



Stock code: 6504

NAN LIU ENTERPRISE CO., LTD.

2023 Annual Shareholders' Meeting

Meeting Handbook

(Translation)

Time: 10:00 a.m., Thursday, June 1, 2023

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

NAN LIU ENTERPRISE CO., LTD.

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NAN LIU ENTERPRISE CO., LTD.
2023 Shareholders' Meeting Agenda

Time: 10:00 a.m., Thursday, June 1, 2023

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

I. Call Meeting to Order

II. Chairman's Address

III. Report Items

1. 2022 Business Report.
2. 2022 Audit Committee's Review Report.
3. Distribution of Remuneration to Employees and Directors in 2022.

IV. Proposed Resolutions

1. To accept 2022 Financial Statements and Business Report.
2. To approve the proposal for distribution of 2022 Profit.

V. Discussion Items

To revise the Articles of Incorporation.

VI. Meeting Adjourned.

Report Items

1. To report 2022 Business Report

Explanatory Notes: Please refer to pages 5-7 of the Handbook for the Business Report (Attachment 1).

2. To report 2022 Audit Committee's Review Report.

Explanatory Notes: Please refer to pages 8 of the Handbook for the Audit Committee's Review Report (Attachment 2).

3. To report Distribution of Remuneration to Employees and Directors in 2022.

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\$825,773) of the profit has been set aside for employee compensation, while 0.9% (i.e., NT\$571,689) has been earmarked as compensation for the directors. All compensations are distributed in the form of cash.

Proposed Resolutions

1. To accept 2022 Financial Statements and the Business Report (Proposed by the Board of Directors)

Explanatory Notes:

- (1) The 2022 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 Business Report, the Audit Report and the 2022 Financial Statements, please refer to pages 5-7 (Attachment 1) and pages 9-31 (Attachment 3) of the Handbook.
- (3) Please proceed to adopt the motion.

Resolution:

2. To approve the proposal for the distribution of the 2022 profit (Proposed by the Board of Directors)

Explanatory Notes:

- (1) In terms of the distribution of the 2022 profit, please refer to pages 32 (Attachment 4) of the Handbook. A cash dividend of NT\$1.0 per share is proposed, amounting to NT\$72,600,000 in total. The distributable cash dividend is calculated in NT\$, and figures are rounded up, the total fractional amount of distribution under NT\$1 is listed in Shareholders' Equity. After approval at the shareholders' meeting,

the Board of Directors is then authorized to set the ex-dividend date and amend distribution matters as required. Please refer to the Profit Distribution Table for details.

(2) In the event that the proposed profit distribution is affected by: (1) a change in the number of outstanding shares due to the buyback of shares; (2) issuance of new shares for the transfer of treasury shares to employees; (3) nullifying or rights offerings, the Board of Directors is authorized to attend to and amend such related matters.

(3) Please proceed to adopt the motion.

Resolution:

Discussion Items

To revise Articles of Incorporation(Proposed by the Board of Directors)

Explanatory Notes:

(1) According to No.10901099460 issued by the Ministry of Economic Affairs on July 22, 2020, Item 4 is in accordance with section 162 of the company Act: For the shares to be issued to the public by a company, shall be assigned with serial numbers, etc(The following omitted). Therefore, the Articles of Association 8 should be amended and approved by the shareholders' meeting.

(2) Comparison Table for the Articles of Incorporation before and after revision please refer to Attachment 5(pages 33).

Resolution:

Meeting Adjourned

Attachment 1

NAN LIU ENTERPRISE CO., LTD.



2022 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 2022.

A. 2022 Business Report

(1) Achievements of the 2022 Business Plan

The Company's major businesses before 2022 included the sale of spunlace nonwoven fabrics, Air Through & Thermal Bond Nonwoven Fabrics, Disposable surgical gowns fabrics, hygiene consumables (most of sales on baby wet wipes), and facial mask/skin care products. In 2022, net sales was NT\$5,986,346 thousand, down 11.76% compared with 2021. Taking into cost of goods sold of NT\$5,358,782 thousand, total operating expenses of NT\$568,739 thousand, and other non-operating income and expenses of NT\$130,009 thousand, profit before income tax came in at NT\$188,834 thousand. Estimated income tax expense was NT\$131,099 thousand, and the net income was NT\$57,735 thousand with an EPS of NT\$0.8.

(2) 2020 Consolidated Financial Expenditure and Profitability

Unit: NT\$ thousand

| Consolidated Statements of Comprehensive Income | 2022 | 2021 | Change % |
|---|-----------|-----------|----------|
| Net Sales | 5,986,346 | 6,784,152 | -11.76% |
| Cost of goods sold | 5,358,782 | 5,867,976 | -8.68% |
| Gross profit | 627,564 | 916,176 | -31.50% |
| Total Operating expenses | 568,739 | 652,538 | -12.84% |
| Net operating profit | 58,825 | 263,638 | -77.69% |
| Other non-operating income and expenses | 130,009 | -13,401 | - |
| Income before income tax | 188,834 | 250,237 | -24.54% |
| Net Income | 57,735 | 117,268 | -50.77% |

(3) Consolidated Profitability Analysis

Unit: %

| | 2022 | 2021 | |
|-------------------------------------|--------------------------|-------|-------|
| Return on assets | 0.50% | 1.32% | |
| Return on equity | 1.62% | 3.02% | |
| Capital ratio | Net operating profit | 8.10 | 36.31 |
| | Income before income tax | 26.01 | 34.47 |
| Net profit margin | 0.96 | 1.73 | |
| After-tax earnings per share (NT\$) | 0.80 | 1.62 | |

The company faced some challenges in 2022. Due to the large number of new non-woven production lines in mainland China and fierce competition in the same industry, it is difficult to increase the selling price along with the cost of raw materials. In addition, the epidemic lockdown and power cuts have disrupted production and logistics, resulting in a decrease in capacity utilization.. It effected sales and profit directly. Under above challenges, all employees pledged more efforts and consistently develop new products.

In general, net sales down 12% and profit down 51%. With the great teamwork and efforts of all employees, the net income in 2022 reached NT\$57,735 thousands (EPS NT\$0.80). The Taiwan Yanchao plant finished in 2019. The capacity utilization was full in 2020. Net sales and profit grew largely. Effecting by world economy, the profit isn't good as expected.

B. Summary of the 2022 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. Chin-san Huang



General Manager:
Mr. Chin-san Huang



Accounting Manager:
Mr. Chang Cheng Hsu



Attachment 2

Nan Liu Enterprise Co., Ltd.

Audit Committee's Review Report

(Translation)

The Board of Directors has prepared the Company's 2022 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.

The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and the Audit Committee of Nan Liu Enterprise Co., Ltd found them to be compliant with regulations. 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 2023 Annual Shareholders' Meeting

Nan Liu Enterprise Co., Ltd.

Chairman of the Audit Committee : Huang, Tung-Rung

On the Date of March 15, 2023

Attachment 3

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, 2022 and 2021, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Company's 2022 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2022 parent company only financial statements are stated as follows:

Appropriateness of inventory valuation

Description

Refer to Note 4(8) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimations and assumptions relating to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2022, the carrying amount of inventories and allowance for inventory valuation loss are NT\$398,303 thousand and NT\$41,442 thousand, respectively.

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

How our audit addressed the matter

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

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

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Tzu-Shu

Independent Auditors

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 15, 2023

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

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

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

| Assets | Notes | December 31, 2022 | | December 31, 2021 | | |
|---------------------------|---|-------------------|----------------------|-------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 698,447 | 7 | \$ 475,106 | 5 |
| 1136 | Financial assets at amortised cost-current | 6(1)(2) | 8,067 | - | - | - |
| 1150 | Notes receivable, net | 6(3) and 12 | 38,594 | - | 44,908 | 1 |
| 1170 | Accounts receivable, net | 6(3), 7 and 12 | 432,599 | 4 | 435,742 | 4 |
| 1200 | Other receivables | | 18,978 | - | 4,493 | - |
| 1220 | Current income tax assets | 6(24) | 533 | - | - | - |
| 130X | Inventories | 5 and 6(4) | 356,861 | 3 | 343,851 | 3 |
| 1410 | Prepayments | | 157,630 | 2 | 195,682 | 2 |
| 11XX | Total current assets | | <u>1,711,709</u> | <u>16</u> | <u>1,499,782</u> | <u>15</u> |
| Non-current assets | | | | | | |
| 1550 | Investments accounted for using equity method | 6(5) and 7 | 4,926,389 | 47 | 4,644,724 | 45 |
| 1600 | Property, plant and equipment | 6(6)(8), 7 and 8 | 3,251,049 | 31 | 3,478,901 | 34 |
| 1755 | Right-of-use assets | 6(7) | 384,982 | 4 | 401,414 | 4 |
| 1780 | Intangible assets | | 1,068 | - | - | - |
| 1840 | Deferred income tax assets | 6(24) | 90,730 | 1 | 55,040 | - |
| 1915 | Prepayments for equipment | 6(6) | 83,445 | 1 | 82,964 | 1 |
| 1920 | Guarantee deposits paid | | 23,925 | - | 43,380 | - |
| 1990 | Other non-current assets | 6(9) | 47,300 | - | 62,907 | 1 |
| 15XX | Total non-current assets | | <u>8,808,888</u> | <u>84</u> | <u>8,769,330</u> | <u>85</u> |
| 1XXX | Total assets | | <u>\$ 10,520,597</u> | <u>100</u> | <u>\$ 10,269,112</u> | <u>100</u> |

(Continued)

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

| Liabilities and Equity | | Notes | December 31, 2022 | | December 31, 2021 | |
|--|--|----------------|----------------------|------------|----------------------|------------|
| | | | AMOUNT | % | AMOUNT | % |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(10) | \$ 2,560,000 | 24 | \$ 1,948,900 | 19 |
| 2110 | Short-term notes and bills payable | 6(11) | 49,967 | 1 | 89,984 | 1 |
| 2130 | Contract liabilities - current | 6(17) | 745 | - | 3,506 | - |
| 2150 | Notes payable | | 91,735 | 1 | 60,422 | 1 |
| 2170 | Accounts payable | | 128,661 | 1 | 119,497 | 1 |
| 2180 | Accounts payable - related parties | 7 | 98,749 | 1 | 112,739 | 1 |
| 2200 | Other payables | | 98,006 | 1 | 179,255 | 2 |
| 2220 | Other payables - related parties | 7 | 922,324 | 9 | 692,730 | 7 |
| 2230 | Current income tax liabilities | 6(24) | - | - | 10,670 | - |
| 2280 | Lease liabilities - current | 6(7) | 10,216 | - | 10,129 | - |
| 2320 | Long-term liabilities, current portion | 6(12), 7 and 8 | 415,633 | 4 | 330,620 | 3 |
| 21XX | Total current liabilities | | <u>4,376,036</u> | <u>42</u> | <u>3,558,452</u> | <u>35</u> |
| Non-current liabilities | | | | | | |
| 2540 | Long-term borrowings | 6(12), 7 and 8 | 2,185,517 | 21 | 2,787,601 | 27 |
| 2570 | Deferred income tax liabilities | 6(24) | 63,361 | 1 | 10,964 | - |
| 2580 | Lease liabilities - non-current | 6(7) | 366,382 | 3 | 377,596 | 4 |
| 2640 | Net defined benefit liabilities, non-current | 6(13) | 27,530 | - | 45,515 | - |
| 25XX | Total non-current liabilities | | <u>2,642,790</u> | <u>25</u> | <u>3,221,676</u> | <u>31</u> |
| 2XXX | Total liabilities | | <u>7,018,826</u> | <u>67</u> | <u>6,780,128</u> | <u>66</u> |
| Equity attributable to owners of parent | | | | | | |
| Share capital | | | | | | |
| 3110 | Common stock | 6(14) | 726,000 | 7 | 726,000 | 7 |
| 3200 | Capital surplus | 6(15) | 453,467 | 4 | 453,467 | 4 |
| Retained earnings | | | | | | |
| 3310 | Legal reserve | | 641,211 | 6 | 629,412 | 6 |
| 3320 | Special reserve | | 382,531 | 4 | 382,531 | 4 |
| 3350 | Unappropriated retained earnings | | 1,641,984 | 15 | 1,673,403 | 16 |
| 3400 | Other equity interest | 6(5) | (343,422) | (3) | (375,829) | (3) |
| 3XXX | Total equity | | <u>3,501,771</u> | <u>33</u> | <u>3,488,984</u> | <u>34</u> |
| Contingent Liabilities and Commitments | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 10,520,597</u> | <u>100</u> | <u>\$ 10,269,112</u> | <u>100</u> |

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

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

| | Items | Notes | Year ended December 31 | | | |
|------|---|---------------------------|------------------------|-------|--------------|-------|
| | | | 2022 | | 2021 | |
| | | | AMOUNT | % | AMOUNT | % |
| 4000 | Operating revenue | 6(17) and 7 | \$ 2,734,889 | 100 | \$ 3,215,624 | 100 |
| 5000 | Operating costs | 6(4)(13)(22)(23) and 7 | (2,635,705) | (96) | (3,057,791) | (95) |
| 5900 | Operating margin | | 99,184 | 4 | 157,833 | 5 |
| | Operating expenses | 6(13)(22)(23) and 12 | | | | |
| 6100 | Selling expenses | | (114,836) | (4) | (125,277) | (4) |
| 6200 | General and administrative expenses | | (124,609) | (5) | (136,117) | (4) |
| 6300 | Research and development expenses | | (23,215) | (1) | (49,881) | (2) |
| 6450 | Expected credit gains (losses) | | 1,941 | - | 15,033 | 1 |
| 6000 | Total operating expenses | | (260,719) | (10) | (296,242) | (9) |
| 6900 | Operating (loss) profit | | (161,535) | (6) | (138,409) | (4) |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(2)(18) | 7,173 | - | 1,381 | - |
| 7010 | Other income | 6(19) | 20,639 | 1 | 34,920 | 1 |
| 7020 | Other gains and losses | 6(20), 7 and 12 | 13,631 | - | 25,425 | 1 |
| 7050 | Finance costs | 6(7)(21) and 7 | (67,042) | (2) | (42,594) | (1) |
| 7070 | Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 6(5) | 249,258 | 9 | 204,080 | 6 |
| 7000 | Total non-operating income and expenses | | 223,659 | 8 | 223,212 | 7 |
| 7900 | Profit before income tax | | 62,124 | 2 | 84,803 | 3 |
| 7950 | Income tax (expense) benefit | 6(24) | (4,389) | - | 32,465 | 1 |
| 8200 | Profit for the year | | \$ 57,735 | 2 | \$ 117,268 | 4 |
| | Other comprehensive income | | | | | |
| | Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 | Gains on remeasurements of defined benefit plan | 6(13) | \$ 12,206 | 1 | \$ 907 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(24) | (2,441) | - | (181) | - |
| | Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences on translation | 6(5) | 32,407 | 1 | (26,061) | (1) |
| 8300 | Other comprehensive income (loss) for the year | | \$ 42,172 | 2 | (\$ 25,335) | (1) |
| 8500 | Total comprehensive income for the year | | \$ 99,907 | 4 | \$ 91,933 | 3 |
| | Earnings per share (in dollars) | 6(25) | | | | |
| 9750 | Basic | | \$ 0.80 | | \$ 1.62 | |
| 9850 | Diluted | | \$ 0.80 | | \$ 1.61 | |

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
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

| | Notes | Share capital — common stock | Capital surplus | Retained Earnings | | | Other Equity Interest Exchange differences on translation of foreign financial statements | Total equity |
|--|----------|---------------------------------|-----------------|-------------------|-----------------|-------------------------------------|---|--------------|
| | | | | Legal reserve | Special reserve | Unappropriated retained earnings | | |
| <u>For the year ended December 31, 2021</u> | | | | | | | | |
| Balance at January 1, 2021 | | \$ 726,000 | \$ 453,467 | \$ 483,750 | \$ 382,531 | \$ 2,572,271 | (\$ 349,768) | \$ 4,268,251 |
| Profit for the year | | - | - | - | - | 117,268 | - | 117,268 |
| Other comprehensive income (loss) for the year | 6(5)(13) | - | - | - | - | 726 | (26,061) | (25,335) |
| Total comprehensive income (loss) | | - | - | - | - | 117,994 | (26,061) | 91,933 |
| Distribution of 2020 net income | | | | | | | | |
| Legal reserve | | - | - | 145,662 | - | (145,662) | - | - |
| Cash dividends | 6(16) | - | - | - | - | (871,200) | - | (871,200) |
| Balance at December 31, 2021 | | \$ 726,000 | \$ 453,467 | \$ 629,412 | \$ 382,531 | \$ 1,673,403 | (\$ 375,829) | \$ 3,488,984 |
| <u>For the year ended December 31, 2022</u> | | | | | | | | |
| Balance at January 1, 2022 | | \$ 726,000 | \$ 453,467 | \$ 629,412 | \$ 382,531 | \$ 1,673,403 | (\$ 375,829) | \$ 3,488,984 |
| Profit for the year | | - | - | - | - | 57,735 | - | 57,735 |
| Other comprehensive income for the year | 6(5)(13) | - | - | - | - | 9,765 | 32,407 | 42,172 |
| Total comprehensive income | | - | - | - | - | 67,500 | 32,407 | 99,907 |
| Distribution of 2021 net income | | | | | | | | |
| Legal reserve | | - | - | 11,799 | - | (11,799) | - | - |
| Cash dividends | 6(16) | - | - | - | - | (87,120) | - | (87,120) |
| Balance at December 31, 2022 | | \$ 726,000 | \$ 453,467 | \$ 641,211 | \$ 382,531 | \$ 1,641,984 | (\$ 343,422) | \$ 3,501,771 |

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, | |
|--|-------------|----------------------------------|----------------|
| | | 2022 | 2021 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 62,124 | \$ 84,803 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Expected credit gains | 12 | (1,941) | (15,033) |
| Provision (reversal of allowance) for inventory market price decline | 6(4) | 14,747 | (5,323) |
| Share of profit of subsidiaries, associates and joint ventures accounted for using equity method | 6(5) | (249,258) | (204,080) |
| Depreciation | 6(6)(7)(22) | 298,210 | 311,080 |
| Gain on disposal of property, plant and equipment | 6(20) | (29,155) | (80) |
| Amortisation | 6(22) | 62 | - |
| Amortisation of other non-current assets | | 15,607 | 16,298 |
| Unrealised exchange gains of long-term borrowings | 6(27) | - | (16,929) |
| Interest income | 6(18) | (7,173) | (1,381) |
| Interest expense | 6(21) | 67,042 | 42,594 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | 7,555 | 18,145 |
| Accounts receivable | | 3,843 | 274,721 |
| Other receivables | | (2,972) | (564) |
| Inventories | | (27,757) | 142,855 |
| Prepayments | | 38,052 | 2,634 |
| Changes in operating liabilities | | | |
| Contract liabilities - current | | (2,761) | (15,533) |
| Notes payable | | 27,111 | (52,649) |
| Accounts payable | | 9,164 | (22,818) |
| Accounts payable - related parties | | (13,990) | (41,003) |
| Other payables | | (27,913) | (68,588) |
| Net defined benefit liabilities - non-current | | (5,779) | (20,837) |
| Cash inflow generated from operations | | 174,818 | 428,312 |
| Interest received | | 5,560 | 1,475 |
| Income tax paid | | (1,326) | (207,563) |
| Net cash flows from operating activities | | <u>179,052</u> | <u>222,224</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, | |
|--|------------|----------------------------------|---------------|
| | | 2022 | 2021 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at amortised cost - current | | (\$ 20,227) | (\$ 74,445) |
| Repayment of principal at maturity from financial assets at amortised cost - current | | 12,160 | 163,275 |
| Acquisition of investments accounted for using equity method - subsidiaries | 6(5) and 7 | - | (10,000) |
| Cash paid for acquisition of property, plant and equipment | 6(26) | (80,996) | (16,884) |
| Proceeds from disposal of property, plant and equipment | 6(26) | 98,609 | 86 |
| Acquisition of intangible assets | | (1,130) | - |
| Increase in prepayments for equipment | | (103,743) | (383,947) |
| Increase in guarantee deposits paid | | 19,455 | (10,663) |
| Net cash flows used in investing activities | | (75,872) | (332,578) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Interest paid | | (65,198) | (41,823) |
| Increase in short-term borrowings | 6(27) | 611,100 | 281,900 |
| Decrease (increase) in short-term notes and bills payable | 6(27) | (40,017) | 89,984 |
| Increase in other payables from related parties | 6(27) | 229,594 | 208,274 |
| Payments of lease liabilities | 6(27) | (11,127) | (10,944) |
| Increase in long-term borrowings | 6(27) | 2,479,429 | 1,625,685 |
| Decrease in long-term borrowings | 6(27) | (2,996,500) | (1,220,424) |
| Payment of cash dividends | 6(16) | (87,120) | (871,200) |
| Net cash flows from financing activities | | 120,161 | 61,452 |
| Net increase (decrease) in cash and cash equivalents | | 223,341 | (48,902) |
| Cash and cash equivalents at beginning of year | 6(1) | 475,106 | 524,008 |
| Cash and cash equivalents at end of year | 6(1) | \$ 698,447 | \$ 475,106 |

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

NAN LIU ENTERPRISE CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, 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 15, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Nan Liu Enterprise Co., Ltd. and subsidiaries (the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 that came into effect 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 Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 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 2022 consolidated financial statements are stated as follows:

Appropriateness of inventory valuation

Description

Refer to Note 4(9) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimations and assumptions relating to inventory valuation, and Note 6(4) for details of inventories. As of December 31, 2022, the carrying amount of inventories and allowance for inventory valuation loss are NT\$925,209 thousand and NT\$58,555 thousand, respectively.

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

How our audit addressed the matter

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

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

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Nan Liu Enterprise Co., Ltd. as of and for the years ended December 31, 2022 and 2021.

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

Management is responsible for the preparation and fair presentation of the consolidated financial

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lin, Tzu-Shu

Independent Auditors

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 15, 2023

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

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

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

| Assets | Notes | December 31, 2022 | | December 31, 2021 | | |
|---------------------------|--|-------------------|----------------------|-------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current assets | | | | | | |
| 1100 | Cash and cash equivalents | 6(1) | \$ 1,522,409 | 15 | \$ 1,777,362 | 17 |
| 1136 | Financial assets at amortised cost - current | 6(1)(2) | 230,667 | 2 | - | - |
| 1150 | Notes receivable, net | 6(3) | 40,075 | 1 | 58,422 | 1 |
| 1170 | Accounts receivable, net | 6(3) | 1,185,421 | 11 | 1,342,758 | 13 |
| 1200 | Other receivables | | 22,996 | - | 5,140 | - |
| 1220 | Current income tax assets | 6(25) | 1,626 | - | - | - |
| 130X | Inventories | 5(2) and 6(4) | 866,654 | 8 | 862,302 | 8 |
| 1410 | Prepayments | | 357,571 | 4 | 264,617 | 2 |
| 11XX | Total current assets | | <u>4,227,419</u> | <u>41</u> | <u>4,310,601</u> | <u>41</u> |
| Non-current assets | | | | | | |
| 1517 | Financial assets at fair value through other comprehensive income - non- current | 6(5) | 84,130 | 1 | 84,130 | 1 |
| 1600 | Property, plant and equipment | 6(6)(8)(9) and 8 | 4,880,167 | 47 | 4,975,674 | 47 |
| 1755 | Right-of-use assets | 6(7) | 525,475 | 5 | 543,762 | 5 |
| 1760 | Investment property, net | 6(6)(8) | 29,814 | - | 30,427 | - |
| 1780 | Intangible assets | | 1,415 | - | 165 | - |
| 1840 | Deferred income tax assets | 6(25) | 91,008 | 1 | 55,318 | - |
| 1915 | Prepayments for equipment | 6(6) | 446,061 | 4 | 376,585 | 4 |
| 1920 | Guarantee deposits paid | | 47,539 | - | 71,889 | 1 |
| 1990 | Other non-current assets | 6(10) | 86,530 | 1 | 101,416 | 1 |
| 15XX | Total non-current assets | | <u>6,192,139</u> | <u>59</u> | <u>6,239,366</u> | <u>59</u> |
| 1XXX | Total assets | | <u>\$ 10,419,558</u> | <u>100</u> | <u>\$ 10,549,967</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, 2022 | | December 31, 2021 | | |
|--|---|-------------------|----------------------|-------------------|----------------------|------------|
| | | AMOUNT | % | AMOUNT | % | |
| Current liabilities | | | | | | |
| 2100 | Short-term borrowings | 6(11) and 7 | \$ 2,717,512 | 26 | \$ 1,948,900 | 19 |
| 2110 | Short-term notes and bills payable | 6(12) | 49,967 | 1 | 89,984 | 1 |
| 2130 | Contract liabilities - current | 6(18) | 6,495 | - | 20,151 | - |
| 2150 | Notes payable | | 340,958 | 3 | 555,074 | 5 |
| 2170 | Accounts payable | | 523,381 | 5 | 556,834 | 5 |
| 2200 | Other payables | | 187,213 | 2 | 298,440 | 3 |
| 2230 | Current income tax liabilities | 6(25) | 21,158 | - | 26,930 | - |
| 2280 | Lease liabilities - current | 6(7) | 10,487 | - | 10,384 | - |
| 2320 | Long-term liabilities, current portion | 6(13), 7 and 8 | 415,633 | 4 | 330,620 | 3 |
| 21XX | Total current liabilities | | <u>4,272,804</u> | <u>41</u> | <u>3,837,317</u> | <u>36</u> |
| Non-current liabilities | | | | | | |
| 2540 | Long-term borrowings | 6(13), 7 and 8 | 2,185,517 | 21 | 2,787,601 | 26 |
| 2570 | Deferred income tax liabilities | 6(25) | 63,361 | 1 | 10,964 | - |
| 2580 | Lease liabilities - non-current | 6(7) | 367,118 | 3 | 378,587 | 4 |
| 2640 | Net defined benefit liabilities - non-current | 6(14) | 27,530 | - | 45,515 | 1 |
| 2645 | Guarantee deposits received | | 1,457 | - | 999 | - |
| 25XX | Total non-current liabilities | | <u>2,644,983</u> | <u>25</u> | <u>3,223,666</u> | <u>31</u> |
| 2XXX | Total liabilities | | <u>6,917,787</u> | <u>66</u> | <u>7,060,983</u> | <u>67</u> |
| Equity attributable to owners of parent | | | | | | |
| Share capital | | | | | | |
| 3110 | Common stock | 6(15) | 726,000 | 7 | 726,000 | 7 |
| 3200 | Capital surplus | 6(16) | 453,467 | 4 | 453,467 | 4 |
| Retained earnings | | | | | | |
| 3310 | Legal reserve | 6(17) | 641,211 | 6 | 629,412 | 6 |
| 3320 | Special reserve | | 382,531 | 4 | 382,531 | 4 |
| 3350 | Unappropriated retained earnings | | 1,641,984 | 16 | 1,673,403 | 16 |
| 3400 | Other equity interest | | (343,422) | (3) | (375,829) | (4) |
| 3XXX | Total equity | | <u>3,501,771</u> | <u>34</u> | <u>3,488,984</u> | <u>33</u> |
| Contingent Liabilities and Commitments | | | | | | |
| 7 and 9 | | | | | | |
| 3X2X | Total liabilities and equity | | <u>\$ 10,419,558</u> | <u>100</u> | <u>\$ 10,549,967</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)

| | Items | Notes | Year ended December 31 | | | |
|------|--|----------------------|------------------------|-------|--------------|-------|
| | | | 2022 | | 2021 | |
| | | | AMOUNT | % | AMOUNT | % |
| 4000 | Operating revenue | 6(18) | \$ 5,986,346 | 100 | \$ 6,784,152 | 100 |
| 5000 | Operating costs | 6(4)(14)(23)(24) | (5,358,782) | (90) | (5,867,976) | (86) |
| 5900 | Net operating margin | | 627,564 | 10 | 916,176 | 14 |
| | Operating expenses | 6(14)(23)(24) and 12 | | | | |
| 6100 | Selling expenses | | (284,588) | (5) | (367,393) | (5) |
| 6200 | General and administrative expenses | | (255,219) | (4) | (251,453) | (4) |
| 6300 | Research and development expenses | | (39,643) | - | (65,609) | (1) |
| 6450 | Expected credit gains | | 10,711 | - | 31,917 | - |
| 6000 | Total operating expenses | | (568,739) | (9) | (652,538) | (10) |
| 6900 | Operating profit | | 58,825 | 1 | 263,638 | 4 |
| | Non-operating income and expenses | | | | | |
| 7100 | Interest income | 6(2)(19) | 28,970 | - | 10,215 | - |
| 7010 | Other income | 6(20) | 31,967 | 1 | 42,343 | 1 |
| 7020 | Other gains and losses | 6(8)(21) and 12 | 123,428 | 2 | 32,667 | - |
| 7050 | Finance costs | 6(7)(22) | (54,356) | (1) | (33,292) | (1) |
| 7000 | Total non-operating income and expenses | | 130,009 | 2 | 13,401 | - |
| 7900 | Profit before income tax | | 188,834 | 3 | 250,237 | 4 |
| 7950 | Income tax expense | 6(25) | (131,099) | (2) | (132,969) | (2) |
| 8200 | Profit for the year | | \$ 57,735 | 1 | \$ 117,268 | 2 |
| | Other comprehensive income | | | | | |
| | Components of other comprehensive income that will not be reclassified to profit or loss | | | | | |
| 8311 | Gains (losses) on remeasurements of defined benefit plans | 6(14) | \$ 12,206 | - | \$ 907 | - |
| 8349 | Income tax related to components of other comprehensive income that will not be reclassified to profit or loss | 6(25) | (2,441) | - | (181) | - |
| | Components of other comprehensive income that will be reclassified to profit or loss | | | | | |
| 8361 | Exchange differences on translation | | 32,407 | 1 | (26,061) | (1) |
| 8300 | Other comprehensive income (loss) for the year | | \$ 42,172 | 1 | (\$ 25,335) | (1) |
| 8500 | Total comprehensive income for the year | | \$ 99,907 | 2 | \$ 91,933 | 1 |
| | Profit attributable to: | | | | | |
| 8610 | Owners of the parent | | \$ 57,735 | 1 | \$ 117,268 | 2 |
| | Comprehensive income attributable to: | | | | | |
| 8710 | Owners of the parent | | \$ 99,907 | 2 | \$ 91,933 | 1 |
| | Earnings per share (in dollars) | 6(26) | | | | |
| 9750 | Basic | | \$ 0.80 | | \$ 1.62 | |
| 9850 | Diluted | | \$ 0.80 | | \$ 1.61 | |

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 | | | | | | Total equity |
|--|---|-------------------|-------------------|-------------------|-------------------------------------|--|---------------------|
| | Share capital— common stock | Capital surplus | Legal reserve | Special reserve | Unappropriated retained earnings | Other Equity Interest Exchange differences on translation of foreign financial statements | |
| <u>For the year ended December 31, 2021</u> | | | | | | | |
| Balance at January 1, 2021 | \$ 726,000 | \$ 453,467 | \$ 483,750 | \$ 382,531 | \$ 2,572,271 | (\$ 349,768) | \$ 4,268,251 |
| Profit for the year | - | - | - | - | 117,268 | - | 117,268 |
| Other comprehensive income (loss) for the year | - | - | - | - | 726 | (26,061) | (25,335) |
| Total comprehensive income (loss) | - | - | - | - | 117,994 | (26,061) | 91,933 |
| Distribution of 2020 net income | | | | | | | |
| Legal reserve | - | - | 145,662 | - | (145,662) | - | - |
| Cash dividends | 6(17) | - | - | - | (871,200) | - | (871,200) |
| Balance at December 31, 2021 | <u>\$ 726,000</u> | <u>\$ 453,467</u> | <u>\$ 629,412</u> | <u>\$ 382,531</u> | <u>\$ 1,673,403</u> | <u>(\$ 375,829)</u> | <u>\$ 3,488,984</u> |
| <u>For the year ended December 31, 2022</u> | | | | | | | |
| Balance at January 1, 2022 | \$ 726,000 | \$ 453,467 | \$ 629,412 | \$ 382,531 | \$ 1,673,403 | (\$ 375,829) | \$ 3,488,984 |
| Profit for the year | - | - | - | - | 57,735 | - | 57,735 |
| Other comprehensive income for the year | - | - | - | - | 9,765 | 32,407 | 42,172 |
| Total comprehensive income | - | - | - | - | 67,500 | 32,407 | 99,907 |
| Distribution of 2021 net income | | | | | | | |
| Legal reserve | - | - | 11,799 | - | (11,799) | - | - |
| Cash dividends | 6(17) | - | - | - | (87,120) | - | (87,120) |
| Balance at December 31, 2022 | <u>\$ 726,000</u> | <u>\$ 453,467</u> | <u>\$ 641,211</u> | <u>\$ 382,531</u> | <u>\$ 1,641,984</u> | <u>(\$ 343,422)</u> | <u>\$ 3,501,771</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, | |
|--|----------------|----------------------------------|----------------|
| | | 2022 | 2021 |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | | | |
| Profit before tax | | \$ 188,834 | \$ 250,237 |
| Adjustments | | | |
| Adjustments to reconcile profit (loss) | | | |
| Expected credit gains | 12 | (10,711) | (31,917) |
| Provision (reversal of allowance) for inventory market price decline | 6(4) | 836 | (5,323) |
| Depreciation | 6(6)(7)(8)(23) | 508,761 | 490,636 |
| (Gain) loss on disposal of property, plant and equipment | 6(21) | (7,463) | 4 |
| Amortisation | 6(23) | 263 | 159 |
| Amortisation of other non-current assets | | 32,953 | 31,723 |
| Unrealised exchange gains of long-term borrowings | 6(28) | - | (16,929) |
| Interest income | 6(19) | (28,970) | (10,215) |
| Interest expense | 6(22) | 54,356 | 33,292 |
| Changes in operating assets and liabilities | | | |
| Changes in operating assets | | | |
| Notes receivable | | 19,588 | 17,279 |
| Accounts receivable | | 166,481 | 150,199 |
| Other receivables | | (3,280) | (894) |
| Inventories | | (5,746) | 407,902 |
| Prepayments | | (92,954) | 23,559 |
| Changes in operating liabilities | | | |
| Contract liabilities - current | | (13,656) | (30,993) |
| Notes payable | | (218,318) | 53,457 |
| Accounts payable | | (33,453) | 79,218 |
| Other payables | | (55,046) | (67,991) |
| Net defined benefit liabilities - non-current | | (5,779) | (20,837) |
| Cash inflow generated from operations | | 496,696 | 1,352,566 |
| Interest received | | 24,294 | 10,336 |
| Income tax paid | | (124,231) | (404,119) |
| Net cash flows from operating activities | | <u>396,759</u> | <u>958,783</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, | |
|--|-------|----------------------------------|---------------------|
| | | 2022 | 2021 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | | | |
| Acquisition of financial assets at amortised cost - current | | (\$ 680,375) | (\$ 74,445) |
| Repayment of principal at maturity from financial assets at amortised cost - current | | 449,708 | 163,275 |
| Cash paid for acquisition of financial assets at fair value through other comprehensive income | 6(27) | - | (84,130) |
| Cash paid for acquisition of property, plant and equipment | 6(27) | (115,440) | (206,142) |
| Proceeds from disposal of property, plant and equipment | 6(27) | 49,956 | 1,291 |
| Acquisition of investment property | 6(8) | (467) | - |
| Increase in intangible assets | | (1,510) | - |
| Increase in prepayments for equipment | | (466,816) | (496,719) |
| Decrease (increase) in guarantee deposit paid | | 24,350 | (15,313) |
| Increase in other non-current assets | | (17,398) | (20,904) |
| Net cash flows used in investing activities | | (757,992) | (733,087) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES</u> | | | |
| Interest paid | | (51,483) | (32,956) |
| Increase in short-term borrowings | 6(28) | 768,612 | 281,900 |
| (Decrease) increase in short-term notes and bills payable | 6(28) | (40,017) | 89,984 |
| Payments of lease liabilities | 6(28) | (11,366) | (11,069) |
| Increase in long-term borrowings | 6(28) | 2,479,429 | 1,625,685 |
| Decrease in long-term borrowings | 6(28) | (2,996,500) | (1,220,424) |
| Increase in guarantee deposits received | 6(28) | 441 | - |
| Payment of cash dividends | 6(17) | (87,120) | (871,200) |
| Net cash flows from (used in) financing activities | | 61,996 | (138,080) |
| Effect of foreign exchange rate changes | | 44,284 | 778 |
| Net (decrease) increase in cash and cash equivalents | | (254,953) | 88,394 |
| Cash and cash equivalents at beginning of year | 6(1) | 1,777,362 | 1,688,968 |
| Cash and cash equivalents at end of year | 6(1) | <u>\$ 1,522,409</u> | <u>\$ 1,777,362</u> |

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

Attachment 4



NAN LIU ENTERPRISE CO., LTD.

2022

Profit Distribution Table

Unit: NT\$

| Items | Amount (NT\$) | Remarks |
|--|------------------|------------------|
| Beginning retained earnings | 1, 574, 483, 841 | |
| Other comprehensive income-defined benefit plan | 9, 765, 098 | |
| 2022 net income | 57, 734, 753 | |
| Subtracted: Legal reserve (10%) | (6, 749, 985) | |
| Add: Reversal Special reserve | 39, 109, 165 | |
| Subtotal of distributable net profit | | 1, 674, 342, 872 |
| Distributable items | | |
| Dividend to shareholders-cash dividend (NT\$1.0/share) | 72, 600, 000 | |
| Unappropriated retained earnings | 1, 601, 742, 872 | |

Chairman: Mr. Chin-san Huang General Manager: Mr. Chin-san Huang Accounting Manager: Mr. Chang Cheng Hsu



Note 1: 2022 unappropriated retained earnings are distributable first

Attachment 5

NAN LIU ENTERPRISE CO., LTD.

Comparison between the original and amendments to the Articles of Incorporation (Translation)

| Amended version | Original version | Reason |
|--|---|--|
| <p>Article 8</p> <p>All of the Company's shares are registered. Share certificates shall be affixed with the signatures or personal seals of <u>the Directors who represent the Company. They shall be issued upon being certified and numbered in accordance with laws and items specified in Article 162 of the Company Act.</u> 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.</p> <p>(The following omitted).</p> | <p>Article 8</p> <p>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.</p> <p>(The following omitted)</p> | <p>According to No.10901099460 issued by the Ministry of Economic Affairs on July 22, 2020, Item 4 .</p> |
| <p>Article23:</p> <p>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; amended on July 20, 2021 the 37rd time, amended on May 31, 2022 the 38rd time and amended on June 1, 2023 the 39th time.</p> | <p>Article23:</p> <p>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, amended on July 20, 2021 the 37rd time and amended on May 31, 2022 the 38rd time.</p> | <p>Add amendment date</p> |

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

May 31, 2022 revised

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

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

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

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

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

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. If, however, the Company has the paid-in capital of NT\$10 billion or more as of the last day of the most current fiscal year, or total shareholding of foreign shareholders and PRC shareholders reaches 30% or more as recorded in the register of shareholders of the shareholders meeting held in the immediately preceding year, transmission of these electronic files shall be made by 30 days before the regular shareholders meeting. In addition, before 15 days before the date of the shareholders meeting, 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.

The Company shall make the meeting agenda and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner

on the date of the shareholders meeting:

1. For physical shareholders meetings, to be distributed on-site at the meeting.
2. For hybrid shareholders meetings, to be distributed on-site at the meeting and shared on the virtual meeting platform.
3. For virtual-only shareholders meetings, electronic files shall be shared on the virtual meeting platform.

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

Election or dismissal of directors, 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.

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. 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. 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.

After a proxy form has been delivered to this Corporation, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to this Corporation before two business days before the meeting date. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

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

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

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

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

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

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

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

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

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

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

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

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

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

To convene a virtual shareholders meeting, the Company shall include the follow particulars in the shareholders meeting notice:

1. How shareholders attend the virtual meeting and exercise their rights.

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

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

When a shareholders' meeting is convened by the Board of Directors, the Chair of the Board will chair the meeting. In case the Chair of the Board of Directors is on leave or absent or cannot exercise his/her power and authority for any cause, the vice chairperson shall act on his/her behalf. In case there is no vice chairperson, or the vice chairperson is also on leave or absent or unable to exercise his/her power and authority for any cause, the Chair of the Board of Directors shall designate one of the managing directors, or where there is no managing director, one of the directors to act on his/her behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairperson of the Board of Directors.

When a managing director or a director serves as chair, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a representative of a juristic person director that serves as chair.

When a shareholders' meeting convened by the Board of Directors, it shall convene by chairman and directors attended by over a half of the directors. Each kind of director 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.

Where a shareholders meeting is held online, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast and results of votes counted by the Company, and continuously audio and video record, without interruption, the proceedings of the virtual meeting from beginning to end.

The information and audio and video recording in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and copies of the audio and video recording shall be provided to and kept by the party appointed to handle matters of the virtual meeting.

In case of a virtual shareholders meeting, the Company is advised to audio and video record the back-end operation interface of the virtual meeting platform.

Article 9 Attendance at shareholders' meetings shall be calculated based on numbers of shares.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The Chair shall call the meeting to order at the appointed meeting time, and announce no voting rights and attendance rights. 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. In the event of a virtual shareholders meeting, the Company shall also declare the meeting adjourned at the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within 1 month. In the event of a virtual shareholders meeting, shareholders intending to attend the meeting online shall re-register to the Company in accordance with Article 6.

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

Article 10 (Discussion of proposals)

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

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

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

The Chair shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed, call for a vote and arrange enough time to vote.

Article 11 (Shareholders' 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.

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

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

Article 12 (Calculation of voting shares and recusal system)

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

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

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

With the exception of a trust entity or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed

3% of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

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

When the Company holds a 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 means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised 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.

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

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

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

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

Article 14 (Election of directors and supervisors)

The election of directors at a shareholders meeting shall be held in accordance with the applicable election and appointment rules adopted by this Corporation, and the voting results shall be announced on-site immediately, including the names of those elected as directors, the numbers of votes with which they were elected, the list of who lost the election and the numbers of votes.

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

Act, the ballots shall be retained until the conclusion of the litigation.

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

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

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

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

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

Article 16 (Public disclosure)

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

During this Corporation's virtual shareholders meeting, when the meeting is called to order, the total number of shares represented at the meeting shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented at the meeting and a new tally of votes is released during the meeting.

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

Corporation (or 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 (Disclosure of information at virtual meetings)

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

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

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

Article 21 (Handling of disconnection)

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

In the event of a virtual shareholders meeting, when declaring the meeting open, the

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

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

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

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

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

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

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

For dates or period set forth under Article 12, second half, and Article 13, paragraph 3 of Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, paragraph 2, Article 44-15, and Article 44-17, paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle the matter based on the date of the shareholders meeting that is postponed or resumed under the second paragraph.

Article 22 (Handling of digital divide)

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

Article 23 These Rules and Procedures, and any amendments hereto, shall be implemented after adoption at shareholders' meetings.

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

May 31, 2022 revised

Chapter I General Provisions

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

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

1. C303010 non-woven
2. C399990 other textile and apparel manufacturing
3. C0401030 leather, fur finishing
4. CK01010 shoe manufacturing
5. CI01020 carpet
6. F106020 wholesale of articles for daily use
7. H701020 development and rental of industrial plants.
8. H701040 specialized field construction and development.
9. C802100 cosmetic manufacturing.
10. F108040 wholesale of cosmetics.
11. F208040 retailing of cosmetics.
12. C802110 cosmetic pigment manufacturing.
13. F401010 international trade.
14. C901990 other non-metallic mineral products manufacturing.
15. F106010 wholesale of hardware.
16. F107990 wholesale of other chemicals.
17. F207990 retailing of other chemicals.
18. CO01010 cutlery manufacturing.
19. C802090 cleaning preparations manufacturing.
20. F107030 wholesale of cleaning preparations.
21. F207030 retailing of cleaning preparations.
22. ZZ99999 the Company may operate any business not prohibited or restricted by laws or regulations, except for those that require special permission.
23. CF01011 Medical Materials manufacturing.
24. F108031 wholesale of medical materials.
25. F208031 retailing of medical materials.
26. C103050 Can, frozen prepared foods, dehydrated foods and pickled foods manufacturing.
27. C601040 paper processing.
28. F102170 Other Food manufacturing.
29. C802041 Medicine processing.

Article 3: The Company may guarantee other companies.

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

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

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

Chapter II Shares

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

Article 7: Deleted

Article 8: 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.

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

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

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

Article 13: Resolutions at a shareholders' meeting shall, unless otherwise provided for in

the Company Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

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

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

Chapter IV Directors and Supervisors

Article 14: The Company has 7 to 11 directors, who shall be elected by the shareholders' meeting from those with disposing capacity for a term of 3 years. They may be eligible for re-election. The percentage of shareholdings of all the directors selected is subject to the provisions separately prescribed by the competent authority in charge of securities affairs.

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

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

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

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

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

attended the meeting in person. According to Article 205 of the Company Act, a director may appoint another director to attend a meeting of the Board of Directors in his/her behalf. A director may accept the appointment to act as the proxy of one other director only.

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

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

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

Chapter V Managers

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

Chapter VI Accounting

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

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

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

Article 20-1: The Company's business is still growing, and we will continue to invest to strengthen our market position. To adapt to future funding demands and long-

term financial planning, a dividend is distributed based on a residual dividend policy, mainly in line with future capital budgeting plans.

Chapter VII Supplemental Provisions

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

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

Article 23: The articles were drawn up on November 15, 1978. They were amended on December 30, 1979 for the first time; amended on April 25, 1981 for the second time; amended on August 5, 1983 for the third time; amended on January 11, 1984 for the fourth time; amended on April 5, 1984 for the fifth time; amended on March 21, 1985 for the sixth time; amended on August 25, 1988 for the seventh time; amended on October 23, 1989 for the eighth time; amended on September 14, 1990 for the ninth time; amended on June 20, 1995 for the 10th time; amended on December 7, 1997 for the 11th time; amended on April 29, 1998 for the 12th time; amended on July 9, 1999 for the 13th time; amended on July 31, 1999 for the 14th time; amended on April 30, 2000 for the 15th time; amended on June 3, 2000 for the 16th time; amended on April 28, 2001 for the 17th time; amended on November 3, 2001 for the 18th time; amended on June 25, 2002 for the 19th time; amended on September 23, 2002 for the 20th time; amended on June 19, 2003 for the 21st time; amended on June 18, 2004 for the 22nd time; amended on December 10, 2004 for the 23rd time; amended on June 17, 2005 for the 24th time; amended on June 27, 2006 for the 25th time; amended on June 7, 2007 for the 26th time; amended on June 16, 2008 for the 27th time; amended on June 22, 2009 for the 28th time; amended on June 24, 2010 for the 29th time; amended on June 13, 2011 for the 30th time; amended on November 16, 2012 for the 31st time; amended on April 30, 2013 for the 32nd time; amended on June 13, 2016 the 33rd time; amended on May 31, 2017 the 34rd time; amended on May 29, 2019 the 35rd time; amended on May 29, 2020 the 36rd time; amended on July 20, 2021 the 37rd time and amended on May 31, 2022 the 38rd time.

Nan Liu Enterprise Co., Ltd.

Chairman: Huang, Chin-san

Appendix 3

Nan Liu Enterprise Co., Ltd.

Shareholding of Directors

(Translation)

- (1) The paid-up capital of the company stands at NT\$726,000,000 with 72,600,000 shares.
- (2) In compliance with Article 26 of the Securities and Exchange Act:
Total minimum number of shares required to be held by directors: 5,808,000 shares. As of April 3, 2023, 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 | Junyi Investments Co., Ltd. (Representative: Jiang, Su-Lian) | 4,761,000 |
| Independent Director | Huang, Tung-Rung | 0 |
| Independent Director | Chen, Zhao-Long | 0 |
| Independent Director | Huang, Chun-Ping | 0 |
| Director | Yang, Juei-Hua | 181,033 |
| Director | Su, Chao-Shan | 0 |
| Director | Chung, Mao-Chih | 749,451 |
| Total shares held of directors | | 10,782,413 |