



Stock code: 6504

NAN LIU ENTERPRISE CO., LTD.

2021 Annual Shareholders' Meeting

Meeting Handbook

(Translation)

Time: 10:00 a.m., Friday, May 28, 2021

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

NAN LIU ENTERPRISE CO., LTD.

Table of Contents

	Pages
I. Meeting Agenda.....	2
II. Report Items.....	3
III. Proposed Resolutions.....	3
IV. Discussion.....	5
V. Other Business and Special Motion.....	5
VI. Meeting Adjourned.....	5
Attachment 1: 2020 Business Report.....	6
Attachment 2: Audit Committee's Review Report.....	9
Attachment 3: Independent Auditors' Report.....	10
Attachment 4: Financial statements.....	21
Attachment 5: Comparison between the original and amendments to the Guidelines for the Codes of Ethical Conduct	33
Attachment 6: Comparison between the original and amendments to the Rules and Procedures of Shareholders' Meeting	36
Attachment 7: Comparison between the original and amendments to Procedure for Election of Directors.....	39
Attachment 8: Comparison between the original and amendments to the Articles of Incorporation.....	43
Appendix 1: Guidelines for the Adoption of Codes of Ethical Conduct.....	45
Appendix 2: Rules and Procedures for the Shareholders' Meeting.....	48
Appendix 3: Procedure for Election of Directors	57
Appendix 4: Articles of Incorporation.....	60
Appendix 5: Shareholding of Directors	65
Appendix 6: The Effect of the Current Fiscal Year's Dividend Distributions on the Company's Operational Performance, Earnings PerShare, and Return on Equity.....	65

NAN LIU ENTERPRISE CO., LTD.
2021 Shareholders' Meeting Agenda

Time: 10:00 a.m., Friday, May 28, 2021

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

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

1. To report 2020 Business Report.
2. Audit Committee's Review of the 2020 Financial Statements.
3. To report 2020 Compensation of Employees and Directors.
4. Amendments to Parts of Guidelines for the Adoption of Codes of Ethical Conduct.

IV. Proposed Resolutions

1. To accept 2020 Financial Statements and Business Report.
2. To approve the proposal for distribution of 2020 Profit.

V. Discussion Items

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

VI. Other Business and Special Motion

VII. Meeting Adjourned

Report Items

1. To report 2020 Business Report

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

2. To report Audit Committee's Review of the 2020 Financial Statements

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

3. To report distribution of the 2020 Compensation of Employees and Directors

Explanatory Notes: According to the Company Act and the Articles of Incorporation, when the Company makes a profit, over 1% of thereof should be set aside as employee compensation, and less than 2% set aside as compensation for the directors. In the latest financial year, 1.3% (i.e., NT\$22,216,001) of the profit has been set aside for employee compensation, while 0.9% (i.e., NT\$15,380,308) has been earmarked as compensation for the directors. All compensations are distributed in the form of cash.

Proposed Resolutions

1. To accept 2020 Financial Statements and the Business Report (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The 2020 Financial Statements of the Company were completed according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers. All statements were audited and the Audit Report was completed by independent auditors, Tzu-Shu Lin and Chung-Yu Tien of PricewaterhouseCoopers Taiwan. The Business Report and the Financial Statements have been reviewed by the Audit Committee.
- (2) For the Audit Report and the 2020 Financial Statements and the Business Report, please refer to pages 10-28 (Attachment 3 & 4) and pages 6-8 (Attachment 1) of the Handbook.
- (3) Please proceed to adopt the motion.

Resolution:

2. To approve the proposal for the distribution of the 2020 profit (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The after-tax profit in 2020 was NT\$1,453,722,594, coupled with other comprehensive income-defined benefit remeasured amount was NT\$2,900,196. Of that, 10% (i.e., NT\$145,662,279) has been set aside as a legal reserve, coupled with unappropriated retained earnings of NT\$1,115,648,104 (including unappropriated retained earnings of NT\$27,960,645 before (1997) and NT\$1,087,687,459 after (1998)),

retained earnings for this year is NT\$2,426,608,615.

- (2) In terms of the distribution of the 2020 profit, a cash dividend of NT\$12.0 per share is proposed, amounting to NT\$871,200,000 in total. (The distributable cash dividend is calculated in NT\$, and figures are rounded up.) The total fractional amount of distribution under NT\$1 is listed in Shareholders' Equity. After approval at the shareholders' meeting, the Board of Directors is then authorized to set the ex-dividend date and amend distribution matters as required. Please refer to the Profit Distribution Table for details.
- (3) In the event that the proposed profit distribution is affected by: (1) a change in the number of outstanding shares due to the buyback of shares; (2) issuance of new shares for the transfer of treasury shares to employees; (3) nullifying or rights offerings, the Board of Directors is authorized to attend to and amend such related matters.
- (4) Please proceed to adopt the motion.

NAN LIU ENTERPRISE CO., LTD.

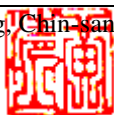
2020

Profit Distribution Table

Unit: NT\$

Items	Amount (NT\$)	Remarks
Beginning retained earnings	1,115,648,104	
Other comprehensive income-defined benefit plan	2,900,196	
2020 net income	1,453,722,594	1,456,622,790
Subtracted: Legal reserve (10%)	(145,662,279)	
Subtotal of distributable net profit	2,426,608,615	
Distributable items		
Dividend to shareholders-cash dividend (NT\$5/share)	871,200,000	
Unappropriated retained earnings	1,555,408,615	

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



Note 1: 2020 unappropriated retained earnings are distributable first

Resolution:

Discussion Items

1. To revise the Rules of Procedure for Shareholders Meetings(Proposed by the Board of Directors)
Explanatory Notes:
 - (1) For the operation need and follow related rules.
 - (2) Comparison Table for the Articles of Incorporation before and after revision please refer to Attachment 5.
2. To revise the Procedure for Election of Directors(Proposed by the Board of Directors)
 - (1) For the operation need and follow related rules.
 - (2) Comparison Table for the Articles of Incorporation before and after revision please refer to Attachment 6.
3. To revise the Articles of Incorporation (Proposed by the Board of Directors)
Explanatory Notes:
 - (1) Because of new products, it's during patent application procedure. That's wound dressing of medical materials. Service items increase Manufacture of Medicinal Chemical Products (C802041 Manufacture of Drugs and Medicines, detail items: 2005 Manufacture of Medicinal Chemical Products).
 - (2) Comparison Table for the Articles of Incorporation before and after revision please refer to Attachment 7.

Voting by poll

Other Business and Special Motion

Meeting Adjourned

Attachment 1

NAN LIU ENTERPRISE CO., LTD.



2020 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 2020.

A. 2020 Business Report

(1) Achievements of the 2020 Business Plan

The Company's major businesses before February 2020 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. Because of COVID-19 coming, Anti-epidemic products' need increase fast. To cooperate government policy and take social responsibility, the Company manufacture raw material of medical mask, medical mask (Non-Sterile), Melt blown Fabrics. In 2020, net sales was NT\$9,371,410 thousand, up 43.14% compared with 2019. Taking into cost of goods sold of NT\$6,626,279 thousand, total operating expenses of NT\$668,477 thousand, and other non-operating income and expenses of NT\$84,066 thousand, profit before income tax came in at NT\$1,992,588 thousand. Estimated income tax expense was NT\$538,865 thousand, and the net income was NT\$1,453,723 thousand with an EPS of NT\$20.02.

(2) 2020 Consolidated Financial Expenditure and Profitability

Unit: NT\$ thousand

Consolidated Statements of Comprehensive Income	2020	2019	Change %
Net Sales	9,371,410	6,546,829	43.14%
Cost of goods sold	6,626,279	5,309,526	24.80%
Gross profit	2,745,131	1,237,303	121.86%
Total Operating expenses	668,477	516,844	29.34%
Net operating profit	2,076,654	720,459	188.24%
Other non-operating income and expenses	84,066	70,290	19.60%
Income before income tax	1,992,588	790,749	151.99%
Net Income	1,453,723	526,005	176.37%

(3) Consolidated Profitability Analysis

Unit: %

	2020	2019	
Return on assets	14.24	6.18	
Return on equity	39.43	17.05	
Capital ratio	Net operating profit	286.04	99.23

	Income before income tax	274.46	108.92
Net profit margin		15.5	8.1
After-tax earnings per share (NT\$)		20.02	7.25

The company faced some challenges in early 2019. Because COVID-19 active all over the world. Each country block down. Trading isn't working smoothly. USD to NTD depreciated around 5.61%. Under above challenges, all employees pledged more efforts and consistently develop new products medical mask (Non-Sterile), Isolation gown Fabrics. The new products sales in Taiwan and export to Southeast Asia. The capacity utilization was full in 2020. In general, net sales up 43.14% and profit up 176%. With the great teamwork and efforts of all employees, the net income in 2020 reached NT\$1,453,723 thousands (EPS NT\$20.02). The Taiwan Yanchao plant finished in 2019. The capacity utilization was full in 2020. Net sales and profit grew largely.

B. Summary of the 2021 Business Plan

(I) Business Policy and Implementation

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

(II) Major Marketing Strategies

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

(III) Future Development Strategy

Uphold the principle of the "cycle of virtues" — that is, to profitably provide customers with outstanding quality, delivery and service, so that they are incentivized to purchase even more products from the Company, and thereby looking after the interests of shareholders and

employees. In so doing, all four stakeholders — shareholders, employees, and customers, the community — can achieve win-win outcomes.

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


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


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


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

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

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

Chairman: 
Mr. Huang, Chin-san

General Manager: 
Mr. Huang, Huo-cun

Accounting Manager: 
Ms. Chuang, Chun-chin

Attachment 2

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

The Board of Directors has prepared the Company's 2020 Business Report, consolidated Financial Statements. The financial statements includes Balance Sheets, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows. The Financial Statements have been audited by external auditors Tzu-Shu Lin and Chung-Yu Tien of PricewaterhouseCoopers Taiwan and an opinion and report have been issued on the Financial Statements.

Audit Committee is responsible for overseeing the financial reporting process.

When auditing the 2020 financial Statements, the auditing CPA communicated with Supervisors about following:

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

The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the Audit Committee of Nan Liu Enterprise Co., Ltd. According to Article 14-4 of Securities and Exchange Act, Article 219 of Company Act, I hereby submit this report.

Submitted to :

The Company's 2020 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Chairman of the Audit Committee : Huang, Tung-Rung

On the Date of March 10, 2021

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, 2020, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the year 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, 2020, and its financial performance and its cash flows for the year 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 generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Code 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 and reports of other auditors, 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 2020 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 2020 financial statements are stated as follows:

Existence of sales revenue

Description

Refer to Note 4(22) for accounting policies on revenue recognition and Note 6(16) for details of operating revenue. The Company's operating revenues for the year ended December 31, 2020 was NT\$5,176,171 thousand.

The Company's sales revenue mainly arose from sales of air-through nonwoven, spunlace nonwoven,

wet napkins, facial mask and skin care products. As the Company has numerous trading counterparties around the world such as Taiwan, Asia and America, voluminous transactions and the verification of sales revenues takes time, the existence of sales revenue 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. Understood, evaluated and tested the effectiveness of internal controls over sales revenue.
2. Performed substantive test on selected sales transactions including confirming orders, shipping documents, export declarations and invoices or subsequent cash receipts.

Appropriateness of inventory valuation

Description

Refer to Note 4(8) for accounting policies on the 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, 2020, the carrying amount of inventories and allowance for inventory valuation loss are NT\$513,401 thousand and NT\$32,018 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.

Other matter – Scope of the audit

The parent company only financial statements as at for the year ended December 31, 2019 were audited by other auditors whose report dated March 10, 2020 expressed an unmodified opinion on those statements.

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements,

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going 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.

Lin, Tzu-Shu

Independent Auditors

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 10, 2021

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.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2020, 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 10, 2021

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 sheet of Nan Liu Enterprise Co., Ltd. and subsidiaries (the "Group") as of December 31, 2020, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the year 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, 2020, and its consolidated financial performance and its consolidated cash flows for the year 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 as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Code 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 and reports of other auditors, 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 2020 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 2020 consolidated financial statements are stated as follows:

Existence of sales revenue

Description

Refer to Note 4(25) for accounting policies on revenue recognition and Note 6(17) for details of operating revenue. The Group's operating revenues for the year ended December 31, 2020 was

NT\$9,371,410 thousand.

The Group's sales revenue mainly arose from sales of air-through nonwoven, spunlace nonwoven, wet napkins, facial mask and skin care products. As the Group has numerous trading counterparties around the world such as Taiwan, Asia and America, voluminous transactions and the verification of sales revenues takes time, the existence of sales revenue 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. Understood, evaluated and tested the effectiveness of internal controls over sales revenue.
2. Performed substantive test on selected sales transactions including confirming orders, shipping documents, export declarations and invoices or subsequent cash receipts.

Appropriateness of inventory valuation

Description

Refer to Note 4(9) for accounting policies on the 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, 2020, the carrying amount of inventories and allowance for inventory valuation loss are NT\$1,327,365 thousand and NT\$62,653 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 inventories 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 – Scope of the audit

The consolidated financial statements of the Group as at for the year ended December 31, 2019 were audited by other auditors whose report dated March 10, 2020 expressed an unmodified opinion on those statements.

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, 2020.

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 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 generally accepted auditing standards in the Republic of

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

Lin, Tzu-Shu

Independent Auditors

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 10, 2021

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.
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020 AMOUNT	December 31, 2019 AMOUNT
Current assets			
1100	Cash and cash equivalents	\$ 524,008	\$ 152,027
1136	Financial assets at amortised cost - current	88,830	30,264
1150	Notes receivable, net	62,053	46,710
1170	Accounts receivable, net	696,430	464,119
1200	Other receivables	4,023	7,109
1210	Other receivables - related parties	-	2,272
130X	Inventories	481,383	407,500
1410	Prepayments	198,316	167,276
11XX	Total current assets	2,055,043	1,277,277
Non-current assets			
1550	Investments accounted for using equity method	4,456,705	3,905,426
1600	Property, plant and equipment	3,337,535	2,925,906
1755	Right-of-use assets	418,140	521,617
1840	Deferred income tax assets	28,931	28,104
1915	Prepayments for equipment	90,757	60,611
1920	Guarantee deposits paid	32,717	21,163
1990	Other non-current assets	79,205	73,923
15XX	Total non-current assets	8,443,990	7,536,750
1XXX	Total assets	\$ 10,499,033	\$ 8,814,027

(Continued)

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

Liabilities and Equity		Notes	December 31, 2020 AMOUNT	December 31, 2019 AMOUNT
Current liabilities				
2100	Short-term borrowings	6(9)	\$ 1,667,000	\$ 1,370,000
2110	Short-term notes and bills payable	6(10)	-	34,999
2130	Contract liabilities - current	6(16)	19,039	303
2150	Notes payable		113,728	69,854
2170	Accounts payable		142,315	111,740
2180	Accounts payable - related parties	7	153,742	183,360
2200	Other payables		219,313	120,675
2220	Other payables - related parties	7	484,456	301,056
2230	Current income tax liabilities	6(23)	227,722	14,836
2280	Lease liabilities - current	6(7)	10,627	11,857
2320	Long-term liabilities, current portion	6(11) and 8	426,840	394,433
21XX	Total current liabilities		<u>3,464,782</u>	<u>2,613,113</u>
Non-current liabilities				
2540	Long-term borrowings	6(11) and 8	2,303,049	2,505,237
2570	Deferred income tax liabilities	6(23)	7,650	19,358
2580	Lease liabilities - non-current	6(7)	388,042	492,830
2640	Net defined benefit liabilities - non-current	6(12)	67,259	77,924
25XX	Total non-current liabilities		<u>2,766,000</u>	<u>3,095,349</u>
2XXX	Total liabilities		<u>6,230,782</u>	<u>5,708,462</u>
Equity				
Share capital				
3110	Common stock	6(13)	726,000	726,000
3200	Capital surplus	6(14)	453,467	453,467
Retained earnings				
3310	Legal reserve	6(15)	483,750	431,149
3320	Special reserve		382,531	264,937
3350	Unappropriated retained earnings		2,572,271	1,612,543
3400	Other equity interest	6(5)	(349,768)	(382,531)
3XXX	Total Equity		<u>4,268,251</u>	<u>3,105,565</u>
Contingent Liabilities and Commitments				
3X2X	Total liabilities and equity		<u>\$ 10,499,033</u>	<u>\$ 8,814,027</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	
			2020	2019
			AMOUNT	AMOUNT
4000	Operating revenue	6(16) and 7	\$ 5,176,171	\$ 3,032,462
5000	Operating costs	6(4)(7)(12)(21)(22) and 7	(3,619,756)	(2,609,031)
5900	Operating margin		1,556,415	423,431
5920	Realised profit from sales	6(5)	3,045	4,184
5950	Net operating margin		1,559,460	427,615
	Operating expenses	6(7)(12)(21)(22), 7 and 12		
6100	Selling expenses		(121,989)	(78,318)
6200	General and administrative expenses		(176,304)	(142,425)
6300	Research and development expenses		(53,008)	(23,912)
6450	Expected credit losses		(20,290)	(5,025)
6000	Total operating expenses		(371,591)	(249,680)
6900	Operating profit		1,187,869	177,935
	Non-operating income and expenses			
7100	Interest income	6(2)(17)	1,168	1,320
7010	Other income	6(18)	28,984	17,201
7020	Other gains and losses	6(6)(8)(19), 7 and 12	(12,770)	33,270
7050	Finance costs	6(6)(7)(20) and 7	(49,395)	(39,001)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	515,471	377,842
7000	Total non-operating income and expenses		483,458	390,632
7900	Profit before income tax		1,671,327	568,567
7950	Income tax expense	6(23)	(217,604)	(42,562)
8200	Profit for the year		\$ 1,453,723	\$ 526,005
	Other comprehensive income			
	Components of other comprehensive income that will not be reclassified to profit or loss			
8311	Gain (loss) on remeasurements of defined benefit plans	6(12)	\$ 3,625	(\$ 7,311)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	(725)	1,462
	Components of other comprehensive income that will be reclassified to profit or loss			
8361	Exchange differences on translation	6(5)	32,763	(117,594)
8300	Other comprehensive income (loss) for the year		\$ 35,663	(\$ 123,443)
8500	Total comprehensive income for the year		\$ 1,489,386	\$ 402,562
	Earnings per share (in dollars)	6(24)		
9750	Basic		\$ 20.02	\$ 7.25
9850	Diluted		\$ 19.99	\$ 7.24

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	
<u>For the year ended December 31,2019</u>								
Balance at January 1, 2019		\$ 726,000	\$ 453,467	\$ 371,872	\$ 193,201	\$ 1,586,400	(\$ 264,937)	\$ 3,066,003
Profit for the year		-	-	-	-	526,005	-	526,005
Other comprehensive loss for the year	6(5)(12)	-	-	-	-	(5,849)	(117,594)	(123,443)
Total comprehensive income (loss)		-	-	-	-	520,156	(117,594)	402,562
Distribution of 2018 net income								
Legal reserve		-	-	59,277	-	(59,277)	-	-
Special reserve	6(15)	-	-	-	71,736	(71,736)	-	-
Cash dividends	6(15)	-	-	-	-	(363,000)	-	(363,000)
Balance at December 31,2019		\$ 726,000	\$ 453,467	\$ 431,149	\$ 264,937	\$ 1,612,543	(\$ 382,531)	\$ 3,105,565
<u>For the year ended December 31,2020</u>								
Balance at January 1, 2020		\$ 726,000	\$ 453,467	\$ 431,149	\$ 264,937	\$ 1,612,543	(\$ 382,531)	\$ 3,105,565
Profit for the year		-	-	-	-	1,453,723	-	1,453,723
Other comprehensive income for the year	6(5)(12)	-	-	-	-	2,900	32,763	35,663
Total comprehensive income		-	-	-	-	1,456,623	32,763	1,489,386
Distribution of 2019 net income								
Legal reserve		-	-	52,601	-	(52,601)	-	-
Special reserve	6(15)	-	-	-	117,594	(117,594)	-	-
Cash dividends	6(15)	-	-	-	-	(326,700)	-	(326,700)
Balance at December 31,2020		\$ 726,000	\$ 453,467	\$ 483,750	\$ 382,531	\$ 2,572,271	(\$ 349,768)	\$ 4,268,251

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 years ended December 31,	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,671,327	\$ 568,567
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses	12	20,290	5,025
Provision for inventory market price decline	6(4)	-	11,800
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	(515,471)	(377,842)
Realised profit from sales	6(5)	(3,045)	(4,184)
Depreciation	6(6)(7)(21)	237,256	66,238
Gain on disposal of property, plant and equipment	6(19)	(114)	(780)
Gain on reversal of impairment loss on property, plant and equipment	6(8)(19)	-	(1,096)
Amortisation of other non-current assets		9,670	-
Interest income	6(17)	(1,168)	(1,320)
Interest expense	6(20)	49,395	39,001
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(14,613)	(3,567)
Accounts receivable		(253,331)	48,118
Other receivables		5,284	9,287
Inventories		(73,883)	(60,134)
Prepayments		(31,040)	9,077
Changes in operating liabilities			
Contract liabilities - current		18,736	(675)
Notes payable		59,313	(47,685)
Accounts payable		957	(74,613)
Other payables		76,849	12,789
Net defined benefit liabilities - non-current		(7,040)	(5,954)
Cash inflow generated from operations		1,249,372	192,052
Interest received		1,242	925
Income tax paid		(17,978)	(67,506)
Net cash flows from operating activities		<u>1,232,636</u>	<u>125,471</u>

(Continued)

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

	Notes	For the years ended December 31,	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost - current		(\$ 142,547)	(\$ 30,147)
Repayment of principal at maturity from financial assets at amortised cost - current		83,981	23,137
Acquisition of investments accounted for using equity method - subsidiaries	6(5)	-	(30,000)
Cash paid for acquisition of property, plant and equipment	6(25)	(167,092)	(105,150)
Interest paid for acquisition of property, plant and equipment	6(6)(20)(25)	(1,540)	(10,884)
Proceeds from disposal of property, plant and equipment	6(25)	114	381
Acquisition of right-of-use assets		(10,851)	-
Increase in prepayment for equipment		(487,138)	(419,365)
Increase in guarantee deposits paid		(11,554)	(11,460)
Increase in other non-current assets		(14,952)	(71,559)
Net cash flows used in investing activities		(751,579)	(655,047)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Interest paid		(50,811)	(38,294)
Increase in short-term borrowings	6(26)	297,000	300,000
(Decrease) increase in short-term notes and bills payable	6(26)	(34,999)	34,999
Increase in other payables from related parties	6(26)	184,360	32,580
Payments of lease liabilities	6(26)	(8,145)	(12,244)
Increase in long-term borrowings	6(26)	2,539,025	1,943,520
Decrease in long-term borrowings	6(26)	(2,708,806)	(1,380,675)
Payment of cash dividends	6(15)	(326,700)	(363,000)
Net cash flows (used in) from financing activities		(109,076)	516,886
Net increase (decrease) in cash and cash equivalents		371,981	(12,690)
Cash and cash equivalents at beginning of year	6(1)	152,027	164,717
Cash and cash equivalents at end of year	6(1)	\$ 524,008	\$ 152,027

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

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

Assets	Notes	December 31, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,688,968	15	\$ 1,310,313	13
1136	Financial assets at amortised cost - current	6(1)(2)	88,830	1	170,964	2
1150	Notes receivable, net	6(3) and 12	74,701	1	88,569	1
1170	Accounts receivable, net	6(3) and 12	1,461,335	13	1,254,190	13
1200	Other receivables		4,367	-	10,557	-
130X	Inventories	5 and 6(4)	1,264,712	12	941,608	10
1410	Prepayments		288,176	3	364,214	4
11XX	Total current assets		<u>4,871,089</u>	<u>45</u>	<u>4,140,415</u>	<u>43</u>
Non-current assets						
1517	Financial assets at fair value through other comprehensive income - non- current	6(5)	84,130	1	-	-
1600	Property, plant and equipment	6(6)(9) and 8	4,849,793	45	4,366,569	46
1755	Right-of-use assets	6(7)	565,446	5	675,635	7
1760	Investment property, net	6(8)	16,397	-	16,981	-
1780	Intangible assets		326	-	351	-
1840	Deferred income tax assets	6(24)	29,209	-	29,182	-
1915	Prepayments for equipment	6(6)	293,598	3	161,063	2
1920	Guarantee deposits paid		56,576	-	40,349	1
1990	Other non-current assets		112,417	1	106,540	1
15XX	Total non-current assets		<u>6,007,892</u>	<u>55</u>	<u>5,396,670</u>	<u>57</u>
1XXX	Total assets		<u>\$ 10,878,981</u>	<u>100</u>	<u>\$ 9,537,085</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, 2020		December 31, 2019		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2100	Short-term borrowings	6(10)	\$ 1,667,000	15	\$ 1,370,000	14
2110	Short-term notes and bills payable	6(11)	-	-	34,999	-
2130	Contract liabilities - current	6(17)	51,144	-	13,237	-
2150	Notes payable		502,274	5	668,764	7
2170	Accounts payable		477,616	4	553,124	6
2200	Other payables	6(5)	433,121	4	230,289	3
2230	Current income tax liabilities	6(24)	275,104	3	58,521	1
2280	Lease liabilities - current	6(7)	10,627	-	11,857	-
2320	Long-term liabilities, current portion	6(12) and 8	426,840	4	394,433	4
21XX	Total current liabilities		<u>3,843,726</u>	<u>35</u>	<u>3,335,224</u>	<u>35</u>
Non-current liabilities						
2540	Long-term borrowings	6(12) and 8	2,303,049	21	2,505,237	26
2570	Deferred income tax liabilities	6(24)	7,650	-	19,358	-
2580	Lease liabilities - non-current	6(7)	388,042	4	492,830	5
2640	Net defined benefit liabilities - non-current	6(13)	67,259	1	77,924	1
2645	Guarantee deposits received		1,004	-	947	-
25XX	Total non-current liabilities		<u>2,767,004</u>	<u>26</u>	<u>3,096,296</u>	<u>32</u>
2XXX	Total liabilities		<u>6,610,730</u>	<u>61</u>	<u>6,431,520</u>	<u>67</u>
Equity attributable to owners of parent						
Share capital						
3110	Common stock	6(14)	726,000	7	726,000	8
3200	Capital surplus	6(15)	453,467	4	453,467	5
Retained earnings						
3310	Legal reserve	6(16)	483,750	4	431,149	4
3320	Special reserve		382,531	3	264,937	3
3350	Unappropriated retained earnings		2,572,271	24	1,612,543	17
3400	Other equity interest		(349,768)	(3)	(382,531)	(4)
3XXX	Total equity		<u>4,268,251</u>	<u>39</u>	<u>3,105,565</u>	<u>33</u>
Contingent Liabilities and Commitments						
7 and 9						
3X2X	Total liabilities and equity		<u>\$ 10,878,981</u>	<u>100</u>	<u>\$ 9,537,085</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 earnings per share amounts)

		Year ended December 31			
		2020		2019	
Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	\$ 9,371,410	100	\$ 6,546,829	100
5000	Operating costs	(6,626,279)	(70)	(5,309,526)	(81)
5900	Net operating margin	2,745,131	30	1,237,303	19
	Operating expenses				
	6(7)(13)(22)(23), 7 and 12				
6100	Selling expenses	(300,409)	(3)	(242,295)	(4)
6200	General and administrative expenses	(270,217)	(3)	(232,787)	(3)
6300	Research and development expenses	(66,257)	(1)	(36,707)	(1)
6450	Expected credit losses	(31,594)	-	(5,025)	-
6000	Total operating expenses	(668,477)	(7)	(516,814)	(8)
6900	Operating profit	2,076,654	23	720,489	11
	Non-operating income and expenses				
7100	Interest income	21,983	-	24,504	-
7010	Other income	48,916	-	63,699	1
7020	Other gains and losses	(118,834)	(1)	11,412	-
	6(6)(9)(20)(22) and 12				
7050	Finance costs	(36,131)	-	(29,355)	-
7000	Total non-operating income and expenses	(84,066)	(1)	70,260	1
7900	Profit before income tax	1,992,588	22	790,749	12
7950	Income tax expense	(538,865)	(6)	(264,744)	(4)
8200	Profit for the year	<u>\$ 1,453,723</u>	<u>16</u>	<u>\$ 526,005</u>	<u>8</u>
	Other comprehensive income				
	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gain (loss) on remeasurements of defined benefit plans	\$ 3,625	-	(\$ 7,311)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(725)	-	1,462	-
	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	32,763	-	(117,594)	(2)
8300	Other comprehensive income (loss) for the year	<u>\$ 35,663</u>	<u>-</u>	<u>(\$ 123,443)</u>	<u>(2)</u>
8500	Total comprehensive income for the year	<u>\$ 1,489,386</u>	<u>16</u>	<u>\$ 402,562</u>	<u>6</u>
	Profit attributable to:				
8610	Owners of the parent	<u>\$ 1,453,723</u>	<u>16</u>	<u>\$ 526,005</u>	<u>8</u>
	Comprehensive income attributable to:				
8710	Owners of the parent	<u>\$ 1,489,386</u>	<u>16</u>	<u>\$ 402,562</u>	<u>6</u>
	Earnings per share (in dollars)				
9750	Basic	<u>\$ 20.02</u>		<u>\$ 7.25</u>	
9850	Diluted	<u>\$ 19.99</u>		<u>\$ 7.24</u>	
	6(25)				

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)

	Notes	Equity attributable to owners of the parent					Other Equity Interest Exchange differences on translation of foreign financial statements	Total equity
		Share capital – common stock	Capital surplus	Legal reserve	Special reserve	Retained Earnings Unappropriated retained earnings		
<u>For the year ended December 31, 2019</u>								
Balance at January 1, 2019		\$ 726,000	\$ 453,467	\$ 371,872	\$ 193,201	\$ 1,586,400	(\$ 264,937)	\$ 3,066,003
Profit for the year		-	-	-	-	526,005	-	526,005
Other comprehensive loss for the year		-	-	-	-	(5,849)	(117,594)	(123,443)
Total comprehensive income (loss)		-	-	-	-	520,156	(117,594)	402,562
Distribution of 2018 net income								
Legal reserve		-	-	59,277	-	(59,277)	-	-
Special reserve	6(16)	-	-	-	71,736	(71,736)	-	-
Cash dividends	6(16)	-	-	-	-	(363,000)	-	(363,000)
Balance at December 31, 2019		<u>\$ 726,000</u>	<u>\$ 453,467</u>	<u>\$ 431,149</u>	<u>\$ 264,937</u>	<u>\$ 1,612,543</u>	<u>(\$ 382,531)</u>	<u>\$ 3,105,565</u>
<u>For the year ended December 31, 2020</u>								
Balance at January 1, 2020		\$ 726,000	\$ 453,467	\$ 431,149	\$ 264,937	\$ 1,612,543	(\$ 382,531)	\$ 3,105,565
Profit for the year		-	-	-	-	1,453,723	-	1,453,723
Other comprehensive income for the year		-	-	-	-	2,900	32,763	35,663
Total comprehensive income		-	-	-	-	1,456,623	32,763	1,489,386
Distribution of 2019 net income								
Legal reserve		-	-	52,601	-	(52,601)	-	-
Special reserve	6(16)	-	-	-	117,594	(117,594)	-	-
Cash dividends	6(16)	-	-	-	-	(326,700)	-	(326,700)
Balance at December 31, 2020		<u>\$ 726,000</u>	<u>\$ 453,467</u>	<u>\$ 483,750</u>	<u>\$ 382,531</u>	<u>\$ 2,572,271</u>	<u>(\$ 349,768)</u>	<u>\$ 4,268,251</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,	
		2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,992,588	\$ 790,749
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit losses	12	31,594	5,025
Provision for inventory market price decline	6(4)	15,242	11,800
Depreciation	6(6)(7)(8)(22)	410,362	256,043
Loss on disposal of property, plant and equipment	6(20)	1,262	1,891
Gain on reversal of impairment loss on property, plant and equipment	6(6)(9)(20)	-	(1,096)
Amortisation	6(22)	516	453
Amortisation of other non-current assets		25,747	20,355
Interest income	6(18)	(21,983)	(24,504)
Interest expense	6(21)	36,131	29,355
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		14,598	(5,027)
Accounts receivable		(240,039)	116,616
Other receivables		1,446	32,814
Inventories		(336,747)	53,761
Prepayments		76,038	7,192
Changes in operating liabilities			
Contract liabilities - current		37,907	(9,481)
Notes payable		(151,051)	111,649
Accounts payable		(75,508)	(96,852)
Other payables		87,104	28,674
Net defined benefit liabilities - non-current		(7,040)	(5,954)
Cash inflow generated from operations		1,898,167	1,323,463
Interest received		26,727	20,666
Income tax paid		(334,742)	(378,196)
Net cash flows from operating activities		<u>1,590,152</u>	<u>965,933</u>

(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,	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost - current		(\$ 142,547)	(\$ 177,213)
Repayment of principal at maturity from financial assets at amortised cost - current		214,631	75,846
Cash paid for acquisition of property, plant and equipment	6(26)	(403,626)	(590,871)
Interest paid for acquisition of property, plant and equipment	6(6)(21)(26)	(1,540)	(10,884)
Proceeds from disposal of property, plant and equipment		636	2,681
Acquisition of right-of-use assets		(10,851)	-
Acquisition of investment property		-	(17,181)
Increase in intangible assets		(485)	-
Increase in prepayment for equipment		(589,527)	(369,756)
Increase in guarantee deposit paid		(16,167)	(25,083)
Increase in other non-current assets		(31,477)	(88,842)
Net cash flows used in investing activities		(980,953)	(1,201,303)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Interest paid		(36,588)	(29,903)
Increase in short-term borrowings	6(27)	297,000	300,000
(Decrease) increase in short-term notes and bills payable	6(27)	(34,999)	34,999
Payments of lease liabilities	6(27)	(8,145)	(12,244)
Increase in long-term borrowings	6(27)	2,539,025	1,943,520
Decrease in long-term borrowings	6(27)	(2,708,806)	(1,380,675)
Payment of cash dividends	6(16)	(326,700)	(363,000)
Net cash flows (used in) from financing activities		(279,213)	492,697
Effect of foreign exchange rate changes		48,669	(36,267)
Net increase in cash and cash equivalents		378,655	221,060
Cash and cash equivalents at beginning of year	6(1)	1,310,313	1,089,253
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,688,968</u>	<u>\$ 1,310,313</u>

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

Attachment 5

NAN LIU ENTERPRISE CO., LTD.

Comparison between the original and amendments to the Guidelines for the Codes of Ethical Conduct (Translation)

Amended version	Original version	Reason
<p>Article 12 Directors and managerial officers should prevent conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company. They shouldn't obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the <u>second</u> degree of kinship.</p>	<p>Article 12 Directors and managerial officers should prevent conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company. They shouldn't obtain improper benefits for either themselves or their spouse, <u>parents, children</u>, or relatives within the <u>third</u> degree of kinship.</p>	<p>To follow amendment of the Article 26-3 Securities and Exchange Act.</p>
<p>Article 13 Employees should prepare enough information and report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon discovery of any activity in violation of a law or regulation or the code of ethical conduct. The Company will reward employees by HR rules after confirmation. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system <u>anonymously</u> and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p>	<p>Article 13 Employees should prepare enough information and report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon discovery of any activity in violation of a law or regulation or the code of ethical conduct. The Company will reward employees by HR rules after confirmation. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.</p>	<p>To follow related rules.</p>

Amended version	Original version	Reason
<p>Article 14</p> <p>When a director or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, shall punishment by <u>the Guidelines</u> and report to board of directors, and shall without delay disclose on the Market Observation Post System (MOPS) the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. <u>The Company shall establish related appeal system to provide remedy for offenders.</u></p>	<p>Article 14</p> <p>When a director or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, shall punishment by <u>HR rules</u> and report to board of directors <u>after confirmation</u>, and shall without delay disclose on the Market Observation Post System (MOPS) <u>title, name</u>, the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. <u>The related members take responsibility of civil, criminal or administration.</u></p>	<p>To follow related rules.</p>
<p>Article 16</p> <p>The code of ethical conduct adopted by a company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the board of directors. The title and name of exempt member, the date on which the board of directors adopted the resolution for exemption, <u>objections or reservations opinions of independent directors</u>, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the</p>	<p>Article 16</p> <p>The code of ethical conduct adopted by a company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the board of directors. The title and name of exempt members, and that information on the date on which the board of directors adopted the resolution for exemption, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board</p>	<p>To follow related rules.</p>

Amended version	Original version	Reason
<p>appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for <u>inhibiting</u> any circumstance under which such an <u>easy</u> exemption occurs.</p>	<p>resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for <u>controlling</u> any circumstance under which such an exemption occurs.</p>	
<p>Article 17 The company shall disclose the code of ethical conduct it has adopted, and any amendments to it, <u>on the Company website</u>, in its annual reports and prospectuses and on the MOPS.</p>	<p>Article 17 The company shall disclose the code of ethical conduct it has adopted, and any amendments to it, in its annual reports and prospectuses and on the MOPS.</p>	<p>To follow related rules.</p>

Attachment 6

NAN LIU ENTERPRISE CO., LTD.

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

Amended version	Original version	Reason
<p>Article3 (The first, second, third item omitted)</p> <p>Election or dismissal of directors, 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, Article 26-1 and 43-6 of Securities and Exchange Act, Article 56-1 and Article 60-2 of 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. (The fifth item omitted)</p>	<p>Article3 (The first, second, third item omitted)</p> <p>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 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; <u>the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.</u> (The fifth item omitted)</p>	<p>To follow amendment of the Company Act.</p>

Amended version	Original version	Reason
<p>A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, <u>provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. The procedure shall follow Article 172-1 of the Company Act and be limited to one only, and no proposal containing more than one item will be included in the meeting agenda.</u></p> <p>(The following omitted)</p>	<p>A shareholder holding one percent or more of the total number of issued shares may submit to this Corporation a written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, <u>provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors.</u> In addition, 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.</p> <p>(The following omitted)</p>	
<p>Article9: (The first item omitted) The Chair shall call the meeting to order at the appointed meeting time, <u>and announce no voting rights and attendance rights.</u> However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1</p>	<p>Article9: (The first item omitted) The Chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the Chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met</p>	<p>To follow related rules.</p>

Amended version	Original version	Reason
<p>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.</p> <p>(The following omitted)</p>	<p>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.</p> <p>(The following omitted)</p>	
<p>Article14: The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by 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, <u>the list of who lost the election and the numbers of votes.</u></p> <p>(The second item omitted)</p>	<p>Article14: The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected.</p> <p>(The second item omitted)</p>	<p>To follow related rules.</p>

Attachment 7

NAN LIU ENTERPRISE CO., LTD.
Comparison between the original and amendments to the
Rules for Electing Directors
(Translation)

Amended version	Original version	Reason
<u>Procedure</u> for <u>Election</u> Directors	<u>Rules</u> for <u>Electing</u> Directors	Wording amendment.
Article 1: To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 <u>and Article 41</u> of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	Article 1: To ensure a just, fair, and open election of directors, these Procedures are adopted pursuant to Articles 21 of the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies.	To follow related rules.
Article <u>4</u> (Omitted)	Article <u>5</u> (Omitted)	Article number amendment.
<u>Article 5</u> <u>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.</u> <u>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.</u>	<u>Added</u>	To follow related rules.

Amended version	Original version	Reason
<p><u>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.</u></p>		
<p>Article <u>6</u> (Omitted)</p>	<p>Article <u>7</u> (Omitted)</p>	<p>Article number amendment.</p>
<p>Article <u>7</u> (Omitted)</p>	<p>Article <u>8</u> (Omitted)</p>	<p>Article number amendment.</p>
<p>Article <u>8</u> (Omitted)</p>	<p>Article <u>9</u> (Omitted)</p>	<p>Article number amendment.</p>
<p>Article <u>9</u> (Omitted)</p>	<p>Article <u>10</u> (Omitted)</p>	<p>Article number amendment.</p>
<p>(Deleted)</p>	<p>Article 11 If the candidate is a shareholder, voters should fill in the account name and shareholder account number of the candidate. If the candidate is not a shareholder, voters should fill in the candidate's name and the identity document number. When the government or a juristic person shareholder is the candidate, not only the name of the government or the juristic person but also the name of their representatives should be filled in as the account name of the candidate in the ballot; if there are more than two representatives, their names should be filled in separately.</p>	<p>To follow related rules.</p>
<p>Article <u>10</u></p>	<p>Article <u>12</u></p>	<p>To follow related</p>

Amended version	Original version	Reason
<p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> 1. The ballot was not prepared by a person with the <u>right to convene</u>. 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 <u>the director candidate list</u>. 5. Other words or marks are entered in addition to the number of voting rights allotted. 	<p>A ballot is invalid under any of the following circumstances:</p> <ol style="list-style-type: none"> 1. The ballot was not prepared by the <u>Board of Directors</u>. 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 <u>is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register; or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match</u>. 5. <u>Other words or marks are entered in addition to the candidate's account name (or name) or shareholder account number (or identity card number) and the number of voting rights allotted</u>. 6. <u>The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual</u>. 	<p>rules.</p>
<p>Article <u>11</u> The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors <u>and the numbers of votes with which they were elected</u>, shall be</p>	<p>Article <u>13</u> The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors with which they were elected, shall be announced by the Chair on the site.</p>	

Amended version	Original version	Reason
<p>announced by the chair on the site. <u>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.</u></p>		
<p>Article <u>12</u> (Omitted)</p>	<p>Article <u>14</u> (Omitted)</p>	<p>Article number amendment.</p>
<p>Article <u>13</u> (Omitted)</p>	<p>Article <u>15</u> (Omitted)</p>	<p>Article number amendment.</p>

Attachment 8

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

Amended version	Original version	Reason
<p>Article 2 The Company's businesses are listed as follows:</p> <ol style="list-style-type: none"> 1. C303010 non-woven 2. C399990 other textile and apparel manufacturing 3. C0401030 leather, fur finishing 4. CK01010 shoe manufacturing 5. CI01020 carpet 6. F106020 wholesale of articles for daily use 7. H701020 development and rental of industrial plants. 8. H701040 specialized field construction and development. 9. C802100 cosmetic manufacturing. 10. 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. 	<p>Article 2 The Company's businesses are listed as follows:</p> <ol style="list-style-type: none"> 1. C303010 non-woven 2. C399990 other textile and apparel manufacturing 3. C0401030 leather, fur finishing 4. CK01010 shoe manufacturing 5. CI01020 carpet 6. F106020 wholesale of articles for daily use 7. H701020 development and rental of industrial plants. 8. H701040 specialized field construction and development. 9. C802100 cosmetic manufacturing. 10. 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 	<p>Increase medical materials.</p>

Amended version	Original version	Reason
<p>19. C802090 cleaning preparations manufacturing.</p> <p>20. F107030 wholesale of cleaning preparations.</p> <p>21. F207030 retailing of cleaning preparations.</p> <p>22. ZZ99999 the Company may operate any business not prohibited or restricted by laws or regulations, except for those that require special permission.</p> <p>23. CF01011 Medical Materials manufacturing.</p> <p>24. F108031 wholesale of medical materials.</p> <p>25. F208031 retailing of medical materials.</p> <p>26. C103050 Can, frozen prepared foods, dehydrated foods and pickled foods manufacturing.</p> <p>27. C601040 paper processing.</p> <p>28. F102170 Other Food manufacturing.</p> <p>29. <u>C802041 Medicine processing</u></p>	<p>manufacturing.</p> <p>20. F107030 wholesale of cleaning preparations.</p> <p>21. F207030 retailing of cleaning preparations.</p> <p>22. ZZ99999 the Company may operate any business not prohibited or restricted by laws or regulations, except for those that require special permission.</p> <p>23. CF01011 Medical Materials manufacturing.</p> <p>24. F108031 wholesale of medical materials.</p> <p>25. F208031 retailing of medical materials.</p> <p>26. C103050 Can, frozen prepared foods, dehydrated foods and pickled foods manufacturing.</p> <p>27. C601040 paper processing.</p> <p>28. F102170 Other Food manufacturing.</p>	
<p>Article23: The articles were drawn up on November 15, 1978 and were revised on December 30, 1979 for the first time,, amended on April 30, 2013 for the 32nd time, and amended on June 13, 2016 the 33rd time, amended on May 31, 2017 the 34rd time, amended on May 29, 2019 the 35rd time, amended on May 29, 2020 the 36rd time <u>and amended on May 28, 2021 the 37rd.</u></p>	<p>Article23: The articles were drawn up on November 15, 1978 and were revised on December 30, 1979 for the first time,, amended on April 30, 2013 for the 32nd time, and amended on June 13, 2016 the 33rd time, and amended on May 31, 2017 the 34rd time, and amended on May 29, 2019 the 35rd time and amended on May 29, 2020 the 36rd time..</p>	<p>Add amendment date</p>

Appendix 1

NAN LIU ENTERPRISE CO., LTD. Guidelines for the Codes of Ethical Conduct

April 18, 2019 revised

Chapter 1 General Provisions

- Article 1 The Guidelines for the Codes of Ethical Conduct (hereinafter referred to as the Guidelines) of the Company are made according to Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM.
- Article 2 The purpose of the Guidelines is specification of the Company's Directors and managerial officers that should follow codes of Ethical during their work. To prevent non Ethical and hurt profit of the Company.
- Article 3 The Guidelines is applicable to Directors and managerial officers (including general managers or their equivalents, assistant general managers or their equivalents, deputy assistant general managers or their equivalents, chief financial and chief accounting officers, and other persons authorized to manage affairs and sign documents on behalf of a company).

Chapter 2 Moral integrity

- Article 4 Directors and managerial officers should follow the rules of the Company.
- Article 5 The moral standard is not limit the government law. Even it's available for government law, they should process all business under moral integrity to avoid conflicts of interest.
- Article 6 Directors and managerial officers should process the Company's business under honest, Abide by the law, fair and just and ethical.
- Article 7 Directors and managerial officers shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

Chapter 3 Respect employees and customers

- Article 8 The Company obtain strict standards to protect privacy and personal information of employees and customers.
- Article 9 Directors and managerial officers of the company shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

Chapter 4 Minimizing incentives to pursue personal gain

Article 10 When the company has an opportunity for profit, it is the responsibility of the directors, supervisors, and managerial officers to maximize the reasonable and proper benefits that can be obtained by the company. The company shall prevent its directors and managerial officers from engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the company.

Article 11 Directors and managerial officers have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes; any theft, negligence in care, or waste of the assets will all directly impact the company's profitability.

Article 12 Directors and managerial officers should prevent conflicts of interest occur when personal interest intervenes or is likely to intervene in the overall interest of the company. They shouldn't obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the third degree of kinship.

Chapter 5 Report, protection and appeal

Article 13 Employees should prepare enough information and report to a company supervisor, managerial officer, chief internal auditor, or other appropriate individual upon discovery of any activity in violation of a law or regulation or the code of ethical conduct. The Company will reward employees by HR rules after confirmation. To encourage employees to report illegal conduct, the company shall establish a concrete whistle-blowing system and make employees aware that the company will use its best efforts to ensure the safety of informants and protect them from reprisals.

Article 14 When a director or managerial officer violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code, shall punishment by HR rules and report to board of directors after confirmation, and shall without delay disclose on the Market Observation Post System (MOPS) title, name, the date of the violation by the violator, reasons for the violation, the provisions of the code violated, and the disciplinary actions taken. The related members take responsibility of civil, criminal or administration.

Article 15 If it affect profit of the Company unintentional, it shall prepare related proof documents to task force for proof. The Company shall disclose on the Market Observation Post System (MOPS) after confirmation.

Chapter 6 Procedures for exemption

Article 16 The code of ethical conduct adopted by a company must require that any exemption for directors or managerial officers from compliance with the code be adopted by a resolution of the board of directors. The title and name of exempt members, and that information on the date on which the board of directors adopted the resolution for exemption, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Chapter 7 Method of disclosure

Article 17 The company shall disclose the code of ethical conduct it has adopted, and any amendments to it, in its annual reports and prospectuses and on the MOPS.

Chapter 8 Supplementary articles

Article 18 The company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to Audit Committee, and submitted to a shareholders meeting.

Appendix 2

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

May 29, 2020 revised

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

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

Article 3 (Convening shareholders' meetings and shareholders' meeting notices)

Unless otherwise provided by law or regulation, the Company's shareholders meetings shall be convened by the board of directors.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) before 30 days before the date of a regular shareholders meeting or before 15 days before the date of a special shareholders meeting. The Company shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to the MOPS before 21 days before the date of the regular shareholders meeting or before 15 days before the date of the special shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, the Company shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

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

Election or dismissal of directors 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 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; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the corporation, and such website shall be indicated in the above notice.

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 written proposal for discussion at a regular shareholders meeting. The number of items so proposed, however, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda, provided a shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities may still be included in the agenda by the board of directors. In addition, 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.

Prior to the book closure date and before a regular shareholders' meeting is convened, the Company shall give a public notice announcing the proposal, application by written or electronic, place and the period for shareholders to submit proposals to be discussed at the meeting; the period for accepting such proposals shall not be less than 10 days.

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

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

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

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

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

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

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

The Company should announce place and time of shareholders' meeting and other notice on meeting notice.

The report time of shareholders should attend early at least thirty minutes. The checking counter should clear direction and service staff is over there.

The shareholder or agent should show attendance card, sign-in card or other attendance license for shareholders' meeting. The Company shouldn't request to increase others proof documents.

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

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

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

When a shareholders' meeting is convened by the Board of Directors, the Chair of the Board will chair the meeting. In case the Chair of the Board of Directors is on leave or absent or cannot exercise his/her power and authority for any cause, the vice chairperson

shall act on his/her behalf. In case there is no vice chairperson, or the vice chairperson is also on leave or absent or unable to exercise his/her power and authority for any cause, the Chair of the Board of Directors shall designate one of the managing directors, or where there is no managing director, one of the directors to act on his/her behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairperson of the Board of Directors.

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, plus the number of shares whose voting rights are exercised by correspondence or electronically.

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

one third of the total number of issued shares, the Chair shall declare the meeting adjourned.

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

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

Article 10 (Discussion of proposals)

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. 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' speeches)

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

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

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

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

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

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

Article 12 (Calculation of voting shares and recusal system)

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

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

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

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

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

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

When the Company holds a shareholders' meeting, it should allow the shareholders to exercise voting rights by electronic transmission or correspondence. When voting rights are exercised by correspondence or electronic transmission, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by

correspondence or electronic transmission will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting. Therefore, the Company shall avoid the extraordinary motions and amendments to original proposals.

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

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

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

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 and the numbers of votes with which they were elected.

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.

Article 16 (Public disclosure)

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

If matters put to a resolution at a shareholders meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or GreTai Securities Market) regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

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

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

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

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

Article 18 (Recess and resumption of a shareholders meeting)

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

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

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

Appendix 3

NAN LIU ENTERPRISE CO., LTD. Rules for Electing Directors (Translation)

May 29, 2019 revised

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

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 (Deleted)

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

Article 6 Deleted.

Article 7 The cumulative voting method shall be used for election of the directors 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 8 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 9 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 10 Before the start of the election, the Chairperson shall appoint voting supervisors who are shareholders and several qualified tellers to perform related duties. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

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

Article 12 A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the Board of Directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register; or the candidate whose name is entered in

the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.

5. Other words or marks are entered in addition to the candidate's account name (or name) or shareholder account number (or identity card number) and the number of voting rights allotted.

6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article 13 The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors with which they were elected, shall be announced by the Chair on the site.

Article 14 The Board of Directors of the Company shall issue notifications to the persons elected as directors.

Article 15 These Procedures, and any amendments thereto, shall be implemented after approval at shareholders' meetings.

Appendix 4

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

May 29, 2020 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.
F102170 Other Food manufacturing.

Article 3: The Company may guarantee other companies.

Article 4: The Company is headquartered in Kaohsiung City, Taiwan. If necessary, the

Board of Directors will pass a resolution to set up branch offices in the domestic and international markets.

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

Chapter II Shares

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

Article 7: Deleted

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

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

Chapter III Shareholders' Meeting

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

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

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

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

Voting rights for resolutions adopted at a shareholders' meeting shall be performed in writing or by electronic transmission.

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

Chapter IV Directors and Supervisors

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

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

Directors shall be elected by adopting candidate nomination system as specified in Article 192-1 of the ROC Company Law. The nomination of directors and related announcement shall comply with the relevant regulations of the ROC Company Law and Securities and Exchange Law. Regulations governing the professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election, and other matters for compliance with respect to independent directors shall be prescribed by the Competent Authority.

The election of independent directors and non-independent directors shall be held together; provided, however, the number of independent directors and non-independent directors elected shall be calculated separately.

Article 14-1: The Company that has issued stock in accordance with the Securities and Exchange Act shall establish either an audit committee. The audit committee shall be composed of the entire number of independent directors. The numbers, term, powers, rules and procedures of audit committee follow 'Regulations Governing the Exercise of Powers by Audit Committees of Public Companies'. The Company establish Audit Committee Charter to follow it.

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

Directors in his/her behalf. A director may accept the appointment to act as the proxy of one other director only.

Article 15-1: In calling a meeting of the Board of Directors, a notice setting forth the subjects to be discussed at the meeting shall be given to each director no later than 7 days prior to the scheduled meeting date. However, in the case of an emergency, the meeting may be convened at any time. The notice of the Board of Directors meeting may be effected in writing, by email, or fax to inform each director.

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

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

Chapter V Managers

Article 18: The Company may have one or more managerial personnel. The appointment, discharge and the remuneration of the managerial personnel shall be decided in accordance with Article 29 of the Company Act.

Chapter VI Accounting

Article 19: The fiscal year of the Company starts from January 1 to December 31. The Board of Directors shall prepare the following statements and records prior to the date of a general meeting of shareholders.

1. Business report.
2. Financial statements.
3. The earnings distribution or loss make-up proposals.

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

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

Chapter VII Supplemental Provisions

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

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

Article 23: The articles were drawn up on November 15, 1978. They were amended on December 30, 1979 for the first time; amended on April 25, 1981 for the second time; amended on August 5, 1983 for the third time; amended on January 11, 1984 for the fourth time; amended on April 5, 1984 for the fifth time; amended on March 21, 1985 for the sixth time; amended on August 25, 1988 for the seventh time; amended on October 23, 1989 for the eighth time; amended on September 14, 1990 for the ninth time; amended on June 20, 1995 for the 10th time; amended on December 7, 1997 for the 11th time; amended on April 29, 1998 for the 12th time; amended on July 9, 1999 for the 13th time; amended on July 31, 1999 for the 14th time; amended on April 30, 2000 for the 15th time; amended on June 3, 2000 for the 16th time; amended on April 28, 2001 for the 17th time; amended on November 3, 2001 for the 18th time; amended on June 25, 2002 for the 19th time; amended on September 23, 2002 for the 20th time; amended on June 19, 2003 for the 21st time; amended on June 18, 2004 for the 22nd time; amended on December 10, 2004 for the 23rd time; amended on June 17, 2005 for the 24th time; amended on June 27, 2006 for the 25th time; amended on June 7, 2007 for the 26th time; amended on June 16, 2008 for the 27th time; amended on June 22, 2009 for the 28th time; amended on June 24, 2010 for the 29th time; amended on June 13, 2011 for the 30th time; amended on November 16, 2012 for the 31st time; amended on April 30, 2013 for the 32nd time; amended on June 13, 2016 the 33rd time; amended on May 31, 2017 the 34rd time, and amended on May 29, 2019 the 35rd time, and amended on May 29, 2020 the 36rd time.

Nan Liu Enterprise Co., Ltd.

Chairman: Huang, Chin-san

Appendix 5

Nan Liu Enterprise Co., Ltd.

Shareholding of Directors

(Translation)

- (1) The paid-up capital of the company stands at NT\$726,000,000 with 72,600,000 shares.
- (2) In compliance with Article 26 of the Securities and Exchange Act: Total minimum number of shares required to be held by directors: 5,808,000 shares. As of March 31, 2021, the book closure date, shareholding information of directors and supervisors was as follows:

Job Title	Name	Shares held
Chairman	Bixiu Investments Co., Ltd (Representative: Huang Chin-shan)	5,090,929
Director	Tian Zi Ding Investments Co., Ltd. (Representative: Huang Ho-cun)	8,731,659
Independent Director	Huang, Tung-Rung	0
Independent Director	Hwang, Jin-Feng	0
Independent Director	Huang, Chun-Ping	0
Director	Wang, Chin-Hung	0
Director	Yang, Juei-Hua	181,033
Director	Su, Chao-Shan	0
Director	Chung, Mao-Chih	749,451
Total shares held of directors		14,753,072

Appendix 6

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