Stock code: 6504

http://mops.twse.com.tw

NAN LIU ENTERPRISE CO., LTD.

2024 Annual Report

Annual Report Website: Market Observation Post System (http://mops.twse.com.tw)

Related Information: Same as above.

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Printed on March 31, 2025

1. Contact Information of the Spokesperson:

Spokesperson: Hsu, Chang-Cheng

Title: Manager

Tel: (07) 611-6616

Email: charlie_hsu@nanliugroup.com

Deputy Spokesperson: Chen, Shih-Hsuan

Title: Vice President

Tel: (07) 611-6616

Website: gilbertchen@nanliugroup.com

2. Contact Information of the Head Office, Branch Offices and Plants:

Head Office

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

Tel: (07) 611-6616, Fax: (07) 616-8938

Yanchao Plant: No. 699, Silin Rd., Yanchao Dist., Kaohsiung City Tel: (07) 611-6616

Qiaotou Plant : No. 88 Bixiu Road, Qiaotou Dist., Kaohsiung City Tel: (07) 611-6618

Spunlace Plant: No. 108-8, Szu-Li Rd, Yanchao District, Kaohsiung City, Tel: (07) 614-1799

China Pinghu Plant: No. 2188, Xinkai Road, Pinghu Economic Development Zone, Zhejiang Province, China, Tel: +86-573-85136616

India Plant: Plot No. E-22,23 & 24, Sanand-II, GIDC Estate, Village - Bol, Sanand, Ahmedabad, Gujarat - 382110

3. Contact Information of Share Transfer Agency

Name: Stock Transfer and Registrar Department, Yuanta Securities Co., Ltd.

Address: B1, No. 67, Section2, Dunhua S. Rd, Da'an District, Taipei City (106)

Tel: (02) 2586-5859

Website: http://www.yuanta.com.tw (click "Stock Transfer and Registrar Services")

4. Contact Information of the Certified Public Accountants for the Latest Financial Report

Name: Tien, Chung-Yu and Lin, Tzu-Yu

CPA Firm: PricewaterhouseCoopers

Address: 12F, No.395, Linsen Road, Section 1East District, Tainan, Taiwan (70151)

Tel: (06)234-3111

Website: http://www.pwc.tw

5. Overseas Trade Places for Listed Negotiable Securities:

None

6. Company Website:

http://www.nanliugroup.com

Table of Contents

I. **Letter to Shareholders**.....4

II. Corporate Governance Report

1.Profile of Directors, Supervisors, General Manager, Deputy General Manager, and Subsidiary Agencies Directors and Supervisors.....7

2.Implementation of Corporate Governance.....27

3.Information on Accountants' Fees.....67

4.Alternation of CPA.....68

5.The Company's Chairman, General Manager, or Any Managerial Officer in Charge of Finance or Accounting Matters Having Held a Position at the Accounting Firm of its CPA or at an Affiliated Enterprise in the last one year 68

6.Transfer & Pledge of Stock Equity by Directors, Supervisors, Managerial Officers and Holders of 10% or More of Company Shares in the last one year and as of the Date of the Annual Report 68

7.Information on Relationships among the Top Ten Shareholders in Accordance with IFRS No. 6 Related Party Disclosures.....69

8. Number of Shares of the Same Invested Enterprise Held by the Company, Directors, Supervisors, Managerial Officers, and Enterprises Directly or Indirectly Controlled by the Company and Combined Shareholding Percentage.....70

III. Capital Overview

1.Source of Capital.....71

2.List of Major Shareholders.....72

3.Dividend Policy and Its Implementation.....72

4.The Effect of the Current Fiscal Year's Dividend Distributions on the Company's Operational Performance and Earnings per Share.....73

5.Employees' Bonuses and Directors' and Supervisors' Remuneration.....73

6.Buyback of Shares.....74

7.Corporate Bonds, Preferred Shares, Global Depository Receipts, Subscription of Warrants for Employees and M&A (Including Mergers, Acquisitions and Splits).....74

8.Implementation of Fund Usage Plan.....74

IV. Operation Summary

1.Business Activities.....75

2.Production and Sales Status.....80

3.Number, Average Year of Service, Average Age, and Education of Employees in Last Two Years and as of the Date of the Annual Report.....88

4.Information on Environmental Protection Costs.....88

5. Employer/employee relationship.....90

6. Information security management 91

7. Major Contracts.....94

V. Review, Analysis, and Risks of Financial Conditions and Performance

1. Financial Review and Analysis.....95

2. Performance Review and Analysis.....97

3. Cash Flow Review and Analysis.....99

4. The Effect of Major Expenditures on Finances ……99
5. Reinvestment Policy and Investment Plan for Upcoming Year……100
6. Risks……101
7. Other Important Matters……104

VI. Special Notes

1. Related Information on Affiliates……105
2. Private Placements of Securities in 2024 and as of the Date of the Annual Report……105
3. The Company's Shares Disposed of and Held by Subsidiaries in 2024 and as of the Date of the Annual Report...105
4. Legal Penalties to the Company, the Company's Resulting Punishment on Its Employees, Principal Deficiencies, and Improvements in 2024 and as of the Date of the Annual Report……105
5. Other Necessary Supplements……105

VII. **Any Events in 2024 and as of the Date of the Annual Report that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 2, Paragraph 2, Article 36 of Securities and Exchange Act**……105

I. Letter to Shareholders

Thank you for your continuous support and care for Nan Liu, and we hope that you can keep giving us more attention and support!

The following is the report on 2024 business results.

A. 2024 Business Report

(1) Achievements of the 2024 Business Plan

The Company's major businesses in 2024 were 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 2024, net sales was NT$6,716 million, up 8.68% compared with 2023. The net income was NT$100 million with an EPS of NT$1.39.

(2) 2024 Consolidated Financial Expenditure and Profitability

Unit: NT$ thousands

Consolidated Statements of Comprehensive Income	2024	2023	Change %
Net Sales	6, 715, 508	6, 179, 040	8. 68%
Cost of goods sold	5, 883, 277	5, 441, 109	8. 13%
Gross profit	832, 231	737, 931	12. 78%
Total Operating expenses	668, 203	553, 716	20. 68%
Net operating profit	164, 028	184, 215	-10. 96%
Other non-operating income and expenses	85, 304	19, 071	347. 30%
Income before income tax	249, 332	203, 286	22. 65%
Net Income	100, 847	119, 871	-15. 87%

(3) Consolidated Profitability Analysis

Unit: %

		2024	2023
Return on assets		1. 36	1.66
Return on equity		2. 82	3.42
Capital ratio	Net operating profit	22. 59	25.37
	Income before income tax	34. 34	28.00
Net profit margin		1. 50	1.93
After-tax earnings per share (NT$)		1. 39	1.65

FY2024 is a tough year for the external operating environment of the company. This is mainly due to the fact that during the epidemic, too many new non-woven production lines were added in China, and competition among peers was fierce. Taiwan's exports were reduced to neighboring countries, resulting in lower production capacity utilization and difficult selling prices. As prices rise due to inflation, revenue and profits will be directly affected. The Indian factory, which started mass production in the fourth quarter of 2021, not only implemented the

business philosophy of the founder, but as India's local economic growth outperformed the world, it became increasingly clear that demand was rising. As a result, the production capacity of Indian factory was nearly full and the revenue was growth. The orders of the factory in Pinghu are increasing because other competitors as the products gradually withdrew from the market due to poor quality, and the export orders are also increasing. The revenue of Pinghu factory has increased compared with last year

However, in the face of such a dangerous environment, all the colleagues of the company continue to work hard at their jobs. The management team face and deal with the systemic risk due to the market change very soon properly, because on sufficient management experience, stable business model and effective risk control system. We keep going to build more powerful operating system and develop better production quality, in order to mak more excellent performance for all shareholders .

(4) Budget implementation status

The machinery and equipment of Qiaotou factory have been successfully moved to Yanchao factory in 2024.The production line has been installed and entered into production. The non-woven production line has been installed and the Indian factory is currently running smoothly. The revenue has also been grown steadily. We focus on expand maket share in the Indian market, and actively explored export markets such as the Middle East and Africa. The execution of budget is going stable and smooth.

(5) Research and development status

Our R&D team cooperate with our customers to plan their product specifications and provide professional suggestions, develop R&D plans and new products ideas. We can also work with customers in different factories (different countries, geographical locations, or different climate conditions) strictly control the production environment conditions, and get quality control well. R&D product development progress in 2024 are followed as planned.

B. Summary of the 2025 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) Expected sales quantity

Although the non-woven production line relocated from Taiwan's Yanchao main factory has been installed, the addition of new production capacity at the Indian factory has expanded production capacity, and the local business can inject better revenue into the group, including air-through & thermal bond nonwoven fabrics, spunlance nonwoven fabrics and disposable surgical gowns fabrics. It is expected that the sales volume of non-woven fabrics in 2025 will increase to about5000-5200 tons.

(V) 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:	General Manager:	Accounting Manager:
Mr. Huang, Shih Chung	Mr. Huang, Shih Chung	Mr. Chang Cheng Hsu

Corporate Governance Report

1. Board of Directors, Supervisors, General Manager, Deputy General Managers, Assistant Managers, and Directors of Departments and Subsidiary Agencies Directors and Supervisors

(1) Information of Directors

March 31, 2025

Unit: Share; %

Job Title (1)	Nationality or place of registration	Name	Gender (2)	Date elected	Term	First Date Elected (3)	Shares held upon election		Shares currently held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (4)	Current positions in the Company or other companies	Any managerial officer, director, or supervisor who is a spouse or relative within the second degree of kinship			Remark (5)
							Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage			Title	Name	Relation	
Chairman	Republic of China	Bixiu Investments Co., Ltd.	—	2022.05.31	3	2002.09.23	5,090,929	7.01	5,090,929	7.01	—	—	—	—	—	None	—	—	—	
		Representative: Huang, Shih Chung	Male 49	2023.05.09	3	2023.05.09	1,695,228	2.34	1,661,228	2.29	513,009	0.71	—	—	General Manager, Nan Liu Enterprise Co., Ltd. Master in Industrial R&D, National Kaohsiung University Science and Technology	Chairman, Nei Zhuang Investment Co., Ltd.	Director	Chiang, Su Lian	Sister-in-law	
Director	Republic of China	Chun Yi Investment Co., Ltd	-	2022.05.31	3	2022.05.31	3,644,000	5.02	4,973,000	6.85	—	—	—	—	—	None	—	—	—	
		Representative: Chiang, Su Lian	Female 48	2022.05.31	3	2022.05.31	313,596	0.43	313,596	0.43	1,914,768	2.63	—	—	Department of International Business, Ta Hwa University	Director, Chun Yi Investment Co., Ltd.	Director	Huang, Shih Chung	B-in-law	

Independent Director	Republic of China	Huang Tung-Rong	Male 75	2022.05.31	3	2016.06.13	—	—	—	—	—	—	—	—	Master's degree, Accounting Department, National Chi Nan University. Accountant of Central Trust of China Auditor of Deloitte Supervisor, Taiwan Industrial Bank	Managing Partner, Universal United CPA (CPA). Independent Director, Channel Well Technology (stock code: 3078).	—	—	—	
Independent Director	Republic of China	Chen, Chao-Lung	Male 76	2022.05.31	3	2022.05.31	—	—	—	—	5,000	0.01	—	—	Honorary Doctorate of Cheng Shiu University. Honorary Doctorate of Asunción University. Honorary Doctorate of San Carlos University. Director of Kaohsiung Chang Gung Memorial Hospital. Professor at Chang Gung University. CAE academician.	Chairman of Microbio (Shanghai) Co., Ltd. Independent director of King's Town Bank. Director of Fulin Plastic Industry (Cayman) Holding Co., Ltd. Representative of Cho Pharma Inc. Independent director, SciVision Biotech Co., Ltd. Director of National Taipei University Director of Fooyin University Director of Taiwan Bio-Development Foundation	—	—	—	
Independent Director	Republic of China	Huang Chun-Ping	Male 53	2022.05.31	3	2012.06.29	—	—	—	—	—	—	—	—	Ph.D. of the Institute of China and Asia-Pacific Studies. Senior Vice President of Global Fortune Management Corp.	General Manager of Lead Ocean Co., Ltd.	—	—	—	
Independent Director	Republic of China	Hung Chi-shan	Male 72	2024.05.31	3	2024.05.31									Master of Laws, National Cheng Kung University. Director of National Taxation Bureau of Kaohsiung.	Institutional director of Flexium Interconnect, Inc. (stock code: 6269).				

Director	Republic of China	Yang Rui-Hua	Male 76	2022.05.31	3	2013.04.30	181,033	0.25	181,033	0.25					Zhongzheng Senior High School Manager of Senlong Chemical Fiber Co., Ltd.	Deputy General Managers of Nan Liu Enterprise Co., Ltd.				
Director	Republic of China	Su Chao-Shan	Male 82	2022.05.31	3	2008.06.16	—	—	—	—	—	—	—	—	Executive Master of Business Administration, National Sun Yat-sen University Department of Law, National Taiwan University Professor and Dean of College of Business and Information, Shih Chien University Chairman of Bank of Kaohsiung Assistant Manager of Mizuho Bank Director of Bankers Association of Kaohsiung	Director of Nan Liu Enterprise Co., Ltd.	—	—	—	
Director	Republic of China	Chung Mao-Chih	Male 77	2022.05.31	3	2007.06.07	749,451	1.03	731,451	1.01	—	—	—	—	Department of Accounting, Ling Tung University Business Administration Program, Tunghai University Manager of Pan Kuo-Chin CPAs & Co.	Xin Shi Dai Accountancy and Tax Agent	—	—	—	

(1): The legal person shareholder shall name the shareholder and the representative (belonging to the legal person)

(2): Please list the actual age and express it in intervals, such as 41~50 years old or 51~60 years old.

(3): Fill in the time when he served as the company's director or supervisor for the first time. If there is any interruption, please note it.

(4): Experience related to holding the current position, such as having worked in a verification and certification accounting firm or an affiliated enterprise during the preceding disclosure period, the title and position in charge should be stated.

(5): Huang, Shih Chung elected as chairman and general manager by board of directors on August 8 2023. Huang, Shih Chung is the eldest son of the founder Huang Qingshan. He has served the Company for more than 23 years. He is familiar with the Company's operation and management and is a suitable successor for the founder Huang, Chin San. The Company plans to elect an independent director at the 2024 shareholders' meeting, which is in compliance with the regulations.

(6): Director Wang, Chih-Hung resigned on December 30, 2022 due to transfer to civil servant.

(2) Major Shareholders of Institutional Shareholders

March 31, 2025

Names of institutional shareholders (1)	Major shareholders of institutional shareholders (2)
Bixiu Investment Co., Ltd.	Huang, Shih-Chung 30%
	Huang, Jen-Tsung 30%
	Huang, Hui-Ju 30%
	Huang, Chin-San 10%
Chun Yi Investment Co., Ltd.	Huang, Jen-Tsung 50%
	Chiang, Su-Lian 30%
	Chiang, Ming-Chu 10%
	Chung, Wan-Chen 10%

(1): For representatives of institutional shareholders, please note the names of institutional shareholders.
(2): Please list the name of shareholders and %, for the top ten shareholders should fill follow table.
(3): For non-institutional shareholders, please note the shareholders' name and holding shares percentage.

2. Diversity and independence of Board of directors

(1) Diversity of Board of directors

The company has formulated the "Corporate Governance Practice Principles" and the " Procedures for Election of Directors". Article 20 of the " Corporate Governance Practice Principles " stipulates: The composition of the board of directors should consider diversity and conduct research on its own operations and supervisors. The operating type and development needs are used to formulate appropriate diversification policies, which should include but are not limited to basic conditions and values (gender, age, nationality and culture, etc.) and professional knowledge and skills (professional background such as law, accounting, industry, medicine, Finance, marketing or technology, etc.), professional skills and industry experience, etc. The professional backgrounds of the board members include management, accounting, finance, nonwovens, medical industry, etc., and they are accountants, university professors, etc. They can provide professional opinions from different perspectives, which is of great help in improving the company's operating performance and management efficiency. The company also attaches great importance to gender equality in the composition of the board of directors. The Company's current Board of Directors consists of 9 members, including 1 female director, accounting for 11.11% of the board, and 8 male directors, accounting for 88.89%. Although the proportion of directors of a single gender has not yet reached one-third of the total number of directors, the company has been attentive to relevant regulations regarding gender diversity on the board.

To enhance the gender diversity of the board and move towards sustainable development, the Company plans to implement the following measures to gradually achieve this goal:

A. Expanding the selection scope: Actively seeking female director candidates with diverse backgrounds in future board member selection processes.

B. Providing professional training: Offering corporate governance, finance, and other relevant training programs for potential female director candidates.

The following is the implementation status of the Company's director diversity policy:

Condition / Name	Basic								Business Experience				Professional ability		
	Nationality	Gender	Shareholder	Age			Independent experience		Professional service and sales	Finance	Business and supply	Information science	Legal	Accounting	Risk management
				45~55	56~65	Over 65	Below 3 years	From 6 to 9 years							
Huang, Shih-Chung	ROC	Male	✓	✔	—	—	—	—	✓	✓	✓	○	○	○	✓
Chiang, Su-Lian	ROC	Female	✓	✓	—	—	—	—	✓	✓	✓	○	○	○	✓
Huang Tung-Rong	ROC	Male	—	—	—	✓	—	✓	✓	✓	○	✓	✓	✓	✓
Chen, Chao-Lung	ROC	Male	—	—	—	✓	—	✓	✓	○	✓	✓	○	○	✓
Huang Chun-Ping	ROC	Male	—	✓	—	—	—	✓	✓	✓	✓	✓	○	✓	✓
Hung Chi-shan	ROC	Male	—	—	—	✓	—	—	✓	✓	○	✓	✓	✓	✓
Yang Rui-Hua	ROC	Male	✓	—	—	✓	—	—	✓	○	✓	✓	○	○	✓
Su Chao-Shan	ROC	Male	—	—	—	✓	—	—	✓	✓	○	○	✓	✓	✓
Chung Mao-Chih	ROC	Male	✓	—	—	✓	—	—	✓	✓	○	○	✓	✓	✓

Note: ✓ Has ability，○ Has part of ability.

(2)Independence of Board of directors

Currently, the company has 9 directors, 4 of whom are independent directors, and the

independent director ratio is 44.4%. The director's professional qualifications and independent director independence information are disclosed as follows:

Condition / Name	Professional position and Experience	Independent situation	Seats of independent directors in other companies
Bixiu Investment Co., Ltd. Representative: Huang, Shih-Chu	He has served Nan Liu Enterprise Co., Ltd. for more than 20 years and has rich experience in all aspects of company operations, business development, industrial prosperity, and production management.	The chairman is the representative of the legal director of Bixiu Investmer Co., Ltd., and serves as the general manager of the company and director of tl subsidiary company. He is also the top ten natural person shareholders of the company and is not an independent director. The rest are in compliance with the independence conditio listed in Article 3, Item 1 o the " Regulations Governir Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission.	0
Chun Yi Investment Co., Ltd. Representative: Chiang, Su-Lian	She has served in Nan Liu Enterprise Co., Ltd. for more than 10 years as the group purchasing supervisor and has rich experience.	Director Chiang, Su-Lian is the representative of the legal person director of Chun Yi Investment Co., Ltd. and serves as the Company's purchasing supervisor. She is not an independent director. The rest are in compliance with the independence conditions listed in Article 3, Item 1 of the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission.	0

Huang Tung-Rong	He is the Managing Partner, Universal United CPA, a former supervisor of the Taiwan Industrial Bank, and currently serves as an independent director of Channel Well Technology. He has accounting expertise.	The following four independent directors have met the qualifications stipulated in the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission and Article 14-2 of the Securities and Exchange Act in the two years before their election and during their term of office. Requirements, and the independent directors have been given the power to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, so as to independently execute relevant powers.	1
Chen, Chao-Lung	He once served as the director of Kaohsiung Chang Gung Memorial Hospital, a professor at Chang Gung Memorial University, and an academician of the Chinese Academy of Engineering. He has made outstanding achievements in the medical field. He is currently the chairman of Zhongtian (Shanghai) Biotechnology Co., Ltd., an independent director of Jingcheng Commercial Bank Co., Ltd., and Fulin Plastics Director of Industrial (Cayman) Holdings Co., Ltd., director of Hi-Lai Gourmet Co., Ltd., legal director representative of Sugar Biomedicine Co., Ltd., and independent director of Keyan Biotechnology Co., Ltd., with outstanding professional knowledge in the medical field , which will be of great help to the Company's development of biotechnology.		2

Huang Chun-Ping	Graduated from the doctoral program of the Economic and Trade Group of the Institute of China and the Asia-Pacific Region at National Sun Yat-sen University. He once served as the senior vice president of Guofu Management Consulting Company and the general manager of Liyang Development Co., Ltd., with majors in finance and operation management.		0
Hung Chi-shan	Graduated from the Master program of the Graduate Institute for Legal Sciences at National Cheng Kung University. He once served as the director of the Kaohsiung National Taxation Bureau of the Ministry of Finance He is currently a director of representative of Flexium Interconnect Inc. , the independent director of Hua Yu Lien Development Co., Ltd. , the independent director of Ping Ho Environmental Techology Co., Ltd. , the independent director of Sunonwealth Electric Machine Industry Co., Ltd.		3

Yang Rui-Hua	He has served Nanliu Enterprise Co., Ltd. for more than 30 years and has rich experience in nonwoven manufacturing and research and development.	Yang Rui-Hua is the technical team leader of the Company and is not an independent director. The rest are in compliance with the independence conditions listed in Article 3, Item 1 of the " Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission.	0
Su Chao-Shan	Master of Advanced Business Administration from Sun Yat-sen University, graduated from the Law Department of National Taiwan University. He was a professor and dean of College of Business and Information at Shih Chien University, and chairman of Kaohsiung Bank. He is currently a director of Beixiang Technology Services Co., Ltd., and has majors in finance and law.	Director Su Chao-Shan currently serves as a natural person director, but he also meets the independence requirements of the competent authority. During the two years before his election and during his term of office, he complied with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. The independence conditions listed in Article 3. During their tenure as directors, they have been given the right to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and accordingly exercise relevant powers independently.	0

Chung Mao-Chih	Head of the new era accounting and tax reporting agency firm, with accounting major	Director Chung Mao-Chih currently serves as a natural person director, but he also meets the independence requirements of the competent authority. During the two years before his election and during his term of office, he complied with the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. The independence conditions listed in Article 3. During their tenure as directors, they have been given the right to fully participate in decision-making and express opinions in accordance with Article 14-3 of the Securities and Exchange Act, and accordingly exercise relevant powers independently.	0

Note: After investigation, all directors of the company have not fallen into any of the circumstances specified in Article 30 of the Company Act.

3. General Manager, Deputy General Manager, Assistant Manager, and Supervisors of Departments and Branch Agencies

March 31, 2025 Unit: Share; %

Job Title (1)	Nationality or place of registration	Name	Gender	Date elected	Shares held		Shares held by spouse or minor children		Shares held in the name of other persons		Main working (education) experience (2)	Current positions in or other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Remark
					Number of shares	Percentage	Number of shares	Percentage	Number of shares	of shares			Job Title	Name	Relations	
General Manager	ROC	Huang, Shih-Chung	Male	2023.05.09	1,661,228	2.29%	513,009	0.71%	—	—	General Manager, Nan Liu Enterprise Co., Ltd. Master in Industrial R&D, National Kaohsiung University Science and Technology	Chairman, Nei Zhuang Investment Co., Ltd.	—	—	—	—
Vice President	ROC	Yang Rui-Hua	Male	1997.09.01	181,033	0.25%	—	—	—	—	Zhongzheng Senior High School Manager of Senlong Chemical Fiber Co., Ltd.	Director of Nan Liu Enterprise Co., Ltd. (Pinghu)	—	—	—	
Vice President	ROC	Chen, Li-Chen	Female	2023.08.09	0	—	—	—	—	—	Master of Department of Sociology, National Taiwan University Vice President , KNH(Shanghai) Trading Co., Ltd.	—	—	—	—	
Vice President	ROC	Chen, Shih-Hsuan	Male	2023.01.01	0	—	—	—	—	—	RMIT University (Economics & Finance)	—	—	—	—	
Finance &Corporate Governance Manager	ROC	Hsu, Chang-Cheng	Male	2021.12.22 2022.08.01	280	—	—	—	—	—	Department of Accounting, NCHU. Accountant of WUS Printed Circuit Co., Ltd. Auditor of Yangtze CPAs & Co.	—	—	—	—	

(1): General Manager, Deputy General Manager, Assistant Managers, Supervisors of Departments and Branch Agencies and persons who hold positions equivalent to General Manager, Deputy General Manager, or Assistant Managers shall be disclosed.

(2): For the current positions in the CPA firm or affiliates in the first term mentioned above, please explain the titles and duties of such positions: Not applicable.

4. Remuneration of Directors, Supervisors, General Manager and Deputy General Manager

(1) Remuneration paid to directors (including independent directors) in 2024:

December 31, 2024 Unit: NT$1,000, %

Job Title	Name	Director's remuneration								Proportion of NIAT after summing items A, B, C, and D (10)		Employee remuneration for other activities								Proportion of NIAT after summing items A, B, C, D, E, F, and G (10)		Whether the person receives remuneration from other non-subsidiary companies that The Company has invested in (11)
		Remuneration (A)(2)		Retirement pension (B)		Director's remuneration (C) (3)		Expense on professional practice (D) (4)				Salaries, bonuses and special expenses (E)(5)		Retirement pension (F)		Employee's remuneration (G)(6)						
		The Company	All companies listed in this financial report(7)	The Company	All companies listed in this financial report (7)	The Company	All companies listed in this financial report (7)	The Company	All companies listed in this financial report (7)	The Company	All companies listed in this financial report (7)	The Company	All companies listed in this financial report (7)	The Company	All companies listed in this financial report (7)	The Company		All companies listed in this financial report (9)		The Company	All companies listed in this financial report (7)	
																Cash amount	Shares Sum	Cash amount	Shares Sum			
Chairman	Bixiu Investment Co., Ltd. Representative Huang, Shih-Chung (Note 12)	—	—	—	—	127	127	50	50	177 0.18%	177 0.18%	3,058	3,058		—	—	—	—	—	3,412 3.38%	3,412 3.38%	—
Director	Chun Yi Investment Co., Ltd Representative Chiang, Su-Lian	—	—	—	—	127	127	50	50	177 0.18%	177 0.18%	1,679	1,679		—	—	—	—	—	2,033 2.01%	2,033 2.01%	—
Director	Yang, Rui-Hua	—	—	—	—	127	127	50	50	177 0.18%	177 0.18%	2,343	2,343		—	—	—	—	—	2,697 2.67%	2,697 2.67%	—
Director	Su, Chao-Shan	—	—	—	—	127	127	50	50	177 0.18%	177 0.18%	—	—		—	—	—	—	—	177 0.18%	177 0.18%	—
Director	Chung Mao-Chih	—	—	—	—	127	127	50	50	177 0.18%	177 0.18%	—	—		—	—	—	—	—	177 0.18%	177 0.18%	—
Independent Director	Huang, Tung-Rong	—	—	—	—	127	127	110	110	237 0.23%	237 0.23%	—	—		—	—	—	—	—	237 0.24%	237 0.24%	—
Independent Director	Chen, Chao-Lung	—	—	—	—	127	127	110	110	237 0.23%	237 0.23%	—	—		—	—	—	—	—	237 0.23%	237 0.23%	—
Independent Director	Huang Chun-Ping	—	—	—	—	127	127	110	110	237 0.23%	237 0.23%	—	—		—	—	—	—	—	237 0.23%	237 0.23%	—

Independent Director	Hung Chi-shan	—	—	—	—	127	127	30	30	157 0.16%	157 0.16%	—	—		—	—	—	—	—	157 0.16%	157 0.16%	—
	1. Please describe the policy, system, standards and structure of remuneration to independent directors, and describe the correlation with the amount of remuneration based on the responsibilities, risks, time invested and other factors: 2. In addition to what is disclosed in the above table, the remuneration received by the directors of the company in the most recent year for providing services to all companies included in the financial report (such as serving as a non-employee consultant for the parent company/all companies included in the financial report/invested enterprises, etc.): None.																				

*Please list the relevant information of directors (general directors who are not independent directors) and independent directors respectively.

(1-2-2) Table of remuneration ranges for Directors and Independent Directors

Remuneration range for each director in The Company	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The company (10)	All companies listed in this financial report (10)	The company (10)	All companies listed in this financial report (10)
Less than NT$1,000,000	Bixiu Investment Co., Ltd. (representative Huang, Shih-Chung), Chun Yi Investment Co., Ltd (representative Chiang, Su-Lian), Huang, Tung-Rong, Huang, Chun-Ping, Chen, Chao-Lung, Hung Chi-shan Yang, Rui-Hua, Su Chao-Shan, Chung Mao-Chih,	Bixiu Investment Co., Ltd. (representative Huang, Shih-Chung), Chun Yi Investment Co., Ltd (representative Chiang, Su-Lian), Huang, Tung-Rong, Huang, Chun-Ping, Chen, Chao-Lung, Hung Chi-shan Yang, Rui-Hua, Su Chao-Shan, Chung Mao-Chih,	Huang, Tung-Rong, Huang, Chun-Ping, Chen, Chao-Lung Hung Chi-shan, Su Chao-Shan, Chung Mao-Chih	Huang, Tung-Rong, Huang, Chun-Ping, Chen, Chao-Lung Hung Chi-shan, Su Chao-Shan, Chung Mao-Chih
NT$1,000,000 (inclusive)–NT$2,000,000	—	—	—	—
NT$2,000,000 (inclusive)–NT$3,500,000	—	—	Bixiu Investment Co., Ltd. (representative Huang, Shih-Chung), Chun Yi Investment Co., Ltd (representative Chiang, Su-Lian), Yang, Rui-Hua	Bixiu Investment Co., Ltd. (representative Huang, Shih-Chung), Chun Yi Investment Co., Ltd (representative Chiang, Su-Lian), Yang, Rui-Hua
NT$3,500,000 (inclusive)–NT$5,000,000	—	—	—	—
NT$5,000,000 (inclusive)–NT$10,000,000	—	—	—	—

NT$10,000,000 (inclusive)– NT$15,000,000	–	–	–	–
NT$15,000,000 (inclusive)– NT$30,000,000	–	–	–	–
NT$30,000,000 (inclusive)– NT$50,000,000	–	–	–	–
NT$50,000,000 (inclusive)– NT$100,000,000	–	–	–	–
More than NT$100,000,000	–	–	–	–
Total				

(1): The names of directors shall be listed separately (for institutional shareholders, the names of institutional shareholders and representatives shall be listed separately), and the payments shall be disclosed collectively. Directors who also serve as General Manager or Deputy General Manager are already listed in the table and the table below (3).

(2): Remuneration of directors of the recent year (including salaries, job remuneration, severance, bonuses, and performance fees).

(3): Remuneration paid to directors of the recent year upon the approval of the Board of Directors.

(4): Business expenses paid out to directors in the recent year (including transport, special expenses, various allowances, accommodation, vehicles, and provision of physical goods and services). If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to said driver. However, such remuneration shall not be included.

(5): Remuneration for directors concurrently holding positions in the Company (for positions that include the General Manager, Deputy General Manager, other managerial officers, or employees) shall include salaries, job remuneration, severance, bonuses, performance fees, transport fees, special expenses, various subsidies, accommodation, vehicles, and provision of physical items and services. If housing, vehicle or other means of transportation, or personal expense is provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, please note the remuneration paid to said driver. However, such remuneration shall not be included.

(6): For directors concurrently holding positions in the Company of the recent year (including the General Manager, Deputy Manager, other managerial officers, or employees) and receiving the remuneration (including stock and cash), distribution of the recent year compensation of Employees upon the approval of the Board of Directors shall be disclosed. If such remuneration cannot be estimated, distribution of the remuneration of the recent year shall be based on the proportion of the remuneration distributed last year and filled in Schedule (4).

(7): Total remuneration in various items paid out to the Company's directors by all companies (including The Company) listed in the consolidated statement shall be disclosed.

(8): For the total remuneration in various items paid out to the Company's directors, the name of each director shall be disclosed in the corresponding range of the remuneration.

(9): Total remuneration in various items paid to every director of The Company by all companies (including The Company) listed in the consolidated statement shall be disclosed. The name of the director shall also be disclosed in the proper remuneration range.

(10): Net income refers to the net income of the recent year; if IFRS is adopted, the net income refers to the net income of the parent company only or individual financial report for the recent year.

(11): (a) The remuneration the Company's director receives from other non-subsidiary companies that The Company has invested in shall be disclosed in this column.

(b) If the director receives remuneration from investments in other companies that are not subsidiaries of The Company, said remuneration shall be included in Column I in the remuneration range table. The name of the column shall also be changed to “All investments in other companies”.

(c) Remuneration in this case shall refer to remuneration, fees (including remuneration as a company employee, director, or supervisor), business expenses, and other related payments received by the director of The Company for being a director, supervisor, or managerial officer of other non-subsidiary companies that The Company has invested in.

＊The remuneration disclosed in the table is different from the income stipulated in the Income Tax Act. The purpose of the table is for the disclosure of information instead of taxation.

(3-2-1) Remuneration for the General Manager and Deputy General Manager

December 31, 2024
Unit: NT$1,000, %

Job Title	Name	Salary (A) (Note2)		Gratuity/Pension (B)		Bonuses and special expenses (C) (Note3)		Employee's remuneration (D) (Note4)				Proportion of NIAT after summing the 4 items of A, B, C, and D (%) (Note8)		Whether the person receives remuneration from other non-subsidiary companies that The Company has invested in(9)
								The Company		All companies listed in this financial report (5)				
		The Company	All companies listed in this financial report (5)	The Company	All companies listed in this financial report (5)	The Company	All companies listed in the financial report (5)	Cash amount	Shares amount	Cash amount	Shares amount	The Company	All companies listed in this financial report (Note7)	
General Manager	Huang, Shih-Chung	1,866	1,866	—	—	183	183	5	—	5	—	2,054 2.04%	2,054 2.04%	—
Vice President	Yang, Rui-Hua	2,070	2,070	—	—	205	205	5	—	5	—	2,280 2.26%	2,280 2.26%	—
Vice President	Chang, San-Hua	1,450	1,450	—	—	161	161	—	—	—	—	1,611 1.60%	1,611 1.60%	—
Vice President	Chen, Li-Chen	1,800	1,800	—	—	145	145	2	—	2	—	1,947 1.93%	1,947 1.93%	—

(3-2-2) Table of remuneration ranges

Range of remuneration paid to each General Manager and Deputy General Manager in The Company	Names of the General Manager and Deputy General Manager	
	The Company (6)	All companies listed in the financial report (7)
Less than NT$1,000,000	—	—
NT$1,000,000 (inclusive)–NT$2,000,000	Chang, San-Hua ; Chen, Li-Chen	Chang, San-Hua ; Chen, Li-Chen
NT$2,000,000 (inclusive)–NT$3,500,000	Huang, Shih-Chung ; Yang, Rui-Hua,	Huang, Shih-Chung ; Yang, Rui-Hua,
NT$3,500,000 (inclusive)–NT$5,000,000	—	—
NT$5,000,000 (inclusive)–NT$10,000,000	—	—
NT$10,000,000 (inclusive)–NT$15,000,000	—	—
NT$15,000,000 (inclusive)–NT$30,000,000	—	—
NT$30,000,000 (inclusive)–NT$50,000,000	—	—
NT$50,000,000 (inclusive)–NT$100,000,000	—	—
More than NT$100,000,000	—	—
Total	—	—

Note 1: The names of the general manager and deputy general manager should be listed separately, and the amount of various benefits should be disclosed in a summary manner. If a director concurrently serves as the general manager or deputy general manager, he should fill in this form and the above table (1-1), or (1-2-1) and (1-2-2).

Note 2: The salary, job bonus, and severance pay of the general manager and deputy general manager in the most recent year are filled in.
Note 3: This series fills in the amount of various bonuses, incentives, travel expenses, special expenses, various allowances, dormitories, cars and other in-kind provisions and other remuneration for the general manager and deputy general manager in the most recent year. If houses, cars and other means of transportation or exclusive personal expenses are provided, the nature and cost of the assets provided, as well as actual or fair market value rent, gas and other payments should be disclosed. If there is a driver, please add a note explaining the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share-based benefits", including obtaining employee stock option certificates, new shares with restricted employee rights, and participating in cash capital increases to subscribe for shares, etc., should also be included in remuneration.
Note 4: This is the amount of employee remuneration (including stocks and cash) distributed to the general manager and deputy general manager approved by the board of directors in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the proportion of the actual distribution amount last year, and additional Complete Schedule 1-3.
Note 5: The total amount of remuneration paid to the general manager and deputy general manager of the company by all companies (including the company) in the consolidated report should be disclosed.
Note 6: The company pays the total remuneration to each general manager and deputy general manager, and discloses the names of the general manager and deputy general manager in the attribution level.
Note 7: The total amount of remuneration paid to each general manager and deputy general manager of the company by all companies in the consolidated report (including the company) should be disclosed, and the names of the general manager and deputy general manager should be disclosed in the attribution level.
Note 8: Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.
Note 9: a. This column should clearly indicate the amount of remuneration received by the company's general manager and deputy general manager from the subsidiary's external investment enterprise or the parent company (if none, please fill in "none").
b. If the general manager and deputy general manager of the company receive remuneration related to the investment enterprise outside the subsidiary company or the parent company, the remuneration received by the general manager and deputy general manager of the company from the investment enterprise other than the subsidiary company or the parent company shall be Incorporate into column E of the remuneration scale table, and change the column name to "Parent Company and All Reinvested Enterprises".
c. Remuneration refers to the remuneration and remuneration (including employee, director and supervisor remuneration) received by the general manager and deputy general manager of the company for serving as directors, supervisors or managers of subsidiaries, external investment enterprises or parent companies, etc. Business execution fees and other related remuneration.
*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Law. Therefore, this table is for information disclosure purposes and is not used for tax purposes.

(4-1) Compensation of the top five most highly compensated executives

(Individual disclosure of names and remuneration methods)

December 31, 2024
Unit: NT$1,000, %

Job Title	Name	Salary (A) (Note2)		Gratuity/Pension (B)		Bonuses and special expenses (C) (Note3)		Employee's remuneration (D) (Note4)				Proportion of NIAT after summing the 4 items of A, B, C, and D (%) (Note8)		Whether the person receives remuneration from other non-subsidiary companies that The Company has invested in(9)
		The Company	All companies listed in this financial report (5)	The Company	All companies listed in this financial report (5)	The Company	All companies listed in the financial report (5)	The Company		All companies listed in this financial report (5)		The Company	All companies listed in this financial report (5)	
								Cash amount	Shares amount	Cash amount	Shares amount			
General Manager	Huang, Shih-Chung	1,866	1,866	—	—	183	183	5	—	5	—	2,054 2.03%	2,054 2.03%	—
Vice President	Yang, Rui-Hua	2,076	2,076	—	—	205	205	5	—	5	—	2,286 2.26%	2,343 2.26%	—
Vice President	Chang, San-Hua	1,456	1,456	—	—	161	161	—	—	—	—	1,617 1.60%	1,617 1.60%	—
Vice President	Chen, Li-Chen	1,800	1,800	—	—	145	145	2	—	2	—	1,947 1.93%	1,947 1.93%	—
Director	Chen, Shih-Hsuan	1,500	1,500	—	—	120	120	5	—	5	—	1,625 1.60%	1,622 1.60%	—

Note 1: The so-called "top five executives with the highest remuneration" refer to company managers, and the identification standards for relevant managers are based on the Securities and Futures Commission of the former Ministry of Finance on March 27, 1992.
Taiwan Finance Certificate No. 0920001301 stipulates the applicable scope of "managers". As for the calculation and determination principle of "the top five with the highest remuneration", it is based on the company managers receiving from the merger
The total amount of salaries, retirement pensions, bonuses and special expenses of all companies in the financial report, as well as the amount of employee remuneration (i.e. the four totals A+B+C+D), and sort them into the first five
The person with the highest remuneration will be recognized. If a director concurrently serves as a former supervisor, he should fill in this form and the above form (1-1).
Note 2: This is the salary, job bonus, and severance pay of the top five executives with the highest remuneration in the most recent year.
Note 3: This is the amount of various bonuses, incentives, travel expenses, special expenses, various allowances, dormitories, cars and other in-kind provisions and other remuneration for the top five executives with the highest remuneration in the most recent year. If provided
When it comes to houses, cars and other means of transportation or personal expenses, the nature and cost of the assets provided, the actual or fair market value of rent, gas and other payments should be disclosed. Other
If there is a driver, please indicate the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share-based benefits" include obtaining employee recognition
Equity certificates, new shares with restricted employee rights, and participation in cash capital increase subscription shares should also be included in remuneration.
Note 4: This is the amount of employee remuneration (including stocks and cash) of the top five top executives approved by the board of directors in the most recent year. If it cannot be estimated, it will be calculated based on the proportion of the actual amount distributed last year.
The proposed distribution amount for this year should also be completed in Schedule 1-3.
Note 5: The total amount of remuneration paid to the top five executives of the company by all companies (including the company) in the consolidated report should be disclosed.
Note 6: Net profit after tax refers to the net profit after tax of the most recent annual individual or individual financial report.
Note 7: a. This column should clearly indicate the amount of remuneration received by the company's top five top executives from reinvested enterprises outside the subsidiary or related to the parent company (if none, please fill in "None").
b. Remuneration refers to the remuneration and remuneration (including employee remuneration) received by the top five top executives of the company for serving as directors, supervisors or managers of subsidiaries' external investment enterprises or parent companies.
Remuneration for employees, directors and supervisors) and business execution expenses and other related remuneration.
*The content of remuneration disclosed in this table is different from the concept of income under the Income Tax Law. Therefore, this table is for information disclosure purposes and is not used for tax purposes.

(4) Names of managerial officers provided with employee's compensation and state of payments

December 31, 2024

Unit: NT$1,000, %

	Title	Name	Stock amount	Cash amount	Total	Proportion of total amount to net profit after tax%
Managerial Officer	General Manager	Huang, Shih-Chung	0	0	0	0%
	Vice President	Yang Rui-Hua				
	Vice President	Chang, San-Hua				
	Vice President	Chen, Li-Chen				
	Director	Chen, Shih-Hsuan				
	Finance Manager	Hsu, Chang-Cheng				

＊ For managerial officers receiving remuneration (including stock and cash), distribution of the employee's remuneration of the recent year upon the approval of the Board of Directors shall be disclosed. If such remuneration cannot be estimated, the remuneration to be distributed in current year shall be based on the proportion of the remuneration distributed last year. Net income refers to the net income of the recent year; if IFRS is adopted, the net income refers to the net income of the parent company only or individual financial report of the recent year.

5. Analysis of percentage of total remuneration paid by the Company and all companies listed in the consolidated financial report to the Company's directors, supervisors, General Manager and Deputy General Manager to the net income after tax in the last two years, as well as policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its linkage to business performance and future risk exposure

(1). Analysis of percentage in last two years

Title	Percentage of total remuneration of parent company in 2023 to the net income after tax (%) (Note 1)		Percentage of total remuneration of parent company in 2022 to the net income after tax (%) (Note 2)	
	The Company	All companies listed in the consolidated financial report	The Company	All companies listed in the consolidated financial report
Director	1.13%	1.13%	0.82%	0.82%
General Manager and Deputy General Manager	9.44%	9.44%	5.96%	5.96%

Note 1: Distributions of earnings of 2024 are based on the amount approved by the Board of Directors prior to the proposal for distribution of earnings before the Shareholders' Meeting.

Note 2: Distributions of earnings of 2022 are based on the amount approved by the 2023 Shareholders' Meeting.

Note 3: Net income after tax refers to all companies listed in 2024 and 2023 consolidated financial statements.

(2). Policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its linkage to business performance and future risk exposure.

<1> The remuneration of directors and supervisors is distributed in accordance with Article 17 of the Articles of Incorporation (see the official website). In accordance with Article 20 of the Articles of Incorporation, if the Company makes a profit, less than 2% as compensation for directors and supervisors. However, the Company's accumulated losses shall first have been covered. The payment procedure of remuneration refer to result of ‘Annual Internal Board of Directors Performance Evaluation’. Distribution of directors' and supervisors' reasonable remuneration depend on the Company's general performance, risk of industry in the future and development trend, personal performance and contribution for the Company. The remuneration paid to directors and supervisors shall be based on the level of participation in the operations, contributions, and the standards of

the same trade; the bonuses paid to directors and supervisors shall be based the Company's earnings and personal business performance and the standards of the same trade. Accordingly, the Company's business performance is closely related to the remuneration of directors, supervisors, General Manager, Deputy General Manager, and employees.

<2> The remuneration of directors and supervisors includes traveling expenses, business expenses, and director's remuneration. If a director is also an employee of the Company, he/she may receive the employee bonus; in addition to the basic salary, job remuneration, performance bonuses, and employee bonuses may be distributed to General Manager and Deputy General Manager based on the official rank and performance.

2.Implementation of Corporate Governance:

(1) Implementation of the Board of Directors:

<1> Five meetings were held by the Board of Directors in the recent year (2024) with their attendance shown as follows:

Title	Name	2024			Remarks
		Attendance in person B	Delegated presence	Attendance rate in person(%)【B/A】	
Chairman	Bixiu Investments Co., Ltd. Representative: Huang, Shih-Chung	5	–	100%	The legal representative was reassigned to Huang, Shih-Chung on May 9 2023.
Director	Chun Yi Investment Co., Ltd. Representative: Chiang, Su-Lian	5	–	100%	
Independent Director	Huang, Tung-Rung	5	–	100%	
Independent Director	Chen, Chao-Lung	5	–	100%	
Independent Director	Huang, Chun-Ping	5	–	100%	
Independent Director	Hung, Chi-Shan	3	–	100%	2024/05/31 new appointment. The Director should attend 3 board meetings , and actually attended 3 times.
Director	Yang, Rui-Hua	5	–	100%	
Director	Su, Chao-Shan	5	–	100%	
Director	Chung, Mao-Chih	5	–	100%	

<2>Two meetings were held by the Board of Directors as of the publication date (2025) of the annual report with the attendance of Directors shown as follows:

Job Title	Name	2025			Remarks
		Attendance in person B	Delegated presence	Attendance rate in person(%)【B/A】	
Chairman	Bixiu Investments Co., Ltd. Representative: Huang, Shih-Chung	1	–	100%	
Director	Chun Yi Investment Co., Ltd. Representative: Chiang, Su-Lian	0	1	–	
Independent Director	Huang, Tung-Rung	1	–	100%	
Independent Director	Chen, Chao-Lung	1	–	100%	
Independent Director	Huang, Chun-Ping	1	–	100%	
Independent Director	Hung, Chi-Shan	1	–	100%	
Director	Yang, Rui-Hua	1	–	100%	
Director	Su, Chao-Shan	1	–	100%	
Director	Chung, Mao-Chih	1	–	100%	

Other items that shall be recorded:

1.For matters specified in Article 14-3 of Taiwan's Securities and Exchange Act or Board resolutions where other independent directors have expressed opposition or qualified opinions that have been noted in the record or declared in writing, the date of the Board meeting, session number, content of proposal, opinions of all independent directors, and the Company's disposal of such opinions shall be stated.

1. The Company's independent directors have expressed no opposition or qualified opinions.

Session number of the Board of Directors meeting and date	Major resolutions	Article 14-3 of the Securities and Exchange Act	Independent director has a dissenting or qualified opinio
The first times of the Board of Directors in 2024, 2024/03/14	9. Approved evaluation of qualifications and independence for visa accountants.	V	
	10. Approved loan guarantee for subsidiaries.	V	
	Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None. The results of the decision: all attendees agreed to pass.		
The second time of the Board of Directors in 2024, 2024/05/09	3. Approved loan guarantee for subsidiaries.	V	
	Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None. The results of the decision: all attendees agreed to pass.		
The third time of the Board of Directors in 2024 , 2024/08/12	2. Approved amendments to parts of 'Procedures of Financial Derivatives'.	V	
	4. Approved loan guarantee for subsidiaries.	V	
	Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None. The results of the decision: all attendees agreed to pass.		
The fourth time of the Board of Directors in 2024, 2024/11/08	2. Approved amendments to parts of 'Audit Committee Charter'..	V	
	3. Approved amendments to parts of 'Rules of Procedure for Board of Directors Meetings'.	V	
	4. Approved 'Procedures of Preparation and verification of Sustainability Reports'.	V	
	5. Approved loan guarantee for subsidiaries.	V	
	Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None. The results of the decision: all attendees agreed to pass.		
The fifth time of the Board of Directors in 2024, 2024/12/19	3. Approved 'Sustainability Information Operation Management and Control Regulations'.	V	
	4. Approved loan guarantee for subsidiaries.	V	
	Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None. The results of the decision: all attendees agreed to pass.		
The first time of the Board of Directors in 2025, 2025/03/10	4. Approved assessment of the effectiveness of the internal control system and issuance of 2024 Internal Control Letter.	V	
	5. Approved Amendments to Parts of 'Articles of Incorporation'.	V	
	10. Approved evaluation of qualifications and independence for visa accountants.	V	
	Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None The results of the decision: all attendees agreed to pass.		

The independent directors of the company have no objection or reservation of opinion.

2. The implementation of directors' recusal of interest-related proposals. The director's name, content of the proposal, reasons for recusal of interests, and participation in voting shall be stated: None.

(2)

(3) Implementation of Performance Evaluation of Board of Directors.

Evaluation cycle (Note1)	Evaluation period (Note2)	Evaluation range (Note3)	Evaluation method (Note4)	Evaluation content(Note5)
Annual one time	From January 1, 2024 to December 31, 2024	Performance Evaluation of Board of Directors, individual directors and Functional Committee	Internal self-evaluation of Board of Directors, self-evaluation of board of director members	(1) Performance Evaluation of Board of Directors: Including of participation in the operation of the company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors, internal control. (2) Performance Evaluation individual directors: Including of alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication, the director's professionalism and continuing education; and internal control. (3) The Audit Committee: participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, and Internal control. (4) The Remuneration Committee: participation in the operation of the company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, and Internal control.

Assessment of objectives and implementation status in the area of strengthening the powers of the Board of Directors for current and recent years:

The Company has formulated ‘Regulations Governing Procedure for Board of Directors Meetings’ according to Regulations Governing Procedure for Board of Directors Meetings of Public Companies. The Company follow the government rules to approved Regulations Governing Procedure for Board of Directors Meetings and updated it. The Company uploaded the attendance to the Board of Directors meetings to Market Observation Post System. Major resolutions made by the Board of Directors have been disclosed on the Company's website and maintained by responsible departments. Information on the Company's finances is also disclosed on the website from time to time. Established by the Company in 2011, the Remuneration Committee is responsible to assist the Board of Directors in managing the remuneration. The term of directors and supervisors of the company expired in 2019 and a comprehensive re-election was conducted. In response to the establishment of an audit committee, it replaced the function of the supervisor and will be applicable after 2019 Annual Shareholders Meeting.

To implement the corporate governance and enhance the functions of the Board of Directors of the Company and establish performance targets to improve the efficiency of the operations of the Board, the Company has formulated the "Regulations Performance Evaluation of the Board of Directors" and the performance evaluation measures are listed as follows.

- Participation in the operation of the company.

- Improvement of the quality of the board of directors' decision making.
- Composition and structure of the board of directors.
- Election and continuing education of the directors.
- Internal control.

The Board of Directors of the Company conducts an annual internal performance evaluation and conducts an annual performance evaluation at the end of each year. It is completed and collected all information before the first board of directors meeting in the following year. The board of directors reports the results of the Board's assessment in the following year. The results of the Board's performance evaluation of the year 2024 were good and reported to the Board of Directors on March 10, 2025 and the contents were posted on the Company's website.

(4) Implementation of Audit Committee.

<1> Five meetings (A) were held by the Board of Directors in the recent year (2024) with their attendance shown as follows:

Title	Name	Attendance in person B	Delegated presence	Attendance rate in person(%) 【B/A】	Remarks
Independent Director	Huang, Tung-Rung	5	0	100%	
Independent Director	Chen, Chao-Lung	5	0	100%	
Independent Director	Huang, Chun-Ping	5	0	100%	
Independent Director	Hung, Chi-Shan	3	0	100%	2024/05/31 new appointment. The Director should attend 3 board meetings , and actually attended 3 times.

The Audit Committee was composed of 4 independent directors. For helping board of directors, the main function of the Audit Committee is to supervise the quality and ethics of accounting, internal audit officer, financial reporting flow and financial control.

The Committee shall convene at least once quarterly. The powers of the Committee are as follows:

1.Auditing of financial statements and financial policy, procedures.
2.Internal control system and related policy, procedures.
3.Asset transactions or derivatives trading of a material nature.
4. Loans of funds, endorsements, or provision of guarantees of a material nature.
5. The offering, issuance, or private placement of equity-type securities.
6. Investment of equity-type securities and cash.
7. Compliance.
8. Matters in which a director or manager is an interested party.
9. Appeal report.
10. Prevention fraud plan and fraud survey report.
11. Information security.
12. Risk management.
13. Seniority, independent and performance of audit accountants.
14. The hiring or dismissal of a certified public accountant, or their compensation.
15. The appointment or discharge of a financial, accounting, or internal audit officer.
16. Process of Audit Committee.
17. Evaluation of Audit Committee.

➢ Review financial report

The Board of Directors approved 2024 Business Report, financial statements and distribution of Profit. The financial statements is audited by PricewaterhouseCoopers Taiwan. The above Business Report, financial statements and distribution of Profit were audited by the Audit Committee and there’s no any problem.

➢ Effectiveness of internal control system evaluation

The Audit Committee evaluate effectiveness of policy and procedures of the Company’s internal control system (including of financial, business, risk management, information security and external compliance). The Committee

review regular report of audit office, audit accountants, managers that include risk management and compliance. Reference announcement of Internal Control Integrated Framework by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the audit committee members recognize the effectiveness of risk management and internal control system. The Company takes necessary control system to supervise and correct the violation action.

➢ Implementation of Audit Committee.

Session number of the Audit Committee meeting and date	Major resolutions and subsequent processing	Article 14-5 of the Securities and Exchange Act	The qualified opinion unreview by Audit Committee and approved by over two thirds of all directors
The second session the ninth time Audit Committee 2024.3.14	Discussion items: 1. 2023 Parent company only financial statements, consolidated financial statements and business reports. 2. Assessment of the effectiveness of the internal control system and issuance of 2023 Internal Control Letter..	V V	None
	The results of the decision by Audit Committee (2024.3.14): all attendees of Audit Committee members agreed to pass.		
	Subsequent processing of Audit Committee opinions: all attendees of Directors agreed to pass.		
The second session tenth time Audit Committee 2024.05.09	Discussion items: 1. Consolidated financial statements for the first quarter of 2024.	V	None
	The results of the decision by Audit Committee (2024.05.09): all attendees of Audit Committee members agreed to pass.		
	Subsequent processing of Audit Committee opinions: all attendees of Directors agreed to pass		
The second session eleventh time Audit Committee 2024.08.12	Discussion items: 1. Consolidated financial statements for the second quarter of 2024. 2. Amendment of internal control system. 3. The amount of loan guarantee by parent company.	V V	None
	The results of the decision by Audit Committee (2024.08.12): all attendees of Audit Committee members agreed to pass.		
	Subsequent processing of Audit Committee opinions: all attendees of Directors agreed to pass.		
The second session twelfth time Audit Committee 2024.11.08	Discussion items: 1. Consolidated financial statements for the third quarter of 2024. 2. Amendment of internal control system. 3. The amount of loan guarantee by parent company.	V V	None
	The results of the decision by Audit Committee (2024.11.08): all attendees of Audit Committee members agreed to pass.		
	Subsequent processing of Audit Committee opinions: all attendees of Directors agreed to pass.		
The second session thirteenth time Audit Committee 2024.12.19	Discussion items: 1. 2024 annual audit plan. 2. The amount of loan guarantee by parent company.	V V	None
	The results of the decision by Audit Committee (2024.12.19): all attendees of Audit Committee members agreed to pass.		
	Subsequent processing of Audit Committee opinions: all attendees of Directors agreed to pass		

Other items that shall be recorded:

1. If the operation of the audit committee falls under any of the following circumstances, the date of the board meeting will be the same as the date of the audit committee. The period, content of proposals, results of the resolutions of the audit committee, and the Company's handling of the opinions of the audit committee are detailed in the table as above.
(1) Listing Article 14-5 of the Securities and Exchange Act.
(2)Except above, others that approved by two thirds of boards of directors and not approved by Audit Committees.
2. Implementation of independent directors' recusal of proposals concerning matters of interest: No such situation.
3. Communication of independent directors between audit manager and accountant.
(1) The audit supervisor shall submit the audit report to the independent directors in the month following the completion of the audit project, and all independent directors have no objections.

(2) The audit supervisor attends the Company's regular audit committee and makes audit business reports (including audit matters for the current period, reports on subsequent follow-up matters implemented in the current period, etc.), and all independent directors have no objections. The independent directors contact the accountants when necessary to understand the audit content and the improvement of deficiencies.
(3) Accountants report quarterly to the independent directors on the Company's financial status, overall operations and internal control review status. The main content includes the scope, method and result of independent auditors' report/ independent auditors' review report, and important accounting treatments, regulatory updates and other issues.

(5) State of corporate governance, gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps

Assessed items	State of operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
1. Did the Company stipulate and disclose best practice principles for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies?	✓		The Company has stipulated best practice principles for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and disclosed them in the Investor Area on the Company's website.	No material gap was found.
2. Equity structure and shareholders' rights of the Company (1) Did the Company establish an internal procedure for handling shareholder proposals, inquiries, disputes, and litigations? Are such matters handled according to the internal procedure?	✓		(1)The Company treats major and minor shareholders equally and encourages them to attend the shareholders' meeting and participate in the election of directors and supervisors or amendments to the Company's Articles of Incorporation. The Company also allows shareholders to ask questions or propose properly. In addition, shareholders may instantly and frequently obtain related information on the Company via the Market Observation Post System or phone and have the right to share profits. The Company convenes the shareholders' meeting according to the Company Act and related regulations and formulates Rules and Procedures for the Shareholders' Meeting (see Meeting Handbook of 2025 Annual Shareholders' Meeting). All resolutions are made in accordance with Rules and Procedures for the Shareholders' Meeting. The resolutions made in the shareholders' meeting comply with related regulations and the Company's Articles of Incorporation. The spokesperson or deputy spokesperson is dedicated to processing shareholder proposals or disputes. The Company will seek the assistance of legal consultants if necessary.	No material gap was found.
(2) Did the Company maintain a register of major shareholders with controlling power as well as a register of persons exercising ultimate control over those major shareholders?	✓		(2) The Company's stock transfer and registrar agency is Yuanta Securities Co., Ltd., which helps the Company control major shareholders and ultimate controlling shareholders. The Company regularly discloses the pledge, increase/decrease in the Company's shares, or major matters that may result in the change in shares for the supervision of shareholders.	No material gap was found.
(3) Did the Company establish and enforce risk control and	✓		(3)The Company has established rules for specific companies or groups with	No material gap

Assessed items	State of operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
firewall systems with its affiliated businesses?			related business operations and financial transactions and supervision measures for subsidiaries and disclosed related information on affiliates in accordance with regulations.	was found.
(4) Did the Company stipulate internal rules that prohibit company insiders from trading securities using information not disclosed to the market?	✓		(4) The Company has set Regulations Governing Prevention of Insider Trading to prevent insider trading.	No material gap was found.
3. Composition and responsibilities of the Board of Directors: (1) Has a policy of diversity been established and implemented for the diversified composition of the Board of Directors?	✓		(1) The Company has established the Corporate Governance Best Practice Principles and the Rules for Electing Directors and Supervisors. The Rules 20 of 'The Corporate Governance Best Practice Principles" said: the composition of the board of directors shall be determined by taking diversity into consideration. An appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards: 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A professional background, professional skills, and industry experience (professional skills include laws, accounting, industry, financial, sales or technology). At present, the Company has 9 directors, of which 4 are independent directors. The professional background of the directors includes management, accounting, finance and experience in non-woven industries. And for the accountants, university professors, etc. Professional advice from the help of university lecturers allows us to think in a different angle thereby enhancing the company's business performance and management efficiency. The gender equality is important to the structure of the board of directors. The Company's current Board of Directors consists of 9 members, including 1 female directors, accounting for 11.11% of the board, and 8 male directors, accounting for 88.89%. Although the proportion of directors of a single gender has not yet reached one-third of the total number of directors, the company has been attentive to relevant regulations regarding gender diversity on the board. To enhance the gender diversity of the board and move towards sustainable	No material gap is found.

<table>
<tr><th rowspan="2">Assessed items</th><th colspan="3">State of operations</th><th rowspan="2">Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td>✓</td><td></td><td>development, the Company plans to implement the following measures to gradually achieve this goal:
A. Expanding the selection scope: Actively seeking female director candidates with diverse backgrounds in future board member selection processes.
B. Providing professional training: Offering corporate governance, finance, and other relevant training programs for potential female director candidates.
The following is the implementation of the diversification of the directors of the Company:
<table>
<tr><th rowspan="3">Diversified core items
Name of Director</th><th colspan="7">Base structure</th><th colspan="5">Professional skills and industry experience</th></tr>
<tr><th rowspan="2">Gender</th><th rowspan="2">The Company's employee</th><th colspan="3">Age</th><th colspan="2">Experence of independent directors</th><th rowspan="2">Management</th><th rowspan="2">Leadership</th><th rowspan="2">Industry knowledge</th><th rowspan="2">Accounting</th><th rowspan="2">Finance</th></tr>
<tr><th>Under 51</th><th>61 to 70</th><th>71 to 77</th><th>3 to 6 years</th><th>6 to 9 years</th></tr>
<tr><td>Huang, Shih-Chung</td><td>M</td><td>V</td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Chiang, Su-Lian</td><td>F</td><td>V</td><td>V</td><td></td><td></td><td></td><td></td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Huang, Tung-Rung</td><td>M</td><td></td><td></td><td>V</td><td></td><td>V</td><td></td><td>V</td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Chen, Chao-Lung</td><td>M</td><td></td><td></td><td></td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Huang, Chun-</td><td>M</td><td></td><td>V</td><td></td><td></td><td></td><td>V</td><td>V</td><td></td><td></td><td></td><td></td></tr>
</table></td><td>No material gap is found.</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessed items</th><th colspan="3">State of operations</th><th rowspan="2">Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(2) In addition to Salary and Remuneration Committee and Audit Committee established according to law, has the Company voluntarily established other functional committees?

(3) Did the Company stipulate regulations for assessing the performance of the Board of Directors and the process of assessment? Are these performance assessments carried out regularly every year?</td><td>✓

✓</td><td></td><td>
<table>
<tr><td>Ping</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Hung, Chi-Shan</td><td>M</td><td></td><td></td><td></td><td>V</td><td></td><td>V</td><td>V</td><td></td><td></td><td>V</td><td></td></tr>
<tr><td>Yang, Rui-Hua</td><td>M</td><td>V</td><td></td><td></td><td>V</td><td></td><td></td><td></td><td>V</td><td>V</td><td></td><td></td></tr>
<tr><td>Su, Chao-Shan</td><td>M</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td></td><td></td><td></td><td>V</td></tr>
<tr><td>Chung, Mao-Chih</td><td>M</td><td></td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td></td><td></td><td>V</td><td></td></tr>
</table>
Remark:
Gender: M is male, F is female.
The policy for the diversified composition of the Board of Directors is announced on MOPS and the Company’s website.

(2) The Company has established the Remuneration Committee and Audit Committee in accordance with regulations and laws. Other operations of corporate governance are processed by responsible departments. No other functional committee is established. In the future, the Company will evaluate the necessity of establishing other committees.
(3) To implement the corporate governance and enhance the functions of the Board of Directors of the Company and establish performance targets to improve the efficiency of the operations of the Board, the Company has formulated the "Regulations Performance Evaluation of the Board of Directors" and the performance evaluation measures are listed as follows.
• Participation in the operation of the company.
• Improvement of the quality of the board of directors' decision making.
• Composition and structure of the board of directors.
• Election and continuing education of the directors.
• Internal control.
The criteria for evaluating the performance of the board members by themselves are listed as follows.
• Familiarity with the goals and missions of the company
• Awareness of the duties of a director</td><td>No material gap is found.

No material gap is found.</td></tr>
</table>

<table>
<tr><th rowspan="2">Assessed items</th><th colspan="3">State of operations</th><th rowspan="2">Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>(4) Did the Company regularly implement assessments on the independence of the CPA?</td><td></td><td></td><td>• Participation in the operation of the company
• Management of internal relationship and communication
• The director's professionalism and continuing education
• Internal control
The Board of Directors of the Company conducts an annual internal performance evaluation and conducts an annual performance evaluation at the end of each year. It is completed and collected all information before the first board of directors meeting in the following year. The board of directors reports the results of the Board's assessment in the following year. The results of the Board's performance evaluation of the year 2024 were good and reported to the Board of Directors on March 10, 2025 and the contents were posted on the Company's website.

(4) The Company authorizes CPAs from PricewaterhouseCoopers Taiwan and has avoided matters and persons that directly or indirectly have a conflict of interest to fully adhere to fair, rigorous honesty and independence. The CPAs signed “Independent Auditors’ Statement” for financial statements of ever quarter and annual report. Independent directors regularly evaluate the independence of CPAs and report the evaluation to the Board of Directors.
The Company conducts an independent assessment of the CPA annually by the Finance Department. The company also conducts the annual assessment of Independent Accountants at the end of each year. And they are completed before the most recent Board of Directors in the following year and the latest annual report of the Board of Directors evaluation result. As a result of the assessment by the Company's Finance Department, Chung-Yu Tien and Tzu-Yu Lin in compliance with the Company's independent evaluation criteria. The results of the assessment of the accountants of 2024 are reported in the board meeting on March 10, 2025 and published the contents on the company's website.
Note: CPA Independent Auditors’ Evaluation List:
<table><tr><th>Evaluation List</th><th>Yes</th><th>No</th></tr><tr><td>1.Whether the accountant has no direct or significant indirect financial relationship with the Company</td><td>V</td><td></td></tr></table></td><td></td></tr>
</table>

Assessed items	State of operations					Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary			
			2. Whether the accountant has not provided any financing or guarantee with the Company or the directors and supervisors of the Company	V		
			3. Whether the accountant is not considering the possibility of the loss of customers and affect the company's audit work	V		
			4. Whether the accountant has no close business relationship and potential employment relationship with the Company?	V		
			5. Whether the accountant has not received any fees or charges related to the audit project	V		
			6. Whether the members of the accountants and the audit team are not currently in the company's office or in the last two years as directors and supervisors or managers who have a significant impact on the audit work	V		
			7. The non-audit services provided by the accountant to the Company do not directly affect the important items of the audit project	V		
			8. whether the accountant has not advertised or intermediated the shares or other securities issued by the Company	V		
			9. Whether the accountant did not act as a defender of the Company or on behalf of the Company in coordination with conflict of other third parties	V		
			10.Whether the accountant has not relationship with the directors and managers of the Company or the persons who have a significant impact on the audit project	V		
			11. The audit CPA has not served within one year as the directors, supervisors and managers of the company	V		
			12. Whether the accountant is not part of the company's regular staff who receive fixed salary	V		
			13. Whether the accountant has not involved in the management of the Company's decision-making process	V		
			14. As of now the auditing report has not been changed in seven years	V		
			15. So far, the accountant has not been punished	V		
4. Whether the company has set up full-time/part-time	✓		The company's full-time corporate governance units are the general manager's			No material gap

Assessed items	State of operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
units/persons for corporate governance related matters? (Including but not limited to providing the directors and supervisors to carry out the business required information, handling the matters relating to the meetings of the board of directors and the shareholders' meeting, registrations and changes in the registrations in the company, making the minutes of the board of directors and the shareholders' meeting)			office and the finance department. The manager of corporate governance is assumed by the manager Hsu, Chang-Chen, who is equipped with 7 years of experience in accounting supervisors in public offering companies. The main responsibilities of the corporate governance supervisor are to handle the appropriateness of the board of directors and shareholders' meeting according to law, prepare the minutes of the board of directors and shareholders' meeting, assist directors to take office and continue their education, provide information needed for directors to practice, assist directors, assist directors in complying with laws, etc. Implementation of corporate governance by corporate governance manager in 2024 is as follows. 1. Assisting duty implementation for directors and independent directors, providing necessary information for board meeting and continuing professional education. (1) Updating revised law and rules for the Company operation and corporate governance related information to board of directors, and update new version irregularly. (2) Review security level of related information and keep communication smoothly between directors and each department. (3) Independent directors follow corporate governance rules. It’s necessary to assist to arrange meetings, when independent directors need to understand and discuss operation of the Company with internal auditor manager and CPA. (4) Assisting directors to plan and arrange annual education. 2. Assisting directors to follow procedures and resolutions of director meetings and shareholders’ meeting. (1) To report corporate governance situation to board of directors, independent directors, supervisors or audit committee, confirm hold shareholders’ meeting and board meetings legally and rules of corporate governance. (2) Assisting and reminding directors prepare the rules for resolution of board meetings. (3) To announce resolution of board meetings on MOPS after board meetings for	is found.

<table>
<tr><th rowspan="2">Assessed items</th><th colspan="3">State of operations</th><th rowspan="2">Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>investors' reference.
3. Preparing the agenda of board meetings, noticing directors no later than before 7 days, preparing related information of board meetings, reminding interest recusal for directors before the meetings and preparing board of resolution no later than before 20 days.
4. Booking the date of shareholders' meeting by rules, preparing meeting notice, meeting handbook, meeting minutes during legal period and announce on MOPS, application for change registration when amendment of rules or re-elect directors.
Education of corporate governance manager in 2024.
<table>
<tr><th>Date</th><th>Organizer</th><th>Course Title</th><th>Hours</th><th>Total hours</th></tr>
<tr><td>2024.04.17</td><td>The Institute of internal auditors-Chinese Taiwan</td><td>Regulations and practical analysis related to governing loans of funds, endorsements and guarantee and governing the acquisition and disposal of assets.</td><td>6</td><td rowspan="3">12</td></tr>
<tr><td>2024.05.09</td><td>Taiwan Corporate Governance Association</td><td>Corporate sustainability as a core competency: Managing diverse external impacts to create positive and lasting value.</td><td>3</td></tr>
<tr><td>2024.11.08</td><td>Taiwan Corporate Governance Association</td><td>Corporate Governance3.0-Practical analysis of Sustainability Reporting</td><td>3</td></tr>
</table></td><td></td></tr>
</table>

5. Has the Company established a communication channel with stakeholders? Has a stakeholders' area been established on the Company's website? Are major corporate social responsibility (CSR) topics concerning the stakeholders addressed appropriately by the Company?	✓		The Company has setup a stakeholder area page with contact information in the company website. The corporate social responsibility issues concerning the interested parties are addressed via phone and email listed in the contact us page of our website. (1)Shareholders 1. Call Shareholders' Meeting to Order in the second quarter every year. Voting rights for resolutions adopted at a shareholders' meeting can be performed by electronic transmission to join the meeting. 2. The Company announced financial statements by quarter, issued Annual report and Business Report by year for investors reference. 3. Announcement for revenue of previous month by total amount and department on TWSE website every month. 4. Setup Investor Area on the Company's website and update new information of the Company. Announce the name, telephone number and email of investors' window on the Company's website for investors' inquiry and feedback. 5. Attending to investor conference hosted by Taiwan or foreign securities Corp. irregularly. There is one time in 2024. 6. Meetings with analysts from Taiwan or foreign by visit plant or conference call irregularly. In 2024, None. (2)Customers 1. To visit customers irregularly and collect replying information. 2. The Company has a toll-free hotline, 0800-556-668, and arranges responsible personnel to process customer complaints. The Company also purchases product liability insurance of NT$50 million to enhance its corporate social responsibilities. 3. Setup Customers Center on website to increase channel for collecting customers' request. 4. Customers filled Customer satisfaction survey every year to upgrade product and service quality. Customers' satisfaction level is satisfied in 2024. (3) Suppliers Customer satisfaction survey 1.Evaluation The Company follow internal control procedure and supply rules to evaluate new suppliers or major suppliers based on the quality, price, service, and speed; to build long-term partnerships. We join Sedex that is Empowering Responsible Supply Chains and FSC-CoC (Forest Stewardship Council- Chain of Custody). 2.Management To evaluate for major suppliers and exist transactions' suppliers by quality, due date and cooperation. The Company take care the relationship of suppliers for stable cooperation. The Company emphasize environmental protection and human rights to fulfill corporate governance in the supply chain. (4) Employees	No material gap is found.

Assessed items	State of operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
			The Company attaches great importance to employee benefits and arrange activities that promote employees' health, such as gatherings. The Company setup Employees area and connection window on the Company's website. Providing the service phone number and email address for employees.	
6. Has the Company delegated a professional shareholder services agent to handle the shareholders' meeting?	✓		The Company authorizes Stock Transfer and Registrar Department, Yuanta Securities Co., Ltd. to process the stock transfer and registrar services in accordance with Regulations Governing Handling of Stock Affairs.	No material gap is found.
7. Information disclosure (1) Did the Company establish a website to disclose information on financial operations and corporate governance? (2) Did the Company adopt other means of information disclosure (such as establishing an English language website, delegating a professional to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company website)?	✓ ✓		The Company has set up a website (http://www.nanliugroup.com, including a Chinese version and English version), which is connected to the Market Observation Post System. On the website, the Investor Area discloses the Company's finances and corporate governance from time to time. The Company has assigned dedicated personnel to handle the collection of disclosure information and has effectively implemented a spokesperson system. Presentation materials and video recordings from investor conferences are disclosed on the Company's official website and the MOPS. To improve the transparency of the disclosure of information, the Company has set up the sound spokesperson system and a public information system to allow shareholders and stakeholders to fully understand the Company's finances and corporate governance.	No material gap is found. No material gap is found.
8. Did the Company have other important information for better understanding the Company's corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company's directors and supervisors)?	✓		(1) Interests and rights of employees, care for employees. Please refer to Employer/employee relationship of the Annual report. (2) Relation with investors. The company have good communication with investors. It's including of announcement of finance information, to attend investor conference hosted by Securities for communication with investors and provide investors' opinions to the Company management level. The company will keep good communication with investors. Please refer related information to investor area on website. (3) Relation with suppliers and relation with interested parties. Please refer to Investor area and Stakeholder area on website. (4) Continuing education of directors and supervisors. Please refer continuing education of directors and supervisors in 2024 on MOPS (Market Observation Post System - Corporate Governance) website. The	No material gap is found.

Assessed items	State of operations			Gaps with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
			company follow the related rules. (5) Execution of risk management policies and risk measuring standards. Please refer to Risk of the Annual report. (6) Execution of customer policies. Please refer to Production and Sales Status of the Annual report. (7) Liability insurance for the Company's directors and supervisors. Liability insurance has been covered for directors and supervisors. The reports of the Liability insurance such as the insured amount, the coverage scope and the insurance rate for the year of the 2025 has been report to the Board of Directors on March 10, 2025.	

9. Please descript the improvement of the result of Corporate Governance Evaluation System by the Corporate Governance Center of the Taiwan Stock Exchange announced in the last year. (The evaluation results which were not included in the assessment did not need to be listed)

The scores of the Company's Corporate Governance evaluation in 2024 are in the block of 81% to 100% of all evaluated companies. The following will be the improvement plans of the Company:

- Governance Indicator 4.5:Has the company established functional committees beyond the statutory ones, such as a Nomination Committee, Risk Management Committee, or Sustainability Committee, with at least three members, more than half of whom are independent directors, and at least one member possessing the professional expertise relevant to the committee's functions? Is the composition, responsibilities, and operation of such committees disclosed?[Planned to establish a Sustainability Committee in 2025.]
- Governance Indicator 4.5:Has the company's sustainability report obtained third-party assurance?[The 2025 sustainability report has been entrusted to PwC Taiwan for third-party assurance.]
- Governance Indicator 4.24:Has the company's sustainability report been submitted to and approved by the Board of Directors?[The sustainability report is being prepared in 2025.]
- Governance Indicator 4.25:Has the company disclosed its annual greenhouse gas (GHG) emissions for the past two years?[The company completed its first GHG emissions disclosure in 2024, and plans to complete the second consecutive disclosure in 2025.]

(6)The formation, responsibility, and operation of the Salary and Remuneration Committee:

<1>Information on the members of the Salary and Remuneration Committee

Identity (Note 1)	Condition / Name	Has more than 5 years of work experience and the following professional qualifications			Compliant to the requirements of independence (Note 2)								Number of salary and remuneration committee memberships concurrently held in other public companies	Remarks (Note 3)
		Currently serving as an instructor or higher post in a private or public college or university in the field of business, law, finance, accounting, or the business sector of the Company	Currently serving as a judge, prosecutor, lawyer, accountant, or other professional practice or technician that must undergo national examinations and specialized license.	Has professional experience necessary for business administration, legal affairs, finance, accounting, or business sector of the Company.	1	2	3	4	5	6	7	8		
Independent Director	Huang, Tung-Rong		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Chen, Chao-Lung	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Independent Director	Huang, Chun-Ping	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director	Hung, Chi-Shan		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	

Note 1: For identity, please annotate whether the person is a director, independent director, or other.

Note 2: For any committee member who fulfills the relevant condition(s) 2 years before being elected or during the term of office, please provide the ✓ sign in the field next to the corresponding condition(s).

(1) Not employed by the Company or an affiliated business.
(2) Not a director or supervisor of the Company or an affiliated business. This does not apply in cases where the person is an independent director of the Company, its parent company, or a subsidiary where the Company holds, directly and indirectly, more than 50% of the voting shares.
(3) Not a natural person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or others.
(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the 3 preceding items.
(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds more than 5% of the total number of issued shares of the Company or is ranked top 5 in terms of quantity of shares held.
(6) Not a director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding more than 5% of shares of a specified company or institution that has a financial or business relationship with the Company.
(7) Not a professional individual or owner, partner, director (member of the governing board), supervisor (member of the supervising board), or managerial officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting, or consultation services to the Company or to any affiliated business, or spouse thereof.
(8) Where none of the circumstances in the subparagraphs of Article 30 of the Company Act applies.

<2> Operations of the Salary and Remuneration Committee

(1) The Company has a Remuneration Committee composed of 4 members.

(2) The duration of the current term of service is from May 31, 2022 to May 30, 2025.

In the recent year, a total of two Remuneration Committee meetings (A) were held. The following lists member qualifications and presence at these meetings:

Job Title	Name	Actual presence (B)	Delegated presence	Rate of actual presence (%) (B/A) (Note)	Remarks
Committee convener	Huang, Tung-Rung	2	0	100%	
Member	Chen, Chao-Lung	1	1	50%	
Member	Huang, Chun-Ping	2	0	100%	
Member	Hung, Chi-Shan	1	0	100% (as Remarks)	2024/05/31 new appointment. The Director should attend 3 board meetings, and actually attended 3 times.

The term/date of Remuneration Committee meetings	The content of proposal and follow up	Meetings' resolution	Follow-up of Remuneration Committee opinions by the Company
The fifth term, the fourth time Remuneration Committee meetings 2024.05.09	1. Distribution amount of Remuneration to major managers and Directors in 2024.	All members of Remuneration Committee meetings agreed.	Proposal board meeting by Remuneration Committee meetings and all directors approved.
The fifth term, the fifth time Remuneration Committee meetings 2024.12.19	1. The principle of year-end bonus distribution and the case of the amount paid by managers. 2. The monthly salary structure and payment amount of managers. 3. The 2024 employee remuneration and the appropriation ratio of directors' remuneration.	All members of Remuneration Committee meetings agreed.	Proposal board meeting by Remuneration Committee meetings and all directors approved.

Other items that shall be recorded:

1. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Salary and Remuneration Committee, the date of the Directors' Meeting, session, contents discussed, results of meeting resolutions, and the Company's disposition of opinions provided by the Salary and Remuneration Committee shall be described in detail (also, where the salary and remuneration approved by the Directors' Meeting is better than that recommended by the Salary and Remuneration Committee, the differences and the reason for the approval shall be described in detail): None.
2. Where resolutions of the Salary and Remuneration Committee include a dissenting or qualified opinion that is on record or stated in a written statement, the date, session, contents discussed, opinions from every member, and disposition of the members' opinions shall be described in detail: None.

(7) Performance of sustainable development:

<table>
<tr><th rowspan="2">Assessed items</th><th colspan="3">State of operations</th><th rowspan="2">Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>1. Has the Company established an exclusively (or concurrently) dedicated unit for promoting sustainable development? Is the unit empowered by the Board of Directors to implement sustainable development activities at upper management levels? Does the unit report the progress of such activities to the Board of Directors?</td><td>✓</td><td></td><td>The company has established an exclusively (or concurrently) dedicated unit for promoting CSR: General Manager's Office. The General Manager's Office’s duty include stipulated sustainable development policies and systems, management rules, implement plan. The related department managers have responsibility for implement. And they are completed before the most recent Board of Directors in the following year.</td><td>No material gap is found.</td></tr>
<tr><td>2. Does the Company implement risk evaluation of environment, society, corporate governance by materiality principle, and stipulated risk management systems or policies?</td><td>✓</td><td></td><td>(1) The Company has stipulated corporate social responsibility policies and implement related risk evaluation by materiality principle. Base on risk after evaluation, stipulated risk management systems or policies is as follows.
<table>
<tr><th>Major issues</th><th>Risk evaluation item</th><th>Risk management systems or policies</th></tr>
<tr><td>Environment</td><td>Environment protection and ecological conservation</td><td>The Company has passed ISO 14001:2015 Environmental management systems certification, FSC-COC:2017 Forest Stewardship Council- Chain of Custody certification, OEKO-TEX® Standard 100 Textile non-toxic certification, PEFC-COC Programme for the Endorsement of Forest Certification. The Company implement environment protection and stipulated environment management guide. The development of environmental management manual, follows the "plan, Do, Check and action" (PDCA) concept for the establishment and maintenance of environmental management system in order to control and achieve continual improvement of processes and products.
The Company is committed to maintain the environment in accordance with related regulations and standards and achieve GMP-certified production environment and management. The Environmental Safety Division is responsible for regular maintenance of landscaping; the</td></tr>
</table></td><td>No material gap is found.</td></tr>
</table>

Assessed items	State of operations					Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary			
					Administration Department and each plant promote a 5S competition; the General Affairs Division works with responsible personnel to maintain a clean environment.	
			Society	1.Occupational safety	The company has passed ISO 45001:2018 Occupational Health and Safety Management Systems certification. To satisfy regulations request, decrease harm risk, training strongly, improve continually. The Company implement training to follow statutory provisions, make occupational safety training plan and implement related training regularly or unregularly.	
				2.Product safety	The company has passed ISO 9001:2015 quality management system certification, ISO 13485:2016 Medical devices quality management system certification, ISO 22716:2007 Cosmetics quality management system certification, GOTS The Global Organic Textile Standard certification, CNS certification of orthographic mark by the Bureau of Standards and Inspection of the Ministry of Economic Affairs, European standard EN 13795 medical surgical gown certification, American AAMI medical surgical gown certification, Cosmetics GMP (Taiwan) certification, QMS Medical Equipment Manufacturer Quality Management System (Taiwan) Certification. The Company is compliant with relevant laws and international laws governing the marketing and labeling of its products and services.	
			Corporate governance	Society economy and compliance	To establish corporate governance organization and implement internal control system, satisfy to follow related law.	
3. Environment issue.	✓		(1)The president establish environment policy for customers' expectation. When the			No material gap is

Assessed items	State of operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
(1)Has the Company referred to the nature of its industry to establish a suitable environment management system (EMS)?			environment change, the president will amend and announce it. The president have to make sure the environment policy to satisfy the Company's target, satisfy environment management system need, provide the structure of establishing and reviewing environment target, communicate to each level of the Company. To make each level employees can understand and implement. To request each departments to strengthen procedure effectiveness, upgrade customers' satisfaction. Then the Company can provide best products to customers. The company has passed ISO 14001: 2015, International environmental management system certification and ISO 45001:2018 Occupational Health and Safety Management Systems certification, PEFC-COC Programme for the Endorsement of Forest Certification. The development of environmental management manual, follows the "plan, Do, Check and action" (PDCA) concept for the establishment and maintenance of environmental management system in order to control and achieve continual improvement of processes and products. The Company is committed to maintain the environment in accordance with related regulations and standards and achieve GMP-certified production environment and management. The Environmental Safety Division is responsible for regular maintenance of landscaping; the Administration Department and each plant promote a 5S competition; the General Affairs Division works with responsible personnel to maintain a clean environment.	found.
(2) Is the Company committed to improving usage efficiency of various resources and utilizing renewable resources with reduced environmental impact?	✓		(2)The Company has promoted the recycling of waste pallets which are used to stack goods and the recycling of wet wipes. In particular, with the installation of water recycling system and the reuse of water, there was a significant reduction in the amount of water used. The factory processes wastewater using the process of reverse osmosis to achieve a certain water quality standards. Parts of recycling water are reused for production lines. Others is then widely used in toilets and watering greeneries in the company. Reduce water consumption by around 90% from 2014 to 2017. Also in 2025, the company will continue to maintain this performance standard. In terms of waste reduction, the target will be achieved by, reducing the use of non-renewable resources, making good use of resources and energy, limiting the generation of waste to the maximum possible when design products, and classifying	No material gap is found.

Assessed items	State of operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
			the recyclable wastes. For 2025, the target for the reduction in the waste products is 10%.	
(3)Does the Company evaluate with changes to the global climate and how it may affect now and future risk and opportunity, and countermeasures of related climate issue?	✓		(3) The World bank announced a report in 2012, a football field size forest lost for every two seconds. That is a heavy threaten thing for environment. WWF said, felling forest make temperature to rise and that is the major reason of climate changes. The company has passed FSC-COC:2017 Forest Stewardship Council- Chain of Custody certification, PEFC-COC Programme for the Endorsement of Forest Certification. The raw materials use forest-certified products to reduce the impact on the environment and ensure that the sources of materials avoid forests that violate trade or public rights, genetically modified trees, illegal logging, etc., and have achieved the goal of doing our part for the earth and reducing air pollution, warming and other environmental issues.	No material gap is found.
(4)Does the Company computed greenhouse gas emissions, water consumption, the total weight of waste for last two years, stipulated strategies for reducing energy consumption, greenhouse gas emissions, water consumption, others waste emissions?	✓		(4)The Company has formulated the "Low Carbon Policy" as a guide for future carbon reduction projects. This includes optimization of energy efficiency and installing solar panels. In 2016, the company started to install photovoltaic equipment for energy saving and carbon reduction. In 2017, the company began to use energy efficient motors and gradually dispose of some existing high-power motors. For decreasing greenhouse gas emissions, strengthen energy control. The office and meeting room should keep suitable temperature setting (use air conditioner when temperature over 30 degree). It should adjust or close air conditioner when members decrease. The office and work area should keep strainer of air conditioner clean and update it regularly for reducing electricity fee. It should keep enough light in working area and close the electricity switch when no one in working area. The Company has installed energy-saving light bulbs and reduced the number of light tubes. For 2025, the target for annual energy saving is 5%. In order to save water and energy consumption, our company converts the process wastewater in the factory into recycled water generated by the reverse osmosis method that meets certain water quality standards. Part of it is reused in the production line, and the rest is widely used for flushing toilets, environmental greening water, etc. Reduce wastewater discharge and reduce the concentration of wastewater discharge. From 2014 to 2017, water consumption reduced around 90%. From 2018 till now, the	No material gap is found.

Assessed items	State of operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
			reduced water consumption maintained. In 2025, the goal will be to continue to maintain the current improved situation. The cooling tower should maintain regularly to keep pipelines smoothly, no blocking, no water leaking. If the toilet tanks leak, should notice the maintainer to fix it. The Company has installed water-saving devices.	
4. Society issue.				
(1) Has the Company referred to relevant laws and international human rights instruments to stipulate relevant management policies and procedures?	✓		(1) The company does comply with the Labor Standards Law and related regulations, as well as international human rights conventions, such as gender equality, work rights and prohibition of discrimination. It has joined SMETA - Supplier Ethical Information Exchange Audit (SEDEX), and has an employee welfare committee responsible for supervision and Protect the relevant rights and interests of employees. In addition, the company not only encourages employees to participate in various activities organized, but also provides employees with bonuses and related gifts during folk festivals.	No material gap is found.
(2) Has the Company established and implement an employee welfare measures (include salary, leave and other welfare), and the Company's business performance reflect on employees' salary?	✓		(2) The Company established and implement an employee welfare measures, include salary, leave, training and retirement system. The Company's business performance reflect on employees' salary already. The article 20 of 'Articles of Incorporation' said as follows. 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. 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.	No material gap is found.
(3) Has the Company provided employees with safe and healthy work environments as well as regular classes on health and safety?	✓		(3) The company has passed ISO 45001:2018 International Organization for Standardization and Safety Management Systems certification and ISO 14001:2015 international environmental management system certification, in order to prevent occupational hazards and to ensure labor safety and health. Also, to ensure that safety and health matters comply with the relevant laws and regulations in order to reduce the loss of life and property. The Company has formulated the "Safety and Health Management Procedures" in accordance with the relevant laws and regulations on labor safety and health, labor safety and health organization management and self-inspection measures. Our company employees, contractors, third-party manufacturers and suppliers who carry out operational activities in factories. The company held	No material gap is found.

Assessed items	State of operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
			regularly safety and health education training for disaster prevention during working period.	
	✓		Measures and Implementation Results for Preventing Employee Obesity and Metabolic Syndrome (Three Highs: Hypertension, Hyperglycemia, and Hyperlipidemia):	No material gap is found.
			(1) Preventive Measures:	
	✓		Each year, the Company signs a labor health service contract with a professional health management firm to conduct regular employee health checkups and perform analysis and evaluation of the results. For employees identified as high-risk for metabolic syndrome, additional health consultations with physicians are arranged, along with health education and personalized care.	No material gap is found.
			(2) Implementation: 1. A company-wide health examination was conducted on July 30, 2024 , covering 180 employees.	
	✓		2. Employees with abnormal health indicators—especially those at risk of the “three highs”—were individually notified and provided with relevant health education materials.	No material gap is found.
			(3) Outcomes: 1. In 2024, the Company signed a labor health service contract with Guan-Yuan Health Co., Ltd. to assist in the follow-up and health guidance of employees with abnormal checkup results. 2. On-site medical services include quarterly physician visits and four monthly sessions by a nurse providing ongoing health education.	
(4) Has the Company established an effective competency development career training program for employees?			(4)The Company holds internal training programs and expatriate professional training programs from time to time to cultivate employees' competencies and strengths. The training programs for employees are described below.	
(5) Is the Company compliant with relevant laws and international laws governing, and the customers' health, safe, customers' privacy, marketing and labeling of its products and services?			(5) The company has passed ISO 9001:2015 quality management system certification, ISO 13485:2016 Medical devices quality management system certification, ISO 22716:2007 Cosmetics quality management system certification.	

Assessed items	State of operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
(6)Does the Company establish suppliers' management system and request suppliers follow related rules and implement situation for Environmental protection, Occupational safety and health or labor rights?			The Company is compliant with relevant laws and international laws governing, and the customers' health, safe, customers' privacy, marketing and labeling of its products and services. The Company follows the related laws and regulations governing its business operations. The Company has a toll-free hotline, 0800-556-668, and arranges responsible personnel to process customer complaints. The Company also purchases product liability insurance of NT$50 million to enhance its corporate social responsibilities. (6) The Company has joined SMETA – Supplier Ethical Information Exchange Audit (SEDEX), and during the evaluation of new suppliers and existing suppliers, we attach great importance to human rights, labor rights, prohibition of child labor, non-discrimination, etc. Quality, price, service, and speed are the main evaluation items to establish a qualified supplier system. As a long-term partner, we will emphasize the company's demands for environmental protection and human rights regulations to implement corporate governance in the supply chain.	
5. Does the Company prepare CSR report to expose non-financial information by referring global used report rules and format? Does the CSR report obtain the third party certification?		✓	Expected that the preparation of a perpetual report that complies with internationally accepted preparation standards will be completed in August 2025.	
6. If the Company makes its own corporate social responsibilities according to the rule of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, please state the implement and differences: The Company has formulated "Codes of Corporate Social Responsibility" and follow in the future. Regularly to help the surrounding schools, public interest groups and vulnerable groups (living alone old men or old women, single-parent families, emergency relief). In order to contribute to the society, the chairman has set up private Nan liu Charity Foundation, with full-time staff of an Executive Secretary, Executive Officer and volunteers, directly dedicated to assist the elderly living alone and single-parent family in emergency and other related matters. The current plan to set up a central kitchen, to provide meal to living alone old men or old women.				
7. Other important information for better understanding of corporate social responsibilities (such as the Company's systems and measures and the implementation of environmental protection, social engagement, social contribution, social service, social charity, customer interest, human rights, safety and health, and other CSR activities): (1) Business Performance To fulfill the corporate governance, the Company has established the effective internal control system and independent directors to improve the practical experience of the management team. Also, the Company has stipulated Rules and Procedures for the Shareholders' Meeting to strengthen the competency of the Board of Directors. To secure shareholders' equity and improve the transparency of the disclosure of information, the Company has the spokesperson and deputy spokesperson responsible for the instant disclosure of important				

Assessed items	State of operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
information and arranges responsible personnel to communicate with shareholders. (2) Environmental Protection The company has passed ISO 14001:2015 international environmental management system certification and ISO 45001:2018 Occupational Health and Safety Management Systems certification. The Company has formulated the "Environment Management Procedures" and established a recycling system to reduce the impact of disposal of waste on human bodies and the environment and has been committed to maintain the environment in accordance with related regulations and standards and achieve a GMP-certified production environment and management. In addition, the Environmental Safety Division is responsible for regular maintenance of landscaping; the Administration Department and each plant promote a 5S competition; General Affairs Division works with responsible personnel to maintain a clean environment. To save water and energy consumption, the Company has installed water-saving devices, except faucets for special purposes, and energy-saving light bulbs and reduced the number of light tubes in corridors and places stationed with fewer employees. (3) Employee Interest and Care The Company has passed ISO 45001:2018 International Organization for Standardization. Consistently upholding stable and sustainable operation, the Company attaches great importance to employee benefits by allocating monthly benefits and arranging activities that promote employees' health, such as gatherings, an annual health examination, wedding and funeral allowances, group insurance, and casualty insurance. In addition, the Company has stipulated regulations governing retirement and set up a Supervisory Committee of Business Entities' Labor Retirement Reserve according to the Labor Standards Act to allocate a labor retirement reserve based on a certain percentage of monthly salary to a pension account at the Bank of Taiwan. According to Labor Pension Act, starting from July 1, 2005, the amount of labor pension borne by the employer shall not be less than six percent of the worker's monthly wage. The labor pension shall be calculated based on the principal and accrued dividends from an employee's individual account of labor pension and paid on a monthly or lump-sum basis. The regulations of and measures for the labor relations formulated by the Company are well implemented in accordance with applicable laws. In addition, the Company held the following training programs to improve employees' competency and strengths in 2024. <1> Occupational Safety and Health has 212 person-time, 59 hours. <2> Management has 19 person-time, 80 hours. <3> Professional training has 729 person-time, 155 hours. <4> Continue education has 300 person-time, 125 hours. <5> Ethical Corporate Management has 17 person-time, 30 hours. <6> Risk Management has 27 person-time, 26 hours. (4) Investor Relations According to the Company Act and related regulations, the Company holds an annual shareholders' meeting and notifies shareholders of the meeting; the Company treats major and minor shareholders equally and encourages them to attend the shareholders' meeting and participate in the election of directors and supervisors or amendments to the Company's Articles of Incorporation; the Company reports material finances, including the disposal of assets and endorsements and guarantees, to the shareholders' meeting. The Company also allows shareholders to ask questions or propose properly, records the shareholder's meeting minutes, and discloses related information on the Market Observation Post System. In addition, to ensure that shareholders fully understand and participate in the determination of the Company's major matters, the Company will provide an annual report for the stock				

Assessed items	State of operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
transfer and registrar agency prior to the annual shareholders' meeting and have the spokesperson and deputy spokesperson properly deal with the recommendations, doubts, and disputes related to shareholders. Since listed in the emerging stock market on May 7, 2013, the Company has disclosed related information in accordance with the Taiwan Stock Exchange Guidelines for Stock Review and appointed responsible personnel from the Department of Finance, Audit Office and Accounting Division to collect and disclose information online that may affect investors' decisions upon the review and approval of responsible supervisors. (5) Stakeholders' Interest The Company has set up smooth communication channels with banks and other creditors, employees, customers, and suppliers and values and maintains their legitimate rights and interests. 1. The Company provides sufficient information for banks to make the best judgment and decision on the Company's operations and finances. 2. The Company has established the Employees' Welfare Committee and regularly holds labor conferences, where representatives from both the Company and labor participate, to take care of employees and maintain a smooth communication channel between both parties. 3. The Company appoints responsible personnel to deal with suppliers. No arrears or late payments exist so far. The Company regularly discloses the related information on finances on the Market Observation Post System and maintains good relations with suppliers. 4. The Company has the spokesperson and deputy spokesperson to communicate with stakeholders. (6) The Company has engaged in communities and charities through commercial activities, in-kind donations, volunteer service or other gratuitous professional services. 1. The Company has actively participated in community and artistic activities through contributions to social welfare and artistic performances. 2. Contributions: (1) The Company made the following donations to the government and local groups from time to time: A. Donated NT$950 thousand to community activities. B. Donated NT$130 thousand to disadvantaged people support funds. C. Donated NT$1,170 thousand to cultural, artistic, and sports activities D. Donated NT$1,270 thousand to cultural and educational foundations. E. Donated wet wipes NT$580 thousand to protection activities. (2) In order to contribute to the society, the founder and his brother have set up private Nan liu Charity Foundation and Southern charitable trust, with gratuitous volunteers, directly dedicated to provide meal to the elderly living alone and assist single-parent family in emergency and other related matters. Foundation donated unregularly to the society and local community as follows. A. Donated NT$5,340 thousand to meal delivery for elderly people living alone. B. Donated NT$140 thousand to elderly welfare expenditure. C. Donated NT$220 thousand to emergency assistance. D. Donated NT$450 thousand to subsidies for low-income households. E.Donated NT$270 thousand to others social welfare activities.				

Assessed items	State of operations			Gaps with the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and root causes
	Yes	No	Summary	
F. Donated NT$1,200 thousand to social welfare activities of government agencies. G. Donated NT$4,280 thousand to social welfare activities of civil society organizations. H. Donated NT$710 thousand to community social welfare activities. I. Donated NT$650 thousand to social welfare activities of religious groups. J. Donated NT$1,200 thousand to other social welfare activities. (4) Promoted industry–academia cooperation with colleges and universities, including Cooperation Production Scheduling System with NKUST , Industry-university cooperation with KMU , industrial development and research with SYSU . 3. The Company processed waste in accordance with the Industrial Waste Disposal Plan and reported the flow of waste online according to applicable laws and regulations.				

(6) Climate-related information:

1 Implementation of climate-related information

<table>
<tr><td>project</td><td>Execution situation</td></tr>
<tr><td>1. Describe the board and management’s oversight and governance of climate-related risks and opportunities.</td><td>In order to respond to the high degree of climate uncertainty and rapid changes in policies and markets, and to promptly grasp and estimate the possible impacts of climate change, the Company will plan to convene relevant senior executives to identify major climate risks and opportunities. At the same time, we will further evaluate the risks that floods, droughts, typhoons and high temperatures may bring to each factory, hoping to grasp the climate change and market dynamics of the external environment and more comprehensively consider the overall operational strategic planning.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities affect the company's business, strategy and finances (short-term, medium-term, long-term).</td><td>The company is actively developing solutions in the hope of reducing the operational and financial impacts of climate change and improving organizational climate resilience. It also defines the short term as within 5 years, the medium term as 5 to 10 years, and the long term as more than 10 years. It evaluates the potential operational and financial impacts of relevant climate risks and opportunities on the company to plan various actions to respond to climate-related risks and opportunities.
<table>
<tr><td></td><td>Risk Categories and Opportunities</td><td>Short term (1~ 5 Year)</td><td>Mid-term (5 ~ 10 years)</td><td>Long term (more than 10 years)</td></tr>
<tr><td>risk</td><td>Transition risk
Focus on the risks arising from the transition to a low-carbon economy. Transformation risks include policy, legal, technology and market risks</td><td>Total greenhouse gas control and carbon tax and carbon fee</td><td>1. New renewable energy laws and regulations
2. Insufficient climate response actions lead to increased costs</td><td>Net zero emissions trends</td></tr>
<tr><td></td><td>physical risk
Risks resulting from climate change driven by events (immediate physical risks) or from long-term shifts in climate patterns (long-term physical risks) . Immediate physical risks arise from weather -related events, such as storms, floods, droughts or heat waves, which are increasing in severity and frequency. Long-term physical risks arise from long-term changes in climate patterns, including changes in precipitation and temperature, which may lead to rising sea levels and reduced water</td><td>Extreme changes in weather patterns are causing increased flooding and damaging our operating assets</td><td>Drought increases</td><td>average temperature rise</td></tr>
</table>
</td></tr>
</table>

		availability. low, biodiversity loss and changes in soil productivity.			
	Chance	Evaluate climate change mitigation and adaptation efforts to create climate-related opportunities for individuals	R&D and innovation of low-carbon products	Promotion of low-carbon products	Improve corporate reputation

The company evaluates the above risks and proposes climate-related risks and opportunities that may have significant financial impact, and the response strategies are as follows:

Risk/Opportunity	financial impact	coping strategies
Risks: Total greenhouse gas control and carbon tax and carbon fee	Paying carbon fees increases operating costs	Improve energy efficiency and invest in green energy equipment
Risk: New renewable energy regulations and specifications	1. Purchasing renewable energy power certificates will increase operating costs 2. Violation of regulatory requirements requires payment of fines, resulting in increased operating expenses	Add green power equipment
Risk: The Net Zero Emissions Trend	carbon reduction equipment installation and operating costs	1. Continue to implement greenhouse gas reduction actions 2. Encourage suppliers to take climate mitigation and adaptation actions
Opportunities: R&D, innovation and promotion of low-carbon products	Increase the sales ratio of low-carbon products, thereby increasing revenue	1. Use raw materials with low carbon footprint and reconfigure product ingredients 2. Research and development of green products
Opportunity: Enhance corporate reputation	Improve financing availability and reduce capital costs	1. Enhance corporate green image through transparent disclosure 2. Strengthen corporate governance and establish a culture where the company values climate-related issues and takes action. 3. Improve sustainable evaluation results and establish a good image

3. Describe the financial impact of extreme climate events and transition actions.	**The financial impact of extreme weather events** After internal discussions within the company, we identified potential risks to production or transportation caused by floods, droughts, changes in precipitation patterns, and extreme changes in climate patterns.

	Our company's Qiaotou factory in Taiwan is relatively low- lying and suffered heavy rainfall from typhoons, which caused inventory flooding. Therefore, the Yanchao main factory was built with a high foundation. When the Indian factory was built, soil was also filled to raise the high foundation, and digging was done around the factory. Set up drainage ditches to reduce cargo losses due to insufficient drainage during heavy rainfall. The above preventive capital expenditures all increase investment costs and are unavoidable. Extreme changes in climate patterns, such as increased humidity in rainfall and insufficient humidity in droughts, increase the cost of product production and control. **Financial Impact of Transformation Initiatives** Under transition risks, the transition to a low-carbon economy may require extensive changes in policies and regulations, technology and markets. Depending on the nature, speed, and focus of the above changes, carbon fees, total greenhouse gas controls, and renewable energy regulations may increase operating costs within the analysis time frame. In the context of low-carbon transformation, carbon pricing may lead to an increase in company operations and supply chain costs.
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	The Board of Directors is the highest decision-making unit for risk control of each company in the group and directly supervises the risk governance structure of each company in the group. The company will plan to set up a risk management team to be responsible for identifying and managing risks in corporate operations, including the physical and transformation risks that climate change may bring, and leading the planning of relevant response measures.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained.	The company has not yet used scenario analysis as an evaluation tool, and the company is currently discussing evaluation and planning implementation.
6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	In response to the risk of heavy rainfall and flooding, our company has considered and taken enhanced measures to reduce risks when building a new factory. Since moving the factory to Yanchao Main Factory, there has been no loss of goods due to heavy rainfall and flooding, and the results have been shown. Transformation plans to manage climate-related risks will be planned in the future.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Internal carbon pricing has not yet been used as a planning tool.
8. If climate-related goals are set, information such as the activities covered, greenhouse gas emission scope, planning schedule, annual achievement progress, etc. should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, information such as Explain the source and quantity of carbon reduction credits or the quantity of renewable energy certificates (RECs) being redeemed .	No climate-related targets have been set.
9. Greenhouse gas inventory and confirmation,	Please explain in detail below.

reduction goals, strategies and specific action plans (fill in 1-1 and 1-2 separately).	

1-1 The company's greenhouse gas inventory and confirmation status in the last two years

1-1-1 Greenhouse gas inventory information

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/million yuan) and data coverage of greenhouse gases in the past two years.

The parent company has been conducting inventory since 2023 (the same below). The company has produced a greenhouse gas inventory report in accordance with CHG Protocol standards. The parent company's greenhouse gas inventory data for 2024 and 2023 is based on the Operations Control Act. The greenhouse gas emissions are explained as follows:

			Emissions(tons CO_2e)
Our company		2024	2023
	Category 1 direct greenhouse gas emissions	5,120.4932	5,858.9674
	Category 2 indirect emissions from electricity	16,640.8690	17,344.0592
	Subtotal	21,761.3622	23,203.0266

Note 1: Direct emissions (Category 1, that is, directly from emission sources owned or controlled by the company), indirect energy emissions (Category 2, that is, from input Indirect greenhouse gas emissions caused by electricity, heat or steam) and other indirect emissions (Category 3 , i.e. emissions generated by corporate activities, not energy indirect emissions from sources owned or controlled by other companies).

Note 2: The scope of data coverage of direct emissions and indirect energy emissions shall be handled in accordance with the timetable specified in the order stipulated in Article 10, Paragraph 2 of these Guidelines. Other indirect

Disclosure of emissions information is voluntary.

Note 3: Greenhouse gas inventory standard: Greenhouse Gas Protocol (GHG Protocol) or International Standards Organization

ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover, but at least it should be stated that the intensity is calculated in terms of turnover (NT$ million)

data.

1-1-2 Greenhouse Gas Confirmation Information

two years as of the publication date of the annual report , including the scope of the confidence, the organization of the confidence, the criteria for the confidence and the opinion of the confidence.

1. The parent company's individual status has been confirmed since the 2023 of the Republic of China (the same below).

The company's greenhouse gas inventory execution assurance status for 2024 and 2023 is explained as follows:

			Emissions(tons CO_2e)
Our company		2024	2023

	Category 1 direct greenhouse gas emissions	5,120.4932	5,858.9674	
	Category 2 indirect emissions from electricity	16,640.8690	17,344.0592	
	Subtotal	21,761.3622	23,203.0266	
	Percentage of the interrogation data disclosed in 1-1-1 above	100%	100%	
Believe in the organization		PricewaterhouseCoopers Taiwan	PricewaterhouseCoopers Taiwan	
Believe the situation statement		Confidence Rule No. 3410 limited certainty	Confidence Rule No. 3410 limited certainty	
Convinced opinion/conclusion		Unqualified conclusion	Unqualified conclusion	

(8) Implementation of Integrity Management:

Items assessed	State of operations			Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
1. Stipulating policies and plans for ethical corporate management				
(1) Does the Company established clearly indicated policies and activities that approved by Board of Directors, related to ethical corporate management in its bylaws and external documents, and are the Company's directors and management actively fulfilling their commitment to corporate policies?	✓		(1) The Company has formulated "Codes of Ethical Conduct of Supervisors, and Managerial Officers", and "Codes of Ethical Corporate Management" which is fully understood and followed by the Board of Directors and the management.	No material gap is found.
(2) Does the Company established e dishonesty evaluation system, analysis regularly, evaluate business activities with a higher dishonesty activities risk and preventive measures for the items prescribed in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE Listed?	✓		(2) The Company use fair and honesty for business. Before the business, consider the legitimacy and credibility of the entity and prevent to do business with dishonesty company. Always to follow the credibility of the entity. According to Code of Ethics for Directors, Supervisors, and Managerial Officers, if directors or managerial officers violate the code of ethics, the Company will punish them based on the disciplinary measures. In addition, the Company will emphasize in the annual meeting and managerial meetings that integrity is the foundation of the Company's business philosophy. For preventing dishonesty activities, the Company established "Rules of reporting illegal and immoral or dishonest case".	No material gap is found.
(3)Has the Company stipulated a plan to forestall unethical conduct? Has the Company clearly prescribed procedures, best practices, and disciplinary and appeal systems for violations within said plan? Is the plan implemented accordingly?	✓		(3) The Company has formulated "Rules of reporting illegal and immoral or dishonest case" and established internal and external reporting channels and handling systems to ensure a sustainable development. Also, the Company has established an effective accounting system and internal control system and reviewed and revised them from time to time to keep the systems sustained and effective.	No material gap is found.
2. Implementing ethical corporate management				
(1) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct?	✓		(1) The Company evaluated the legality, reputation and credit of major clients and suppliers before doing business with them to avoid acts of bad faith.	No material gap is found.
(2) Has the Company established an exclusively (or concurrently) dedicated unit for promoting ethical corporate management that answer to the Board of Directors? Does said unit regularly (at least one time for yearly) report to the Board of Directors on the state of its activities?	✓		(2) The Office of Chairman is the dedicated unit for promoting the corporate integrity operation; the Audit Office is responsible to supervise, audit, and report on the integrity operation to supervisors and the Board of Directors.	No material gap is found.
(3) Has the Company established policies preventing conflicts of interest, provided proper channels of appeal, and enforced these	✓		(3) The Rules and Procedures for the Board Meeting stipulate the avoidance of conflicts of interest between directors. When discussing a proposal in the Board meeting, directors involved in the conflict of interest shall avoid participating in	No material gap is found.

Items assessed	State of operations			Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
policies and channels accordingly?			the resolution. The Company has set up a smooth channel for employees to directly complain or make appeals through immediate supervisors.	
(4) Has the Company established effective accounting systems and internal control systems for enforcing ethical corporate management? Are regular audits for evaluation of dishonesty risk and make audit plan to audit dishonesty situation that carried out by the Company's internal audit unit or commissioned to a CPA?	✓		(4) The Company has established an effective accounting system and internal control system and reviewed and revised them from time to time; the Company also has full-time auditors to audit the accounting system and internal control system on a regular basis, provide opinions for improvements to keep the systems sustained and effective, and submit the audit report to supervisors and the Board of Directors. The audit office evaluate to make audit plan to audit dishonesty situation for prevention dishonesty activities.	No material gap is found.
(5) Does the Company regularly organize internal and external training for ethical corporate management?	✓		(5) The company regularly promotes the concept of honest management to employees. In 2023, the education and training of honest management will focus on preventing money laundering at home and abroad, risk analysis of heavy financial mergers, bragging mechanism, fraud prevention, etc., 34 people/time, 35 hours.	No material gap is found.
3. Status for enforcing whistleblowing systems in the Company				
(1) Has the Company established concrete whistleblowing and reward systems and accessible whistleblowing channels? Does the Company assign a suitable and dedicated individual for the case being exposed by the whistleblower?	✓		(1) The Company has established a reporting mail system and appointed a responsible department to deal with complaints in accordance with related regulations and procedures.	No material gap is found.
(2) Has the Company stipulated standard operating procedures (SOP) and relevant systems of confidentiality for investigating the case being exposed by the whistleblower?	✓		(2) The Company clearly defined in the Regulations Governing the Procedures of Communication and Responses that responsible personnel shall hold the identity of the informant confidential.	No material gap is found.
(3) Has the Company adopted protection against inappropriate disciplinary actions against the whistleblower?	✓		(3) The Company will hold the informant confidential and harmless in the process of reporting.	No material gap is found.
4. Improvement of information disclosure				
(1) Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities upon its official website or Market Observation Post System (MOPS)?		✓	The Company has set up an exclusive area to disclose the related information on the Company's integrity operation.	The Company will process the information on a timely basis, subject to the actual needs.
5. Where the company has stipulated its own best practices on ethical corporate management according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM				

Items assessed	State of operations			Gaps with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the cause of said gaps
	Yes	No	Summary	
Listed Companies, please describe any gaps between the prescribed best practices and actual activities taken by the Company: No material gap is found.				
6. Other important information for better understanding of the integrity operation: None.				

(9) If the Company has stipulated best practices for corporate governance and other relevant bylaws, the means to search for these bylaws shall be disclosed.

Currently, the Company has stipulated a Code of Ethics for Directors, Supervisors, and Managerial Officers, Rules and Procedures for the Shareholders' Meeting, Rules and Procedures for the Board Meeting, a scope of responsibilities of independent directors, and a sound internal control system and internal audit system to fulfill the operation and promotion of corporate governance. For related regulations and systems, please refer to the Company's website and external websites.

(10) Other Important Corporate Governance Information: None.

(11) Implementation of Internal Control System

1. Statement of Internal Controls:

NAN LIU ENTERPRISE CO., LTD.

Statement of Internal Control System

Date: March 10, 2025

The internal control system from January 1 to December 31, 2024, according to the result of self-assessment is stated as follows:

1. The Company acknowledges that the implementation and maintenance of internal control system is the responsibility of Board of Directors and management, and the Company has established such system. The system is aimed to reasonably assure that the goals such as the effectiveness and the efficiency of operations (including profitability, performance and asset protection), the reliability of financial reporting and the compliance of applicable law and regulations are achieved.
2. The internal control system has its innate restriction. An effective internal control system can only ensure the foregoing three goals are achieved; nevertheless, due to the change of environment and conditions, the effectiveness of internal control system will be changed accordingly. However, the internal control system of the Company has self-monitoring function and the Company will take corrective action once any defect is identified.
3. According to the effective judgment items for the internal control system specified in "Highlights for Implementation of Establishing Internal Control System by Listed Companies" (hereinafter referred to as "Highlights" has made judgment whether or not the design and execution of internal control system is effective. The judgment items for internal control adopted by "Highlights" are, based on the process of management control, for classifying the internal control into five elements: 1. Control environment; 2. Risk assessments, 3. Control activities, 4. Information and communication, 5. Monitoring. Each element also includes several items. For the foregoing items, refer to "Highlights".
4. The Company has adopted the aforesaid judgment items for internal control to evaluate the effectiveness of design and execution of internal control system.
5. Based on the above-mentioned result of evaluation, the Company suggests that the internal control system, including the design and execution of internal control relating to the effectiveness and efficiency of operation, the reliability of financial reporting, the compliance of applicable law and regulations has been effective and they can reasonably assure that the aforesaid goals have been achieved.
6. This statement will be the main content for annual report and prospectus and will be disclosed publicly. If the above contents have any falsehood and concealment, it will involve in the liability as mentioned in Article20, 32, 171 and 174 of Securities and Exchange Law.
7. This statement has been approved by the meeting of Board of Directors on March 10, 2025, and those 9 directors in presence all agree at the contents of this statement.

NAN LIU ENTERPRISE CO., LTD.

Chairman: Mr. Huang, Shih-Chung
General Manager: Mr. Huang, Shih-Chung

Notice to Readers

For the convenience of readers, the Supervisors' Review Report have been translated into English from the original Chinese version prepared. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language Supervisors' Review Report shall prevail.

2. Any CPA commissioned to conduct a project review of the ICS shall disclose the CPA's audit report: Not applicable.

(12) Any legal penalty enacted upon The Company and its personnel, or any penalty, major defects, and state of improvements enacted by The Company upon its personnel for violating the rules of the ICS during the most recent year up to the publication date of this report: None.

(13) Major resolutions of the shareholders' meeting and the Board meeting in the most recent year up to the publication date of this report

2024 Major Resolutions of Shareholders' Meeting and Implementation Status

1. Approved Distribution of Surplus in 2023.

   Implementation Status: Approved ex-dividend date was on 2024.9.18 and distributed on 2024.10.14

2. Independent director by-election.

   Implementation Status: The Company already registered the amendment to the Ministry of Economic Affairs on July 9, 2024 and announced on the company website.

3. Individual Financial Statements and Consolidated Financial Statements and Business Report for 2023.

   Implementation Status: The relevant forms have been submitted to the main engine for reference and announcement in accordance with the company law and other relevant laws and regulations.

2024 major resolutions of the Board of Directors meetings

Session number of the Board of Directors meeting	Date	Major resolutions	Article 14-3 of the Securities and Exchange Act	Independent director has a dissenting or qualified opinion
The first time in 2024, The Board of Directors	2024.03.14	(1)Approved 2023 Financial Statements and the Business Report.		
		(2)Distribution of the 2023 Compensation of Employees and Directors.		
		(3)Approved 2023 Dividend Distribution.		
		(4)Approved assessment of the effectiveness of the internal control system and issuance of 2023 Internal Control Letter.		
		(5)Approved independent director by-election.		
		(6)Approved the nomination and review of independent director candidates.		
		(7)Approved the proposal to lift the non-competition restrictions of new director.		
		(8)Approved convening of the 2023 Shareholders' Meeting, accepting proposals and nominations from shareholders holding more than 1% of the shares.		
		(9)Approved evaluation of qualifications and independence for visa accountants.	V	
		(10)Approved loan guarantee for subsidiaries.	V	
		(11)Approved the application of comprehensive credit lines.		
		Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None. The results of the decision: all attendees agreed to pass.		
The second time in 2024, The Board of Directors	2024.05.09	(1)Approved 1Q 2024 Financial Statements.		
		(2)Approved distribution amount of Remuneration to major managers and Directors in 2023.		
		(3)Approved loan guarantee for subsidiaries.	V	
		(4)Approved the application of comprehensive credit lines.		

		Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None. The results of the decision: all attendees agreed to pass.		
The third time in 2024 The Board of Director	2024.08.12	(1) Approved 2024 Q2 Consolidated Financial Statements.		
		(2) Approved amendments to parts of 'Procedures of Financial Derivatives'.	V	
		(3) Approved the record date for common share dividend.		
		(4) Approved loan guarantee for subsidiaries.	V	
		(5) Approved the application of comprehensive credit lines.		
		Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None. The results of the decision: all attendees agreed to pass.		
The fourth time in 2024 The Board of Directors	2024.11.08	(1) Approved 2024 Q3 Consolidated Financial Statements.		
		(2) Approved amendments to parts of 'Audit Committee Charter'.	V	
		(3) Approved amendments to parts of 'Rules of Procedure for Board of Directors Meetings'.	V	
		(4) Approved 'Procedures of Preparation and verification of Sustainability Reports'.	V	
		(5) Approved loan guarantee for subsidiaries.	V	
		(6) Approved the application of comprehensive credit lines.		
		Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None. The results of the decision: all attendees agreed to pass.		
The fifth time in 2024 The Board of Directors	2024.12.19	(1) Approved 2025 annual audit plan.		
		(2) Approved 2025 annual business plan.		
		(3) Approved 'Sustainability Information Operation Management and Control Regulations'.	V	
		(4) Approved loan guarantee for subsidiaries.	V	
		(5) Approved the application of comprehensive credit lines.		
		(6) Approved 2025 Compensation of managers, 2024 Bonus distribution of managers,2024 Compensation of Employees, 2024 Compensation of Directors and Supervisors by Remuneration committee.		
		Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None. The results of the decision: all attendees agreed to pass.		

2025 major resolutions of the Board of Directors meetings

Session number of the Board meeting	Date	Major resolutions	Article 14-3 of the Securities and Exchange Act	Independent director has a dissenting or qualified opinion
The first time in 2025, The Board of Directors	2025.03.10	(1) Approved 2024 Financial Statements and the Business Report.		
		(2) Approved Distribution of the 2024 Compensation of Employees and Directors.	V	
		(3) Approved 2024 Dividend Distribution.		
		(4) Approved assessment of the effectiveness of the internal control system and issuance of 2024 Internal Control Letter.		
		(5) Approved Amendments to Parts of 'Articles of Incorporation'.	V	
		(6) Approved Definition of the scope of non-executive employees.	V	
		(7) Approved Full re-election of Directors.	V	
		(8) Approved the proposal to lift the non-competition restrictions	V	

		of new director.		
		(9) Approved convening of the 2025 Shareholders' Meeting, accepting proposals and nominations from shareholders holding more than 1% of the shares.		
		(10) Approved evaluation of qualifications and independence for visa accountants.	V	
		(11) Approved the application of comprehensive credit lines.		
		Independent Directors' opinions: None. The Company's handling the opinions of independent directors: None. The results of the decision: all attendees agreed to pass.		

(13) As of the printing date of annual report, Directors or supervisors have different opinions that have been noted on the record or declared in writing in connection with the important resolutions passed by the Board of Directors: None.

(14) As of the printing date of annual report, dismissal situation of Chairman, General manager, Accounting manager, Finance manager, Auditor officer and RD manager: None.

3. Accounting Expenses

Name of the accounting firm	Name of the CPA		Audit period	Notes
PricewaterhouseCoopers Taiwan	Chung-Yu Tien	Tzu-Shu Lin	January 1, 2024 ~ December 31, 2024	

Unit: NT$1,000

Name of the accounting firm	Name of the CPA	Accounting charge	Non-accounting charge					Audit period	Remarks
			System design	Business registrations	Human Resources	Others	Total		
PricewaterhouseCoopers Taiwan	Chung-Yu Tien Tzu-Shu Lin	4,180	--	--	--	200	200	January 1, 2024~ December 31, 2024	Transfer pricing report

(1) The non-audit fee paid to certified CPA, certified Office of CPA and affiliated company accounts for over 1/4 to audit fee: None.

(2) Change of the CPA firm and the audit fee in the year of change is less than that in the previous year: None.

(3) The audit fee is reduced by over 15% compared with the previous year: None.

(4) Assessments on the Independence of CPA: refer to page 37~39.

The Company assesses the independence of the CPA as follows and reports the result to the Board of Directors:

A. Statement of independence of CPA.

B. The audit or non-audit service provided by CPAs shall be reviewed in advance to ensure that the non-audit service will not affect the result of the audit.

C. The same CPA has not consecutively provided the assurance service for more than 5 years.

D. An annual questionnaire about the competency of the CPA will be conducted to summarize the assessment of independence of the CPA.

4. Alternation of CPA: None.

5. The Company's Chairman, General Manager, or any Managerial Officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its CPA or at an affiliated enterprise: None.

6. Equity transfer or changes to equity pledge of directors, supervisors, managerial officers, or shareholders holding more than 10% of company shares in the most recent year to the publication date of this report.

Changes to the equity of directors, supervisors, managerial officers, and major shareholders

March 31, 2025, Unit: Share

Title	Name	2024		As of March 31, 2025	
		Net increase (decrease) in shares held	Net increase (decrease) in shares pledged	Net increase (decrease) in shares held	Net increase (decrease) in shares pledged
Chairman	Bixiu Investments Co., Ltd. (Huang, Shih-Chung)	—	—	—	—
Director Major shareholder	Chun Yi Investment Co., Ltd (Chiang,Su Lian)	—	—	—	—
Independent Director	Huang Tung-Rong	—	—	—	—
Independent Director	Chen, Chao-Lung	—	—	—	—
Independent Director	Huang, Chun-Ping	—	—	—	—
Director. Vice President	Yang, Rui-Hua	—	—	—	—
Director	Su, Chao-Shan	—	—	—	—
Director	Chung, Mao-Chih	—	—	—	—
Major shareholder	Tian Zi Ding Investments Co., Ltd.	(128,000)	—	(133,000)	—
President	Huang, Shih-Chung	—	—	—	—
Vice President	Chang, San-Hua	(9,000)	—	—	—
Vice President	Chen, Li-Chen	—	—	—	—
Assistant Vice President	Chen, Shih-Hsuan	—	—	—	—
Finance Manager	Hsu, Chang-Cheng	—	—	—	—

(1) Information on equity transfer:
The equity transactions of directors, managers and major shareholders are conducted in the open market with non-related parties.

(2) Information on equity pledge:None.
.

7. Information on relationships among the top ten shareholders:

Name (Note 1)	Shares held by the shareholder		Shares held by spouse or minor children		Shares held in the name of other persons		Title or name and relationships of the 10 largest shareholders where they are related parties, spouses, or relatives within the second degree of kinship. (Note 3)		Remarks
	Number of shares	Percentage	Number of shares	Percentage	Number of shares	Percentage	Name (or name)	Relations	
Tian Zi Ding Investments Co., Ltd. Representative: Huang, Ho-Chun	7,918,659	10.91%	—	—	—	—	—	—	—
	1,271,015	1.75%	—	—			Huang Chin-San	Brother	
Nei Zhuang Investr Co., Ltd. Representative: Huang, Shih-Chung	6,769,924	9.33%	—	—	—	—	—	—	—
	1,661,228	2.29%	513,009	0.71%	—	—	Huang Chin-San Huang Hsieh, Mei-yun Huang, Jen-tsung Huang, Hui-ju	Father and son Mother and son Brother Brother and Sister	
Huang, Chin-San	5,288,978	7.29%	1,851,159	2.55%	—	—	Huang,Ho-Chun Huang Hsieh, Mei-yun Huang, Shih-chung Huang, Jen-tsung Huang, Hui-ju	Brother Spouse Adult children Adult children Adult children	—
Bixiu Investment Ltd. Representative: Huang, Chin-San	5,090,929	7.01%	—	—	—	—	—	—	—
	5,288,978	7.29%	—	—	—	—	Huang Hsieh, Mei-yun Huang, Shih-chung Huang, Jen-tsung Huang, Hui-ju	Spouse Adult children Adult children Adult children	—
Chun-I Investments Co., Ltd. Representative: Huang, Jen-Tsung	4,973,000	6.85%	—	—	—	—	—	—	—
	1,748,618	2.41%	—	—	—	—	Huang, Chin-San Huang Hsieh, Mei-yun Huang, Shih-chung Huang, Hui-ju	Father and son Mother and son Brother Brother and Sister	—
Southern Charitable Trust	2,200,000	3.03%	—	—	—	—	—	—	—
Ho, Chu-Sheng	2,182,000	3.01%	—	—	—	—	—	—	—
Huang Hsieh, Mei-yun	1,851,159	2.55%	5,288,978	7.29%	—	—	Huang, Chin-San Huang, Shih-chung Huang, Jen-tsung Huang, Hui-ju	Spouse Adult children Adult children Adult children	—
Huang, Jen-tsung	1,748,618	2.41%	479,746	0.66%	—	—	Huang Chin-San Huang Hsieh, Mei-yun Huang, Shih-chung Huang, Hui-ju	Father and son Mother and son Brother Brother and Sister	—
Huang,Shih-Chung	1,661,228	2.29%	513,009	0.71%	—	—	Huang Chin-San Huang Hsieh, Mei-yun Huang, Shih-chung Huang, Jen-tsung	Father and son Mother and son Brother and sister Brother and sister	—

8. the Company's director, supervisor, managerial officer, or an entity directly or indirectly controlled by the Company, and calculations for the consolidated shareholding percentage of the above categories.

December 31, 2024, Unit: 10,000 share, %

Shift in investment	Investment by the Company		Investments by the Directors, supervisors, managerial officers, and companies directly or indirectly controlled by The Company		Consolidated investment	
	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage	Number of shares	Shareholding percentage
NANLIU ENTERPRISE CO., LTD (SAMOA)	5, 294	100%	-	-	5, 294	100%
Nan Liu Enterprise Co., Ltd. (Pinghu)	-	-	-	100%	-	100%
NANLIU MANUFACTURING (INDIA) PRIVATE LIMITED	-	-	-	100%	17, 000	100%
NAN FANG ENTERPRISE (INDIA) PRIVATE LIMITED	-	-	-	100%	7, 500	100%
CHING-TSUN Biomedical Technology Co., Ltd.	400	100%			400	100%
Zhuomei (Jiaxin) Biomedical Technology Co., Ltd.	-	-	-	70%	-	70%

IV. Capital Overview

1. Source of capital:

A. Capital stock status

Unit: 1000 shares; NT$1000

Year	Issue price per share (NT$)	Authorized stock		Paid-in capital		Remarks		
		Number of shares (share)	Monetary amount (NT$)	Number of shares (share)	Monetary amount (NT$)	Source of capital shares	Equity contributions made in the form of assets other than cash	Others
1999	10	19,782,000	197,820,000	25,000,000	25,000,000	Surplus conversion and capital cash increase	None	Note 1
2000	10	25,000,000	250,000,000	25,000,000	250,000,000	Surplus conversion	None	Note 2
2001	10	27,500,000	275,000,000	27,500,000	275,000,000	Surplus conversion	None	Note 3
2002	10	29,700,000	297,000,000	29,700,000	297,000,000	Surplus conversion	None	Note 4
2003	10	32,670,000	326,700,000	32,670,000	326,700,000	Surplus conversion	None	Note 5
2004	10	34,956,900	349,569,000	34,956,900	349,569,000	Surplus conversion	None	Note 6
2005	10	47,600,000	476,000,000	38,457,000	384,570,000	Surplus conversion	None	Note 7
2006	10	47,600,000	476,000,000	42,303,000	423,030,000	Surplus conversion	None	Note 8
2009	10	100,000,000	1,000,000,000	46,800,000	468,000,000	Surplus conversion	None	Note 9
2010	10	100,000,000	1,000,000,000	52,800,000	528,000,000	Surplus conversion	None	Note 10
2011	10	100,000,000	1,000,000,000	60,000,000	600,000,000	Surplus conversion	None	Note 11
2012	33	100,000,000	1,000,000,000	64,500,000	645,000,000	Capital cash increase	None	Note 12
2013	51	100,000,000	1,000,000,000	72,600,000	726,000,000	Capital cash increase	None	Note 13

Note:

1. Approved by the Ministry of Economic Affairs document number 88136434 on October 5, 1999.
2. Approved by the Ministry of Finance document number 96306 and Ministry of Economic Affairs document number 132602 on July 7, 2000.
3. Approved by the Ministry of Finance document number 153992 and Ministry of Economic Affairs document number 09001455350 on August 27, 2001.
4. Approved by the Ministry of Finance document number 0910146006 and Ministry of Economic Affairs document number 09101420360 on August 21, 2001.
5. Approved by the Ministry of Finance document number 0920136356 and Ministry of Economic Affairs document number 0932729920 on August 12, 2003.
6. Approved by the Financial Supervisory Commission document number 0930135288 and Ministry of Economic Affairs document number 09332793660 on August 09, 2004.
7. Approved by the Financial Supervisory Commission document number 0940132626 and Ministry of Economic Affairs document number 09432970340 on August 10, 2005.
8. Approved by the Financial Supervisory Commission document number 0950132996 and Ministry of Economic Affairs document number 09532910040 on July 27, 2006.
9. Approved by the Financial Supervisory Commission document number 0980040804 and Ministry of Economic Affairs document number 09833204310 on August 14, 2009.
10. Approved by the Financial Supervisory Commission document number 0990044285 and Ministry of Economic Affairs document number 09901228350 on August 23, 2010.
11. Approved by the Financial Supervisory Commission document number 1000037649 and Ministry of Economic Affairs document number 10001221900 on August 12, 2011.
12. Approved by the Financial Supervisory Commission document number 1010024889 and Ministry of Economic Affairs document number 1010117900 on June 08, 2012.
13. Approved by the Financial Supervisory Commission document number 1020008354 and Ministry of Economic Affairs document number 10201085060 on March 20, 2013.

B. Stock type

March 31, 2025 Unit: share

Stock type	Authorized capital stock					Remarks
	Outstanding stocks			Unissued shares	Total	
	Already on the market (listed)	Not on the market (unlisted)	Total			
Common shares	72,600,000	–	72,600,000	27,400,000	100,000,000	The Company's stocks are listed stocks

Note: Please indicate whether the shares are listed or OTC companies (should be noted if it is limited listing or OTC traded).

2. List of major shareholders

List of top 10 shareholders or shareholders with 5% or more of total issued stocks.

March 31, 2025 Unit: share

Stock type / Name of major shareholders	Shares held	Shareholding percentage
Tian Zi Ding Investment Limited	7,918,659	10.91%
Nei Chuang Investment Limited	6,769,924	9.33%
Huang, Chin-San	5,288,978	7.29%
Bixiu Investment Limited	5,090,929	7.01%
Chun-I Investments Co., Ltd.	4,973,000	6.85%
Southern Charitable Trust	2,200,000	3.03%
Ho, Chu-Sheng	2,182,000	3.01%
Huang Hsieh, Mei-Yun	1,851,159	2.55%
Huang, Jen-Tsung	1,748,618	2.41%
Huang, Shi-Chung	1,661,228	2.29%

3. The Company dividend policy and implementation status

（1）Dividend policy stipulated within the articles of association

The Company's operation is based on long-term management, with the objective of stabilizing the Company's market competitive position. Thus, the Company will continue to make investments. To respond to the Company's future capital needs and long-term financial planning, the Company's dividend distribution will be based on a residual dividend policy. The Company's future capital budget planning will be used to balance the funding need for the next year. After reserving the required surplus capital, the remaining surplus will be distributed in the form of a cash dividend and stock dividend. However, the cash dividend shall not be less than 10% of the total dividend.

The company consistently adds production capacity to increase competing power. Every year, less than 50% of net income after tax is distributed as dividends and the rest of the earnings are reserved for future capital expenditures. To improve return on investment of shareholders, the payout ratio of 2023 is around 70% of net income. The dividend distribution is all on cash. A proposal of dividend distribution is first approved by the Board of Directors and then is submitted to the Annual Shareholders' Meeting.

（2）This year's proposed dividend distribution:

Nan Liu Enterprise Co., Ltd.
2024 Profit Distribution Table

Unit: NT$

Items	Amount	
	Subtotal	Total
Beginning retained earnings		1, 582, 972, 313
Remeasurements of defined benefit plans	4, 215, 577	
2024 net income	100, 963, 178	
Legal reserve (10%)	（10, 517, 876）	
Reversal of special reserve	115, 058, 307	
Subtotal of distributable earnings		1, 792, 691, 499
Distributable items		
Dividend to shareholders-cash dividend (NT$1.0/share)	（72, 600, 000）	（72, 600, 000）
Unappropriated retained earnings		1, 720, 091, 499

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

The Company's 2024 profit distribution has been approved by the Board of Directors. Shareholders on April 14, 2025. The resolution was NT$1.0 cash dividend per share, with the total amounting to NT$72,600,000. However, this has not been approved by the Annual shareholders' meeting.

4. The effects of stock grants drafted by this shareholders' meeting on The Company's operating performance and earnings per share: None

5. Employee, Director, and supervisor remuneration:
The Company's Board of Directors meeting passed the 2024 employee remuneration on March 10, 2025. The remuneration shall be listed based on a specific percentage according to the year's profit status. Directors' remuneration is listed into accounting based on expected issued amount. If the

aforementioned listed amount is different from the actual issued amount, the change will be handled according to accounting estimates and adjusted and accounted for in the issuing year.

2024 remuneration of directors and employees: Unit: (NT$)

	Monetary Amount (NT$)	Note:
Directors/supervisors' remuneration (in cash)	1, 140, 058	Accounts for 1.0% of income before income tax (Parent Company Only)
Employee remuneration (in cash)	1, 710, 086	Accounts for 1.5% of income before income tax (Parent Company Only)
Total	2, 850, 144	

Note: The aforementioned employee remuneration is scheduled to be paid in 2025.

2023 remuneration of directors and employees: Unit (NT$)

	Monetary Amount (NT$)	Note:
Directors'/supervisors' remuneration (in cash)	986, 483	Accounts for 0.90% of income before income tax (Parent Company Only)
Employee remuneration (in cash)	1, 424, 920	Accounts for 1.3% of income before income tax(Parent Company Only)
Total	2, 411, 403	

Note: The appropriated remuneration of directors and employees is the same as proposed remuneration of directors and employees by the Board of Director. And it was paid after being approved by the 2024 annual shareholders' meeting.

6. Buyback of company stock: None

7. Handling of corporate bonds, special shares, overseas depository receipts, proof of employee stock options, mergers and acquisitions (including mergers, acquisitions and splits): None.(The company has not issued employee stock option certificates, so information related to new shares with no restrictions on employee rights needs to be disclosed.)

8. Funding application plan and implementation: None.

V. Operating summary

1. Business Activities

A. Business scope

(1) Main business contents

- Manufacturing, processing, trade and import and export of suede, imitation leather, nonwoven lining, fabrics for civil engineering, waterproof/fire-resistant filter bags, resin bond padding, shoe materials, nonwoven carpets, nylon carpets, and DuPont synthetic fiber bullet-proof vests.
- Manufacturing, trade, and import and export of scouring pads, industrial grinding wheels, and household aluminum foil products (aluminum foil dirt-prevention plates).
- Trade, import and export of household hardware, nonwoven fabrics, resin, carborundum, aluminum products, and their raw materials.
- Manufacturing, processing, trade and import and export of nonwoven air filters, cotton fabrics, and aluminum foil and aluminum tableware.
- Import, export and trade of household plastic products (tableware) and stainless steel cutlery.
- Agent of domestic and foreign manufacturers' distribution, quotation and bidding for abovementioned products.
- Industrial plant development and rental businesses.
- Development of specific professional areas.
- Cosmetics manufacturing, wholesale and retail.
- Paper processing.
- Cosmetic pigment manufacturing industry.
- Dehydrated food manufacturing industry.
- Supplementary food wholesale industry.
- Cleaning supplies wholesale and manufacturing industry.

(2) The business proportion of main products

Units: 1000 NT$; %

Main products	2024	
	Amount	%
Spunlace nonwoven fabrics	1,871	27.86%
Biotechnology products (note)	1,928	28.71%
Air through & Thermal bond nonwoven fabrics	2,077	30.93%
Disposable surgical gowns fabrics	828	12.32%
Others	12	0.18%
Total	6,716	100.00%

Data sources: offered by The Company Note: including wet wipes, facial mask and skincare products.

(3) The Company's products (services)

① Hygiene materials:

A. PP air through & Thermal bond nonwoven fabrics—baby/adult diaper and sanitary napkin surface material.

B. Spunlace nonwoven fabrics—medical grade operation protective clothing fabrics, dust-free electronic cleaning cloth, clean wipes, medical drape cloth, and ointment cloth.

C. Needle rolled nonwoven fabric—bra liner and shoulder pad cotton material.

D. Biotech products—wet wipes (infant, adult skin), masks, makeup remover cotton, emulsion liquid cosmetics (collagen day cream, placenta night cream, lotions, extracts, eye creams, marine creams, and skincare products).

② Industrial products:

A. Grinding wheels—stainless steel, copper PCB grinding, wood polishing, and electroplating polishing.

B. High-end air filter cloth.

C. Household articles—household cleaning rags, scouring pads, and other cleaning products.

(4) Planned product development

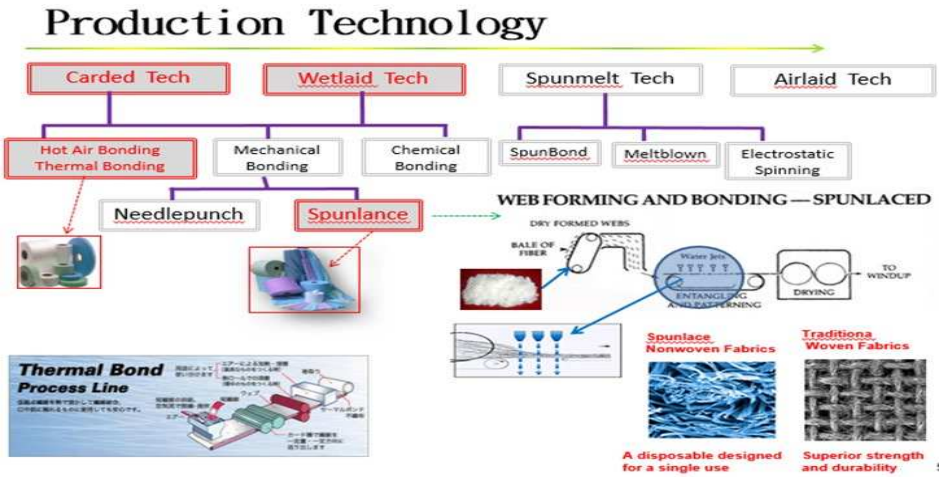
①Nonwoven fabrics: medical/surgical protective clothing, elastic composite nonwoven fabric, elastic spunlace nonwoven cloth, biodegradable environmentally friendly nonwoven cloth, 3D surface nonwoven fabric, and industrial wipes.

②Biotech products: top-grade facial masks, top skincare products, food grade collagen, plant extract, emulsions, liquid agent for cosmetics, washable wet wipes, far infrared mask.

B. Industry overview

1. Current state and development of the industry

Nonwoven fabric is made with unconventional combining or weaving methods. The process uses mechanical, thermal, and chemical means to glue, roll, melt, and spun bond together natural or artificial fibers. Because these products have some characteristics of cloth, they are called nonwoven fabrics. The nonwoven fabric industry is the youngest member of the textile industry and has the most development potential. This process breaks through conventional textile technology and fully utilizes modern physics and chemical concepts to derive a newly emerging technology. This industry also fully integrates textile, mechanical, chemical, plastic, and papermaking technology to significantly reduce production costs in the conventional textile industry and effectively increase production quantity. Currently, formed nonwoven fabric is suitable for use on non-clothing products, single-use sanitary items, or cosmetic/skincare products. This industry can be perceived as a secondary industry in the textile industry. Of all textile manufacturing processes, nonwoven fabric has the shortest production process and the largest production capacity. Initially, it was used to produce low-price products. In recent years, because industry, technology and production equipment have continued to advance, new applications are being developed. The level of products has also increased to become high value-added products. Taiwan's nonwoven fabric industry began in 1969 and has over 30 years of history. After long-term hard work by Taiwanese industry operators, the accumulated development results and manufacturing technology have an important place in the global market.



Data source: Nanliu

In addition to being widely used on conventional household sanitary products, nonwoven fabric can be used in more special environments after design change. For example, it can be used in medical/surgical clothing and as industrial and electronic wipes. Its quality requirements must achieve a certain cleanliness, permeability, and hairball residue

level. As global travel becomes more common, resulting in frequent exchange, new viruses such as SARS and H1N1 、COVID-19can spread rapidly in this environment. Recently, natural disasters such as earthquakes and floods are also frequent occurrences and have caused severe damage and casualties. When regions of the world encounter such chaos, the need for sanitary and medical/protective equipment will significantly increase. This indicates that civilized cultures are placing more emphasis on health and safety and that the need for single-use nonwoven consumer products will increase.

Because nonwoven fabric is light, elastic, and breathable and can be made to have different uses (filter, absorber/perspiration evaporator, made to be air/moisture permeable, made to be used for planting, for polishing, and to insulate noise and heat) after going through different procedures. It can also be made into different forms and appearances. In recent years, production technology breakthroughs and introduction of different processing methods to make high-tech special artificial fibers have pushed nonwoven fabric to be used in unconventional fields. Conventional uses such as household sanitary products have extended to medical, aerospace, filtration, computer, and civil engineering industries. After special production and processing, nonwoven fabric can be classified as high-tech textile products in functional textile, which has stably increased in sales every year.

Nonwoven fabrics use

Clothing	Secondary clothing material	Filling material (men/women's clothing, children's clothing, short jacket, shirts, and hat material)
	Thermal insulation material	Filler cotton (wetsuit, pajamas), quilt
	Disposable clothing	Protective clothing, travel underwear, beachwear, casual wear
Home textiles	Kitchen	Scouring pad, table cloth, table napkins, filter material
	Furniture	Sheets, bed covers, mattress covers, sofa covers, cushion covers
	Decoration	Carpets, curtains, wallpaper, audio equipment
Artificial leather	Shoe materials	Surface material, inner material, middle material, anti-sliding material, reinforcing materials
	Bag material	Bag interior substrate, bag bottom material, leather upholstery
Industrial use	Filter material	Filters (liquids, gases, dust, grease)
	Wiping cloth	Dust cloth, wiping cloth
	Electronic equipment	Insulating material (cloth, battery cell separation cloth, coating material)
	Print fabric	Maps, calendars, labels, stickers
	Others	Aircraft skin coating material, material for the aerospace industry, body armor
Geotextile	Civil engineering	Asbestos mats, soil stabilization materials, water storage materials, artificial turf
	Building	Waterproof and moisture permeability fabrics, roofing materials, soundproofing materials, shockproof material
	Foundation	Highways, subways, airports, tunnels
Agriculture and gardening	Agriculture	Heat protection material, windproof materials, fruit protection material
	Gardening	Seedling and orchid growing materials
Life-related	A variety of packaging materials	Candy packaging, teabags, handbags
	Washing supplies	Towels, paper towels, tablecloths
	Makeup wipes	Cosmetic puff

	Other family use	Various water absorbing paper cloth
Medical nonwoven cloth	Hospital	Surgical masks, surgical caps
	Medical supplies	Compress towel substrate and adhesive tape
	Others	Artificial skin, artificial blood vessels
Hygiene products	Physical products	Sanitary napkins
	Diaper	Adult diapers, baby diapers

From the beginning of Taiwan's nonwoven fabric industry in the 1960s to the present, operators have experienced Taiwan's economic flight and prosperity after 10 great construction projects. After the 2000 financial crisis, Taiwan businessmen moved abroad. Later, the oil crisis, the American housing loan crisis, and the European debt crisis resulted in a global economic downturn. In 2011 and 2012, sales in Taiwan's nonwoven fabric industry declined. The sales value gradually improved after 2013, along with economic revival, expansion of the application market, and improvements in production technology. In 2023, Taiwan's nonwoven fabric export value was USD299 million, and the export quantity was 79.8 thousand tons.

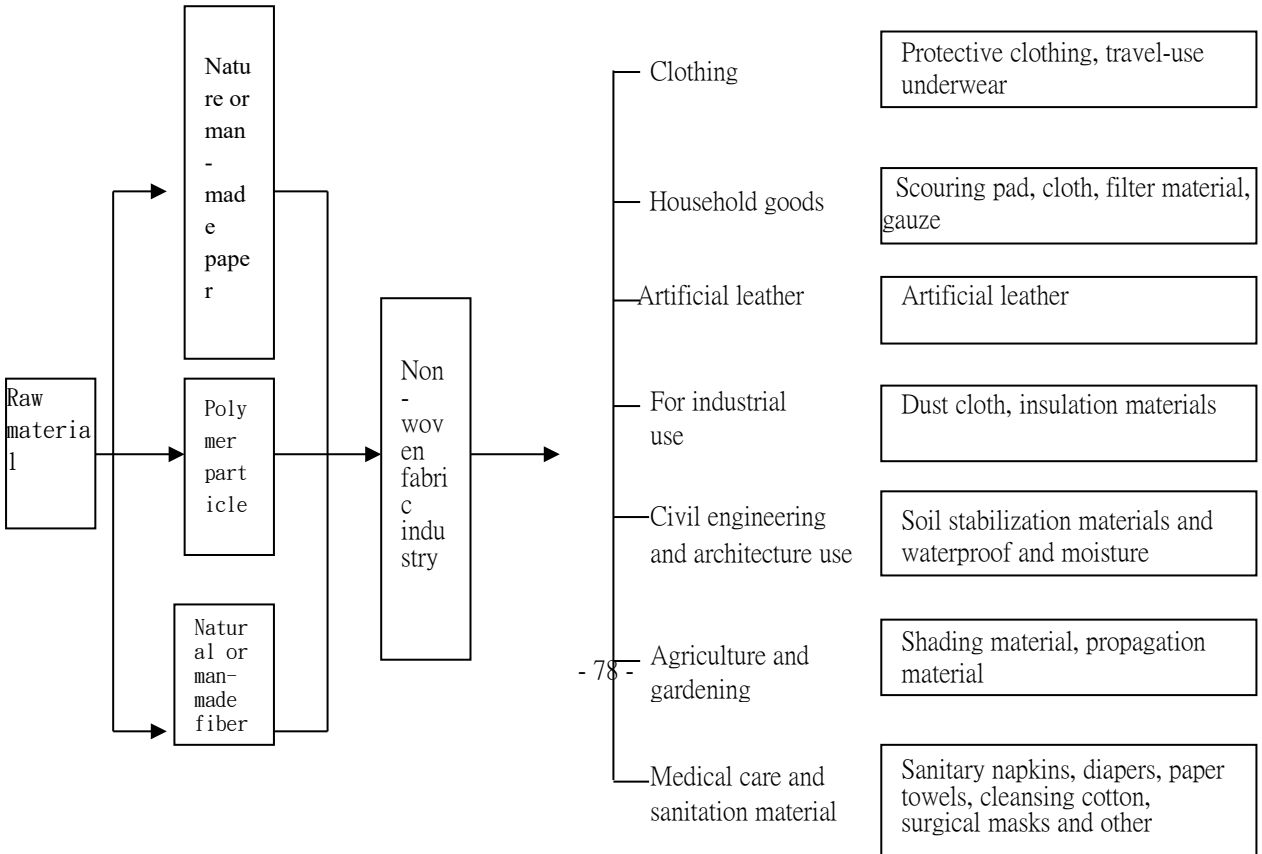
Statistics of Taiwan's nonwoven fabric industry production, import and export value and quantity within the last five years.

	2020	2021	2022	2023	2024	Unit
Production volume	193.6	182	150.7	147.2	155.0	1000 Ton
Export value	470.2	417.2	354.8	299.3	299.9	1000 USD
Import value	150.8	121.6	118.8	100.8	112.8	1000 USD
Export volume	114.3	120.6	88.5	79.8	81.2	1000 Ton
Import volume	40.2	32.8	32.9	31.4	36.7	1000 Ton

Data source: ANFA - 2024Taiwan statistic report

2. Correlation among upstream, midstream, and downstream sections of the industry

Nan Liu Enterprise's main products are nonwoven fabric and cosmetic/beauty care products. The industry correlation diagram is as follows:



(3) Various product development trends

① Product diversification

In recent years, the nonwoven fabric industry has been affected by significant fluctuation in raw material prices, and the cost has significantly increased. China's nonwoven fabric industry operators have also increased their production scale and taken a price-competition model of sales. As a result, gross profit has fallen for Nan Liu and other nonwoven fabric operators in recent years. Thus, relevant nonwoven fabric operators must diversify their development direction and products and use increased product added value to increase profitability.

② Cross-field nonwoven fabric composite technology development

In addition to diversifying industry development and products, the nonwoven fabric industry is also engaging in nonwoven fabric composite technology. For example, the top and bottom layers of spun bond nonwoven fabric and a middle layer of meltblown nonwoven fabric goes through composite processing to produce SMS nonwoven fabric. The Company is also actively developing medical use pulp spunlace composite nonwoven fabric, composite biodegradable nonwoven fabric, and composite elastic nonwoven fabric. As composite technology becomes more mature, the industry is able to expand the application of nonwoven fabric and increase added value.

③ World trend in environmentally friendly material

In recent years, environmental awareness has emerged, and single-use, disposable nonwoven fabric products such as wet wipes, medical use surgical garment, masks, and gauze all require the development of environmentally friendly materials. The nonwoven fabric industry is developing different fiber materials that will be able to quickly decompose into shorter molecular chains. This will allow the materials to decompose into smaller fragments in natural environments and reduce pollution. The industry is also developing fiber materials that can decompose into small CO_2, H_2O, or CH_4 molecules in the natural environment. This will allow materials to return to nature and lower their impact on the environment. The Company will continue to improve its composite technology and is currently in the initial stages of developing composite, decomposable nonwoven fabric.

Some parts of nonwoven fabric production use wood pulp, which can affect the ecological environment system. Thus, The Company will continue to focus on monitoring and controlling the nonwoven fabric industry chain. In 2012, The Company passed the FSC COC chain of custody verification. The use of FSC COC to monitor the nonwoven fabric production chain can achieve the protection of forests throughout the entire supply chain (upstream sources of wood raw materials, processing, manufacturing, sales, printing, products, sales to the end consumer). This prevents overconsumption of the world's forestry resources and mitigates the effects on existing ecological systems during the production and sales process, enabling the Company to fulfill its environmental and social responsibilities.

(4) Competition

The Company was founded in 1978, and its main business is the production and sales of hot-pressed nonwoven fabrics, spunlace nonwoven fabric, and biotechnology-related products (including wet wipes, masks, lotions and other skincare products). In recent years, the Company has expanded production lines to personal hygiene products including wet

paper towels and beauty maintenance supplies such as masks and skincare products. Currently, listed domestic companies with similar products, capital, and operating scale include Kang Na Hsiung, Shinih, and Universal Incorporation. Their main operating items and operating revenue are as follows:

Unit: million NT$

Company / Items	Nan Liu	Kang Na Hsiung	Shinih	Universal Incorporation
Major Business items	1.Spunlace nonwoven fabric (including Disposable surgical gowns fabrics) 40.18% 2.Air through & Thermal bond non-woven fabrics 30.93% 3.Biotechnology products (including wet wipes) 28.71% 4.Others 0.18%	1. Sanitary napkin 54.52% 2. Diaper 13.15% 3. Wet wipes 21.35% 4. Non-woven and others 10.98%	1. Non-woven 96% 2. Other 4%	1. Non-woven 88.64% 2. Other 11.36%
2024 consolidated net sales	6,716	2,937	2,313	317

Data source: the 2024 consolidated financial statements from various companies that are announced on MOPS website.

3. Long-term and short-term business development plans

(1) Short-term plan

• Consolidate existing clients, and attract more customers.

• Implement the Group's production policy to obtain the most advantageous configuration.

• Obtain high-end orders, and improve real profits.

• Improve resource utilization, and reduce resource consumption and waste.

•Promote environmentally friendly product production technology to obtain market opportunities.

(2) Long-term plans

• Integrate the group's resources, and provide customers with more complete services.

• Improve the cost structure, and provide our customers with more competitive prices.

• Enhance customer satisfaction, and expand the overall production scale. Pursue cost advantages to make prices more competitive.

• Create a win-win situation, ensure technology leadership, and increase market share.

2. Market, production, and sales status:

i. Market analysis

(1) Main product sales area

Unit: million NT$

Year / Area		2024 (consolidated)		2023 (consolidated)	
		Amount	Ratio%	Amount	Ratio%
Taiwan		1,111	16.5%	1,208	19.6%
China		2,952	44.0%	2,782	45.0%
Export	Japan	1,148	17.1%	958	15.5%
	India	540	8.0%	403	6.5%
	Asia	738	11.0%	633	10.3%
	Others	227	3.4%	194	3.1%

Total	6, 716	100%	6, 179	100%

(2) Market share

The Company's main business is the production and sales of Air through & Thermal bond nonwoven fabrics, spunlace nonwoven fabrics, and biotechnology-related products (including wet wipes, masks, lotions and other skincare products). In 2024, The Company's consolidated operating revenue was superior to that of similar companies in the industry, including Nan Liu, KNH, Shinih, and Universal Incorporation.

Unit: million NT$

Items \ Company		Nan Liu	Kang Na Hsiung	Shinih	Universal Incorporation
2024 (consolidated)	Net Sales	6, 716	2, 937	2, 313	317

Data source: the consolidated financial statement from various companies that are announced on MOPS website.

In addition, according to a statistic by Nonwovens Industry (a main United States nonwoven fabric monthly journal), the Company ranked 23rd among all nonwoven fabric companies in the world in 2023. The Company has exceeded the rankings of all similar companies in Taiwan and has become an important nonwoven fabric company in the Asia region. The Company ranked 468rd among companies of the manufacturing industry in 2024.

(3) Future market supply and demand and growth

Nonwoven fabric is lightweight, elastic, and breathable and can be made to have absorption/moisture retention and breathable/moisture permeable characteristics or made into filters, planting material, wiping material, soundproofing material, and insulation materials through different processes. In addition, this material can be made into diverse forms and appearances. As production technology continues to show breakthroughs in recent years, high-tech special artificial fiber is being continuously developed. Processing methods are becoming more diversified, and nonwoven technology is being applied to unconventional fields. Nonwoven fabric has moved from conventional uses such as everyday hygiene supplies to being used in medical, aeronautic, filter, computer, and civil engineering fields. After special processing, nonwoven fabric can be classified as a high-tech textile product in functional textile. As such, its global sales have grown steadily each year.

① The downstream application product demand is growing steadily.

According to statistical data forecast from INDA, EDANA, and Nonwoven Materials & Products, nonwoven fabric will gradually replace the conventional textile market because its production quantity, speed, and cost are superior to conventional textiles. Not only do the European and American markets show steady demand growth for nonwoven fabric, rapid economic growth in Asia, the Middle East, and Latin America is driving demand for personal hygiene products such as wet wipes, diapers, and sanitary napkins. Demand for cosmetic and beauty care products such as facial masks and makeup remover pads is also growing at a rapid speed. Thus, demand in the nonwoven fabric industry is expected to grow steadily for the next five to ten years.

② The China market has created a huge market and business opportunity.

In terms of individual areas, China has the fastest growth in the nonwoven fabric industry. In 2013, China's nonwoven fabric production quantity was 2.387 million tons but reached 5.27 million tons by 2020. This is an annual compound growth rate of 17%, which far exceeds the global average. This is mainly attributed to increasing Chinese labor costs, appreciation of the CNY, and raw material price increase. At the time, the European and American markets

showed weak economic numbers, increased national debt, high unemployment rate, and other negative factors, which resulted in decreased demands. Still, China itself is showing growing demands, and increased salaries have raised the average income of its citizens. This, in addition to the two-child policy, has led to expected increased demand in the nonwoven fabric production, and demand is expected to grow. In the second half of 2016, the CNY depreciated significantly, and the impact on the exports was huge. However, due to the two-child policy and the increased national income, the domestic demand could maintain steady for disposable consumer goods.

Production quantity and import/export value and quantity in the nonwoven fabric industry in China for the last six years.

Item	2018	2019	2020	2021	2022	2023	Unit
Production volume	3,960	4,210	5,273	5,340	5,310	5, 450	Thousand tons
Export value	2,705	3,111	4,949	4,540	3,990	3, 810	Million USD
Import value	827	842	1,106	1,056	918	820	Million USD
Export volume	882	1,051	1,364	1,371	1,207	1, 310	Thousand tons
Import volume	127	127	159	135	102	87	Thousand tons

Data source: ANFA – 2023 China statistic

③ Stable domestic demand

As the economy gradually began reviving in 2013, expanded market application and production technology advancements gave Taiwan's nonwoven fabric industry a highly competitive edge in the global market. In 2024, Taiwan's nonwoven fabric export value was USD 299 million, and the export quantity was 812 thousand tons. Compared with 2023, this is a decrease of 0.2%. The need of non-woven is up trend.

(4) Competitive niche

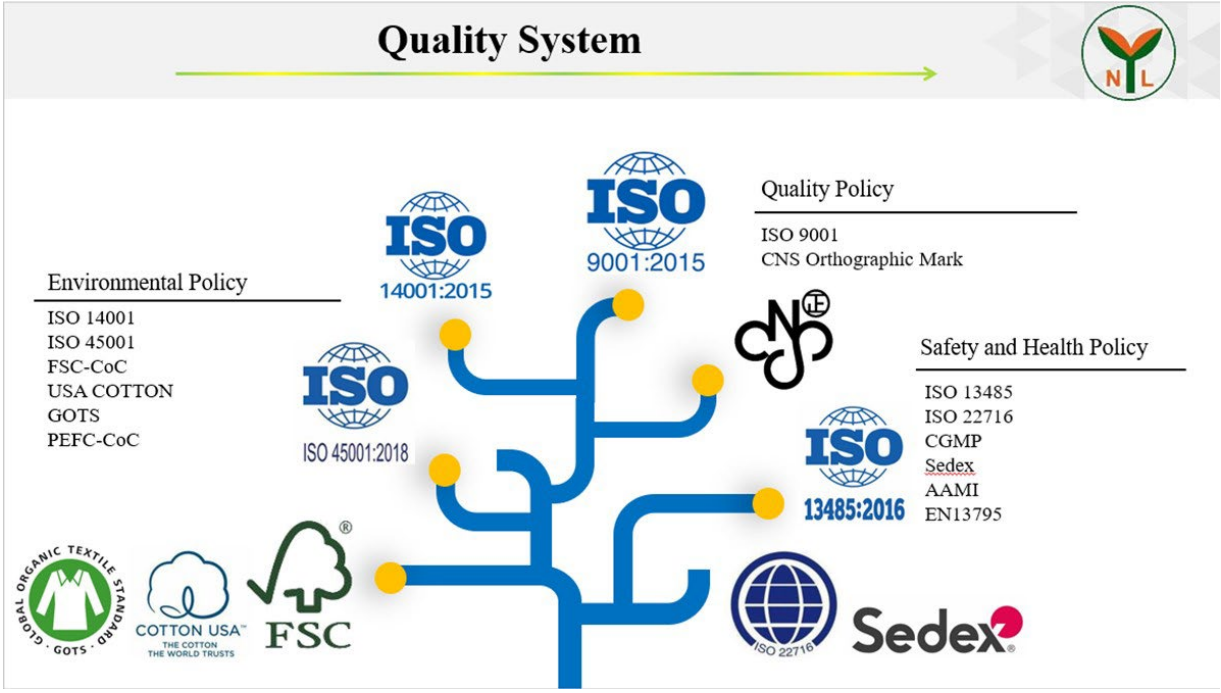
① Continuing investment in research and development

The Company has invested in the production and development of nonwoven fabric since 1995. We have accumulated more than 20 years of production experience and built a technology team to improve our development abilities. Currently, The Company has professionals who were once part of the PGI group, and who have nonwoven fabric experience, leading the R&D team. The team has continually developed nonwoven fabric production technology and expanded its relevant applications. At present, the Company's research results include surgical medical protective clothing fabrics and industrial-strength cloth. In the future, we will expand into embedded anti-corrosion technology, water purification technology, flushable wipes, elastic diaper waists, strong wipes for 3D printing technology and other high value-added products. Regarding production technology and process improvement, the Company will adjust production equipment based on new material development and process improvements. Actual production site tests will be conducted to set the best production parameters, which will improve production yield and lower production costs. Furthermore, The Company will maintain close exchange with major European, American, Japanese, and Korean hygiene product companies to fully understand market trends. This will enable The Company to rapidly develop products that conform to market demands.

② Good stability product quality

The Company has actively obtained ISO 9001:2015 quality certification, CNS(Chinese National Standards) quality certification, ISO 14001:2015 environmental certification,

ISO13485:2016 medical certification, ISO 45001:2018 Occupational Health and Safety Management Systems certification, ISO 22716:2007 Cosmetics quality management system certification, CGMP Cosmetic Good Manufacturing Practice, OEKO-TEX® Standard 100 Textile non-toxic certification, GMPC(Good Manufacturing Practice of Cosmetic Products) excellent cosmetics manufacturing standards certification, GOTS(The Global Organic Textile Standard) certification, Sedex (Suppliers Ethical Data Exchange) certification, USA COTTON products certification, AAMI American standard medical surgery clothing certification, EN13795 European standard medical surgery clothing certification, PEFC Programme for the Endorsement of Forest Certification Schemesand FSC-COC:2017 (Chain of Custody) production and sales management certification. These certifications ensure that The Company manufactures and sells nonwoven fabric and related products under the strictest quality control and provide customers with peace of mind. In addition, The Company also uses related quality management tools (such as the SPC method) to continue to improve product quality. ISO 9001 and other quality management systems are implemented, and quality personnel are actively cultivated to ensure a solid foundation for product quality.



In addition to actively building a quality management system for various items, The Company also requires work personnel to strictly follow relevant production SOPs during the production process. The production environment is managed based on low temperature, germ-free, and cleanroom standards. To reduce possible pollution during the production process from personnel operations, The Company has introduced automated production equipment from Germany and Japan as well as conducted quality monitors and tests for various automatic detection systems. This ensures that all products from the factory conform to strict quality standards and relevant specifications.

(5) Advantageous and disadvantageous factors for development prospects and response measures

① Advantageous factors

A. Downstream product application demand is steadily growing

According to statistical data forecast from INDA, EDANA, and Nonwoven Materials & Products, nonwoven fabric will gradually replace the conventional textile market because its production quantity, speed, and cost are superior to conventional textiles. Not only do the European and American markets show steady demand growth for nonwoven fabric, rapid economic growth in Asia, the Middle East, and Latin America is driving demand for personal hygiene products such as wet wipes, diapers, and sanitary napkins. Demand for cosmetic and beauty care products such as facial masks and makeup remover pads is also growing at a rapid speed. Thus, demand in the nonwoven fabric industry is expected to grow steadily for the next five to 10 years. Therefore, The Company will have space for growth in the nonwoven fabric industry in the future.

B. Continual development of new application fields

The application scope of nonwoven fabric is continuing to expand and can be used in different applications after processing with different techniques. Nonwoven fabric products are continuing to be developed and innovated. In the United States, Japan, Europe, and other advanced nations, nonwoven fabric is still classified as an emerging industry that is environmentally friendly. Because there are diverse application fields, nonwoven fabric can be used in daily living supplies; medical protection; car materials; electronics and hi-tech; industrial, agricultural and textile products; and as shoe material and synthetic leather. Global demand for nonwoven fabric products is still steadily growing, and the production value will soon be higher than that of conventional textile products. Of these, nonwoven fabric is showing the fastest growth in everyday hygiene products and medical protection products.

C. Biotechnology products have a certain brand visibility

In addition to the production and sales of nonwoven fabric, The Company has gradually been diversifying in recent years. Currently, The Company has two brands, Silk Soft and Netharria. Products from these two brands include masks, makeup emulsion, lotion, moisturizer, and shower gel. These products are sold in department stores, post offices, and farmer's associations. Currently, mask products have become one of the most popular items sold by the post office. Our masks have also been selected by the Cross-Strait Trade & Commerce Association of R.O.C. as a recommended souvenir. Thus, The Company's beauty care products have established initial brand recognition. We will continue to expand our sales channels and further enhance our brand awareness.

② Disadvantageous factors

A. Risk of price competition from Chinese companies

According to Taiwan Nonwoven Fabric Industry Association monthly journal data, Chinese companies are continuing to make significant investments in the nonwoven fabric industry by acquiring machinery and equipment. In recent years, China's nonwoven fabric industry production quantity has grown by an average of 10% annually. China's nonwoven fabric production value is the highest in Asia (except Japan) and is rapidly developing. This has formed a certain threat and pressure for Taiwan's industry. China's investment in nonwoven fabric is mostly centered around spunbond and meltblown production technology. Spunbond and meltblown have high investment costs and large production scale; therefore, high-quantity production is required to reach economies of scale for this new machine

equipment. Thus, the current nonwoven fabric market is showing a trend of price competition.

Response measures:

The Company has focused on developing hot air/hot-press and spunlace technology nonwoven fabrics. Hot air/hot-press nonwoven fabric is soft, loose, and has good texture. Currently, they are widely used in diaper and sanitary napkin surface material. The Company has improved spunlace nonwoven fabric technology and materials, production technology, water quality purification technology, and post-processing technology (water resistance, alcohol resistance, and blood resistance). Currently, we have passed the American standard AAMI certification and European standard EN 13795 certification, which means that these materials can be used as medical and protective materials. Currently, surgical clothing made from spunlace nonwoven fabric has higher cost but is preferred by medical personnel because the materials are better than SMS composite nonwoven fabric. The Company is continuing with various new product development and product quality improvements and has clearly separated our market and product position from the spunbond and meltblown nonwoven fabric of our Chinese competitors.

B. Risk of substitute products

Currently, common nonwoven fabric formation technology used around the globe is similar and generally includes machine bonding, thermal bonding, spunbond, and meltblown technology. The Company's current main products are spunlace nonwoven fabric and hot air bonding/hot-press nonwoven fabric, which are classified as mechanical bonding and thermal bonding technology. Comparatively, some vendors have converted their investments toward spunbond and meltblown technology nonwoven fabric, then processing the products with composite processing to produce SMS nonwoven fabric. SMS nonwoven fabric such as polyester has a relatively low price. Not only does polyester have a price advantage, SMS nonwoven fabric has lower water permeability. Thus, SMS nonwoven fabric made with spunbond technology and meltblown technology and composite processing has become the primary replacement product for The Company's spunlace nonwoven fabric and air through & thermal bond nonwoven fabrics.

Response measures:

In addition to cost considerations, we must also consider the comfort and softness of nonwoven fabric products. Hot air/hot-press and spunlace technology produced nonwoven fabrics are more comfortable, softer, and more elastic. Although SMS produced surgical clothing can reach 40 g, the material tends to be transparent and has a plastic feel. Thus, surgical medical personnel still prefer surgical clothing made form spunlace nonwoven fabric and dislike wearing SMS nonwoven fabric surgical clothing that feels like a raincoat. Therefore, spunlace nonwoven fabric still has a certain market demand.

The Company is still developing various spunlace nonwoven fabric products such as elastic composite nonwoven fabric, elastic pulp spunlace nonwoven fabric, biodegradable environmentally friendly spunlace nonwoven fabric, flushable wet wipes, and industrial use wipe to increase the added value and application of spunlace nonwoven fabrics.

C. A large amount of investment must be made to maintain competitiveness in the nonwoven fabric industry

As production technology improves in the nonwoven fabric industry, new products are developed, sales are expanded, and branches are opened overseas, nonwoven fabric industry

personnel must continue to invest funds to purchase new machinery and equipment to expand production capacity. This is required to gain and maintain a competitive advantage. Thus, the nonwoven fabric industry requires significant funding, and relevant operators should have sufficient funding and flexibility capital allocation to engage in expansions and asset investment.

Response measures

The Company maintains a good relationship with financial institutions. Currently, The Company has a low cost of borrowing money and still has sufficient bank financing. In the long term, The Company not only reserves a surplus from the annual profit but also uses listing plans and capital market instruments to obtain sufficient and stable long-term investment funds. This fund is used to fulfill expansion needs, improve the Company's financial structure, and reduce financial risk.

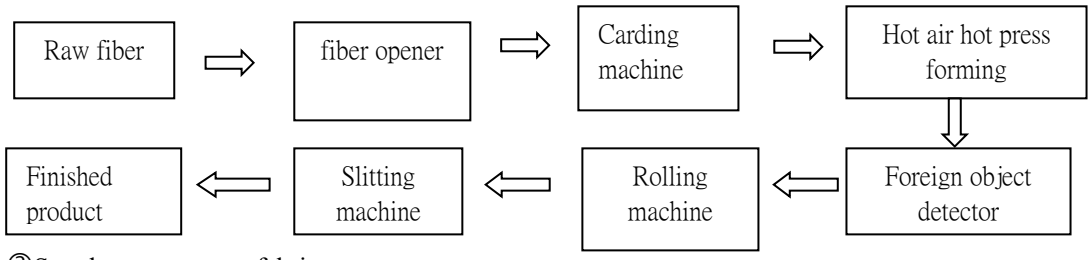
ii. Major uses and production process of the primary products

(1) Major uses of the primary products

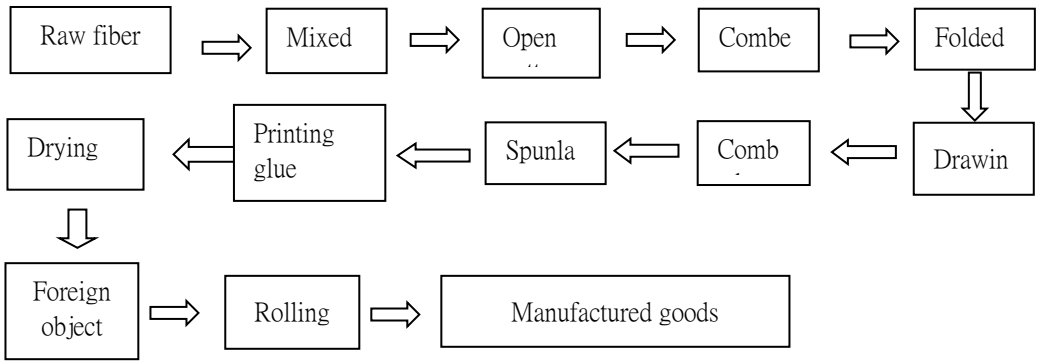
Main products	Important use
Air through & thermal bond nonwoven fabrics	Baby diaper and sanitary napkin surface material
Spunlace nonwoven fabric	Medical and sanitary materials, cleaning supplies, shoes
Biotech products	Wipes (infant, adult skin), masks, cleansing cotton, emulsion liquid cosmetics

(2) Production process

① Air through & thermal bond nonwoven fabric



②Spunlace nonwoven fabric



Main raw material supply status

The main raw materials	Major suppliers (domestic and foreign)	Supply status
Polypropylene (PP), composite fiber Rayon fiber, PET fiber	Sateri, Fujian Mr Fiber Joint, Tung Chau Jiang Hua	Good

iii. List of vendors that account for more than 10% of total purchases within either of the last two years, their purchase amount and ratio, and reasons for changes in this amount and ratio.

Units: Thousand NT$; %

Items	2023				2024				As of March 31, 2025			
	Name	Amount	% of net purchase	Relationship	Name	Amount	% of net purchase	Relationship	Name	Amount	% of net purchase	Relationship
1	Sateri	549,654	14.13	None	Sateri	654,007	15.09	None	Sateri	168,876	15.46	None
2	Others	3,339,310	86.97	None	Others	3,681,422	84.91	None	Others	923,154	82.16	None
Net Purchase		3,839,681	100.00		Net Purchase	4,335,429	100.00		Net Purchase	1,092,030	100.00	

Explanation for changes:

The main raw materials used by The Company within the last two years are PET fiber, rayon fiber, and nonwoven fabric. Sateri is The Company's rayon fiber provider. There are no major changes to raw material suppliers within the last two years.

iv. List of customers that account for more than 10% of total sales within either of the last two years, their purchase amount and ratio, and reasons for changes in this amount and ratio.

Units: Thousand NT$; %

Items	2023				2024				As of March 31, 2025			
	Name	Amount	% of net sales	Relationship	Name	Amount	% of net sales	Relationship	Name	Amount	% of net sales	Relationship
1	A Company	841,472	13.62	None	B Company	803,360	11.96	None	B Company	205,219	12.29	None
2	B Company	732,866	11.86	None	A Company	801,289	11.93	None	C Company	189,773	11.36	None
3	Others	4,604,633	74.52		Others	5,110,859	76.11		Others	1,274,878	76.35	
Net Sales		6,178,971	100.00		Net Sales	6,715,508	100.00		Net Sales	1,669,870	100.00	

Explanation for changes:

The Company focuses on the nonwoven fabric industry and management of its related derivative products. Our main products include air through & thermal bond nonwoven fabric, spunlace nonwoven fabric, hygiene products, and biotech/beauty care products. Our customers include vendors in Taiwan, Japan, and Korea. Our product quality has passed professional certification, and The Company has a stable and long-term supply and sales relationship with our customers. There were no significant changes in sales customers within the last two years.

v. Production quantity and value in the last two years

Unit: thousand packs/ton/ NT$1000

Year / Production quantity and amount / Primary products	2023			2024		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Spunlace nonwoven fabric	35,000	36,364	2,574,814	35,000	39,776	2,733,466
Air through & thermal bond nonwoven fabric	16,950	21,808	1,591,303	17,350	22,955	1,696,131

Biotechnology products (note)	—	176, 773	2, 507, 562	—	139, 772	2, 252, 685
Disposable surgical gowns fabrics	7, 300	4, 312	427, 130	7, 300	6, 101	574, 168
Total	—	239, 257	7, 100, 809	—	208, 604	7, 256, 450

Note: includes wipes, facial masks, skincare products and other biotech products. The units are not always the same, and the number was converted and expressed in the smallest unit (for example, thousand bags, thousand bottles, thousand pieces).

vi. Sales quantity and value in the last two years

Unit: thousand packs/ton/and NT$1000

Year / Sales value / Primary products	2023				2024			
	Domestic sales		Export		Domestic sales		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Spunlace nonwoven fabric	10, 244	685, 257	12, 911	1, 055, 014	8, 433	570, 620	16, 558	1, 300, 357
Air through & thermal bond nonwoven fabric	18, 838	1, 734, 547	1, 827	227, 809	20, 527	1, 817, 632	2, 060	259, 614
Biotechnology products (note)	97, 560	1, 752, 287	7, 214	100, 170	85, 340	1, 821, 624	8, 997	117, 799
Disposable surgical gowns fabrics	522	63, 855	3, 931	560, 101	854	109, 785	5, 117	718, 078
Total	127, 164	4, 235, 946	25, 883	1, 943, 094	115, 154	4, 319, 660	32, 731	2, 395, 848

Note: includes wet wipes, facial masks, skincare products and other biotech products. The units are not always the same, and the number was converted and expressed in the smallest unit (for example, thousand bags, thousand bottles, thousand pieces).

3. Number of employees in the last two years

Year		2023/12/31	2024/12/31	2025/03/31
The number of employees	Direct	580	389	411
	Indirect	360	398	388
	Total	940	787	799
Average age		34.5	37.7	36.2
Average years of service (years)		4.9	6.7	6.5
Education distribution ratio (%)	Ph.D.	0.32%	0.25%	0.25%
	Master	5.32%	2.67%	2.52%
	College	38.40%	36.29%	35.94%
	High	33.09%	33.13%	33.38%
	Below high school	22.87%	27.13%	27.48%

4. Environmental protection expenditures

（1）The Company has applied for and received pollution emission permits, paid pollution prevention fees, or established designated environmental personnel according to regulations. The following is The Company's permit and establishment status:

Items	Name of allowed fixed pollutant source	Code	Effective period	Permit document number	Remarks
1	Cosmetic manufacturing procedures	(M02) 190059	09/22/2020 - 09/21/2025	Kaohsiung City Government Environmental Protection Bureau air pollution permit number E1779-00	First factory
2	Heat medium heating process	(M05) 000002	03/18/2021 - 03/17/2026	Kaohsiung City Government Environmental Protection Bureau air pollution permit number E1835-02	Second plant

3	Water pollution prevention license		03/30/2021-03/29/2026	Kaohsiung City Government Environmental Protection permit number00987-01	Second plant

（2）The Company's investment in environmental pollution prevention equipment, their uses, and their expected benefits:

March 31, 2025

Equipment name	Quantity	Obtainment date	Investment cost (NT$1000)	Residual value	Remarks
Dust collection equipment	4	09/25/2000	1,083	0	Fiber opening machine is fitted with dust collection equipment to meet air pollution testing standards.
Dust collection equipment	1	07/31/2005	750	0	For use in opening fiber and collecting dust, reducing production costs, meeting environmental requirements.
Recycled water treatment equipment	1	04/01/2004	4,653	0	Recycled water, reduce production costs, meet environmental requirements
Recycled water improvement project	1	12/31/2000	220	0	Recycled water, reduce production costs, meet environmental requirements
Recycled water improvement project	1	11/25/2010	660	0	Recycled water, reduce production costs, meet environmental requirements
Recycled water improvement project	1	03/28/2011	3,630	0	Recycled water, reduce production costs, meet environmental requirements
Dust collection equipment	1	01/25/2011	95	0	Purification of waste gas, reduce production costs, and meet environmental requirements.
New construction of biotech wastewater retention equipment	1	09/25/2015	240	28	Process wastewater with regulated procedures until it reaches environmental protection requirements.
Continuous and automatic monitoring of waste water (video) transmission	1	10/25/2015	500	63	Process wastewater with regulated procedures until it reaches environmental protection requirements.
Flotation equipment	1	12/25/2015	8,677	1188	Recycled water, reduce production costs, meet environmental requirements
Storage equipment (spunlace)—20T flat bottom tanks	1	02/25/2016	250	38	Process wastewater with regulated procedures until it reaches environmental protection requirements.
Pressure filter equipment	1	05/25/2016	860	155	Recycled water, reduce production costs, meet environmental requirements
Pressure filter equipment	1	10/25/2019	7209	5409	Recycled water, reduce production costs, meet environmental requirements
Recycle fibers Dust collection equipment	1	01/01/2020	6351	5028	Cleared air, reduce production costs, meet environmental requirements
New High Pressure Filter Press	1	01/01/2020	1100	870	Recycled water, reduce production costs, meet environmental requirements
Dust collection equipment	1	01/01/2020	16510	13070	For use in opening fiber and collecting dust, reducing production costs, meeting environmental requirements.
Expert in dry system	1	05/01/2020	1051	890	Recycled water, reduce production costs, meet environmental requirements
New High Pressure Filter Press	1	05/01/2020	1100	932	Recycled water, reduce production costs, meet environmental requirements
Cotton Dust collection Quest	1	05/01/2020	7775	6587	Cleared air, reduce production costs, meet environmental requirements
Dust collection equipment	1	08/01/2020	6,545	1,745	Cleared air, reduce production costs, meet environmental requirements

Air flotation equipment	1	10/01/2020	5,168	1,550	Recycled water, reduce production costs, meet environmental requirements
Air flotation equipment	1	10/01/2020	6,246	1,874	Recycled water, reduce production costs, meet environmental requirements
Air duct collection engineering	1	10/01/2020	2,660	798	Input fiber, dust collection, reduce production costs, meet environmental requirements
Waste water process and recycle equipment	1	07/01/2020	3,697	924	Follow waste water process procedure, meet environmental requirements
Soft water filtration system	1	10/01/2020	1,330	399	Follow waste water process procedure, meet environmental requirements
Air flotation Sewage bucket engineering	1	03/01/2021	220	84	Recycled water, reduce production costs, meet environmental requirements
New High Pressure Filter Press	1	12/01/2021	2,200	1,173	Recycled water, reduce production costs, meet environmental requirements
Ultrapure water system recycle equipment	1	10/31/2023	2,200	1,980	Recycled water, reduce production costs, meet environmental requirements
Wastewater storage equipment	1	03/31/2024	1,960	1,927	Follow waste water process procedure, meet environmental requirements

Note: from 2024 through the date of annual report printed, The Company has expended NT$2,425 thousand on environmental cleaning and maintenance-related items.

（3）In the last two years through the printing of this annual report, the Company's improvement of environmental pollution: none.

（4）The Company's losses and total fines as a result of pollution to the environment (including reparation) within the last two years through the printing of this annual report. Disclose future response measures, including improvement measures and possible expenditures (including estimated losses, fines, and compensation if response measures are not taken). If the amount cannot be reasonably estimated, please state the reason for being unable to make a reasonable estimate: none.

（5）Current pollution and improvement status, and its effects on the Company's competitive position and capital spending, as well as estimated major environmental protection capital expenditures in the next two years: none.

5. Employer/employee relationship

1. Company's employee benefits and retirement system and their implementation, as well as the employer/employee agreement status:

(1) Benefits:

The Company's employee-benefit-related measures are as follows:

①Issue performance bonuses according to operating conditions.

②Funeral/wedding, work injury, hospitalization subsidies and Labor Day bonuses.

③Handle labor insurance, health insurance and relevant insurance for dependents.

④Hold employee travel and issue employee birthday bonus.

⑤Year-end banquet and lottery.

⑥Engage in industry–academia cooperation and encourage employees to learn while on the job.

(2) Education and training measures: fixed schedule training courses that provide professional personnel with career training and continual education.

(3) Retirement system:

The Company has established an Employee Retirement Monetary Fund Oversight Committee according to the Labor Standard Act and has regularly set aside regular monthly pensions that are saved in a Central Trust of China retirement account. To respond to the new retirement system, the Company will appropriate 6% to employee personal accounts.

(4) Employer/employee agreements:

The Company is subject to the Labor Standards Act, and all operations conform thereto. As of the printing of this annual report, there have been no employer/employee disputes.

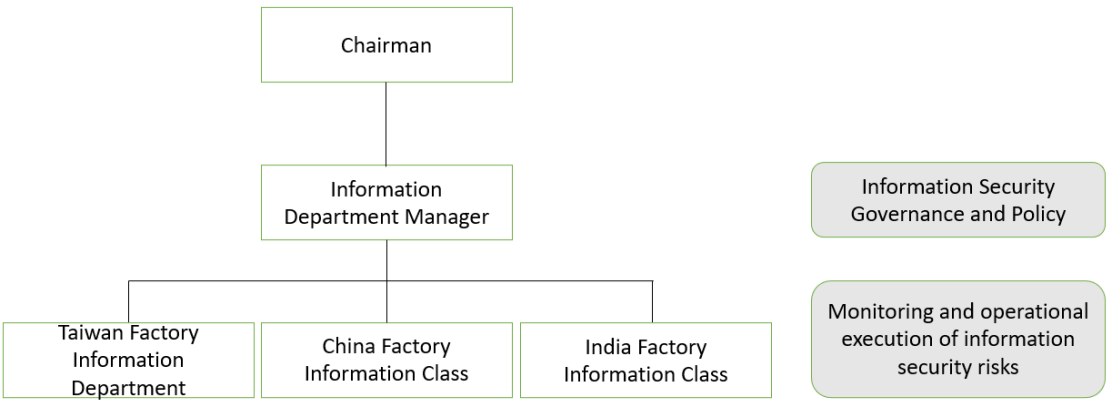
2. The Company's losses and total fines as a result of employer/employee disputes within the last two years through the printing of this annual report. Disclose current and future estimated monetary amount and response measures. If the amount cannot be reasonably estimated, please state the reason for being unable to make a reasonable estimate: none.

6. Information security management

The company is committed to providing comprehensive information security protection for customers, shareholders, suppliers and other relevant parties. To this end, the Company continues to improve its information management policies and strengthen network security protection measures to ensure the confidentiality, integrity and availability of information assets. The company firmly believes that only by continuously improving and strictly implementing information security strategies can we provide reliable security protection for all relevant parties in the digital era. Be prepared before they happen and resist threats!

(1) Information security management strategy and structure

In order to improve information security management, the Information Department will be responsible for formulating and promoting the information security policy of the group (including subsidiaries), planning and executing relevant measures, and ensuring their implementation. These measures aim to reduce information security risks and enhance the information security awareness of all employees. The Information Department will regularly review the information security policy and report progress to the Board of Directors.



(2) Information Security Policy

Established to regulate employees ‘use of the Company’s computer information systems, equipment and data, aiming to ensure the security and protection of the company's network and information.

With this standard, companies can effectively integrate network resources to maximize the effectiveness of corporate computerization support. In addition, this specification also aims to strengthen information security management and urge the improvement of information security protection measures to deal with risks such as theft, improper use, data leakage, tampering, or destruction of information assets that may result from human negligence, deliberate destruction, or natural disasters.

(3) Information Security Risk Management Framework

The company's information security risk management unit is the information department of the Taiwan factory. The manager of the information department serves as the information security representative and is responsible for coordinating Nan Liu Group's information security policy, planning and executing information security operations, and promoting and implementing information security policies.

The company's audit office is the supervisory unit for information security supervision; external accounting firms are regularly entrusted to perform information and information security audits. During the internal and external audit process, if any deficiencies are discovered, relevant improvement plans and specific measures must be immediately proposed, and the improvement results must be tracked to reduce internal operational risks.

Risk type	Risk description	Assessment method	control measures	risk score	risk level
external attack	Unauthorized access or attack from the network	Vulnerability scanning, penetration testing, threat intelligence analysis	Deploy firewalls, IDS/IPS, and anti-virus software, and conduct regular security inspections	9	**high risk**
data breach	Unauthorized access, leakage or theft of sensitive data	Data classification and labeling, log analysis	Data encryption, DLP systems, multi-factor authentication	8	**high risk**
malware	System damage caused by malicious programs such as viruses, worms, and ransomware	Anti-virus software scanning, behavior analysis, intrusion detection	Regularly update anti-virus software, network isolation, and regular backups	8	**high risk**
insider threat	Security incidents caused accidentally or intentionally by employees or partners	Authorization review, behavior monitoring, internal audit	Implement the principle of least privilege, monitor employee activities, and security training	7	medium risk
System vulnerabilities	Vulnerabilities in software or hardware exploited by attackers	Vulnerability scanning, penetration testing, compliance checking	Regularly update and patch systems and use the latest versions of software	7	medium risk
social engineering attack	Defraud employees of sensitive information or login credentials	Simulated phishing attacks, social engineering testing	Provide security awareness training and implement multi-factor authentication	6	medium risk

Cloud security risks	Risks such as data leakage and service interruption that may be encountered when using cloud services	Cloud service security assessment, log audit, compliance inspection	Use encryption, choose a trustworthy cloud service provider, and implement secure configurations	6	medium risk
supply chain risk	Security vulnerabilities or threats from suppliers or partners are transmitted to the company	Supplier security assessment, compliance inspection	Develop supply chain security policies and require suppliers to implement security control measures	6	medium risk
business interruption	System or business disruption caused by natural disasters, human error or attacks	Risk assessment, business impact analysis, disaster recovery drills	Establish a disaster recovery plan, regular backups, and offsite data storage	5	medium risk
Compliance risk	Does not comply with relevant laws, regulations and industry standards	Compliance audits, internal assessments	Conduct regular compliance audits and update internal policies to comply with regulatory requirements	4	low risk

(4) Specific management plan

The company conducts risk assessments every year to identify the company's information security risks from various potential weaknesses and threats. In order to achieve the purpose of risk management, these risks can be effectively controlled by formulating information security management regulations, implementing internal audits and strengthening information security education and training. The main measures are as follows:

1. Equip servers and personal computers with anti-virus software and automatically scan for viruses and malware on a regular basis to ensure system security.
2. Use the M365 email filtering and email auditing system to reduce the risk of email attacks.
3. Use NAS to establish an off-site backup system to ensure the security of important data.
4. Set up a physical firewall on your Internet network to control network traffic and applications.
5. Establish a file monitoring system to record file change information to prevent files from being copied or modified in large quantities.
6. Centralized management of hosts, establishment of a computer room temperature monitoring system, regular data backup, and annual data recovery drills.
7. Implement multi-level permissions and password management in various information systems to ensure the legitimacy of users.
8. When implementing a remote encrypted connection (SSL VPN) operation and requiring the user computer to connect to the internal network through VPN, you must first check whether it is a computer within the company domain and has the specified anti-virus software installed, otherwise the connection will be refused.
9. Regularly perform audit operations as a basis for improving the operation of the information security system and enhance the operational effectiveness of the information security management system.
10. Announce information security regulations and share information security cases to all employees every month to improve employees' awareness of prevention.

(5) Information security incident

There were no major information security incidents in 2024.

7. Important contracts

Nature of contract		Party	Contract start elected	Main content	Restrictive terms
Land lease		Li Wu-Yi and five others	2010/02/01~ 2040/02/01	Real estate leasing (Yanchao plant land)	None
Taiwan Sugar Corporation land setting aboveground rights agreement		Taiwan Sugar Corporation	Jan.2024~ Jan.2034	Real estate above ground property right	When the aboveground lease is up, renewal shall be through mutual agreement and after royalty payments, and cannot exceed 50 years (accumulated).

V.Discussion and analysis of financial data and management results, as well as risk management.

1. Financial condition

Review and analysis of financial data

（1）Financial data analysis —consolidated

Unit: Thousand NT$

Year / Subject	2024/12/31	2023/12/31	Difference	
			Amount	%
Current assets	4,782,667	4,461,801	320,866	7.19
Property, plant and equipment	4,659,252	4,978,861	(319,609)	(6.42)
Intangible assets	1,591	1,834	(243)	(13.25)
Other assets	808,372	941,760	(133,388)	(14.16)
Total asstes	10,251,882	10,384,256	(132,374)	(1.27)
Current liabilities	4,177,113	4,396,340	(219,227)	(4.99)
Non-current liabilities	2,432,481	2,485,894	(53,413)	(2.15)
Total liabilities	6,609,594	6,882,234	(272,640)	(3.96)
Capital	726,000	726,000	0	0.00
Capital surplus	453,467	453,467	0	0.00
Retained earnings	2,734,714	2,709,395	25,319	0.93
Other equity interest	(271,976)	(386,975)	114,999	(29.72)
Total equity	3,642,265	3,501,887	140,378	4.01

The changes of Assets, liabilities and equity of the last two years (the change ratio is over 20% and change amount is more than NTD 10,000 thousand):

1. Other assets: The main reason is that the prepayments for equipment in 2024 decreased by 67 million compared with the previous year.
2. Other equity: The main reason is that the exchange rate of the US dollar and the RMB in 2024 has appreciated compared with 2023, resulting in the conversion of financial statements of foreign operating institutions exchange benefits.

The above changes were normal operation. There is no important effect to the Company finance.

(2) Financial data analysis —Parent Company Only

Unit: Thousand NT$

Year / Subject	2024/12/31	2023/12/31	Difference	
			Amount	%
Current assets	1,632,061	1,581,967	50,094	3.17
Property, plant and equipment	5,227,849	5,060,299	167,550	3.31
Intangible assets	2,739,447	3,004,202	(264,755)	(8.81)
Other assets	480,189	607,695	(127,506)	(20.98)
Total asstes	10,079,546	10,254,163	(174,617)	(1.70)
Current liabilities	4,006,236	4,421,290	(415,054)	(9.39)
Non-current liabilities	2,431,045	2,330,986	100,059	4.29
Total liabilities	6,437,281	6,752,276	(314,995)	(4.67)
Capital	726,000	726,000	0	0.00
Capital surplus	453,467	453,467	0	0.00
Retained earnings	2,734,714	2,709,395	25,319	0.93
Other equity interest	(271,916)	(386,975)	115,059	(29.73)
Total equity	3,642,265	3,501,887	140,378	4.01

The changes of Assets, liabilities and equity of the last two years (the change ratio is over 20% and change amount is more than NTD 10,000 thousand):

1. Noncurrent liabilities: The main reason is that long-term loan at the end of 2024 decreased by 67 million compared with the end of the previous year.
2. Other equity: The main reason is that the exchange rate of the US dollar and the RMB in 2024 has appreciated compared with 2023, resulting in the conversion of financial statements of foreign operating institutions exchange benefits.

The above changes were normal operation. There is no important effect to the Company finance.

2. Operating results

(1) Comparative analysis of operating results—consolidated

Unit: Thousand NT$

Year / Subject	2024	2023	Change Amount	Changes(%)
Operating revenue	6,715,508	6179040	536,468	8.68
Operating costs	5,883,277	5441109	442,168	8.13
Net operating margin	832,231	737931	94,300	12.78
Total operating expenses	668,203	553716	114,487	20.68
Operating profit	164,028	184215	(20,187)	(10.96)
Total non-operating income and expenses	85,304	19071	66,233	347.3
Profit before income tax	249,332	203286	46,046	22.65
Income tax expense	(148,485)	(83,415)	(65,070)	78.01
Profit for the year	100,847	119871	(19,024)	(15.87)
Other comprehensive income	119,275	-47150	166,425	(352.97)
Total comprehensive income for the year	220,238	72721	147,517	202.85

Description of the change ratio is over 20% and change amount is more than NTD 10,000 thousand:

1. Total operating Expenses: In 2024, operating revenue increased, resulting in a corresponding increase in selling expenses. Additionally, research and development expenses were increased to enhance product competitiveness, leading to an overall rise in operating expenses.
2. Operating Profit: Although consolidated revenue increased and the gross profit margin remained stable in 2024, the increase in the operating expense ratio caused operating profit to decline compared to the previous year.
3. Total non-operating Income and Expenses: The appreciation of the US dollar and Renminbi against the New Taiwan dollar at the end of 2024 resulted in foreign exchange gains of approximately NTD 98 million.
4. Profit before income tax: Due to the increase in foreign exchange gains, profit before tax rose accordingly.
5. Income Tax Expense: The implementation of the Controlled Foreign Corporation (CFC) regime led to an increase in consolidated income tax expenses.
6. Profit for the year: Although profit before tax increased, the rise in income tax expense outpaced it, resulting in a slight decrease in net profit compared to the previous year.
7. Other Comprehensive Income / Total Comprehensive Income for the Year: The increase was mainly due to higher exchange gains from the translation of financial statements of foreign operations.

The above changes were normal operation. There is no important effect to the Company finance.

(2) Comparative analysis of operating results—Parent Company Only

Unit: Thousand NT$

Year / Subject	2024	2023	Change Amount	Changes(%)
Operating revenue	2,704,887	2,586,475	118,412	4.58
Operating costs	2,685,286	2,514,173	171,113	6.81
Net operating margin	19,601	72,302	(52,701)	(72.89)
Total operating expenses	229,061	222,565	6,496	2.92
Operating profit	(209,460)	(150,263)	(59,197)	39.40
Total non-operating income and expenses	320,615	257,461	63,154	24.53
Profit before income tax	111,155	107,198	3,957	3.69
Income tax expense	10,192	(12,668)	22,860	(180.45)
Profit for the year	100,963	119,866	(18,903)	(15.77)
Other comprehensive income	119,275	(47,150)	166,425	(352.97)
Total comprehensive income for the year	220,238	72,716	147,522	202.87

(Note): Unrealized revenue (profit) on transactions with associates

Description of the change ratio is over 20% and change amount is more than NTD 10,000 thousand:

1. Gross Profit: In 2024, due to overall capacity considerations, a portion of the hot press/hot air nonwoven production line was relocated to India. As a result, the parent company's gross profit decreased.
2. Non-operating Income and Expenses, Profit Before Tax from Continuing Operations, and Net Profit from Continuing Operations: The increase in share of profit from equity-method investments led to an increase in both profit before tax and net profit from continuing operations.
3. Income Tax Expense: The increase in income tax expense was mainly due to the implementation of CFC tax law
4. Non-operating Income and Expenses: Mainly attributable to the increased share of profit and loss recognized under the equity method from subsidiaries.
5. Other Comprehensive Income / Total Comprehensive Income for the Year: The increase was mainly due to exchange gains arising from the translation of financial statements of foreign operations.

The above changes were normal operation. There is no important effect to the Company finance.

(3) Expected sales volume and its basis, its possible effects on the Company's future finances, and response plan: not applicable.

3. Cash flow

1. Analysis of change in cash flow for the recent year—consolidated

Unit: Thousand NT$

Items	2024	2023	Changes
Net cash flow from operating activities	570,065	489,289	16.51%
Net cash flow from investing activities	19,696	(713,216)	102.76%
Net cash flow from financing activities	(449,194)	(173,385)	159.07%

Data source: financial statements audited by CPAs

Analysis of the changes in cash flow :

(1) Net Cash Inflows from Operating Activities: Increased in 2024, primarily due to revenue growth, as well as increases in prepayments and accounts payable.

(2) Net Cash Inflows from Investing Activities: Increased mainly due to repatriation of earnings from subsidiaries.

(3) Net Cash Outflows from Financing Activities: Increased primarily due to the repayment of certain borrowings.

2. Analysis of changes in cash flow for the most recent year—Parent Company Only

Unit: Thousand NT$

Items	2024	2023	Changes
Net cash flow from operating activities	634,105	333,148	90.34%
Net cash flow from investing activities	27,106	(415,843)	106.52%
Net cash flow from financing activities	(494,421)	(429,413)	15.14%

Data source: financial statements audited by CPAs.

Analysis of the changes in cash flow:

(1) Net Cash Inflows from Operating Activities: Increased in 2024, primarily due to the repatriation of earnings from subsidiaries.

(2) Net Cash Inflows from Investing Activities: Increased mainly because the fixed asset purchases made in 2023 were put into use, and there were no significant fixed asset acquisitions in 2024.

(3) Net Cash Outflows from Financing Activities: Increased primarily due to the repayment of certain borrowings.

3. Liquidity improvement program: not applicable.

4. Analysis of cash flow for the next year—consolidated

Unit: Thousand NT$

Cash at the beginning of the period A	Expected net cash flow from operating activities for the next year	Expected cash flows for the year C	Projected cash surplus (deficiency) A+B-C	Remedial measures for expected cash inadequacy	
				Investment plan	Capital increase planned
1,264,970	584,511	678,776	1,170,705	—	—

Analysis description:
(1) Operating Activities: In 2025, the India plant expanded production capacity through the acquisition of additional facilities and production equipment. As a result of stable revenue and profit growth, net cash inflows were generated from operating activities.
(2) Investing Activities: In 2025, due to the expansion of production capacity at the India plant, there was an increase in capital expenditures for facilities and production equipment.
(3) Financing Activities: Net cash outflows are expected due to scheduled repayments of bank borrowings and the distribution of cash dividends.
(4) Measures for Addressing Projected Cash Shortfall: Based on the above analysis, operating funds for the full year are expected to remain sufficient, and no cash shortfall is anticipated.

4. Material expenditures of the most recent year and impact on the Company's finances and operations

The Company's recent major capital expenditure for the investment of new fourth factory in Yanchao, investment is around NT$ 700 million. The funding comes primarily from the Company's operating profit and Bank loans. There is no significant impact on the company's finances.

5. Reinvestment policy for the most recent year, main reasons for profit/losses resulting therefrom, improvement plan, and investment plans for the upcoming fiscal year

(1) Reinvestment policy for the most recent year:

The Company's current reinvestment is through a Samoa holding company, and the investment is in the Pinghu City subsidiary company (of a subsidiary company). Due to the early investment of Pinghu plant, after years of hard work and pioneering, the current operations and profits are stable.

In response to the requests from the major customers, the company has evaluated the market demand and planned to set up a factory in India to supply its products and satisfy the demands of the local customers. The case has been approved by the board of directors on March 14, 2017 and the chairman of the board of directors has been authorized to handle the related matters. India plant started to manufacture in 2022.

(2) Main reason for profit or loss, improvement plan, and the Company's reinvestment policy:

31 December 2024 Unit: Thousand NT$

Reinvestment undertakings	Accumulated remittance Investment amount	Main reason for profits or losses	
		2024 investment profit(loss)	Description
NANLIU ENTERPRISE CO., LTD. (SAMOA)	1,643,224	397,260	Operation normal, profit in good condition
Nanliu Enterprise (Pinghu) Ltd.	1,487,607	330,355	Operation normal, profit in good condition
NANLIU MANUFACTURING(INDIA) PRIVATE LIMITED	666,698	(55,908)	The current production capacity is four production lines. The reason for the loss is the large depreciation of the new plant and equipment. The revenue still needs to be expanded.
NAN FANG ENTERPRISE (INDIA) PRIVATE LIMITED	284,350	(4,601)	The financial liquidation of the federation was completed in 2024 Q4
CHING-TSUN Biomedical Technology Co., Ltd	40,000	(5,739)	Preparing

Zhuomei (Jiaxin) Biomedical Technology Co., Ltd.	-	(272)	Preparing

(3) Improvement plans and investment plans for the year ahead:

A. Taiwan: according to the market situation, The Company estimates that there is potential for demand growth in personal hygiene material such as EDI pure water wet wipes, diapers, and sanitary napkins. Thus, The Company will continue to invest in this equipment to develop opportunities for cooperation with customers and increase The Company's operating income. To integrate the resources of The Company's various plants, The Company has leased land in the Yanchao District. In the future, the old factory will be moved to the new location. This will concentrate manpower and equipment resources to improve the Company's management efficiency.

B. China: The Company has established a subsidiary company Nanliu (Pinghu) Ltd. in China to handle relevant business. The Company purchase nonwoven machines and related equipment to meet China customers' demand.

C. India: In response to the requests from the major customers and the future of local market, the case has been approved by the board of directors. The Company will setup nonwoven plant in India to provide local customer material demand. The India plant construction completed. India plant started to manufacture in 2022.

(6) Other important matters: none.

6. Risk management assessment and analysis:

(1) Changes to interest rates, currency exchange fluctuations, and inflation within the last year and how these may impact The Company's gain or loss, as well as future response measures.

1. Changes in interest rates and resulting impact to The Company's gain or loss as well as future response measures:

The Company's long-term and short-term bank loan rate in 2024 was around 0.72% to 6.72%. In recent years, market interest rates have been low, which is beneficial to the Company when negotiating financing interest rates. The company's investment in new Yanchao plant required currency is NT$. And it is estimated that Taiwan's Central Bank will maintain the current standard for future long-term interest rates. The Company's Finance Department specialists will periodically or regularly assess bank lending rates and pay attention to changes in the international and domestic financial markets. Finance personnel will also maintain close contact with banks to obtain more favorable lending rates and ample credit.

2. Currency exchange fluctuations and resulting impact on The Company's gain or loss as well as future response measures

The Company's major markets cover the United States and Japan, and the export ratio is more than 50%. Thus, changes in exchange rates have a significant impact on the Company's profit and loss. The Company's main production raw materials, such as rayon, polyester fiber and polypropylene, are mostly procured from foreign suppliers. The intake and expenditure of the same currency produces an offset and has a natural hedging effect on exchange rate changes. To avoid the potential impact of exchange rate fluctuations on profit, the Company has taken the following response measures:

①Foreign currency assets and liabilities offset

Foreign currencies accepted as payment for export are used to directly pay for imports to reduce exchange differences produced by foreign exchange transactions.

②Collect exchange rate change information at all times to fully grasp exchange rate trends. This is used to determine the time for converting foreign currency to NT$ or retained foreign currency in a foreign exchange account.

③Improve the quality and added value of products to adequately reflect exchange rate fluctuation in the cost and adjusted prices.

3. Effects of inflation on the Company's profit and loss.

In recent years, the global economic system has raised up from the bottom. International oil prices have remained high. Domestic electricity price hikes have gradually resulted in price increases of basic everyday supplies and result in inflation concerns. The Company's procurement unit has rapidly responded to market fluctuations. Sales units have consulted with customers in a timely manner regarding costs. Thus, The Company's operations and losses (gains) in the last two years have not been seriously affected by inflation. In addition to boosting added value, The Company will continue efforts to reduce production costs to reduce negative effects of inflation on market demand.

(2) Policies on high risk, highly leveraged investments, loans to other parties, endorsements, guarantees, derivatives trading policies, main reasons for profits or losses in the last year, and future response measures.

The Company has not engaged in high-risk, highly leveraged investments and has not carried out derivative transactions. Lending to others, endorsements, and guarantees are handled according to policy and response measures set up in the “Operational Procedure of Governing Loaning of Funds and Making of Endorsements/Guarantees” and the “Operational Procedures for Endorsements and Guarantees”.

(3) Future research plan and expected research and development fee:

The Company is a professional nonwoven fabric producer and uses this as a core technology. We are gradually crossing over to downstream product applications such as sanitary material, medical supplies and beauty care items to diversify our products. To provide customers with the highest-quality grade of nonwoven products and follow the latest market trends, The Company's research and development team has spared no effort in improving production technology and research. The team has continually developed sanitary materials and beauty care products according to popular trends to lead the market and obtain opportunities. The Company expects to invest research and development expense according to development plans are as follows:

(1)Nonwoven fabric: medical, surgical protective clothing, elastic composite nonwoven fabric, elastic spunlace nonwoven fabric, biodegradable environmentally friendly nonwoven material, 3D surface nonwoven fabric, and industrial wipes.

(2)Biotechnology products: high-quality facial mask, high-quality skincare products, food grade collagen, plant placenta extract, emulsions, liquid cosmetics, and flushable wet towels.

(4) Changes to local and overseas policies and laws that impact the Company’s financial operations, and response measures:

The Company's daily operations conform to relevant domestic and foreign laws. We always pay attention to foreign and domestic policy trends and changes in law to propose response measures in a timely manner. In the last year and as of the printing of this prospectus, there are no important domestic or international policy or law changes that affected the Company's financial operations.

(5) Changes to technology and industry that impact the Company’s financial operations, and response

measures:

The products produced by The Company are nonwoven fabric and its application-related products. These are general consumer goods that have a wide range of use, including medical, cleaning, cosmetic, agricultural, and industrial use. These products have become indispensable base materials and have a certain annual market demand. Nonwoven fabric is an improvement of textiles. Different materials are blended or innovative processes are used to transform and produce products with different uses and functions. As technology and production technology evolve, application of nonwoven fabric becomes broader and is gradually replacing conventional textile. The Company has spared no effort in grasping product trends. The objective is to meet customer's design or pioneer new product markets. Thus, technology and industrial change are the power and opportunity that drive The Company's business development.

(6) Changes to corporate image that impact the Company's risk management, and response measures:

The Company always adheres to professional and honest business principles and value the importance of risk management and corporate image. We work hard to achieve worker solidarity and gain recognition from our customers. In the last year and as of the printing of this prospectus, The Company has not encountered any corporate image changes that have caused a corporate crisis.

(7) Anticipated benefits of mergers and possible risks:

The Company currently has no plans to acquire another company.

(8) Anticipated benefits and possible risks of plant expansion:

The Company has considered that there is still considerable growth space in the hygiene and beauty care market, that the demand in the Chinese market is large, and that demand for hygiene products is increasing because people's standard of living has improved. Thus, The Company expects to continue procuring related equipment. The objective is not only to develop local customers and increase overall operating scale but also to increase production capacity and establish classification planning. The most appropriate operating cost can be arranged according to product demand, which can increase product production benefits.

(9) Purchase or sale concentration risks:

A. Purchase concentration risk:

The primary material sources for The Company's product are stable and sufficient. These materials are large quantity materials with adequate capacity. There is a variety of supplier choices, and The Company has a stable annual procurement volume. The Company maintains a good relationship with suppliers, so there is no purchase concentration risk.

B. Sales concentration risk

The Company's main products include hot-air/hot-pressed nonwoven fabric, spunlace nonwoven fabric, and hygiene and beauty care products. Main applications include baby diaper and sanitary napkin surface material, medical sanitary materials, and personal hygiene sanitary materials. Our product lines are diversified, and our customer base covers Europe, America, Japan and China. The Company maintains a good and cooperative relationships with our major customers. The main target group includes well-known sanitation materials manufacturers and domestic and foreign agents. Our customer base is distributed, and our largest customer does not account for more than 20% of sales. Thus, there is no sales concentration risk.

(10) Impact and risks resulting from major equity transfer or change by Directors, supervisors, or shareholders holding more than 10% of the Company's shares.

In the last year through the printing of this annual report, there has been no major equity transfer or change by Directors, supervisor, or major shareholders who hold more than 10% of the Company's shares.

(11) Impact of change of operating rights on the Company and risks:

Last year through the printing of this annual report, the Company has had no operating rights changes.

(12) Litigation or non-lawsuit events: confirmed judgment, ongoing litigation, and non-litigation or administrative contention items that involve the Company, company Director, supervisor, General Manager, responsible person, or stockholder who holds more than 10% of The Company's stock shall be clearly listed. If the results could have a major effect on the Company's shareholders' equity or securities price, the relevant data should be disclosed:

A. Confirmed judgment, ongoing litigation, and non-litigation or administrative contention items in the last two years through the printing of this annual report that could have a significant impact on shareholders' equity or securities prices shall be disclosed. Disclosure includes disputed facts, amount, proceeding starting date, the main parties involved, and present status: none.

B. Confirmed judgment, ongoing litigation, and non-litigation or administrative contention items involving company Director, supervisor, General Manager, responsible person, or stockholder who holds more than 10% of The Company's stock in the last two years through the printing of this annual report that could have a significant impact on shareholders' equity or securities prices: none.

C. Company Director, supervisor, General Manager, responsible person, or stockholder who holds more than 10% of The Company's stock that was involved with Securities Exchange Act Article 157 items, and the Company's current handling status, within the last two years through the printing of this annual report: none.

(13) Other important risks and response measures: None.

7. Other important issues: None

VII. VI. Special items to be included:

Relevant data on affiliated businesses:

1. Please refer to the Market Observation Post System (MOPS) website at the following link: https://mops.twse.com.tw/mops/#/web/home Home > Company > Electronic Document Download > Related Party Transaction Disclosure Forms Section

2. Privately placed securities handling status in the past year through the printing of this annual report shall disclose the date and amount passed by the shareholders' meeting or the Board of Directors, price setting basis and rationale, selection method for specific people, necessary reason for organizing private placement, and the completion of the fund application plan after monies and proceeds are fully collected. Fund application status in privately placed securities and plan implementation progress: no such situation.

3. Holding or disposal of subsidiary company shares in the last year through the publication date of this report. None

4. Legal penalization of The Company, penalization of internal personnel by The Company, major deficiencies, and improved situation within the last year through the printing of this annual report: none

5. Other supplemental items that must clarified: None.

VIII. Any event that resulted in substantial impact upon the shareholders' equity or prices of the Company's securities as prescribed by Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act that have occurred in the most recent year through the printing date of this report: None.

NAN LIU ENTERPRISE CO., LTD.

Chairman: Mr. Huang, Shih-Chung