

Common Stock Code: 1718

CHINA MAN-MADE FIBER CORPORATION

The 2020 Annual Meeting of Shareholders

Annual meeting handbook

June 2, 2020

Meeting Agenda of the 2020 Shareholders General Meeting of China Man-Made Fiber

Meeting Time: 9:00 am, Tuesday, June 2, 2020

Location: No. 1, Section 3, Zhongxiao East Road, Da'an District, Taipei City (3rd Lecture Hall, Room B1 of Integrated Technology Building at National Taipei University of Technology)

- I. Call the Meeting to Order
- II. Chairperson Remarks
- III. Company Reports
 - (1) Present the 2019 Business Results.
 - (2) Audit Report of the Auditing Committee.
 - (3) A report on "Amendments to Board Meeting Specifications"
- IV. Proposals
 - (1) Confirm the Company's 2019 business report and financial report.
 - (2) Acknowledging the Company's 2019 Earnings Distribution.
- V. Discussion
 - (1) Amendment to the "Operational Procedures for Loaning Funds to Others" of the Company and its subsidiaries.
 - (2) Amendment to the "Operating Procedures for Endorsement Guarantee" of the Company and its subsidiaries.
 - (3) Amendment to the "Rules of Procedure for Shareholder Meeting".
- VI Election: Election: By-election of one independent director in the 26th session.
- VII. Questions and Motions
- VIII. Adjournment

Management Presentation (Company Reports)

- I. Presenting the 2019 Business report. (please see page 11 to 14 of this manual)
- II. Please review the audit report from the audit committee. (please see page 15 of this manual)
- III. A report on "Amendments to Board Meeting Specifications" for approval. (please see page 16 of this manual)

Proposals

Proposal 1 Proposed by the board of directors

Subject: The Company's 2019 business and financial reports have been completed and submitted to the audit committee for review. The reports also have been audited and validated by the certified public accounts, Wen-Ya Hsu and Chin-Chuan Shih, of Deloitte Taiwan.

Description: Business report (please refer to pages 11 to 14 of this manual).
Independent auditor's report and financial report (please refer to pages 17 to 33 of this manual).

Resolutions:

Proposal 2 Proposed by the board of directors

Subject: Acknowledging the Company's 2019 Earnings Distribution.

Explanation: Descriptions: In the 2019, the Company's net loss after tax amounted to NT\$729,764,649. Accordingly, no cash dividends or stock dividends is to be allocated. Please note the contents of the allocation of earnings (Cf. P. 34 of this Handbook for more details).

Resolutions:

Discussions

Proposal 1 Proposed by the board of directors

Subject: Proposal for amendment to “Procedures for Loaning of Funds to Others” of the Company and its subsidiaries is duly posed into a resolution.

Explanation: Amendment to be duly conducted in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission with its Letter/Decree Jing-Guan-Zheng-Shen-Zi 1080304826 dated March 7, 2019 . Comparative Table of Pre-Amendment and Post-Amendment Contents is provided (Cf. Pp. 35~36 of this Handbook for more details).

Resolutions:

Proposal 2 Proposed by the board of directors

Subject: Proposal for partial amendment of the “Procedures for Endorsements/Guarantees” of the Company and its subsidiaries for resolution.

Explanation: Amendment to be duly conducted in accordance with “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” promulgated by the Financial Supervisory Commission with its Letter/Decree Jing-Guan-Zheng-Shen-Zi 1080304826 dated March 7, 2019 . Comparative Table of Pre-Amendment and Post-Amendment Contents is provided (Cf. Pp. 37~38 of this Handbook for more details).

Resolutions:

Proposal 3 Proposed by the board of directors

Subject: Proposal for amending “Rules of Procedure for Shareholder Meetings” is submitted to be resolved.

Explanation: The amendment is duly conducted with reference to the referential specimen of “Rules of Procedures Governing Shareholders’ Meeting of OO Co., Ltd.” promulgated by the Taiwan Stock Exchange Corporation (TWEC) with its Letter Tai-Zheng-Zhi-Li-Zi 1080024221 dated January 2, 2020. The Comparative Table of Pre-Amendment and Post-Amendment Contents is shown in the Appendix annexed hereto. (Cf. Pp. 39~41 of this Handbook for more details).

Resolutions:

Elections

Subject: By-election of one independent director in the 26th session.

- Explanation: (1) Where the Company's Independent Director Li Chin-Tsai was discharged from the post due to personnel reasons on January 9, 2020, the by-election should be conducted in the meeting of present shareholders in accordance with the Company Act and the Company's Articles of Incorporation.
- (2) By-election of one independent director in the 26th session this time, to hold tenure of office starting from June 2, 2020 until June 4, 2022.
- (3) According to Article 192-1 of the Company Act and Article 22 of the articles of incorporation, the election of independent directors adopts a nomination system of which shareholders elect from a list of candidates for independent directors. Based on the 6th board meeting of the 26th term on April 20, 2020, the list of candidates for independent directors is as follows:

Name	Education Background	Major experience	Quantity of Shares
Chih-Ming Shih	Accounting and Statistics, Tamsui Institute of Business Administration	Cosmos Bank auditor office Auditor and Branch Bank Manager	0 Shares

Election results:

Questions and Motions

Appendices

2019 business report of China Man-Made Fiber

1. Operation strategies

- (1) Reduce costs and inventory and improve operational efficiency.
- (2) Research and develop value-added products, accelerate the vertical integration of products and improve competitiveness.
- (3) Computerize the operations management, inspect various operating procedures, strengthen internal control and improve efficiency.
- (4) Strengthen marketing efforts and market development, and improve service quality and customer satisfaction.
- (5) Actively and prudently assess various investments and adjust the portfolios in a timely manner.
- (6) Control customers' credit line to reduce the occurrence of bad debts.
- (7) Pay attention to employee welfare, promote labor-management coordination, emphasize occupational safety and fulfill social responsibilities.

2. Business plan execution and achievement

Item	2019	2018	Difference
Operating revenue	13,591,338	20,064,863	(6,473,525)
Non-operating revenue	1,494,973	1,469,209	28,689
Operating costs and operating expenses	15,978,768	20,010,419	(4,031,651)
Realized (unrealized) gain and loss of affiliates	7,243	1,947	5,296
Non-operating expenses	218,889	176,117	42,772
Gain (loss) before income tax	(1,104,103)	1,349,476	(2,450,654)
Gain (loss) after income tax	(729,764)	1,372,035	(2,098,874)

III. Financial income and expenditure, and profitability analysis

Item		2019	2018	
Financial structure (%)	Debt to assets ratio	41.47	42.36	
	Ratio of long-term capital to property, plant and equipment	247.24	250.63	
Solvency analysis	Current ratio (%)	66.03	94.31	
	Quick ratio (%)	49.23	65.04	
	Interest coverage ratio	(4.92)	9.09	
Profitability analysis	Return on assets (%)	(1.52)	4.02	
	Return on shareholders' equity (%)	(3.29)	6.33	
	As a percentage of paid up capital (%)	Operating profit	(14.68)	0.37
		Income before taxation	(6.81)	8.86
	Net profit margin (%)	(5.37)	6.84	
	Base earnings per share (\$)	(0.57)	1.06	
	Diluted earnings per share (NT\$)	(0.57)	1.06	

IV. Research and development

- (1) Motor pump G-9712B for the manufacturing process at the petrochemical plant was changed to the variable-frequency drive type to reduce power consumption and achieve carbon reduction.
- (2) Condensate pump G-9522A at the petrochemical plant was changed to the variable-frequency drive type to reduce power consumption and increase the reliability of equipment operation.
- (3) After the waste water from the manufacturing process is treated at the wastewater plant, about 1,200 tons per day of waste water is recovered and reused. The water is sent to the cooling

water tower as makeup water to reduce the production cost and save water.

- (4) Continue to introduce the latest high-efficiency catalysts from abroad to increase production output and reduce raw material cost.
- (5) Energy conservation improvement of common part in the polyester plant.
 1. A continued expansion of last year's cooling water circulation double-suction pump refurbishing ceramic coating project to improve blade surface friction, maximize efficiency and minimize power consumption.
 2. The entire lighting facilities of the polyester plant continues with gradual replacement into energy-saving LED lighting fixtures to minimize the use of electricity.
 3. Air conditioning equipment and manufacturing process cooling equipment in the polyester plant, updated cold row to improve the heat exchange rate, reduced the number of refrigerators and greatly minimize the power usage.

Thanks to the aforementioned improvements efforts, the Company cannot only minimize the use of electricity but also achieve the effect of energy saving and carbon reduction.

5. Business outlook

(1) 2020 operational objectives and prospects.

Looking back over the last year, amidst the endless US–China trade wars, Brexit turmoil, and endless geopolitical events, the global economic growth momentum slowed down, the economic demand weakened, manufacturing activities have cooled, and raw material prices have fallen in the international community, making the Company's overall operation and profitability fall far below its anticipation. Looking forward into the current year, as the United States and China have come to preliminary accords in the trade issues, the tension between the United States and China has been alleviated, coupled with preventive interest rate cuts in the United States and the introduction to fiscal stimulus policies by major countries, in conjunction with low base period factors, as a whole, we perceive a slight recovery in the trade. If without the impact of other contingent emergencies, major international forecasters believe in most cases that, in the present year, the global economic and trade growth would outperform last year with expected moderate rebound. Currently, nevertheless, the international economy is still subject to numerous risk variables worthy of our continued attention, including, notably, whether the coronavirus pandemic outbreak would continue after the Lunar New Year this year, whether there would be variables in the follow-up in the US–China trade negotiations, the extent of the slowdown in economic growth in mainland China, the post- Brexit impact, geopolitical risks, changes in international crude oil and bulk commodity prices, fluctuations in global financial markets and stock and exchange markets, and trade protectionism which would affect the prospects for the international economy. In summary, we will be, more or less, anxious in our business operation in the current year.

In the current year, if the low-cost ethylene produced from shale gas in the United States could be sold in large quantities this year, the price of ethylene can be lowered. Where ethylene is the main raw material of EG, the decline in ethylene prices would help reduce the cost pressure of EG and would, in turn, strive for profit margins. We hope to gain a better ambiance in our business operation in the time ahead. In addition, through the efforts in diversified operations, including investment in Taichung Bank, and Pan Asia Chemical Corporation which is engaged in a non-ionic surfactant EOD (ethylene oxide derivative), the Company could get added momentum in business operation.

In terms of EG, with excellent petrochemical industry in the past few years, those EG giants in Mainland China, the United States and the Middle East have a large number of petrochemical production capacity successively put into production, resulting in a surge in market supply. As estimated, the EG global demand would increase by 1.08 million tons this year while the new production capacity would be as high as 6.7 million tons. The increase in supply far surpasses demand, making EG prices continue to be under pressure. Most of these production capacity are concentrated in mainland China. Import demand for mainland China would inevitably decline sharply. It is expected that the market for petrochemical products would hardly rise. The overall challenge is still severe ahead of us this year.

In terms of polyester yarn, with the Sino–US trade war prolonged last year, the purchasing momentum amidst the customers in textile downstream in Mainland China plummeted, resulting in an increase in the supply of local polyester and processed yarn, and

making the efforts to raise prices extremely hard, and the gross profit declined. The supply chains in Vietnam, Indonesia and other Southeast Asian regions rose. As a natural result, the domestic downstream textile customers have moved externally toward Southeast Asia to set up factories there and the shipments for purchase orders have dropped. Such a trend is anticipated to continue this year. Although the first quarter of this year was virtually affected by the coronavirus pandemic, after the coronavirus pandemic outbreak consumer confidence will surely be restored, and it is expected that there will be a new wave of replenishment market. Where the follow-up trend of international oil prices still calls for further observation, the uncertainty of the current year's operating performance is still hanging high. In this year, therefore, our Company will actively move some product lines toward differentiated products, such as high count high-strength processed yarn, and development of eco-friendly yarn (Cf. Note I) to increase operating profit, avoid large-scale specifications and the price disadvantages amidst competition between the Mainland China and The Association of Southeast Asian Nations, *ASEAN, to, in turn, minimize the impact of oil price fluctuations. In 2020, we expect to sell 324,962 tons of ethylene glycol (EG), 16,444 tons of ethylene oxide (EO), 19,036 tons of non-phenol (NP), 39,449 tons of partially oriented yarn (POY), 30,689 tons of spin draw yarn (SDY), 27,900 tons of draw texturized yarn (DTY) and 5,668 tons of polyester chips, for a total of 464,148 tons.

Note 1: Under the environmental protection protocol, products of those world-renowned brand names, including Nike and Adidas, shall be from 100% recycled materials by 2024 in order to declare the sustainable environmental protection of the earth.

- (2) Subject to competition of external environment.
 1. In the EG market, some new manufacturing plants started their operations in the US, gradually increasing the market output. Domestically, there is a shortage of ethylene, and the difficulty of transportation will make the competition unfavorable.
 2. More and more textile firms are moving to Vietnam and other ASEAN countries. In the future, the industry and supply chain may be affected. It is necessary to pay attention to the movements of downstream clients and respond to them early.
 3. Whether it is the anti-dumping duty or the regional FTA, the export of our domestic products has faced a very unfair competitive environment. The country has experienced slow progress in signing FTA with other countries, leading to a higher tariff compared to other competitors. Furthermore, there are more countries that start to use the anti-dumping policy to protect their domestic industries, such as China, India, Turkey and South Africa, and the tax rate plus tariff will greatly increase the difficulty of export for Taiwan's industry once the cases are established.
- (3) Impact of regulatory environment and overall business environment.
 1. Amidst the irresistible trend of base wage raise, all enterprises shall be subject to amounting labor costs as the new pressure and challenges against business administration.
 2. Domestic environmental awareness and the related regulations still have many restrictions on enterprises investing in new equipment. Communication with the neighboring residents often faces great resistance.
 3. The overall business environment, including the acquisition of land, investment in environmental equipment and other external environment factors is what all enterprises need to face in the domestic development.
 4. There remain numerous uncertainties amidst the Sino-US trade negotiations which would have affected the global economy. In recent years, Mainland China based chemical fiber upstream raw material manufacturers such as PX and PTA have increased at a rapid pace. The prices of downstream processed products have been suppressed, chemical fiber operation technology, the ageing management personnel, and more high tariffs and anti-dumping factors would lead us to a disadvantage, leaving numerous challenges ahead of us.
 5. The CPTPP (Comprehensive Progress Agreement for Trans-Pacific Partnership) already came into effect on December 30, 2018 whereunder more than 70% of the products have been reduced to zero tariffs. Our country has expressed intent to apply for CPTPP membership. Among member countries, Japan, Singapore, Malaysia, Vietnam were

among the top 10 trading partners of our country. If our country successfully joins CPTPP membership, it will help us further grow and cooperate with other member countries in the region. At the same time, the textile and garment industry, and petrochemical plastics industry of our country will expand the export market amidst tax cuts in the region. Such efforts in combination would reduce the domestic raw material import cost of the industry in our country.

In addition, the Regional Economic Cooperation Protocol (RECP), the world largest free trade agreement, is anticipated to be signed in the fourth quarter of the current year whereunder such nations including the China, Japan, South Korea and ten Southeast Asian countries in ASEAN +6 will gradually reach zero tariffs. But Taiwan is excluded therefrom. When RECP becomes enforced, Taiwan will face greater competitive pressure.

6. The unilateral protectionism of the United States stresses “America First” and “Made in America”, brining spillover effects to the global supply chain. The policies adopted by the US to implement fair trade may lead to countermeasures by countries that have been sanctioned, and this proves the necessity of multilateral regional agreements. Besides the participation in the abovementioned CPTPP, companies will rely on the government to speed up the FTA and RCEP signing with other countries to facilitate the expansion of the international market, creating great benefits to Taiwan’s economic growth and the competitiveness of the domestic companies.
7. Affected by the coronavirus pandemic in 2020, oil prices plummeted to around US \$45 per barrel, and in order to control the spread of the pandemic, various governments have issued various bans and epidemic prevention measures which in turn led to a slowdown in global economic activity. Accordingly, the petrochemical group did not benefit from the decline in oil prices and upstream raw materials prices. On the contrary, the prices and demand of various petrochemical products virtually dropped amidst the pandemic. It is expected that the petrochemical industry will face the threat of severe global economic slowdown amidst the impact of the pandemic in the first half of the year. Faced with a decline in operations and losses, and until the coronavirus pandemic is properly controlled, it is expected that the global economy will recover in the second half of the year and market demand will rebound.
8. The market uncertainty caused by the US-China trade conflict will speed up the moves of the fabric supply chain to ASEAN (especially to Vietnam) taken by the global brand customers. Currently, the procurement strategies adopted by the global brands focus on larger firms who display vertical integration capability and have factories in Vietnam. Therefore, the sign of big textile suppliers growing bigger in 2020 will become even more prominent. For the small and medium enterprises in Taiwan who lack the capability to conduct vertical integration and overseas investments, they will certainly face even more challenges in 2020.

Chairman:
Kuei-Shiang Wang

Manager:
Ming-Shan Chuang

Accounting Supervisor:
Kuo-Hua Lin

Audit Committee' Review Report

The board of directors has submitted the Company's 2019 business and financial reports (including the consolidated financial reports) and profit distribution table. Among them, the financial reports (including the consolidated financial reports) have been audited and validated by the certified public accounts, Wen-Ya Hsu and Oscar Shih, of Deloitte Taiwan. The reports are to be presented in accordance with Article 14-4 of the Securities and Exchange Act.

To:

The 2020 Annual General Shareholders' Meeting

Audit Committee
Convener: Te-Wei Li

March 16, 2020

China Man-Made Fiber Comparison Table for Amendments to Rules of Procedure for Board of Directors Meetings

Clause	Provisions after amendment	Provisions before amendment	Remark
Article 7	<p>Where a meeting of the board of directors is called by the chairperson of the board, the meeting shall be chaired by the chairperson. However, the first board meeting of each term is to be convened and chaired by the director that receives the most ballots in the shareholders' meeting. If there are two or more directors with right to convene the meeting, one of them is to be elected for the position.</p> <p>Where a meeting of the board of directors is called by a majority of directors on their own initiative in accordance with Article 203, paragraph 4 or Article 203-1, paragraph 3 of the Company Act, the directors shall choose one person by and from among themselves to chair the meeting.</p> <p>The Chairman who is on leave of absence or is unable to perform duty is represented by the Vice Chairman. If there is no Vice Chairman or the Vice Chairman is also on leave of absence or is unable to perform duty, the Chairman is to appoint one general director to perform duty. If there is no general director, the Chairman is to appoint one director to perform duty. If the Chairman does not have a representative appointed to perform duty, one of the general directors or directors is elected to perform duty.</p>	<p>The Company's Chairman is to convene and chair the board meeting. However, the first board meeting of each term is to be convened and chaired by the director that receives the most ballots in the shareholders' meeting. If there are two or more directors with right to convene the meeting, one of them is to be elected for the position.</p> <p>The Chairman who is on leave of absence or is unable to perform duty is represented by the Vice Chairman. If there is no Vice Chairman or the Vice Chairman is also on leave of absence or is unable to perform duty, the Chairman is to appoint one general director to perform duty. If there is no general director, the Chairman is to appoint one director to perform duty. If the Chairman does not have a representative appointed to perform duty, one of the general directors or directors is elected to perform duty.</p>	An amendment in coordination with the amendment to the Company Act
Article 15	<p>Board directors must reveal their interests and the interests of the legal person they represented in the underlying matters in the board meeting. If the said interests of theirs are detrimental to the Company's interests, they may not participate in the discussion and balloting; also, they are not allowed to join the discussion and voting and must be excused from the meeting and cannot act for other directors to exercise their voting right.</p> <p>Where the spouse or a blood relative within the second degree of kinship of a director, or a company which has a controlling or subordinate relation with a director, is an interested party with respect to an agenda item as described in the preceding paragraph, such director shall be deemed to be an interested party with respect to that agenda item.</p> <p>The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 4 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the preceding two paragraphs from exercising voting rights.</p>	<p>Board directors must reveal their interests and the interests of the legal person they represented in the underlying matters in the board meeting. If the said interests of theirs are detrimental to the Company's interests, they may not participate in the discussion and balloting; also, they are not allowed to join the discussion and voting and must be excused from the meeting and cannot act for other directors to exercise their voting right.</p> <p>The provisions of Article 180, paragraph 2 of the Company Act, as applied mutatis mutandis under Article 206, paragraph 3 of that Act, apply to resolutions of board of directors meetings when a director is prohibited by the preceding paragraph from exercising voting rights.</p>	Same as above.

China Man-Made Fiber Independent Auditor's Report

To CHINA MAN-MADE FIBER CORPORATION:

Audit opinions

We have audited the accompanying individual balance sheet of China Man-Made Fiber Co., Ltd. and subsidiary as of December 31, 2019 and 2018, and the related individual statement of income, individual statement of changes in shareholders equity, individual statement of cash flows, and Note of the individual financial statements (including major accounting policy) for the years then ended.

In my opinion, the financial statements as referred to, on the basis of my audit findings and the audit reports compiled by other certified public accountants, present fairly, in all material aspects, the financial position of China Man-Made Fiber Co., Ltd. as of December 31, 2019 and 2018, and the results of its operation and cash flows for the year then ended in conformity to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the separate financial statements. We are independent of Chinese Gamer International Corporation in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of China Man-Made Fiber Co., Ltd., and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the individual financial statements of China Man-Made Fiber Co., Ltd. in 2019. These matters were addressed in the content of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Key audit procedures of the individual financial statements of China Man-Made Fiber Co., Ltd. in 2019 included:

Authenticity of specific sales revenue

Notes to key audit matters

In 2019, the sales revenue of specific products of the Chemical Fibers of China Man-Made Fiber is NT\$2,261,053 thousand, revenue of the Chemical Department to specific customers is NT\$1,807,228 thousand, accounting for 30% of the standalone net sales. The gross profit of the specific products and customers is relatively high. Therefore, the authenticity of sales revenue of specific products from the Chemical Fibers and Chemical Departments is one of the key audit items.

Please refer to Note 4 (15) of the financial statements for the accounting policies on sales revenue recognition.

Audit response

1. Understand and test the design and operating effectiveness of the internal control system of specified departments and sales revenue to customers.
2. Sampling inspection of the abovementioned sales revenue of specified departments and customers, including the shipping, custom and collection documents, in order to test the authenticity of sales.
3. Sampling inspection of the circumstances of sales returns and discounts and the collection after the periods to confirm the reasonableness of revenue recognition.

Adopt the equity method to assess the impairment of discounting and advances.

Notes to key audit matters

As stated in Note 14 of the standalone financial statements, the amount of investment in Taichung Commercial Bank by China Man-Made Fiber adopting the equity method was NT\$11,465,093 thousand,

accounting for 31% of the total assets as of December 31, 2019. Therefore, the financial performance of Taichung Commercial Bank will significantly impact China Man-Made Fiber's number in subsidiaries, affiliates and joint ventures by equity method.

For 2019, the balance of discounting and advance and the expected credit loss from Taichung Commercial Bank are NT\$435,398,334 thousand and NT\$509,127 thousand, respectively. Taichung Commercial Bank's decision in impairment loss involves the key estimates and judgments of its management, including the default probability and loss rate, and the results of impairment loss can significantly affect Taichung Commercial Bank's financial performance. Therefore, the adoption of equity method in the expected credit loss of the discounting and advances will be key audit issues.

Audit response

1. We understand and examine the internal control related to the assessment of impairment of discount and evaluation of anticipated credit impairment of Taichung Commercial Bank.
2. Sampling inspection of each individual recognition of major expected credit loss from discounting and advances of Taichung Commercial Bank, in order to evaluate the reasonableness of collateral value.
3. For the comprehensive evaluation of the expected credit loss adopted by Taichung Commercial Bank, understand and test key parameters used in the impairment model (probability of default and loss given default) in order to evaluate the reasonableness of the expected credit loss meeting the current experience and economic situation.
4. Checking to make sure whether the appropriated amount would be consistent with the requirements by the laws and ordinances as well as decrees concerned promulgated by the competent authority(ies).

Other information

The financial statements of investees included in the standalone financial statements of China Man-Made Fiber adopting the equity method have not been audited by us. They are audited by other accountants. Therefore, we refer to the audited reports of other accountants in expressing our opinions in the standalone statement regarding the investments by equity method and subsidiaries, affiliates, joint ventures and other comprehensive gains and losses. The investments adopting the equity method in the other auditors' reports for years ended December 31, 2019 and 2018 are NT\$1,170,017 thousand and NT\$1,228,959 thousand, respectively. The gains and losses from subsidiaries, affiliates and joint ventures and other sources adopting the equity method in the other auditors' reports for 2019 and 2018 are NT\$17,337 thousand and NT\$88,436 thousand, respectively. The information on investees in Note 34 of the standalone financial statements is disclosed based on the reports from other accounting auditors.

Responsibilities of Management and Those in Charge with Governance of the Individual Financial Statements

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

In preparing the individual financial statements, the management is responsible for assessing the ability of China Man-Made Fiber Co., Ltd. as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate China Man-Made Fiber Co., Ltd. or to create operations, or has no realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of China Man-Made Fiber Co., Ltd.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's

report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the accounting principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. If fraud or errors are considered material, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

As part of an audit in accordance with the accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design, and perform audit procedures responsive to risks, and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in China Man-Made Fiber Co., Ltd.
3. Evaluate the appropriateness of accounting policies used and the reasonability of accounting estimates and related disclosures made by the management.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on China Man-Made Fiber Co., Ltd. and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual financial statements or, if such disclosure is inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause China Man-Made Fiber Co., Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure, and content of the individual statements, including related notes, whether the individual statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within the China Man-Made Fiber Co., Ltd. in order to express an opinion on the individual financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit of the China Man-Made Fiber Co., Ltd.; also, is responsible for forming an opinion on the audit of the China Man-Made Fiber Co., Ltd.

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

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

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the individual financial statements of China Man-Made Fiber Co., Ltd. of 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Accountant: Wen-Ya Hsu

Accountant: Chin-Chuan Shih

Securities and Futures Commission Approval No. Securities and Futures Commission Approval No.
Tai-Tsai-Cheng (VI) No. 0920123784 Tai-Cai-Zheng (VI) No. 0930128050

March 16, 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

CHINA MAN-MADE FIBER CORPORATION
Individual Balance Sheets
December 31, 2019 and 2018

Unit: NTD thousand

Code	Assets	December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents	\$ 1,902,997	5	\$ 2,218,749	6
1110	Financial assets at fair value through profit or loss- current	600,725	2	988,569	3
1150	Notes receivable	46,787	-	164,312	1
1170	Accounts receivable - non-related parties	1,594,045	4	2,447,236	6
1180	Accounts receivable - related parties	170,057	1	109,064	-
1200	Other receivables	13,833	-	29,601	-
1220	Current income tax asset	4,160	-	2,958	-
130X	Inventory	1,169,176	3	2,303,352	6
1410	Prepayments	609,816	2	797,830	2
1460	Non-current assets held for sale – net	769,610	2	769,610	2
1470	Other current assets	112,975	-	162,928	-
11XX	Total current assets	<u>6,994,181</u>	<u>19</u>	<u>9,994,209</u>	<u>26</u>
	Non-Current assets				
1517	The financial assets measured for the fair values through other comprehensive income- non-current	2,087,867	5	1,677,531	4
1550	Investment under the equity method	15,683,072	42	14,544,622	37
1600	Property, plant and equipment-net	10,917,846	29	11,286,138	29
1755	Right-of-use assets	20,413	-	-	-
1760	Real property for investment- net	1,112,465	3	990,778	3
1780	Intangible assets – net	-	-	9	-
1840	Net deferred income tax assets	648,812	2	273,168	1
1990	Other assets	118,185	-	118,155	-
15XX	Total non-current assets	<u>30,588,660</u>	<u>81</u>	<u>28,890,401</u>	<u>74</u>
1XXX	Total assets	<u>\$ 37,582,841</u>	<u>100</u>	<u>\$ 38,884,610</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings	\$ 6,441,013	17	\$ 6,806,669	17
2110	Short-term notes payable	648,285	2	449,507	1
2150	Payable notes	21,104	-	36,420	-
2170	Accounts payable - non-related parties	738,751	2	1,538,390	4
2180	Accounts payable - related parties	307,149	1	343,210	1
2219	Other payables	299,966	1	342,738	1
2280	Lease liabilities – current	11,983	-	-	-
2320	Current portion of long-term liabilities	2,091,505	5	1,036,138	3
2399	Other current liabilities	33,081	-	44,533	-
21XX	Total of current liabilities	<u>10,592,837</u>	<u>28</u>	<u>10,597,605</u>	<u>27</u>
	Non-current liabilities				
2540	Long-term borrowings	3,926,318	11	4,827,723	13
2550	Liability reserve	162,402	-	158,605	-
2570	Deferred tax liabilities	866,019	2	866,019	2
2580	Lease liabilities – noncurrent	8,598	-	-	-
2670	Other liabilities	22,904	-	21,150	-
25XX	Total non-current liability	<u>4,986,241</u>	<u>13</u>	<u>5,873,497</u>	<u>15</u>
2XXX	Total liabilities	<u>15,579,078</u>	<u>41</u>	<u>16,471,102</u>	<u>42</u>
	Equity				
3110	Common stock capital	16,213,672	43	15,224,105	39
3200	Capital surplus	1,710,808	5	1,694,875	4
	Retained earnings				
3310	Legal reserve	855,476	2	718,272	2
3320	Special reserve	1,936,126	5	1,956,409	5
3350	Undistributed earnings	2,220,569	6	4,231,450	11
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(86,995)	-	(54,591)	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	382,016	1	(129,103)	-
3500	Treasury stock	(1,227,909)	(3)	(1,227,909)	(3)
3XXX	Total equity	<u>22,003,763</u>	<u>59</u>	<u>22,413,508</u>	<u>58</u>
	Total Liabilities and Equity	<u>\$ 37,582,841</u>	<u>100</u>	<u>\$ 38,884,610</u>	<u>100</u>

Chairman: Kuei-Hsien Wang

Manager: Ming-Shan Chuang

Accounting Supervisor: Kuo Hua Lin

CHINA MAN-MADE FIBER CORPORATION

Individual Income Statement

January 1 to December 31, 2019 and 2018

Unit: NTD Thousand, except for earnings (losses) per share in NTD

Code		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue	\$ 13,591,338	100	\$ 20,064,863	100
5000	Operating cost	<u>15,268,683</u>	<u>112</u>	<u>19,254,167</u>	<u>96</u>
5900	Gross (loss) profit	(1,677,345)	(12)	810,696	4
5910	Realized gain on the subsidiary, affiliated company and joint ventures	<u>7,243</u>	<u>-</u>	<u>1,947</u>	<u>-</u>
5950	Realized gross profits (losses)	(<u>1,670,102</u>)	(<u>12</u>)	<u>812,643</u>	<u>4</u>
	Operating expenses				
6100	Marketing expenses	(493,022)	(3)	(487,903)	(3)
6200	Administrative and general affairs expenses	(223,098)	(2)	(268,349)	(1)
6450	Expected credit reversal benefit	<u>6,035</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000	Total operating expenses	(<u>710,085</u>)	(<u>5</u>)	(<u>756,252</u>)	(<u>4</u>)
6900	Operating gains (losses)	(<u>2,380,187</u>)	(<u>17</u>)	<u>56,391</u>	<u>-</u>
	Non-operating revenues and expenses				
7070	Shareholdings in the subsidiaries, affiliated companies and joint ventures under the equity method	1,174,256	9	1,143,227	6
7100	Interest revenue	13,989	-	18,667	-
7130	Dividend income	43,892	-	40,481	-
7190	Other income and earnings and expense and loss	22,728	-	22,975	-
7230	Foreign exchange gain (loss) – net	(32,300)	-	144,290	1
7235	Gains of financial assets and liabilities measured at fair value through profit or loss	240,108	2	99,562	1
7610	Losses from disposal of property or equipment	-	-	(9,265)	-
7510	Financial costs	(<u>186,589</u>)	(<u>2</u>)	(<u>166,852</u>)	(<u>1</u>)
7000	Total non-operating revenues and expenses	<u>1,276,084</u>	<u>9</u>	<u>1,293,085</u>	<u>7</u>
7900	Income (loss) before tax from continuing operations	(1,104,103)	(8)	1,349,476	7
7950	Income tax gain	<u>374,339</u>	<u>3</u>	<u>22,559</u>	<u>-</u>
8200	Net profits of the current year	(<u>729,764</u>)	(<u>5</u>)	<u>1,372,035</u>	<u>7</u>
	Other comprehensive profit or loss				
	The items that are not re-classified as profit or loss				
8311	Reevaluation of determined benefit plan	(6,527)	-	(20,965)	-
8316	Unrealized valuation of the capital gain/loss from equity instrument at fair value through comprehensive income statement as other comprehensive income	388,914	3	23,639	-
8330	The proportion of other comprehensive incomes from subsidiaries, associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss	92,563	-	(9)	-
8349	Incomes tax related to titles not subject to reclassification	<u>1,305</u>	<u>-</u>	<u>6,824</u>	<u>-</u>
8310		<u>476,255</u>	<u>3</u>	<u>9,489</u>	<u>-</u>
	Items that may be re-classified subsequently under profit or loss				
8380	The proportion of other comprehensive income of subsidiaries, associates, and equity joint ventures accounted for under the equity method – may be reclassified as profit and loss.	(<u>19,928</u>)	<u>-</u>	(<u>16,238</u>)	<u>-</u>
8360		(<u>19,928</u>)	<u>-</u>	(<u>16,238</u>)	<u>-</u>
8300	Other comprehensive income of the current year (net amount after taxation)	<u>456,327</u>	<u>3</u>	(<u>6,749</u>)	<u>-</u>
8500	Total amount of comprehensive income of the current year	(\$ <u>273,437</u>)	(<u>2</u>)	\$ <u>1,365,286</u>	<u>7</u>
	Earnings (losses) per share				
9750	Basic earnings per share (losses)	(\$ <u>0.57</u>)		\$ <u>1.06</u>	
9850	Diluted earnings per share (losses)	(\$ <u>0.57</u>)		\$ <u>1.06</u>	

Chairman: Kuei-Hsien Wang

Manager: Ming-Shan Chuang

Accounting Supervisor: Kuo Hua Lin

CHINA MAN-MADE FIBER CORPORATION
Individual Statements of Changes in Shareholders' Equity
January 1 to December 31, 2019 and 2018

Unit: NTD thousand

Code		Capital stock		Retained earnings			Other equity			Treasury stock	Total equity
		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Unrealized gain (loss) on available-for-sale financial assets		
A1	Balance as of January 1, 2018	\$ 14,294,934	\$ 1,677,818	\$ 638,873	\$ 2,481,347	\$ 3,274,719	(\$ 41,611)	\$ -	(\$ 169,191)	(\$ 1,227,909)	\$ 20,928,980
A3	Effect of retroactive applicability	-	-	-	-	286,131	-	(203,678)	169,191	-	251,644
A5	Balance on January, 1 2018 after adjustment	14,294,934	1,677,818	638,873	2,481,347	3,560,850	(41,611)	(203,678)	-	(1,227,909)	21,180,624
	The 2017 appropriation and distribution of earnings										
B1	Legal reserve appropriated	-	-	79,399	-	(79,399)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(142,949)	-	-	-	-	(142,949)
B9	Stock dividends	929,171	-	-	-	(929,171)	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(524,938)	524,938	-	-	-	-	-
C7	Changes in shareholdings in the subsidiaries, affiliated companies and joint ventures under the equity method	-	5,532	-	-	(6,483)	-	(226)	-	-	(1,177)
D1	Net income in 2018	-	-	-	-	1,372,035	-	-	-	-	1,372,035
D3	Other comprehensive net income in 2018 (after tax)	-	-	-	-	(25,235)	(12,980)	31,466	-	-	(6,749)
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	14,954	-	-	-	-	-	-	-	14,954
M7	Changes in the ownership equity on a subsidiary	-	(3,429)	-	-	199	-	-	-	-	(3,230)
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income:	-	-	-	-	(43,335)	-	43,335	-	-	-
Z1	Balance at December 31, 2018	15,224,105	1,694,875	718,272	1,956,409	4,231,450	(54,591)	(129,103)	-	(1,227,909)	22,413,508
	The 2018 appropriation and distribution of earnings										
B1	Legal reserve appropriated	-	-	137,204	-	(137,204)	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(152,241)	-	-	-	-	(152,241)
B9	Stock dividends	989,567	-	-	-	(989,567)	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(20,283)	20,283	-	-	-	-	-
D1	Net income (loss) in 2019	-	-	-	-	(729,764)	-	-	-	-	(729,764)
D3	Other comprehensive net income in 2019 (after tax)	-	-	-	-	(33,250)	(32,404)	521,981	-	-	456,327
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	15,933	-	-	-	-	-	-	-	15,933
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income:	-	-	-	-	10,862	-	(10,862)	-	-	-
Z1	Balance as of December 31, 2019	\$ 16,213,672	\$ 1,710,808	\$ 855,476	\$ 1,936,126	\$ 2,220,569	(\$ 86,995)	\$ 382,016	\$ -	(\$ 1,227,909)	\$ 22,003,763

Chairman: Kuei-Hsien Wang

Manager: Ming-Shan Chuang

Accounting Supervisor: Kuo Hua Lin

CHINA MAN-MADE FIBER CORPORATION
Individual Statements of Cash Flow
January 1 to December 31, 2019 and 2018

Unit: NTD thousand

Code		2019	2018
	Cash flow from operating activities		
A10000	Current year net profit before taxation	(\$ 1,104,103)	\$ 1,349,476
A20100	Depreciation expenses	641,719	491,588
A20200	Amortization expenses	9	36
A20300	Expected credit reversal benefit	(6,035)	-
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(240,108)	(99,562)
A20900	Financial costs	186,589	166,852
A21200	Interest revenue	(13,989)	(18,667)
A21300	Dividend income	(43,892)	(40,481)
A22400	Shareholding in profit of subsidiaries, affiliated company and joint ventures under the equity method	(1,174,256)	(1,143,227)
A22500	Loss on disposal and scrapping of property, plant and equipment	-	9,265
A23200	Gains from disposal of investment accounted for using equity method	-	(27)
A23700	Non-financial assets impairment loss (reversal gain)	(108,397)	-
A24000	Realized gain on the subsidiary, affiliated company and joint ventures	(7,243)	(1,947)
	Net change in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	619,885	(21,647)
A31180	Accounts receivable	930,292	(559,140)
A31200	Inventory	1,242,573	(626,905)
A31230	Prepayments	188,014	141,849
A31240	Other current assets	5,547	9,370
A32180	Payables	(894,614)	179,687
A32230	Other current liabilities	(4,209)	5,529
A32200	Employee benefit liabilities reserve	(2,730)	(11,294)
A33000	Cash generated from operating activities	215,052	(169,245)
A33100	Interest received	15,223	20,615
A33200	Dividends received	387,195	482,754
A33300	Interest payment	(185,763)	(164,936)
A33500	Income tax payment	(1,202)	(4,414)
AAAA	Net cash inflow from operating activities	<u>430,505</u>	<u>164,774</u>
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(32,284)	(398,192)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	-	4,123
B00030	De-capitalization refunded monies of financial assets at fair value through other comprehensive profit or loss (decrease)	-	2,922
B01800	Acquisition of investment under the equity method	(200,000)	(541,414)
B02700	Acquisition of property, plant and equipment	(260,484)	(420,675)
B02800	Disposal of property, plant and equipment	-	77
B03700	Increase in refundable deposits	(30)	(13,680)
B05400	Acquisition of investment property	(121,786)	(80,657)
B06800	Increase (decrease) in other assets	44,406	(24)
BBBB	Net cash outflow from investing activities	<u>(570,178)</u>	<u>(1,447,520)</u>
	Cash flow from financing activities		
C00100	Increase of short-term loans	-	2,408,160
C00200	Decrease in short-term loans	(365,656)	-
C00500	Increase in short-term notes payable	198,778	150,028
C01600	Proceeds from long-term loan	4,400,000	3,440,000
C01700	Re-payments of long-term borrowings	(4,246,038)	(4,968,638)
C03000	Increase in deposits received	1,754	-
C03100	Decrease in guarantee deposits	-	(1,840)
C04020	Repayment of rental principal	(12,676)	-
C04500	Cash dividend released	(152,241)	(142,949)
CCCC	Net cash inflow (outflow) from financing activities	<u>(176,079)</u>	<u>884,761</u>
EEEE	Net decrease in cash and cash equivalents	(315,752)	(397,985)
E00100	Cash and cash equivalents balance – beginning of year	<u>2,218,749</u>	<u>2,616,734</u>
E00200	Cash and cash equivalents balance – end of year	<u>\$ 1,902,997</u>	<u>\$ 2,218,749</u>

Chairman: Kuei-Hsien Wang

Manager: Ming-Shan Chuang

Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Independent Auditor's Report

To CHINA MAN-MADE FIBER CORPORATION:

Audit opinions

We have audited the accompanying consolidated balance sheet of China Man-Made Fiber Co., Ltd. and subsidiary as of December 31, 2019 and 2018, and the related consolidated statement of income, consolidated statement of changes in shareholders equity, consolidated statement of cash flows, and Note of the consolidated financial statements (including major accounting policy) for the years then ended.

In our opinion based on our audit results and the audit reports offered by other accountants (please refer to other sections), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of China Man-Made Fiber and subsidiaries as of December 31, 2019 and 2018, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance translated by Accounting Research and Development Foundation endorsed by the Financial Supervisory Commission with the effective dates.

The basis for opinions

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial statements by Certified Public Accountants and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the consolidated financial statements. We are independent of Chinese Gamer International Corporation in accordance with the Code of Ethics for certified public accountants in the part relevant to the audit of the financial statements of China Man-Made Fiber Co., Ltd. and its subsidiaries, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matter that, in our professional judgment, were of most significant in our audit of the consolidated statements of China Man-Made Fiber Co., Ltd. and its subsidiaries in 2019. These matters were addressed in the content of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Key audit issues for the consolidated financial statements of China Man-Made Fiber and its subsidiaries for the year ended December 31, 2019 are stated as follows:

Authenticity of specific sales revenue

Notes to key audit matters

In 2018, the sales revenue of specific products of the Chemical Fibers of China Man-Made Fiber and its subsidiaries is NT\$2,261,053 thousand, revenue of the Chemical Department to specific customers is NT\$1,807,228 thousand, accounting for 11.39% of the total revenue. The gross profit of the specific products and customers is relatively high. Therefore, the authenticity of sales revenue of specific products from the Chemical Fibers and Chemical Departments of the Company and the subsidiaries is one of the key audit items.

Please refer to Note 4 (18) of the consolidated financial statements for the accounting policies on sales revenue recognition.

Audit response

1. Understand and test the design and operating effectiveness of the internal control system of specified departments and sales revenue to customers of the Company and its subsidiaries.
2. Sampling inspection of the abovementioned sales revenue of specified departments and customers, including the shipping, custom and collection documents, in order to test the authenticity of sales.
3. Sampling inspection of the circumstances of sales returns and discounts and the collection after the periods to confirm the reasonableness of revenue recognition.

Assessment of the expected credit loss from discounting and advances

Notes to key consolidated audit matters

As stated in Note 15 of the consolidated financial statements, the amounts of net value of discounting and advances of the Company in 2019 and its subsidiaries and the expected credit loss recognized in 2019 are NT\$435,398,3342 thousand and NT\$509,127 thousand, respectively, accounting for 61% of the total assets and 1.42% of the total revenue, respectively, which is significant to the consolidated financial statements. Besides, as indicated under Note 5 of the Financial Statements, China Man-Made Fiber Corporation and its subsidiaries amidst the comprehensive consideration in anticipated loss which involved significant estimation and judgment in the management level, including chances of defaults and rate of losses. Meanwhile, it should faithfully comply with the laws and ordinances as well as decrees concerned promulgated by the competent authorities. For these reasons, expected credit loss of discounts and loans to the customers are determined as key audit matters.

The disclosures of the accounting policies, accounting estimates, and uncertainty of assumption related to the estimation of discount and loans to customers' expected credit loss are specified in Note 4 (16) and Note 5 and Note 15.

Audit response

1. Understand and test the internal control system adopted by the Company and its subsidiaries for assessing the expected credit loss from discounting and advances.
2. Sampling inspection of each individual recognition of major expected credit loss from discounting and advances of the Company and its subsidiaries, in order to evaluate the reasonableness of collateral value used for expected credit loss.
3. For the comprehensive evaluation of the expected credit loss adopted by the Company and its subsidiaries, understand and test key parameters used in the impairment model (probability of default and loss given default) in order to evaluate the reasonableness of the expected credit loss meeting the current experience and economic situation.
4. Checking to make sure whether the appropriated amount would be consistent with the requirements by the laws and ordinances as well as decrees concerned promulgated by the competent authority(ies).

Other information

The financial statements of investees included in the consolidated financial statements of the Company and its subsidiaries adopting the equity method have not been audited by us. They are audited by other accountants. Therefore, we refer to the audited reports of other accountants in expressing our opinions in the consolidated statement regarding the investments by equity method and subsidiaries, affiliates, joint ventures and other comprehensive gains and losses. The investments adopting the equity method in the other auditors' reports for years ended December 31, 2019 and 2018 are NT\$1,170,017 thousand and NT\$1,228,959 thousand, respectively. The gains and losses from subsidiaries, affiliates and joint ventures and other sources adopting the equity method in the other auditors' reports for 2019 and 2018 are NT\$17,337 thousand and NT\$88,436 thousand, respectively. The information on investees in Note 47 of the consolidated financial statements is disclosed based on the reports from other accounting auditors.

The China Man-Made Fiber Corporation has worked out its individual financial statements for Years 2019 and 2018 for which the certified public accountants have issued audit reports with unqualified (unreserved) opinion on other issues and with unqualified (unreserved) opinion added with other issues ready for reference.

Responsibilities of Management and Those in Charge with Governance of the Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Public Banks, and applicable IFRS, IAS, SIC, and IFRIC as recognized by the Financial Supervisory Commission, and for such internal control as the management determines is necessary to enable the preparation of the consolidated financial statements to be free from material misstatement whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for assessing the ability of China Man-Made Fiber Co., Ltd. and its subsidiaries as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate China Man-Made Fiber Co., Ltd. and its subsidiaries or to create operations, or has no realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of China Man-Made Fiber Co., Ltd. and its subsidiaries.

Auditor's Responsibilities for the Audit of the Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

As part of an audit in accordance with the accounting principles generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also perform the following works:

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

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

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

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of China Man-Made Fiber Co., Ltd. and its subsidiaries of 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Deloitte & Touche
Accountant: Wen-Ya Hsu

Accountant: Chin-Chuan Shih

Securities and Futures Commission Approval
No.
Tai-Cai-Zheng (VI) Zi No. 0920123784

Securities and Futures Commission Approval No.
Tai-Cai-Zheng (VI) Zi No. 0930128050

March 16, 2020

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

China Man-Made Fiber Corporation and subsidiary
Consolidated Balance Sheet
December 31, 2019 and 2018

Unit: NTD thousand

Code	Assets	December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents	\$ 14,544,223	2	\$ 18,846,662	3
1110	Due from Central Bank and lend to Banks	33,876,974	5	31,768,897	4
1120	Financial assets at fair value through profit or loss- current	25,105,212	4	27,408,915	4
1180	Bonds and securities sold under repurchase agreements	10,256,716	2	9,294,168	1
1201	Notes receivable	4,431,796	1	3,808,900	1
1202	Accounts receivable	8,417,137	1	8,714,558	1
1203	Other receivables	2,384,377	-	3,570,369	1
1260	Current income tax asset	14,469	-	5,293	-
1270	Inventory	1,541,484	-	2,689,034	-
1280	Prepayments	958,391	-	1,031,737	-
1290	Non-current assets held for sale – net	769,610	-	769,610	-
1320	Other current assets	563,131	-	617,749	-
1330	Notes discounted and loans – net	435,398,334	61	452,594,552	63
11XX	Total current assets	<u>538,261,854</u>	<u>76</u>	<u>561,120,444</u>	<u>78</u>
	Non-Current assets				
1415	The financial assets measured for the fair values through other comprehensive income- non-current	34,696,587	5	31,014,090	5
1435	Financial assets measured at amortized cost- non-current	108,124,373	15	100,462,761	14
1470	Investment under the equity method	1,180,884	-	1,241,811	-
1500	Property, plant and equipment-net	23,585,296	4	22,428,871	3
1595	Right-of-use assets	1,128,396	-	-	-
1600	Real property for investment- net	1,464,708	-	1,435,382	-
1700	Intangible assets – net	181,823	-	192,246	-
1800	Net deferred income tax assets	1,469,409	-	1,073,938	-
1900	Other assets	1,810,906	-	1,937,399	-
14XX	Total non-current assets	<u>173,642,382</u>	<u>24</u>	<u>159,786,498</u>	<u>22</u>
1XXX	Total assets	<u>\$ 711,904,236</u>	<u>100</u>	<u>\$ 720,906,942</u>	<u>100</u>
	Liabilities and equity				
	Current liabilities				
2110	Shot-term borrowings	\$ 14,115,769	2	\$ 14,567,189	2
2120	Short-term notes payable	3,041,803	-	2,357,704	-
2130	Bills and bonds sold under repurchase agreements	10,369,025	2	9,904,467	1
2140	Financial liabilities at fair value through profit or loss- current	233,803	-	165,360	-
2190	Due to Central Bank and other banks	6,527,060	1	3,378,752	1
2201	Payable notes	25,343	-	44,392	-
2202	Accounts payable	1,363,938	-	2,163,033	-
2204	Other payables	6,757,265	1	12,768,486	2
2310	Current Tax Liability	398,167	-	386,857	-
2330	Current portion of long-term liabilities	5,342,955	1	7,245,188	1
2335	Lease liabilities – current	241,038	-	-	-
2350	Other current liabilities	416,595	-	438,932	-
2360	Customer deposits and remittances	583,035,255	82	587,720,906	82
21XX	Total of current liabilities	<u>631,868,016</u>	<u>89</u>	<u>641,141,266</u>	<u>89</u>
	Non-current liabilities				
2540	Bonds payable	9,990,000	1	12,490,000	2
2550	Long-term borrowings	5,450,168	1	5,713,623	1
2600	Liability reserve	1,610,808	-	1,667,347	-
2620	Deposits received	600,998	-	585,515	-
2625	Lease liabilities – noncurrent	754,957	-	-	-
2630	Deferred tax liabilities	1,021,567	-	1,021,567	-
2660	Other liabilities	5,316	-	6,836	-
25XX	Total non-current liability	<u>19,433,814</u>	<u>2</u>	<u>21,484,888</u>	<u>3</u>
2XXX	Total liabilities	<u>651,301,830</u>	<u>91</u>	<u>662,626,154</u>	<u>92</u>
	Equity of the parent company				
3110	Common stock capital	16,213,672	2	15,224,105	2
3210	Capital surplus	1,710,808	-	1,694,875	-
	Retained earnings				
3310	Legal reserve	855,476	-	718,272	-
3320	Special reserve	1,936,126	-	1,956,409	-
3330	Undistributed earnings	2,220,569	1	4,231,450	1
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(86,995)	-	(54,591)	-
3425	Unrealized gain (loss) on financial assets at fair value through other comprehensive profit or loss	382,016	-	(129,103)	-
3500	Treasury stock	(1,227,909)	-	(1,227,909)	-
31XX	Total equity of the parent company	<u>22,003,763</u>	<u>3</u>	<u>22,413,508</u>	<u>3</u>
32XX	Non-controlling interest	<u>38,598,643</u>	<u>6</u>	<u>35,867,280</u>	<u>5</u>
3XXX	Total equity	<u>60,602,406</u>	<u>9</u>	<u>58,280,788</u>	<u>8</u>
4XXX	Total Liabilities and Equity	<u>\$ 711,904,236</u>	<u>100</u>	<u>\$ 720,906,942</u>	<u>100</u>

Chairman: Kuei-Hsien Wang

Manager: Ming-Shan Chuang

Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Corporation and subsidiary
Consolidated Income Statement
January 1 to December 31, 2019 and 2018

Unit: NTD Thousand, except for earnings (losses) per share in NTD

Code		2019		2018	
		Amount	%	Amount	%
Income					
4010	Interest revenue	\$ 13,455,005	38	\$ 13,082,832	31
4050	Income from handling fees	3,152,070	9	3,276,220	8
4060	Shareholding in the affiliated companies and joint ventures under the equity method	13,998	-	87,046	-
4090	Gains of financial assets and liabilities measured at fair value through profit or loss	717,379	2	209,626	1
4105	Realized gain on financial assets at fair value through other comprehensive profit or loss	7,606	-	26,752	-
4160	Net sales revenue	17,936,719	50	24,213,521	58
4210	Gain in disposal of real estate, plant buildings, equipment & facilities	447	-	-	-
4230	Investment property gains	-	-	14,025	-
4255	Expected credit reversal benefit	10,863	-	-	-
4260	Exchange gain	200,438	-	387,106	1
4270	Other income	237,497	1	252,059	1
4XXX	Total revenue	<u>35,732,022</u>	<u>100</u>	<u>41,549,187</u>	<u>100</u>
Expenses					
5010	Financial costs	5,284,900	15	4,797,670	12
5060	Service charges	238,755	-	430,046	1
5090	Bad debt expense and guaranty reserve	615,474	2	472,772	1
5190	Cost of goods sold	18,600,578	52	22,612,538	54
5230	Operating expenses	7,851,471	22	8,033,384	19
5280	Impairment loss	-	-	325	-
5285	Expected credit impairment loss	-	-	16,188	-
5320	Other expenses	24,762	-	41,502	-
5XXX	Total expenses	<u>32,615,940</u>	<u>91</u>	<u>36,404,425</u>	<u>87</u>
6100	Net profit before taxation	3,116,082	9	5,144,762	13
6200	Income tax expenses	535,258	2	735,127	2
6500	Net income	<u>2,580,824</u>	<u>7</u>	<u>4,409,635</u>	<u>11</u>
Other comprehensive profit or loss					
The items that are not re-classified as profit or loss					
6611	Reevaluation of determined benefit plan	(155,059)	-	(99,372)	-
6617	Evaluation of the capital gain from equity instrument at fair value through comprehensive income statement as other comprehensive income	794,494	2	83,359	-
6649	Incomes tax related to titles not subject to reclassification	11,773	-	37,634	-
6610		<u>651,208</u>	<u>2</u>	<u>21,621</u>	<u>-</u>
Items that may be re-classified subsequently under profit or loss					
6651	Exchange differences from the translation of financial statements of foreign operations	(105,314)	-	(3,462)	-
6659	Capital gain (loss) of debts instrument at fair value through comprehensive income statement as other comprehensive income	\$ 50,117	-	(\$ 13,948)	-
6689	Income tax related to items possibly be reclassified	(3,150)	-	-	-
6650		(58,347)	-	(17,410)	-
6600	Other comprehensive income (post-tax profit or loss)	<u>592,861</u>	<u>2</u>	<u>4,211</u>	<u>-</u>
6700	Total amount of comprehensive income of the current year	<u>\$ 3,173,685</u>	<u>9</u>	<u>\$ 4,413,846</u>	<u>11</u>
Profit (loss) attributable to:					
6810	Owners of parent	(\$ 729,764)	(2)	\$ 1,372,035	3
6820	Non-controlling interest	<u>3,310,588</u>	<u>9</u>	<u>3,037,600</u>	<u>8</u>
6800		<u>\$ 2,580,824</u>	<u>7</u>	<u>\$ 4,409,635</u>	<u>11</u>
The total comprehensive income belongs to					
6910	Owners of parent	(\$ 273,437)	(1)	\$ 1,365,286	3
6920	Non-controlling interest	<u>3,447,122</u>	<u>10</u>	<u>3,048,560</u>	<u>8</u>
6900		<u>\$ 3,173,685</u>	<u>9</u>	<u>\$ 4,413,846</u>	<u>11</u>
Earnings (losses) per share					
7000	Basic earnings per share (losses)	(\$ 0.57)		\$ 1.06	
7100	Diluted earnings per share (losses)	(\$ 0.57)		\$ 1.06	

Chairman: Kuei-Hsien Wang

Manager: Ming-Shan Chuang

Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Corporation and subsidiary
Consolidated Statements of Changes in Shareholders' Equity
January 1 to December 31, 2019 and 2018

Unit: NTD thousand

		Equity of the company											
		Capital stock					Retained earnings			Other equity			
Code		Common stock	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences from the translation of financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	Unrealized gain (loss) on available-for-sale financial assets	Treasury stock	Total	Non-controlling interest	Total equity
A1	Balance as of January 1, 2018	\$ 14,294,934	\$ 1,677,818	\$ 638,873	\$ 2,481,347	\$ 3,274,719	(\$ 41,611)	\$ -	(\$ 169,191)	(\$ 1,227,909)	\$ 20,928,980	\$ 32,470,411	\$ 53,399,391
A3	Effect of retroactive applicability and recompilation	-	-	-	-	286,131	-	(203,678)	169,191	-	251,644	297,263	548,907
A5	Balance on January, 1 2018 after adjustment	14,294,934	1,677,818	638,873	2,481,347	3,560,850	(41,611)	(203,678)	-	(1,227,909)	21,180,624	32,767,674	53,948,298
The 2017 appropriation and distribution of earnings													
B1	Legal reserve appropriated	-	-	79,399	-	(79,399)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(142,949)	-	-	-	(142,949)	-	(142,949)	-
B9	Stock dividends	929,171	-	-	-	(929,171)	-	-	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(524,938)	524,938	-	-	-	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	5,532	-	-	(6,483)	-	(226)	-	(1,177)	-	(1,177)	-
D1	Net income in 2018	-	-	-	-	1,372,035	-	-	-	-	1,372,035	3,037,600	4,409,635
D3	Other comprehensive net income in 2018 (after tax)	-	-	-	-	(25,235)	(12,980)	31,466	-	(6,749)	10,960	4,211	
D5	Total comprehensive profit and loss in 2018	-	-	-	-	1,346,800	(12,980)	31,466	-	(6,749)	1,365,286	3,048,560	4,413,846
O1	Increase/ decrease in Non-controlling interest	-	-	-	-	-	-	-	-	-	-	36,818	36,818
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	14,954	-	-	-	-	-	-	14,954	14,228	29,182	
M7	Changes in the ownership equity on a subsidiary	-	(3,429)	-	-	199	-	-	-	(3,230)	-	(3,230)	
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	(43,335)	-	43,335	-	-	-	-	
Z1	Balance at December 31, 2018	15,224,105	1,694,875	718,272	1,956,409	4,231,450	(54,591)	(129,103)	-	(1,227,909)	22,413,508	35,867,280	58,280,788
The 2018 appropriation and distribution of earnings													
B1	Legal reserve appropriated	-	-	137,204	-	(137,204)	-	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(152,241)	-	-	-	(152,241)	-	(152,241)	-
B9	Stock dividends	989,567	-	-	-	(989,567)	-	-	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(20,283)	20,283	-	-	-	-	-	-	-
D1	Net income (loss) in 2019	-	-	-	-	(729,764)	-	-	-	(729,764)	3,310,588	2,580,824	
D3	Other comprehensive net income in 2019	-	-	-	-	(33,250)	(32,404)	521,981	-	456,327	136,534	592,861	
D5	Total comprehensive profit and loss in 2019	-	-	-	-	(763,014)	(32,404)	521,981	-	(273,437)	3,447,122	3,173,685	
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	15,933	-	-	-	-	-	-	15,933	15,146	31,079	
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	10,862	-	(10,862)	-	-	-	-	
O1	Increase/ decrease in Non-controlling interest	-	-	-	-	-	-	-	-	-	(730,905)	(730,905)	
Z1	Balance as of December 31, 2019	\$ 16,213,672	\$ 1,710,808	\$ 855,476	\$ 1,936,126	\$ 2,220,569	(\$ 86,995)	\$ 382,016	\$ -	(\$ 1,227,909)	\$ 22,003,763	\$ 38,598,643	\$ 60,602,406

Chairman: Kuei-Hsien Wang

Manager: Ming-Shan Chuang

Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Corporation and subsidiary
Consolidated Statements of Cash Flow
January 1 to December 31, 2019 and 2018

Code		2019	Unit: NTD thousand 2018
	Cash flow from operating activities		
A00010	Income before tax from continuing operations	\$ 3,116,082	\$ 5,144,762
	Profits and loss		
A20100	Depreciation expenses	1,237,905	849,721
A20200	Amortization expenses	52,488	54,854
A20300	Expected credit impairment loss	604,611	488,960
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(717,379)	(209,626)
A20900	Interest expenses	5,284,900	4,797,670
A21200	Interest revenue	(13,455,005)	(13,082,832)
A21300	Dividend income	(133,539)	(116,117)
A21800	Net change in other provisions for liabilities	(12,000)	(2,437)
A22300	Loss of affiliated companies and joint ventures under the equity method	(13,998)	(87,046)
A22500	Loss (gain) on disposal and scrapping of property, plant and equipment	(447)	9,768
A22700	Capital gain from disposition of investment property	-	(14,025)
A23100	Gain on disposal of investments	(7,606)	(26,752)
A23700	Loss in impairment of non-financial assets	-	325
A24100	Unrealized foreign currency exchange loss (gain)	524,497	(438,123)
A29900	Termination in interest in leasehold.	(1,130)	-
A29900	Release of prepaid lease payments.	-	3,736
	Net change in operating assets and liabilities		
A91110	Due from Central Bank and lend to Banks	132,740	(746,918)
A91120	Financial assets at fair value through profit and loss	3,868,985	6,728,283
A91190	Accounts receivable	683,555	486,630
A91250	Inventory	1,147,550	(632,492)
A91260	Prepayments	72,736	108,174
A91280	Other current assets	(7,804)	24,563
A91290	Discounts and loans	16,703,241	(22,250,976)
A91320	Other financial assets	837	38,030
A92110	Bills and bonds sold under repurchase agreements	464,558	5,596,657
A92120	Financial liabilities at fair value through profit and loss	(779,460)	(889,768)
A92150	Due to Central Bank and other banks	3,148,308	(6,140,120)
A92160	Payables	(6,740,475)	(990,471)
A92280	Other current liabilities	(21,730)	36,773
A92290	Customer deposits and remittances	(4,685,651)	21,866,677
A92330	Other financial liabilities	(2,127)	(41,307)
A92310	Employee benefit liabilities reserve	(154,206)	(11,625)
A33000	Cash inflow from operating activities	10,310,436	554,948
A33100	Interest received	13,813,182	13,143,072
A33200	Dividends received	212,971	191,884
A33300	Interest payment	(5,373,790)	(4,683,191)
A33500	Income tax payment	(949,472)	(748,891)
AAAA	Net cash inflow from operating activities	<u>18,013,327</u>	<u>8,457,822</u>
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(7,773,132)	(553,576)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	4,856,999	4,301,998
B00040	Financial assets acquired on the basis of cost after amortization	(753,231,971)	(761,952,805)
B00050	Financial assets on the basis of cost after amortization	-	45,650
B00060	Held-to-maturity financial assets based on cost after amortization	744,915,247	746,586,250
B01800	Acquisition of investment under the equity method	(1,386)	(9,843)
B02700	Acquisition of property, plant and equipment	(2,170,807)	(903,176)
B02800	Disposal of property, plant and equipment	32,572	5,789
B03700	Increase in refundable deposits	(26,854)	-
B03800	Decrease in Refundable deposits	-	100,716
B04500	Acquisition of Intangible assets	(41,520)	(56,595)
B05400	Acquisition of investment property	(136,785)	(144,447)
B05500	Disposition of investment property	-	14,025
B06800	Decrease in other assets	15,788	25,228
B09900	Decrease (increase) in restricted assets	62,422	(209,359)
BBBB	Net cash outflow from investing activities	<u>(13,499,427)</u>	<u>(12,750,145)</u>
	Cash flow from financing activities		
C00100	Increase (decrease) in short-term loans	(451,420)	2,837,741
C00500	Increase in short-term notes payable	684,099	324,630

(Continued on next page)

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Code		2019	2018
C01400	Issuance of financial bonds	\$ -	\$ 2,130,000
C01500	Repayment of financial bonds	(6,000,000)	-
C01600	Proceeds from long-term loan	6,390,000	3,716,000
C01700	Re-payments of long-term borrowings	(5,055,688)	(5,455,250)
C03000	Increase in deposits received	15,483	164,707
C04020	Payment of principal element of lease liabilities	(238,099)	-
C04500	Cash dividend released	(121,162)	(113,767)
C05800	Change in non-controlling interest	(730,905)	32,637
C00000	Net cash inflow (outflow) from financing activities	(5,507,692)	3,636,698
DDDD	Impact of changes in exchange rate on cash and cash equivalents	(105,282)	(3,462)
EEEE	Current cash and cash equivalents decrease	(1,099,074)	(659,087)
E00100	Balance of cash and cash equivalents, beginning of period	42,625,095	43,284,182
E00200	Balance of cash and cash equivalent, end of period	\$ 41,526,021	\$ 42,625,095

Ending cash and cash equivalents adjustment

Code		December 31, 2019	December 31, 2018
E00210	Cash and cash equivalents on the balance sheet	\$ 14,544,223	\$ 18,846,662
E00220	The “Due from Central Bank and Banks” in compliance with the definition of cash and cash equivalents under IAS 7	16,725,082	14,484,265
E00230	The “bonds and securities sold under repurchase agreements” that meet the definitions of cash and cash equivalents under IAS 7	10,256,716	9,294,168
E00200	Balance of cash and cash equivalent, end of period	\$ 41,526,021	\$ 42,625,095

Chairman: Kuei-Hsien Wang

Manager: Ming-Shan Chuang

Accounting Supervisor: Kuo Hua Lin

CHINA MAN-MADE FIBER CORPORATION

Statement of Retained Earnings

2019

Unit: NTD

Item	Amount
Opening undistributed earnings	2,972,721,354
Retained earnings adjusted due to investments accounted for using equity method	(28,027,148)
The defined benefit plans re-measured amount is recognized in the “retained earnings” account.	(5,221,962)
Disposal of equity instruments at fair value through other comprehensive profit and loss, the accumulated profit and loss are directly transferred to retained earnings	<u>10,861,242</u>
Unappropriated adjusted earnings	2,950,333,486
Net income or loss for current period	(729,764,649)
Legal reserve appropriated (10%)	0
Special reserve to be duly appropriated according to law (Note 1)	<u>(4,696,385)</u>
Current distributable earnings	2,215,872,452
Closing undistributed earnings	2,215,872,452

Notes

1. As expressly provided for in Article 41 of the Securities and Exchange Act, where the stocks of the parent company held by a subsidiary are priced in the market below the book value, the special reserve counted based on the shareholding ratio shall not be allocated.
2. At the present term, the net loss came to NT\$729,764,649 and the allocable earning at the end of the term amounted to NT\$2,215,872,452. Accordingly, no dividend or bonus would be allocated to shareholders this term.

Chairman: Kuei-Hsien Wang

Manager: Ming-Shan Chuang

Accounting Supervisor: Kuo Hua Lin

Comparative Table of Pre-Amendment and Post-Amendment Contents of the Procedures for Loaning of Funds to Others of the Company and its subsidiaries

Clauses after the amendment	Original clause	Remark
<p>Article 6</p> <p>(1) Omitted.</p> <p>(2) Where the balance of the funds loaned by the Company to others meets any one among those circumstances enumerated below, such facts shall be promulgated and declared within two days after the date of occurrence of the fact.</p> <p>1. The aggregate balance of loans of funds to others by the company and its subsidiaries reaches 20 percent or more of the public company's net worth as stated in its latest financial statement.</p> <p>2. The balance of loans of funds to others by the company and its subsidiaries for a single enterprise reaches 10 percent or more of the public company's net worth as stated in its latest financial statement</p> <p>3. The amount of new loans of funds to others made by the company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>For the subsidiaries who are not public companies, when the subsidiaries have situations of announcement stated in the subparagraphs of the preceding paragraph, the Company shall conduct the announcement for its subsidiaries. For the abovementioned subsidiaries, the percentage of loan balance to net worth is calculated using the balance of capital lent by subsidiaries and the Company's net worth.</p> <p>The term "promulgated and declared" as set forth in this Article denotes the acts to input into the information declaration website designated by the Financial Supervisory Commission.</p>	<p>Article 6</p> <p>(1) Omitted.</p> <p>(2) Where the balance of the funds loaned by the Company to others meets any one among those circumstances enumerated below, such facts shall be promulgated and declared within two days after the date of occurrence of the fact.</p> <p>1. The aggregate balance of loans of funds to others by the company and its subsidiaries reaches 20 percent or more of the public company's net worth as stated in its latest financial statement.</p> <p>2. The balance of loans of funds to others by the company and its subsidiaries for a single enterprise reaches 10 percent or more of the public company's net worth as stated in its latest financial statement</p> <p>3. The amount of new loans of funds to others made by the company or its subsidiaries reaches NT\$10 million or more, and reaches 2 percent or more of the company's net worth as stated in its latest financial statement.</p> <p>For the subsidiaries who are not public companies, when the subsidiaries have situations of announcement stated in the subparagraphs of the preceding paragraph, the Company shall conduct the announcement for its subsidiaries. For the abovementioned subsidiaries, the percentage of loan balance to net worth is calculated using the balance of capital lent by subsidiaries and the Company's net worth.</p> <p>The term "promulgated and declared" as set forth in this Article denotes the acts to input into the information declaration website designated by the Financial Supervisory Commission.</p> <p>"Date of occurrence" in this Article means the date of transaction contract</p>	<p>Given the fact where the funds loaned are not attributed as a transaction, the wording of Paragraph 2 is duly amended.</p>

Clauses after the amendment	Original clause	Remark
<p>The date of the fact referred to in this Article refers to the date of transaction contract signing, the date of payment, the resolution date of the Board Meeting, or other date on which the lending or funds are secured or endorsed.</p>	<p>signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the transaction counterparty and monetary amount of the transaction, whichever date is earlier.</p>	
<p>Article 7 Other information Paragraph 1 to Paragraph 3: (Omitted)</p> <p>(4) Amidst a change in situations whereunder the balance of a loan or the target loanee does not conform with the requirements, the Company shall work out corrective action plan and submit the relevant corrective action plan to the Audit Committee and the corrective action plan shall be completed within the specified time limit.</p> <p>(5) Omitted.</p> <p>(6) Where the Company enacts or amends the Procedures for Loaning of Funds to Others, such Procedures shall be subject to approval by a one-half majority of the Audit Committee members and submitted to the board of directors for resolution and further submitted to and approved by the shareholders' meeting.</p> <p>Where an issue mentioned under the preceding Paragraph is not approved by one-half majority of the entire Audit Committee members, it may go ahead after being approved by a two-thirds majority of the entire director seats. The decision so resolved shall be expressly entered into the minutes of the board of directors meeting.</p> <p>The term "entire Audit Committee members and the entire director seats" as set forth herein shall be counted as the number of actually incumbent ones.</p>	<p>Article 7 Other information Paragraph 1 to Paragraph 3: (Omitted)</p> <p>(4) Where the balance of the funds loaned or the target loanees are found inconsistent with the requirements amidst a change of situation in a public company, the Company shall work out corrective action plan and submit the corrective action plan to the supervisors and shall satisfactorily complete the corrective action within the specified time limit.</p> <p>(5) Omitted.</p> <p>(6) This Procedure, once approved by the Board of Directors, shall be implemented with the consent of supervisors and shareholders' approval in a shareholder meeting. Where directors have expressed objections on record or in writing, these objections shall also be escalated to supervisors and raised for discussion in the shareholder meeting. The same process shall apply to all subsequent amendments.</p>	<p>Amendment as appropriate in coordination with requirements by law.</p>

Comparative Table of Pre-Amendment and Post-Amendment Contents of Procedures for Endorsements/Guarantees of the Company and its subsidiaries

Clauses after the amendment	Original clause	Remark
<p>Article 4 Paragraph 1 to Paragraph 8: (Omitted)</p> <p>(9) Due to changes in circumstances, if the Company's endorsements/guarantees entities do not comply with the requirements or the loan balance exceeds the limit, an improvement plan must be formed, which should be sent to Audit Committee; also, the improvement plan should be implemented on schedule.</p>	<p>Article 4 Paragraph 1 to Paragraph 8: (Omitted)</p> <p>(9) Due to changes in circumstances, if the Company's endorsements/guarantees entities do not comply with the requirements or the loan balance exceeds the limit, an improvement plan must be formed, which should be sent to each supervisor; also, the improvement plan should be implemented on schedule.</p>	Text revision.
<p>Article 6</p> <p>(1) Omitted.</p> <p>(1) If the balance of endorsement/guarantee meets any of the following criteria, the announcement and reporting shall be made within two days from the occurrence of the event:</p> <ol style="list-style-type: none"> 1. The balance of endorsement/guarantee of the Company and its subsidiaries exceeds 50 percent of the net worth in the Company's latest financial statement. 2. The balance of endorsement/guarantee made by the Company and its subsidiaries to an individual company exceeds 20 percent of the net worth in the Company's latest financial statement. 3. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of public company's net worth as stated in its latest financial statement. 4. The amount of new endorsement/guarantee made by the Company or its subsidiaries exceeds NT\$ 30 million and five percent of the net worth in the Company's latest financial statement. <p>For the subsidiaries who are not</p>	<p>Article 6</p> <p>(1) Omitted.</p> <p>(1) If the balance of endorsement/guarantee meets any of the following criteria, the announcement and reporting shall be made within two days from the occurrence of the event:</p> <ol style="list-style-type: none"> 1. The balance of endorsement/guarantee of the Company and its subsidiaries exceeds 50 percent of the net worth in the Company's latest financial statement. 2. The balance of endorsement/guarantee made by the Company and its subsidiaries to an individual company exceeds 20 percent of the net worth in the Company's latest financial statement. 3. The balance of endorsements/guarantees by the company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of public company's net worth as stated in its latest financial statement. 4. The amount of new endorsement/guarantee made by the Company or its subsidiaries exceeds NT\$ 30 million and five percent of the net worth in the Company's latest financial statement. <p>For the subsidiaries who are not</p>	Given the concern that an endorsement/guarantee is not attributed as transaction, the wording in Paragraph (2) is duly amended.

Clauses after the amendment	Original clause	Remark
<p>public companies, when the subsidiaries have situations of announcement stated in the subparagraphs of the preceding paragraph, the Company shall conduct the announcement for its subsidiaries.</p> <p>For the abovementioned subsidiaries, the percentage of endorsements/guarantees to net worth is calculated using the balance of endorsements/guarantees by subsidiaries and the Company's net worth.</p> <p>The term “promulgated and declared” as set forth in this Article denotes the acts to input into the information declaration website designated by the Financial Supervisory Commission.</p> <p>The date of the fact referred to in this Article refers to the date of transaction contract signing, the date of payment, the resolution date of the Board Meeting, or other date on which the endorsements/guarantees are secured or endorsed.</p>	<p>public companies, when the subsidiaries have situations of announcement stated in the subparagraphs of the preceding paragraph, the Company shall conduct the announcement for its subsidiaries.</p> <p>For the abovementioned subsidiaries, the percentage of endorsements/guarantees to net worth is calculated using the balance of endorsements/guarantees by subsidiaries and the Company's net worth.</p> <p>The term “promulgated and declared” as set forth in this Article denotes the acts to input into the information declaration website designated by the Financial Supervisory Commission.</p> <p>“Date of occurrence” in this Article means the date of transaction contract signing, date of payment, dates of boards of directors’ resolutions, or other date that can confirm the transaction counterparty and monetary amount of the transaction, whichever date is earlier.</p>	
<p>Article 7 Other information Paragraph 1 to Paragraph 5: (Omitted)</p> <p>(6) Where the Company enacts or amends the Procedures for Endorsements/Guarantees, the Company shall obtain consent from a one-half majority of the Audit Committee members, submit the Subject Products to the board of directors for resolution and submit the same to the shareholders’ meeting for approval.</p> <p>Where an issue mentioned under preceding Paragraph is not approved by one-half majority of entire Audit Committee members, it may go ahead after being approved by two-thirds majority of the entire director seats. The decision so resolved shall be expressly entered into the minutes of the board of directors meeting.</p> <p>The term “entire Audit Committee members and the entire director seats” as set forth herein shall be counted as the number of actually incumbent ones.</p>	<p>Article 7 Other information Paragraph 1 to Paragraph 5: (Omitted)</p> <p>(6) This Procedure, once approved by the Board of Directors, shall be implemented with the consent of supervisors and shareholders' approval in a shareholder meeting. Where directors have expressed objections on record or in writing, these objections shall also be escalated to supervisors and raised for discussion in the shareholder meeting. The same process shall apply to all subsequent amendments.</p>	<p>Amendment as appropriate in coordination with requirements by law.</p>

China Man-Made Fiber Comparison Table for Amendments to Rules of Procedure for Shareholders Meetings

Clause	Provisions after amendment	Original clause	Reasons of amendment
Article 3	<p>(Paragraph 1 to Paragraph 3 omitted) For the election or dismissal of directors, change of Articles of Incorporation, reduction of capital, application for suspension of public offering, non-competition approval for directors, transfer of earnings to additional paid-in capital, transfer of reserve to additional paid-in capital, company dissolution, merger or division, or items in Paragraph 1 of Article 185 of the Company Act, the reason shall be listed with the main contents thereof stated and they shall not be put forward via an extraordinary motion; the main contents may be referred to on the website designated by the securities authority or by the Company, and the website address shall be specified in the notice. The reason for the convening of the shareholders' meeting is indicated as a full re-election of directors, and the date of assuming office is specified. After the re-election in the shareholders' meeting is completed, the date of assuming office shall not be changed via an extraordinary motion or other means at the same meeting. Shareholders holding more than 1% of the total issued shares may submit to the Company a proposal for a general shareholders' meeting and the number of proposal shall be limited to one. If the number of proposal submitted is more than one, such proposals shall not be included in the agenda. A shareholder proposal proposed for urging a company to promote public interests or fulfill its social responsibilities may still be included in the list of proposals to be discussed at a regular meeting of shareholders by the board of directors. In addition, the Board may have the proposals of shareholders that fall under the circumstances stated in Article 172.1 Paragraph 4 of the Company Act excluded from meeting discussions.</p>	<p>(Paragraph 1 to Paragraph 3 omitted) Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph 1, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described, and the essential contents shall be explained in the notice to convene a meeting of shareholders and shall not be brought up as extemporaneous motions. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice. Shareholders who have over 1% shareholdings in the Company's total number of shares issued may propose to the Company in writing to convene the Annual Meeting of Shareholders. But it is limited to one proposal and the additional proposals will not be included in the meeting agenda. The board shall list proposals from shareholders as motions unless they meet any one of the conditions in Subparagraph 4 of Article 172-1 of the Company Act. Shareholders who have over 1% shareholdings in the Company's total number of shares issued may propose to the Company in writing to convene the Annual Meeting of Shareholders. But it is limited to one proposal and the additional proposals will not be included in the meeting agenda. In addition, the Board may have the</p>	<p>An amendment in coordination with the amendment to the Company Act</p>

Clause	Provisions after amendment	Original clause	Reasons of amendment
	<p>Prior to the book closure date before a regular shareholders meeting is held, the Company shall publicly announce that it will receive shareholder proposals, correspondence or electronic means, and the location and time period for their submission; the period for submission of shareholder proposals may not be less than 10 days. Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the regular shareholders meeting and take part in discussion of the proposal. The Company shall have the proposing shareholder notified about the proposal results before the date of the meeting notice and must have the proposals in compliance with this provision included in the meeting notice. The Board shall state the reasons for not including the proposal of shareholders in the meeting agenda.</p>	<p>proposals of shareholders that fall under the circumstances stated in Article 172.1 Paragraph 4 of the Company Act excluded from meeting discussions. The Company shall announce the proposals admitted, the premises and the admission period before the stock stop-transfer date prior to the Annual Meeting of Shareholders is convened; also, the admitting period may not be less than 10 days. Motion proposed by shareholders is limited to three hundred words. A proposed motion of more than three hundred words will not be included in the proposal. The proposing shareholders must attend the Annual Meeting of Shareholders in person or by proxy and must participate in the proposal discussion. The Company shall have the proposing shareholder notified about the proposal results before the date of the meeting notice and must have the proposals in compliance with this provision included in the meeting notice. The Board shall state the reasons for not including the proposal of shareholders in the meeting agenda.</p>	
Article 10	<p>If the shareholders' meeting is convened by the board of directors, its agenda shall be determined by the board of directors, and all relevant proposals (including motions and original proposal amendments) shall be voted. The meeting shall be conducted in accordance with the scheduled agenda, which shall not be changed without the resolution of the shareholders' meeting. (Paragraph 2 to Paragraph 3 omitted) The chairman shall give an opportunity for a full explanation and discussion of the motions and the amendments or extraordinary motions proposed by the shareholders. When the chairman thinks that the voting can be carried out, he may declare a stop to the discussion and start the voting, and arrange sufficient time for voting.</p>	<p>If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting. The Chairman must give the proposal or the amendment and motion proposed by the shareholders an opportunity to be explained and discussed sufficiently until it is ready for balloting and then stop the discussion for balloting.</p>	Amendment in coordination with requirements by the competent authority(ies)

Clause	Provisions after amendment	Original clause	Reasons of amendment
Article 14	<p>(Paragraph 1 omitted)</p> <p>When this Corporation holds a shareholders meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice. Shareholders who have their votes cast in writing or by electronic means are deemed as attending the meeting in person. However, in respect of the motion and the amendment of the original proposal in the shareholders' meeting it is deemed as a waiver; therefore, the Company is advised to avoid proposing motion or the amendment of the original proposal. (Omitted hereinafter.)</p>	<p>(Paragraph 1 omitted)</p> <p>Voting rights may be exercised in writing or using the electronic method (pursuant to Paragraph 1, Article 177-1 of the Company Act: the Company allows shareholders to exercise voting rights in writing or through the electronic method during shareholder meetings.) Instructions for exercising voting rights in writing or through the electronic method shall be stated clearly in writing on the meeting advice. Shareholders who have their votes cast in writing or by electronic means are deemed as attending the meeting in person. However, in respect of the motion and the amendment of the original proposal in the shareholders' meeting it is deemed as a waiver; therefore, the Company is advised to avoid proposing motion or the amendment of the original proposal. (Omitted hereinafter.)</p>	<p>Amendment in coordination with requirements in electronic balloting.</p>
Article 15	<p>(Paragraph 1, 2 omitted)</p> <p>The minutes of the meeting shall record the date, venue, name of the chairman, method of resolution, essentials of the meeting process and voting results (including the number of voting rights). When there is an election of directors, the number of votes received by each candidate shall be disclosed. It shall be retained for the duration of the existence of the Company.</p>	<p>(Paragraph 1, 2 omitted)</p> <p>The minutes of meeting should be prepared in accordance with the year, month, date, place, name of the Chairman, the resolution method, meeting procedure and the results, and shall be permanently reserved throughout the duration of the Company.</p>	<p>In order to implement the voting spirit and with reference to the proposal of the Asian Corporate Governance Association.</p>

Directors' Shareholdings

1. All directors minimum shareholding and the shareholdings listed in the registry of shareholders:

Title	Shareholdings	Shareholdings registered in the registry of shareholders	Remark
Director	38,912,813	92,618,431	

Note: Ex-transfer date on April 4, 2020

2. All Directors shareholding list:

Title	Name	Quantity of Shares	Ratio of Shareholding
Chairman	Pan Asia Oil & Chemical Corporation Representative: Gui-Xian Wang	50,378,593	3.11%
Vice Chairman	China Man-Made Fiber Investment Representative: Ming-Shang Chuang	42,239,838	2.61%
Managing Director (Independent director)	De-Wei Li	0	0
Independent director	Li-Yeh Hsu	0	0
Director	Pan Asia Oil & Chemical Investment Representative: Kuei-Fong Wang	50,378,593	3.11%
Director	Pan Asia Oil & Chemical Investment Representative: Ming-Hsiung Huang	50,378,593	3.11%
Director	Chung Chien Investment Co., Ltd. Representative: Hung-Yang Wu	42,239,838	2.61%
Director	Chung Chien Investment Co., Ltd. Representative: Kuo-Ching Chen	42,239,838	2.61%

“Articles of Incorporation” of China Man-Made Fiber Co., Ltd.

Chapter 1 General rules

1. The Company is organized as China Man-Made Fiber Corporation in accordance with the provisions of the Company Act.
2. The Company’s scope of business is shown on the left:
 - (1) Manufacturing, processing and buying and selling of man-made fiber, cellophane, polyamine fiber, polyester fiber, chemicals and the raw materials.
 - (2) Development, manufacturing and buying and selling of machinery used for the above products.
 - (3) Manufacturing and buying and selling of ethylene glycol, ethylene oxide, nonylphenol, ethylene, liquefied petroleum gas and the related petrochemical industry products.
 - (4) Commission construction firms to build residential and commercial buildings to be rented or for sale.
 - (5) Distribution, sorting and storage of various products.
 - (6) Operate supermarkets which sell fresh food, vegetables, fish, meat, cooking garnishes and spices and seasonings.
 - (7) Manufacturing and sales of steam and industrial and commercial electricity by cogeneration (electricity shall not be sold to energy users).
 - (8) Agency, distribution and contract bidding for installation of cogeneration and pollution control equipment.
 - (9) Manufacturing and sales of oxygen, liquid oxygen, nitrogen, liquid nitrogen, air argon, liquid argon, carbon dioxide and compressed air.
 - (10) F212011 Gas station.
 - (11) D201021 Gas station.
 - (12) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval
3. The head office and the factory of the Company are located in Dashe District of Kaohsiung City, and the Company may establish branches or other factories in other parts of the country upon the board’s approval depending on the actual needs.
4. (Deleted)

Chapter 2 Stock shares

5. The total capital of the Company is NT\$16.8 billion divided into 1.68 billion shares, with a face value of NT\$10 per share. The board is authorized to issue the unissued shares in separate batches.
6. The Company’s shares shall be signed or sealed by more than three directors after the approval for registration and numbered in accordance with Article 162 of the Company

Act, and they are issued after certified by the competent authority or its approved institution.

Shares may be exempted from being printed in accordance with the provisions of the Company Act.

7. The company's share administration practices shall comply with "Printing Specifications for the Certificates of Publicly Traded Shares".
8. (Deleted)
9. (Deleted)
10. (Deleted)
11. (Deleted)
12. (Deleted)
13. The Company shall not handle any requests for transfers of shares within 60 days prior to the shareholders general meeting and 30 days prior to the extraordinary general meeting or within 5 days before the record date for the distribution of dividends, bonuses or other interests.

Chapter 3 Shareholders Meetings

14. The Company holds general meetings and extraordinary general meetings.
 - A. General meetings are convened by the board within six months after the end of each fiscal year.
 - B. Extraordinary general meetings are convened in the event that the Company has important matters to present upon resolution by the board or when the audit committee deems it necessary, or if shareholders who have more than 3% of the total issued shares for more than one year request the board in writing to convene the meetings.
15. Shareholders shall be notified of the convening of the shareholders general meetings at least 30 days before the meetings and shall be notified of the convening of the extraordinary general meetings at least 15 day before the meetings, and the notifications shall be publicly announced.
16. Except otherwise regulated by The Company Act, a shareholders meeting resolution is passed when more than half of all outstanding shares are represented in the meeting, and is approved by more than half of all voting rights represented during the meeting.
17. When the number of the attending shareholders does not constitute the quorum prescribed in the preceding article but represents one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those in attendance. A notice of such tentative resolution shall be given to each of the shareholders, and a shareholders meeting reconvened within one month. In the abovementioned meeting of shareholders, if the tentative resolution is again adopted by a majority of those in attendance who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed to be a resolution under the preceding article.

18. Shareholders are entitled to one vote per share; except for those subject to restrictions or the non-voting matters illustrated in Article 179 Paragraph 2 of the Company Law.
19. A shareholder may appoint a proxy to attend a shareholders meeting on his/her/its behalf by executing a power of attorney stating therein the scope of power authorized to the proxy. In addition to the provisions of the Company Act, the appointment shall be handled in accordance with the “Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies” promulgated by the authority.
20. The Chairman of the board shall chair the shareholders meeting. If the Chairman is absent, the vice Chairman will be appointed to chair the meeting on behalf of the Chairman. If the Chairman and the vice Chairman are absent at the same time, a managing director shall be appointed to chair the meeting, and the meeting shall be handled in accordance with the Company’s Rules of Procedure for Shareholders Meetings.
21. Matters relating to the resolutions of a shareholders meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting and, together with the attendance record and power of attorney of proxy, kept by the board at the Company office and distributed to each shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be distributed in the form of public announcement.

Chapter 4 Directors and the Board of Directors

22. The Company’s board has seven to nine directors who determine the number of directors of the board. The directors are elected by the shareholders meeting, from those who have disposing capacity. Candidates who receive the same number of votes will be determined by lot.

There shall be no less than three independent directors among the directors. The election adopts a nomination system of which shareholders elect from a list of candidates for independent directors and shall be handled in accordance with Article 192 of the Company Act.

The remuneration of the independent directors is determined by the authorized board, depending on the extent of their participation in the Company’s operations and contribution, and the pay standard in the same industry.

23. Directors serve a term of three years and may continue to serve if re-elected. If the number of directors has a shortfall and a by-election is not held to fill the vacancies, those who also receive the majority of votes in the prior election may serve on the board if necessary.
24. The Board of Directors exercises the following authorities:
 - (1) Preparation of business plan
 - (2) Review and approval of important articles and contracts.
 - (3) Appointment and dismissal of high-ranking personnel.
 - (4) Establishment and abolition of branches.

- (5) Preparation of budget and final accounts.
 - (6) The proposed earnings distribution
 - (7) The proposed capital increase or decrease
 - (8) Decision to issue new shares.
 - (9) Preparation of investments in other businesses.
 - (10) Resolutions reached on the other important matters
- 24-1. The Company's board may establish a compensation committee or other functional committees for the needs of business operations.
25. The Company may have three managing directors, elected from a board meeting which has more than two-thirds of the directors in attendance and upon the approval of more than half of those in attendance. By adopting the same practice, one of the managing directors is elected as the chairman and another is elected as the vice chairman.
- Among the managing directors elected by the board, there shall not be less than one independent director.
26. The Chairman, vice chairman and managing director preside over the general affairs of the Company, and the Chairman is the representative of the Company.
27. The board meeting is convened by the Chairman who also chairs the meeting. When the Chairman is absent, the vice chairman will be appointed to chair the meeting. When both the Chairman and vice chairman are absent, they will be represented by the managing director.
- The convening of the board meeting shall be accompanied by proper reasons, and each director shall be notified in writing, email or fax no later than 7 days prior to the scheduled meeting. Board meetings may be called in case of emergency, and the notice shall also be sent in the form of a letter, email or fax.
28. The resolutions of the board meeting, unless otherwise required by the Company Act, shall be subject to the approval by more than half of the directors in attendance of the meeting of which more than half of the directors attend.
- Directors may appoint other directors to vote for resolutions if they cannot attend the meeting in person.
29. During the adjournment of a meeting, the Chairman may convene a managing directors meeting at any time to carry out the Company's business operations.
30. The board of directors of the Company has one secretary to handle matters related to the board.

Chapter 5 Audit Committee

31. The Company shall form an audit committee consisting of all independent directors in accordance with Article 14-4 of the Securities and Exchange Act. The term of the members shall be the same as the independent directors and the number of members shall not be less than three people, and at least one of the members shall have accounting or financial expertise.

Members of the Audit Committee, the exercise of powers, and other compliance matters should be handled in accordance with the relevant laws and regulations or the Company Corporate Charter (Articles of Incorporation). The organizational rules are to be prescribed by the Board separately.

32. (Deleted)

33. (Deleted)

34. (Deleted)

Chapter 6 Employees

35. The Company has one general manager and a few assistant general managers, department directors, managers and plant supervisor. Their appointment shall be subject to the approval by more than half of the directors in attendance of the meetings of which more than half of the directors attend.

36. The general manager shall handle all the Company's matters in accordance with the orders of the board and the Chairman, and the general manager may be assisted by a number of assistant general managers and other department managers depending on the needs of the Company's business. The managers' authority, unless otherwise specified by regulations, allows them to manage the Company's affairs and provide signature within the scope of authorization.

37. (Deleted)

38. The appointment of other professional staff of the Company will be subject to the approval by the general manager.

Chapter 7 Accounting

39. The fiscal year of the Company is from January 1 to December 31. After the year-end settlement, the board provides reports to the audit committee for review and then submits them to the shareholders meeting for recognition.

40. If the Company is profitable in the fiscal year, it shall allocate 1% to 5% of the profit as the remuneration of employees in the form of stocks or cash as resolved by the board. Employees of subsidiaries are also entitled to receive remuneration, provided that they meet the criteria specified by the board of directors. Up to 0.3% (inclusive) of the aforementioned profit may be distributed as director remuneration at the discretion of the board of directors. The proposal for distributing the remuneration to employees, directors and supervisors shall be submitted to the shareholders' meeting. However, if the Company still has accumulated losses, the amount shall be retained for compensation, and then appropriated as remuneration to employees, directors and supervisors based on the percentages mentioned above.

40-1. If there is profit, the Company pays taxes and makes up for the accumulated losses in accordance with the law before allocating 10% as an earnings reserve. However, the legal reserve shall not be allocated once it reaches the amount of the Company's paid-in capital. The rest will be recognized or reversed as special earnings reserve. The reversed special earnings reserve is consolidated into undistributed surplus before being distributed. If there is a balance, it is consolidated into the accumulated undistributed earnings in the previous year. The board may propose a profit distribution

proposal, depending on the actual situation, and request the shareholders meeting to determine the distribution of dividends to shareholders.

The Company's dividend policy is in line with the current and future development plans and considers the investment environment, long-term financial planning and shareholders' equity. The annual dividend distribution is mainly in the form of cash and it may be distributed in the form of stock. However, the proportion of stock dividends is not higher than 95% of the total dividends.

Chapter 8 Appendix

41. The investments by Taiwan's expatriates overseas and foreigners in the Company are subject to the relevant laws and regulations.
42. The internal organization and the specific work procedures are determined by the board.
43. The Company pay provide mutual guarantee to business partners. The total amount committed to investees is not limited to 40% of the paid-in capital.
44. Any outstanding matters of these Articles of Incorporation shall be administrated according to the Company Act.
45. These Articles of Incorporation were established at the originator meeting in accordance with the law on March 10, 1955; The 1st amendment was made on August 29, 1957; The 2nd amendment was made on July 2, 1958; The 3rd amendment was made on November 27, 1961; The 4th amendment was made on April 13, 1962; The 5th amendment was made on April 23, 1963; The 6th amendment was made on November 29, 1963; The 7th amendment was made on December 4, 1964; The 8th amendment was made on February 17, 1965; The 9th amendment was made on December 30, 1965; The 10th amendment was made on May 23, 1967; The 11th amendment was made on October 23, 1967; The 12th amendment was made on December 26, 1967; The 13th amendment was made on May 20, 1969; The 14th amendment was made on June 2, 1971; The 15th amendment was made on March 23, 1973; The 16th amendment was made on March 19, 1974; The 17th amendment was made on May 9, 1975; The 18th amendment was made on September 24, 1976; The 19th amendment was made on April 15, 1977; The 20th amendment was made on April 17, 1978; The 21st amendment was made on April 20, 1979; The 22nd amendment was made on April 23, 1980; The 23rd amendment was made on April 21, 1981; The 24th amendment was made on January 15, 1983; The 25th amendment was made on June 18, 1983; The 26th amendment was made on June 21, 1986; The 27th amendment was made on June 24, 1988; The 28th amendment was made on June 24, 1989; The 29th amendment was made on June 15, 1991; The 30th amendment was made on June 13, 1992; The 31st amendment was made on June 18, 1994; The 32nd amendment was made on June 24, 1995; The 33rd amendment was made on June 15, 1996; The 34th amendment was made on June 20, 1998; The 35th amendment was made on June 23, 2000; The 36th amendment was made on June 21, 2002; The 37th amendment was made on June 25, 2004; The 38th amendment was made on June 28, 2005; The 39th amendment was made on June 19, 2009; The 40th amendment was made on June 13, 2012; The 41st amendment was made on June 19, 2013; The 42nd amendment was made on June 9, 2015; The 43rd amendment was made on June 8, 2016; The 44th amendment was made on June 8, 2017.

China Man-Made Fiber Rules of Procedure for Shareholders Meetings

The amendment was resolved in the shareholder's meeting on June 5, 2019

- Article 1 The rules for compliance are stipulated in accordance with Article 5 of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" for establishing the Company's excellent meeting of shareholders governance system, substantiating supervisory function, and enhancing management functions.
- Article 2 The rules of procedures for the Company's shareholders meetings, except as otherwise provided by law, regulation, or the articles of incorporation, shall be as provided in these Rules.
- Article 3: The Company's meeting of shareholders shall be convened by the Board, unless otherwise provided by law.

The Company shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS). The manual for the shareholders meeting and other supplementary information shall be made into electronic version and uploaded to the Market Observation Post System before the specified deadline. The manual for the shareholders meeting and other supplementary information shall be prepared before the specified deadline, and they shall be made available to the shareholders at any time, displayed at the Company and distributed to the shareholders attending the meeting.

Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the causes or subjects to be described, and the essential contents shall be explained in the notice to convene a meeting of shareholders and shall not be brought up as extemporaneous motions. The essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.

Shareholders who have over 1% shareholdings in the Company's total number of shares issued may propose to the Company in writing to convene the Annual Meeting of Shareholders. But it is limited to one proposal and the additional proposals will not be included in the meeting agenda. The board shall list proposals from shareholders as motions unless they meet any one of the conditions in Subparagraph 4 of Article 172-1 of the Company Act.

Motion proposed by shareholders is limited to three hundred words. A proposed

motion of more than three hundred words will not be included in the proposal. The proposing shareholders must attend the Annual Meeting of Shareholders in person or by proxy and must participate in the proposal discussion.

The Company shall have the proposing shareholder notified about the proposal results before the date of the meeting notice and must have the proposals in compliance with this provision included in the meeting notice. The Board shall state the reasons for not including the proposal of shareholders in the meeting agenda.

Article 4 For each shareholders meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

It is limited to one proxy per shareholder and one proxy only that should be served to the Company five days prior to the meeting of shareholders. When the proxy is issued in duplicate, whichever is served first shall prevail. The proxy referred to above that was announced to be revoked is not subject to this restriction.

After serving the proxy to the Company, the shareholders who wish to attend the meeting of the shareholders in person or to vote in writing or by electronic means shall notify the Company in writing to revoke the proxy two days prior to the meeting of the shareholders. If the proxy is not revoked before the deadline, the vote by proxy shall prevail.

Article 5 The place of meeting of shareholders should be at the Company's or any suitable location or for shareholders to attend the meeting conveniently; also, the meeting of shareholders shall not be started before 9:00 or after 15:00.

Article 6 The Company shall specify in the meeting notice the time for shareholder sign-in, the sign-in location and other matters.

The shareholders' meeting admission time referred to above should be at least thirty minutes before the meeting in session; it should be clearly indicated at the admission place and with the adequate and qualified personnel to handle it.

The shareholders or their representatives (hereinafter referred to as the "shareholders") shall attend the shareholders' meeting with the evidence of the attendance card, attendance register, or other attendance documents; the proxy solicitors should bring proof of identity with them for examination.

The company will provide an attendance log to record shareholders' attendance; alternatively, shareholders may present their attendance cards to signify their presence.

The Company shall have the Agenda Handbook, annual reports, attendance card, statement slip, ballots, and other meeting materials delivered to the shareholders presented; also, the ballot will be distributed to the directors for the election of directors, if any.

Shareholders should attend the meeting of shareholders with the presentation of the attendance pass, attendance card or other attendance documents. Proxy solicitors should have identity documents with them for examination.

When the government or juridical person is a shareholder, the shareholder attending the meeting by proxy is not limited to one representative. The juridical person that has attended the meeting of shareholder by proxy can authorize only one representative to attend the meeting.

Article 7 If a shareholders meeting is convened by the board of directors, the meeting shall be chaired by the chairperson of the board. When the chairperson of the board is on leave or for any reason unable to exercise the powers of the chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson also is on leave or for any reason unable to exercise the powers of the vice chairperson, the chairperson shall appoint one of the managing directors to act as chair, or, if there are no managing directors, one of the directors shall be appointed to act as chair. Where the chairperson does not make such a designation, the managing directors or the directors shall select from among themselves one person to serve as chair.

If the shareholders' meeting is convened by any authorized party other than the Board of Directors, the convener will act as the meeting chairman. If there are two or more conveners, they shall appoint one among themselves to chair the meeting.

The Company may assign the appointed attorney, CPA, or responsible personnel to attend the meeting of the shareholders.

Article 8 The Company should have the entire meeting of shareholders taped in audio or video recording and stored for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.

Article 9 Attendance at shareholders meetings shall be calculated based on numbers of shares. The shareholding attendance is based on the attendance registry or the signature cards submitted, plus the votes exercised in writing or by electronic means.

The Chairman shall call the meeting to order at the meeting time. If the shareholding of the attending shareholders is not more than half of the total number of shares issued, the Chairman may announce the meeting postponed, which is limited to two postponements and for less than one-hour in total. If the shareholding of the attending shareholders remaining do not constitute more than one third of the total number of shares issued after the two postponements, the Chairman may announce to have the meeting aborted.

If the shareholdings of the attending shareholders are not more than half of the total number of shares issued after two postponements but more than one third of the total number of shares issued, a pseudo-resolution can be resolved in accordance with Paragraph 1, Article 175 of the Company Act; also, shareholders should be informed regarding the pseudo-resolution with another meeting of shareholders to be convened within one month.

If the shareholdings of the attending shareholders are more than one half of the total number of shares issued before the end of the meeting, the Chairman may have the pseudo-resolution presented again in the next meeting of the

shareholders for resolution in accordance with Article 174 of the Company Act.

Article 10 If a shareholders meeting is convened by the board of directors, the meeting agenda shall be set by the board of directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

If the meeting of shareholders is convened by an authorized person other than the Board, the provision referred to above is applicable.

The Chairman may not have the meeting adjourned at his discretion before the proposals (including motions) resolved in the two agendas referred to above. If the Chairman has the meeting adjourned in violation of the Rules of Procedure for Shareholder Meetings, the other Board members shall promptly assist the attending shareholders in accordance with the legal procedures to have one shareholder elected as the Chairman with the majority votes of the attending shareholders to continuously chair the meeting.

The Chairman must give the proposal or the amendment and motion proposed by the shareholders an opportunity to be explained and discussed sufficiently until it is ready for balloting and then stop the discussion for balloting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

Attending shareholders who have speech slips submitted but not speak shall be deemed as silent shareholders. If there is a discrepancy found between the text of the speech and the speech slip submitted, the contents of the speech shall prevail.

Each shareholder may not speak more than twice on the same motion for 5 minutes each time without the consent of the Chairman. However, the Chairman may have the speaking shareholders who violate the rules or speak beyond the scope of those issues silenced.

Attending shareholders may not interfere with the speaking shareholders without the consent of the Chairman and the speaking shareholders. The Chairman will have the violating shareholders stopped.

If the juridical person shareholder has more than two representatives assigned to attend the meeting of shareholders, only one of the two representatives may speak on the same proposal.

The Chairman may reply to the speaking shareholders personally or by the designated personnel.

Article 12 Voting at a shareholders meeting shall be calculated based the number of shares.

For the resolutions in the meeting of shareholders, the shares of the shareholders without votes are not included in the calculation of outstanding shares.

Shareholders who have a conflict of interest with the proposals that are detrimental to the Company's interests shall not vote, and cannot vote by proxy

on behalf of the other shareholders.

The shares without votes referred to above are not included in the calculation of the attending shareholders' votes.

Except for Trust agencies or stock agencies approved by the securities regulatory authorities, the votes of the representative delegated by two or more shareholders shall not exceed 3% of the total votes representing the total number of shares issued; also, the votes exceeding the threshold shall not be counted.

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

Voting rights may be exercised in writing or using the electronic method (pursuant to Paragraph 1, Article 177-1 of the Company Act: the Company allows shareholders to exercise voting rights in writing or through the electronic method during shareholder meetings.) Instructions for exercising voting rights in writing or through the electronic method shall be stated clearly in writing on the meeting advice. Shareholders who have their votes cast in writing or by electronic means are deemed as attending the meeting in person. However, in respect of the motion and the amendment of the original proposal in the shareholders' meeting it is deemed as a waiver; therefore, the Company is advised to avoid proposing motion or the amendment of the original proposal.

For the votes exercised in writing or by electronic means referred to above, the intention should be delivered to the Company two days prior to the meeting of shareholders. For the intention expressed in duplicate, whichever is delivered first shall prevail. The intention referred to above that was announced to be revoked is not subject to this restriction.

Shareholders after exercising their votes in writing or by electronic means wish to attend the meeting of shareholders in person shall have the intension of exercising votes in writing or by electronic means revoked the same way of exercising their votes two days prior to the meeting commencement date. For overdue revocations, the votes exercised in writing or by electronic means shall prevail. If the vote is exercised in writing or by electronic means and a representative is to attend the meeting of shareholders by proxy, the votes exercised by the representative in person shall prevail.

For the resolution of proposals, unless otherwise provided in the Company Act and the Company Corporate Charter (Articles of Incorporation), the consent of a majority vote of the attending shareholders shall prevail. The motion resolved by the Chairman's consulting the attending shareholders without dissent is deemed as passed and with the same effect as voting.

When there is an amendment or alternative for the same motion, the Chairman shall have the order of vote, including the original proposal, determined accordingly. If one of the motions has been passed, the other motions shall be deemed as rejected without the need for further resolution.

Chairman is to appoint the scrutineers and counting officers who must be shareholders.

The vote counting process of the shareholder's balloting or election should be held openly at the meeting venue. The balloting result should be announced immediately at the meeting, including statistical weights, and it should be documented for record.

Article 14 When the shareholders meeting elect directors, the election shall take place in accordance with the applicable election rules established by the Company and the result of the election shall be announced on site, including the list of elected directors and the weights received.

Electoral ballots referred to above shall be sealed and signed by the scrutineers and reserved for at least one year. However, for the litigation filed by the shareholders in accordance with Article 189 of the Company Act, it should be reserved until the end of the proceedings.

Article 15 Shareholder resolutions shall be recorded in minutes, affixed with the signature or seal of the chairman of the meeting and distributed to each shareholder within 20 days from the meeting. The preparation and distribution of the minutes of shareholders' meeting can be processed electronically.

The Company's minutes of shareholders' meeting referred to above can be distributed by posting it on the MOPS.

The minutes of meeting should be prepared in accordance with the year, month, date, place, name of the Chairman, the resolution method, meeting procedure and the results, and shall be permanently reserved throughout the duration of the Company.

Article 16 On the day of a shareholders meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies, and shall make an express disclosure of the same at the place of the shareholders meeting.

For the resolutions reached in the meeting of shareholders that involved laws and regulations or the material information defined by the Taiwan Stock Exchange Corporation, the Company shall, within the specified time, have the information uploaded to MOPS.

Article 17 Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

The Chairman may direct disciplinary personnel or security personnel to help keep the meeting place in order. The disciplinary personnel or security personnel that help keep the meeting place in order should wear an armband with "Marshal" affixed or an identification card.

When the meeting place is equipped with amplifying equipment, the Chairman may stop shareholders who do not use the speaking device provided by the Company from speaking.

The Chairman may instruct the disciplinary personnel or security personnel to have shareholders who violate the Rules of Procedure for Shareholder Meetings,

disobey the instructions of the Chairman, intervene in the meeting proceedings and fail to comply with the disciplinary act escrowed to leave the meeting place.

Article 18 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.

If the meeting place cannot be used continuously before the proposals (including motions) resolved in the agendas scheduled, it can be resolved to be continued in the meeting of shareholders to find another venue for the meeting.

The meeting of shareholders may, in accordance with Article 182 of the Company Act, resolve to have the meeting postponed or resumed in five days.

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

China Man-Made Fiber Board Election Procedures

The amendment was resolved in the shareholder's meeting on June 19, 2015

- Article 1 The election, re-election and by-election of the directors of the board shall be handled in accordance with these Procedures.
- Article 2 The Company adopts the cumulative single balloting system in the election of Directors. Holders of each share (unless the law specified otherwise) are entitled to the number of votes equivalent to the number of seats for the Directors or Supervisors to be elected. Shareholders may concentrate their votes on a particular candidate or distribute the votes to different candidates.
- Article 3: During the polling, the chairperson assigns a number of people to take the positions of monitoring the voting, calling out votes and recording votes.
- Article 4 The directors shall be elected from the candidates who have more weighted votes (calculated according to the voting rights) based on the specified seats. If two or more share the same amount of rights and exceed the number of seats available, they will be determined by lot, and those who are not in attendance will be drawn by the Chairman.
- Non-independent directors and independent directors should be elected together for the respective number of seats.
- Article 5 The voting ballots are prepared by the board, and the number of voting rights are stamped to the ballots in accordance with the attendance certificates.
- Article 6 If the elected person is a shareholder, the voter shall fill in the name and shareholder number of the elected in the ballot. If the nominee is not a shareholder, please fill in the name and personal ID number.
- Article 7 Ballots that are not made in accordance with Article 5 shall be nullified.
- Article 8 The elected becomes invalid in the event of any one of the conditions below:
1. Handwriting on the ballot is blurred and cannot be identified.
 2. Casting of blank ballot into the ballot box.
 3. The shareholder's account name and number of the candidate who is a shareholder differs from the Shareholder Registry, or, the name and ID Card number of the candidate who is not a shareholder is found with nonconformity.
 4. Name of the elected or the shareholder number (personal ID number) are not filled in.
 5. Two or more candidates were marked on the same ballot.
- Article 9 Polling starts as soon as the voting process is completed. The results of polling are announced by the chairperson of the meeting.
- Article 10 The Board is to issue an elected notice to the elected directors.
- Article 11 Any outstanding matters of these Procedures shall be administrated according to the Company Act, the Articles of Incorporation and the relevant regulations.
- Article 12 These procedures will be implemented after being approved in the shareholders' meeting, same as the amendment.