 1)	( 23,215)	( 1)
6450	Expected credit (losses) gains		( 526)	-	1,941	-
6000	Total operating expenses		( 222,565)	( 9)	( 260,719)	( 10)
6900	Operating loss		( 150,263)	( 6)	( 161,535)	( 6)
	Non-operating income and expenses					
7100	Interest income	6(2)(18)	22,678	1	7,173	-
7010	Other income	6(19)	30,456	1	20,639	1
7020	Other gains and losses	6(20), 7 and 12	12,963	1	13,631	-
7050	Finance costs	6(6)(7)(21) and 7	( 92,991)	( 4)	( 67,042)	( 2)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	<u>284,355</u>	<u>11</u>	<u>249,258</u>	<u>9</u>
7000	Total non-operating income and expenses		<u>257,461</u>	<u>10</u>	<u>223,659</u>	<u>8</u>
7900	<b>Profit before income tax</b>		107,198	4	62,124	2
7950	Income tax benefit (expense)	6(24)	12,668	1	( 4,389)	-
8200	<b>Profit for the year</b>		<u>\$ 119,866</u>	<u>5</u>	<u>\$ 57,735</u>	<u>2</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	(Losses) gains on remeasurements of defined benefit plan	6(13)	( \$ 4,496)	-	\$ 12,206	1
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method - will not be reclassified to profit or loss	6(5)	13,184	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	899	-	( 2,441)	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Exchange differences on translation	6(5)	( 56,737)	( 2)	32,407	1
8300	<b>Other comprehensive (loss) income for the year</b>		( \$ 47,150)	( 2)	\$ 42,172	2
8500	<b>Total comprehensive income for the year</b>		<u>\$ 72,716</u>	<u>3</u>	<u>\$ 99,907</u>	<u>4</u>
	Earnings per share(in dollars)	6(25)				
9750	Basic		\$ 1.65		\$ 0.80	
9850	Diluted		\$ 1.65		\$ 0.80	

The accompanying notes are an integral part of these parent company only financial statements.

NAN LIU ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital – common stock	Capital surplus	Retained Earnings			Other Equity Interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains from financial assets measured at fair value through other comprehensive income	
<u>For the year ended December 31,2022</u>									
Balance at January 1,2022		\$ 726,000	\$ 453,467	\$ 629,412	\$ 382,531	\$ 1,673,403	(\$ 375,829)	\$ -	\$ 3,488,984
Profit for the year		-	-	-	-	57,735	-	-	57,735
Other comprehensive income for the 6(5)(13) year		-	-	-	-	9,765	32,407	-	42,172
Total comprehensive income		-	-	-	-	67,500	32,407	-	99,907
Distribution of 2021 net income									
Legal reserve		-	-	11,799	-	( 11,799)	-	-	-
Cash dividends	6(16)	-	-	-	-	( 87,120)	-	-	( 87,120)
Balance at December 31,2022		\$ 726,000	\$ 453,467	\$ 641,211	\$ 382,531	\$ 1,641,984	(\$ 343,422)	\$ -	\$ 3,501,771
<u>For the year ended December 31,2023</u>									
Balance at January 1,2023		\$ 726,000	\$ 453,467	\$ 641,211	\$ 382,531	\$ 1,641,984	(\$ 343,422)	\$ -	\$ 3,501,771
Profit for the year		-	-	-	-	119,866	-	-	119,866
Other comprehensive (loss) income 6(5)(13) for the year		-	-	-	-	( 3,597)	( 56,737)	13,184	( 47,150)
Total comprehensive income (loss)		-	-	-	-	116,269	( 56,737)	13,184	72,716
Distribution of 2022 net income									
Legal reserve		-	-	6,750	-	( 6,750)	-	-	-
Special reserve		-	-	-	( 39,109)	39,109	-	-	-
Cash dividends	6(16)	-	-	-	-	( 72,600)	-	-	( 72,600)
Balance at December 31,2023		\$ 726,000	\$ 453,467	\$ 647,961	\$ 343,422	\$ 1,718,012	(\$ 400,159)	\$ 13,184	\$ 3,501,887

The accompanying notes are an integral part of these parent company only financial statements.

NAN LIU ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31,	
		2023	2022
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 107,198	\$ 62,124
Adjustments			
Adjustments to reconcile profit (loss)			
Excepted credit losses (gains)	12	526	( 1,941 )
Provision for inventory market price decline	6(4)	14,580	14,747
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	( 284,355 )	( 249,258 )
Depreciation	6(6)(7)(22)	309,433	298,210
Gain on disposal of property, plant and equipment	6(20)	( 12,563 )	( 29,155 )
Amortisation	6(22)	711	62
Amortisation of other non-current assets		17,425	15,607
Interest income	6(18)	( 22,678 )	( 7,173 )
Interest expense	6(21)	92,991	67,042
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		6,251	7,555
Accounts receivable		( 80,333 )	3,843
Other receivables		( 1,935 )	( 2,972 )
Inventories		32,410	( 27,757 )
Prepayments		9,644	38,052
Changes in operating liabilities			
Contract liabilities - current		2,778	( 2,761 )
Notes payable		( 43,767 )	27,111
Accounts payable		( 13,100 )	9,164
Accounts payable - related parties		51,184	( 13,990 )
Other payables		9,082	( 27,913 )
Net defined benefit liabilities - non-current		686	( 5,779 )
Cash inflow generated from operations		196,168	174,818
Interest received		22,292	5,560
Dividends received	6(5)	116,892	-
Income tax paid		( 2,204 )	( 1,326 )
Net cash flows from operating activities		333,148	179,052

(Continued)

NAN LIU ENTERPRISE CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
(Expressed in thousands of New Taiwan dollars)

	Notes	For the year ended December 31,	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost - current		(\$ 394,022 )	(\$ 20,227 )
Repayment of principal at maturity from financial assets at amortised cost - current		23,203	12,160
Acquisition of investments accounted for using equity method - subsidiaries	6(5) and 7	( 10,000 )	-
Cash paid for acquisition of property, plant and equipment	6(26)	( 63,604 )	( 80,996 )
Interest paid for acquisition of property, plant and equipment	6(6)(21)(26)	( 10,835 )	-
Proceeds from disposal of property, plant and equipment	6(26)	143,194	98,609
Acquisition of intangible assets		( 1,193 )	( 1,130 )
Increase in prepayments for equipment		( 101,841 )	( 103,743 )
(Increase) decrease in guarantee deposits paid		( 745 )	19,455
Net cash flows used in investing activities		<u>( 415,843 )</u>	<u>( 75,872 )</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Interest paid		( 89,505 )	( 65,198 )
Increase in short-term borrowings	6(27)	201,000	611,100
Increase (decrease) in short-term notes and bills payable	6(27)	49,970	( 40,017 )
(Decrease) increase in other payables to related parties	6(27)	( 212,534 )	229,594
Payments of lease liabilities	6(27)	( 11,666 )	( 11,127 )
Increase in long-term borrowings	6(27)	2,087,670	2,479,429
Decrease in long-term borrowings	6(27)	( 2,381,748 )	( 2,996,500 )
Payment of cash dividends	6(16)	( 72,600 )	( 87,120 )
Net cash flows (used in) from financing activities		<u>( 429,413 )</u>	<u>120,161</u>
Net (decrease) increase in cash and cash equivalents		( 512,108 )	223,341
Cash and cash equivalents at beginning of year	6(1)	698,447	475,106
Cash and cash equivalents at end of year	6(1)	<u>\$ 186,339</u>	<u>\$ 698,447</u>

The accompanying notes are an integral part of these parent company only financial statements.

NAN LIU ENTERPRISE CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

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

Hereby declare,

NAN LIU ENTERPRISE CO., LTD.

March 14, 2024

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

### **Opinion**

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

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

### **Basis for opinion**

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



## **Key audit matters**

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

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

### **Appropriateness of inventory valuation**

#### Description

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

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

#### How our audit addressed the matter

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

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

#### **Other matter – Parent company only financial reports**

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

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

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

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

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

### **Auditors' responsibilities for the audit of the consolidated financial statements**

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

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

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

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

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

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

Tien, Chung-Yu

Independent Auditors

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan

Republic of China

March 14, 2024

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The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

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

(Continued)

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

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

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

NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except for earning per share amounts)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19)	\$ 6,179,040	100	\$ 5,986,346	100
5000	Operating costs	6(4)(15)(24)(25)	( 5,441,109)	( 88)	( 5,358,782)	( 90)
5900	Net operating margin		737,931	12	627,564	10
	Operating expenses	6(15)(24)(25), 7 and 12				
6100	Selling expenses		( 219,870)	( 4)	( 284,588)	( 5)
6200	General and administrative expenses		( 261,999)	( 4)	( 255,219)	( 4)
6300	Research and development expenses		( 74,037)	( 1)	( 39,643)	-
6450	Expected credit gains		2,190	-	10,711	-
6000	Total operating expenses		( 553,716)	( 9)	( 568,739)	( 9)
6900	Operating profit		184,215	3	58,825	1
	Non-operating income and expenses					
7100	Interest income	6(2)(20)	64,093	1	28,970	-
7010	Other income	6(6)(21)	38,465	1	31,967	1
7020	Other gains and losses	6(8)(9)(22) and 12	6,574	-	123,428	2
7050	Finance costs	6(7)(8)(23)	( 90,061)	( 2)	( 54,356)	( 1)
7000	Total non-operating income and expenses		19,071	-	130,009	2
7900	<b>Profit before income tax</b>		203,286	3	188,834	3
7950	Income tax expense	6(26)	( 83,415)	( 1)	( 131,099)	( 2)
8200	<b>Profit for the period</b>		\$ 119,871	2	\$ 57,735	1

(Continued)



NAN LIU ENTERPRISE CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
(Expressed in thousands of New Taiwan dollars, except for earning per share amounts)

Items	Notes	Year ended December 31				
		2023		2022		
		AMOUNT	%	AMOUNT	%	
<b>Other comprehensive income</b>						
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>						
8311	(Losses) gains on remeasurements of defined benefit plans	6(15)	(\$ 4,496)	-	\$ 12,206	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(6)	13,184	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	899	-	( 2,441)	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>						
8361	Exchange differences on translation		( 56,737)	( 1)	32,407	1
8300	<b>Other comprehensive (loss) income for the period</b>		<u>(\$ 47,150)</u>	<u>( 1)</u>	<u>\$ 42,172</u>	<u>1</u>
8500	<b>Total comprehensive income for the period</b>		<u>\$ 72,721</u>	<u>1</u>	<u>\$ 99,907</u>	<u>2</u>
Profit attributable to:						
8610	Owners of the parent		\$ 119,866	2	\$ 57,735	1
8620	Non-controlling interest		5	-	-	-
			<u>\$ 119,871</u>	<u>2</u>	<u>\$ 57,735</u>	<u>1</u>
Comprehensive income attributable to:						
8710	Owners of the parent		\$ 72,716	1	\$ 99,907	2
8720	Non-controlling interest		5	-	-	-
			<u>\$ 72,721</u>	<u>1</u>	<u>\$ 99,907</u>	<u>2</u>
Earnings per share (in dollars) 6(27)						
9750	Basic		\$	1.65	\$	0.80
9850	Diluted		\$	1.65	\$	0.80

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

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

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

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

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

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

(Continued)

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

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

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

Attachment 4

NAN LIU ENTERPRISE CO., LTD.



2023

Profit Distribution Table

Unit: NT\$

Items	Amount (NT\$)	
	Subtotal	Total
Beginning retained earnings		1,601,742,872
Remeasurements of defined benefit plans	(3,596,622)	
2023 net income	119,866,237	
Legal reserve (10%)	(11,626,962)	
Special reserve	(43,553,212)	
Subtotal of distributable earnings		1,662,832,313
Distributable items		
Dividend to shareholders-cash dividend (NT\$1.1/share)	(79,860,000)	(79,860,000)
<b>Unappropriated retained earnings</b>		<b>1,582,972,313</b>

Chairman: Huang, Shih-Chung    General Manager: Huang, Shih-Chung    Accounting Manager: Chang Cheng Hsu



Note 1: 2023 unappropriated retained earnings are distributable first

Resolution:

## Appendix 1

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

May 31, 2022 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, this Corporation's shareholders meetings shall be convened by the board of directors.

Changes to how this Corporation convenes its shareholders meeting shall be resolved by the board of directors, and shall be made no later than mailing of the shareholders meeting notice.

This Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors or supervisors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. This Corporation 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. If, however, this Corporation has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, this Corporation 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 this Corporation and the professional shareholder services agent designated thereby.

This Corporation shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders meeting:

For physical shareholders meetings, to be distributed on-site at the meeting.

For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.

For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in electronic form.

Election or dismissal of directors or supervisors, amendments to the articles of incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, 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 Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out and the essential contents explained in the notice of the reasons for convening the shareholders meeting. None of the above matters may be raised by an extraordinary motion.

Where re-election of all directors and supervisors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extraordinary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a proposal for discussion at a regular shareholders meeting. The number of items so proposed is limited to one only, and no proposal containing more than one item will be included in the meeting agenda. When the circumstances of any subparagraph of Article 172-1, paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the board of directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the corporation to promote public interests or fulfill its social responsibilities, provided procedurally the number of items so proposed is limited only to one in accordance with Article 172-1 of the Company Act, and no proposal containing more than one item will be included in the meeting agenda.

Prior to the book closure date before a regular shareholders meeting is held, this Corporation shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of a shareholders meeting, this Corporation shall inform the shareholders who submitted proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. At the shareholders meeting the board of directors shall explain the reasons for exclusion of any shareholder proposals not included in the agenda.

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.

If, after a proxy form is delivered to this Corporation, a shareholder wishes to attend the shareholders meeting online, a written notice of proxy cancellation shall be submitted to this Corporation two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy 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. The place and time of shareholders' meeting should consider directors' opinions.

The restrictions on the place of the meeting shall not apply when the Company convenes a virtual-only shareholders meeting.

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

This Corporation shall specify in its shareholders meeting notices the time during which attendance registrations for shareholders, solicitors and proxies (collectively "shareholders") will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations. For virtual shareholders meetings, shareholders may begin to register on the virtual meeting platform 30 minutes before the meeting starts. Shareholders completing registration will be deemed as attend the shareholders meeting in person.

Shareholders shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. This Corporation may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting proxy forms shall also bring identification documents for verification.

This Corporation 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.

This Corporation shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors or supervisors, pre-printed ballots shall also be furnished.

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.

In the event of a virtual shareholders meeting, shareholders wishing to attend the meeting online shall register with this Corporation two days before the meeting date.

In the event of a virtual shareholders meeting, this Corporation shall upload the meeting agenda book, annual report and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

Article 6-1 (Convening virtual shareholders meetings and particulars to be included in shareholders meeting notice)

To convene a virtual shareholders meeting, this Corporation shall include the following particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events, at least covering the following particulars:
  - A. To what time the meeting is postponed or from what time the meeting will resume if the above obstruction continues and cannot be removed, and the date to which the meeting is postponed or on which the meeting will resume.
  - B. Shareholders not having registered to attend the affected virtual shareholders meeting shall not attend the postponed or resumed session.
  - C. In case of a hybrid shareholders meeting, when the virtual meeting cannot be continued, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.
  - D. Actions to be taken if the outcome of all proposals have been announced and extraordinary motion has not been carried out.
3. To convene a virtual-only shareholders meeting, appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online shall be specified.

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.

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 be true for a representative of a juristic person director that serves as chair.

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. The each kind of directors should attend one person at least. And the attendance situation should be written in meeting minutes of shareholders' meeting.

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, 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. 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.

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, and the shares checked in on the virtual meeting platform, 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 and disclose information concerning the number of nonvoting shares and number of shares represented by shareholders attending the meeting.

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 one 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. In the event of a virtual shareholders meeting, this Corporation shall also declare the meeting adjourned at the virtual meeting platform.

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 one month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to this Corporation in accordance with Article 6.

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. All agenda should be voted. 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, call for a vote and arrange enough time to vote.

Article 11 (Shareholders' speech)

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 violation.

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.

Where a virtual shareholders meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform from the chair declaring the meeting open until the chair declaring the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 5 do not apply.

As long as questions so raised in accordance with the preceding paragraph are not in violation of the regulations or beyond the scope of a proposal, it is advisable the questions be disclosed to the public at the virtual meeting platform.

#### 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 shareholder meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. A shareholder exercising voting rights by correspondence or electronic means 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; it is therefore advisable that this Corporation avoid the submission of extraordinary motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two 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 means, in the event the shareholder intends to attend the shareholders meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two 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 means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means 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. 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.

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, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces the voting session ends or will be deemed abstained from voting.

In the event of a virtual shareholders meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the physical shareholders meeting in person, they shall revoke their registration two days before the shareholders meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders meeting online.

When shareholders exercise voting rights by correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders meeting online, except for extraordinary motions, they will not exercise voting rights on the original proposals or make any amendments to the original proposals or exercise voting rights on amendments to the original proposal.

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 this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors, the numbers of votes with which they were elected, the list of who lost the election and the numbers of votes.

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 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 in electronic form.

The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS.

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 for the duration of the existence of the Company.

Where a virtual shareholders meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders meeting, how the meeting is convened, the chair's and secretary's name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholder meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes alternative measures available to shareholders with difficulties in attending a virtual-only shareholders meeting online

Article 16 (Public disclosure)

On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the place of the shareholders meeting. In the event a virtual shareholders meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and keep this information disclosed until the end of the meeting.

During the Company's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the 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 Taipei Exchange 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 (Disclosure of information at virtual meetings)

In the event of a virtual shareholders meeting, the Company shall disclose real-time results of votes and election immediately after the end of the voting session on the virtual meeting platform according to the regulations, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 (Location of the chair and secretary of virtual-only shareholders meeting)

When the Company convenes a virtual-only shareholders meeting, both the chair and secretary shall be in the same location, and the chair shall declare the address of their location when the meeting is called to order.

Article 21 (Handling of disconnection)

In the event of a virtual shareholders meeting, the Company may offer a simple connection test to shareholders prior to the meeting, and provide relevant real-time services before and during the meeting to help resolve communication technical issues.

In the event of a virtual shareholders meeting, when declaring the meeting open, the chair shall also declare, unless under a circumstance where a meeting is not required to be

postponed to or resumed at another time under Article 44-20, paragraph 4 of the Regulations Governing the Administration of Shareholder Services of Public Companies, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for more than 30 minutes, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders meeting online shall not attend the postponed or resumed session.

For a meeting to be postponed or resumed under the second paragraph, the number of shares represented by, and voting rights and election rights exercised by the shareholders who have registered to participate in the affected shareholders meeting and have successfully signed in the meeting, but do not attend the postpone or resumed session, at the affected shareholders meeting, shall be counted towards the total number of shares, number of voting rights and number of election rights represented at the postponed or resumed session.

During a postponed or resumed session of a shareholders meeting held under the second paragraph, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors and supervisors.

When the Company convenes a hybrid shareholders meeting, and the virtual meeting cannot continue as described in second paragraph, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders meeting online, still meets the minimum legal requirement for a shareholder meeting, then the shareholders meeting shall continue, and not postponement or resumption thereof under the second paragraph is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed abstaining from voting on all proposals on meeting agenda of that shareholders meeting.

When postponing or resuming a meeting according to the second paragraph, the Company shall handle the preparatory work based on the date of the original shareholders meeting in accordance with the requirements listed under Article 44-20, paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of

Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

Article 22 (Handling of digital divide)

When convening a virtual-only shareholders meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders meeting online.

Article 23 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner.

## Appendix 2

### **NAN LIU ENTERPRISE CO., LTD. Procedure for Election Directors (Translation)**

July 20, 2021 revised

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

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

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

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

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

Article 5 Elections of directors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.

When the number of directors falls below five due to the dismissal of a director for any reason, this Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Corporation's articles of incorporation, this Corporation shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

Article 6 The cumulative voting method shall be used for election of the directors at this Corporation. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

Article 7 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

Article 8 The number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

Article 9 Before the start of the election, the Chairperson shall appoint voting supervisors who are shareholders and several qualified tellers to perform related duties. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

Article 10 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by a person with the right to convene.
2. A blank ballot is placed in the ballot box.

3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot does not conform to the director candidate list.
5. Other words or marks are entered in addition to the number of voting rights allotted.

Article 11 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair on the site.

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 one 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 12 The Board of Directors of the Company shall issue notifications to the persons elected as directors.

Article 13 These Procedures, and any amendments thereto, shall be implemented after approval at shareholders' meetings.

## Appendix 3

### NAN LIU ENTERPRISE CO., LTD. Articles of Incorporation (Translation)

June 1, 2023 revised

#### 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.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.
- 20.F107030 wholesale of cleaning preparations.
- 21.F207030 retailing of cleaning preparations.
- 22.ZZ99999 the Company may operate any business not prohibited or restricted by laws or regulations, except for those that require special permission.
- 23.CF01011 Medical Materials manufacturing.
- 24.F108031 wholesale of medical materials.
- 25.F208031 retailing of medical materials.
- 26.C103050 Can, frozen prepared foods, dehydrated foods and pickled foods manufacturing.
- 27.C601040 paper processing.
- 28.F102170 Other Food manufacturing.
- 29.C802041 Medicine processing

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: The Company's stock certificates are all in registered form, signed or stamped by directors representing the company, and issued after being signed and numbered in accordance with the law and recording the matters stipulated in Article 162 of the Company Law. The company does not need to print stock certificates when issuing stocks to the public.

The shares issued in accordance with the provisions of the preceding paragraph shall be registered or kept with the centralized securities depository institution. The shares may also be consolidated and exchanged for large-denomination securities at the request of the centralized securities depository institution. When the company's shares plan to cancel the public issuance, a shareholders' meeting resolution should be submitted.

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.

The Company's shareholders' meetings could be held by video conference or others' way announced by Ministry of Economic Affairs.

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, amended on May 29, 2019 the 35rd time, amended on May 29, 2020 the 36rd time; amended on July 20, 2021 the 37rd time; amended on May 31, 2022 the 38rd time and amended on June 1, 2023 the 39rd time.

Nan Liu Enterprise Co., Ltd.  
Chairman: Huang, Shih-Chung

## Appendix 4

### 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 April 1, 2024, 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, Shih-Chung)	5,090,929
Director	Junyi Investments Co., Ltd. (Representative: Chiang, Su-Lien)	4,973,000
Independent Director	Huang, Tung-Rung	0
Independent Director	Chen, Chao-Long	0
Independent Director	Huang, Chun-Ping	0
Director	Yang, Juei-Hua	181,033
Director	Su, Chao-Shan	0
Director	Chung, Mao-Chih	731,451
Total shares held of directors		10,976,413