

Common Stock Code: 1718

CHINA MAN-MADE FIBER CORPORATION

The 2022 Annual Meeting of Shareholders

Annual meeting handbook

June 16, 2022

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Meeting Agenda of the 2022 Shareholders General Meeting of China Man-Made Fiber

Meeting Time: 9:00 am, Thursday, June 16, 2022

The way the meeting is held: Physical shareholders' meeting

Venue of the Meeting: 3F, No. 350 Songjiang Road, Zhongshan District, Taipei City (First Conference Room)

1. Call the Meeting to Order
2. Chairperson Remarks
3. Company Reports
 - (1) Present the 2021 Business Results.
 - (2) Audit Report of the Auditing Committee.
 - (3) The 2021 distribution of remuneration to employees and directors.
4. Proposals
 - (1) Confirm the Company's 2021 business report and financial report.
 - (2) Acknowledging the Company's 2021 Earnings Distribution.
5. Discussion
 - (1) Amendment to the Operational Procedures for Acquisition and Disposal of Assets.
6. Elections: To Elect 9 directors (including 3 independent directors) for the 27th term of office.
7. Questions and Motions
8. Adjournment

Management Presentation (Company Reports)

- I. Presenting the 2021 Business report. (please see page 10 to 14 of this manual)
- II. Please review the audit report from the audit committee. (please see page 15 of this manual)
- III. The Company intends to allocate 1% of the 2021 profit as the employee remuneration, an amount of NT\$57,741, and 0.3% as directors' remuneration, an amount of NT\$17,322.

Proposals

1. (Proposed by the board of directors)

Subject: The Company's 2021 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 Su-Huan Yu, of Deloitte Taiwan.

Description: Business report (please refer to pages 10 to 14 of this manual).

Independent auditor's report and financial report (please refer to pages 15 to 30 of this manual).

Resolutions:

2. (Proposed by the board of directors)

Subject: Acknowledging the Company's 2021 Earnings Distribution.

Description: The Company's 2021 net income was NT\$ 5,699,006. There is no plan for the distribution of cash dividends or stock dividends to shareholders. Please refer to page 31 of the Agenda Handbooks for the contents of the earnings distribution proposal.

Resolutions:

Discussions

1. (Proposed by the board of directors)

Subject: Please discuss the revision of the “Regulations Governing the Acquisition or Disposal of Assets”.

Description: It is proposed to amend the Company’s “Procedures for the Acquisition or Disposal of Assets” in response to the amendments made to the “Regulations Governing the Acquisition and Disposal of Assets” according to the Jin-Guan-Zheng-Fa-Zi No. 1110380465 Letter issued by the Financial Supervisory Commission on January 28, 2022. Please refer to pages 32 to 38 of the Agenda Handbooks for the comparison table of the amendments made before and after.

Resolutions:

Elections

1. (Proposed by the board of directors)

Subject: Elect directors of the 27th term.

Description: (1) The 26th term of the Company's directors has expired on June 4, 2022. In accordance with the Company Act and the articles of incorporation of the Company, the shareholders general meeting will elect directors for the new term.

(2) 9 directors (among them, 3 are independent directors) of the 27th term shall be elected. The 3 independent directors shall form an audit committee to replace the supervisors and exercise the power of the supervisors. The term of office shall be 3 years, starting from the appointment date of June 16, 2022 to June 15, 2025, and another election will then be held in accordance with the Company's election procedures for directors.

(3) The Company adopts the candidate nomination system to have directors (including independent directors) elected by the shareholders from the director candidate list in accordance with Article 192-1 of the Company Act and Article 22 of the Company's Articles of Incorporation. Please refer to Page 39 of the Agenda Handbooks for the director candidate list approved in the 20th meeting of the 26th term of the Board of Directors on April 29, 2022.

(4) In addition, according to Article 5 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," the Company shall explain to the shareholders why it nominates those who have already served as independent directors for three consecutive terms for the same position. Mr. Te-wei Li can exercise his legislative expertise to render important advice to the Company. Although he has served as an independent director of the Company for three consecutive terms, the Company still needs to rely on his expertise to act as an independent director of the Company to supervise the Board of Directors and to provide professional advices. Therefore, the Company intends to nominate him as an independent director of the Company in this election.

Election results:

Questions and Motions

Appendices

2021 business report of China Man-Made Fiber

I. 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.

II. Business plan execution and achievement

Unit: NTD thousand

Item	2021	2020	Difference
Operating revenue	10,685,164	7,476,601	3,208,563
Non-operating revenue	1,525,141	3,980,376	(2,455,235)
Operating costs and operating expenses	11,980,260	9,554,133	2,426,127
Unrealized gain and loss of affiliates	947	0	947
Non-operating expenses	223,399	838,985	(615,586)
Gain (loss) before income tax	5,699	1,063,859	(1,058,160)
Gain (loss) after income tax	5,699	942,047	(936,348)

III. Financial income and expense and profitability analysis (individual information)

Item		2021	2020	
Financial structure (%)	Debt to assets ratio	40.06	35.59	
	Ratio of long-term capital to property, plant and equipment	307.98	280.36	
Solvency analysis	Current ratio (%)	52.73	48.77	
	Liquid ratio (%)	35.53	33.56	
	Interest coverage ratio	1.04	7.14	
Profitability analysis	Return on assets (%)	0.33	2.95	
	Return on shareholders' equity (%)	0.02	4.19	
	Paid-in capital	Operating profit	(7.69)	(12.81)
	Percentage (%)	Income before taxation	0.03	6.56
	Net profit rate (%)		0.05	12.60
	Base earnings per share (\$)		0	0.73
	Diluted earnings per share (NT\$)	0	0.73	

Financial income and expense and profitability analysis (consolidated information)

Item		2021	2020
Financial structure (%)	Debt to assets ratio	91.04	91.3
Profitability analysis	Return on assets (%)	0.81	0.98
	Return on equity (%)	5.57	6.38
	Pre-tax profits to paid-up capital ratio (%)	27.70	30.35
	Net profit rate (%)	24.76	33.93
	Earnings per share (NTD)	0.00	0.73

IV. Research and development

- (1) The recycled polyester texturized granulation in mass production is provided to Spinning Section and False Twisting Section to produce environmentally friendly yarn that is with high added-value so to help reduce waste, improve energy-saving and carbon reduction, and protect the environment and the Earth.
- (2) Fully implement all cooling water circulation double suction pumps and renovate ceramic coating engineering to save electricity, improve efficiency, and reduce power consumption.
- (3) The motor of the air supply system for the production and drying of spinning yarn is changed to frequency conversion control to increase the production rate, improve product quality, and save power consumption.
- (4) Initiate the ceramic coating improvement project for the cooling water pump of the petrochemical plant to improve the pump efficiency, reduce the power consumption and achieve the effect of energy saving and carbon reduction.
- (5) Install frequency converters to the sewage pump of the wastewater plant and the circulating pump motor of the intermediate tank in order to reduce power consumption and achieve the effect of energy saving.

V. Business outlook

- (1) 2022 operational objectives and prospects.

The economic activities were gradually activated along with the ease of pandemic prevalence and the increase in vaccination in 2021, added with the fiscal relief policies implemented by many nations; the economies of major countries and regions grew significantly last year from the year of 2020. In prospect of this year, due to the relatively high base period, the fiscal policy of each country is gradually phasing out from the market. Also, the world is facing another wave of challenge from Omicron that results in labor shortages, supply chain issues, and high inflation, which may lead to tightening monetary policy, rising interest rates, etc. Therefore, the economic growth rate for the year is expected to slow down, but the economic performance is expected to grow steadily.

In terms of ethylene glycol (EG), overall, due to the global market recovery in 2020Q4, both the price of oil and petrochemical product rose. In addition, due to the prevalence of the pandemic in 2020, the base period was low; therefore, the operating income in 2021 grew from the year of 2020, especially the supply of petrochemical raw materials decreased due to the Asian oil refineries' entering an intensive annual maintenance period since September of the year. In addition, the energy consumption and intensity dual control system and the power curtailment measures implemented in mainland China had suppressed the production capacity of ethylene glycol in coal chemical series. Under the circumstance, due to the imbalanced supply and demand, the high oil prices, and the polyester industry gradually entering the peak season since the third quarter, the major polyester yarn manufacturers are generally optimistic about the market in spring and summer of 2022. The use of the spare production capacity will help

increase demand and thus activate the increase in price and sales of ethylene glycol.

Looking ahead to this year, as the pandemic seems to be under better control the world over, oil prices risk continuously. The demand for ethylene glycol will go up along with the advantages of demand, supply and cost. However, in the long run, foreign manufacturers will gradually resume production while there remains many production capacities worldwide to be put into service; therefore, a severe challenge in business operation remains.

In terms of polyester yarn, the demand for polyester yarn has gone up due to the decrease in inventory of brand companies and the strong demand received by garment factories since 2020Q4. The gradual increase in oil prices has driven the price of polyester yarn to go up and the market is gradually bounced back from the bottom during the pandemic outbreak. The supply was tightened as a result of the power curtailment and the energy consumption control by the Chinese government in the first half of last year. The production was suspended due to another wave of the pandemic outbreak in Southeast Asia in the second half of the year, resulting in many orders of brand companies being transferred back to Taiwan in the second half of the year. The orders are received for the full production capacity of the first quarter this year. Although there remain many uncertainties in the market for the second half of the year, the industrial environment is moving towards a positive development once the vaccination rate is prevalent and the lockdowns are lifted by each country; therefore, we are prudently optimistic about the operational growth this year.

In addition, we are impressed by global brand customers' effort in reducing carbon by 60% in 2020 and generating 100% green energy business opportunities. Therefore, products that are both environmentally friendly and functional will be more popular (Note I and II). We will start engaging in the production and sales of environmentally friendly yarns this year (the Company had officially passed and obtained the GRS international environmental protection certification on January 26). The initial production capacity is aimed for 600 tons per month, which can extensively fill up the idle capacity of SDY by increasing the ratio to more than 30% with operating income and profit increased significantly. For the future, the Company will further develop and equip environmentally friendly recycling products with functionality so as to avoid the price disadvantage of bulk specifications and price competition from mainland China and ASEAN, and furthermore to ease the impact of oil price fluctuations.

In 2022, we expect to sell 274,752 tons of ethylene glycol (EG), 20,370 tons of ethylene oxide (EO), 18,676 tons of non-phenol (NP), 45,090 tons of partially oriented yarn (POY), 20,528 tons of spin draw yarn (SDY), 26,166 tons of draw texturized yarn (DTY) and 10,168 tons of polyester chips, for a total of 415,750 tons.

Note 1: Brand customers value the sustainability of fibers now and demand 40% to 50% of renewable and recyclable fibers in the products. Therefore, renewable fibers will become the trend in the textile industry.

Note 2: Against the backdrop of environmental agreements, renowned international brands such as Nike and Adidas have announced their decision to adopt eco-friendly, performance of corporate social responsibility, recyclable materials exclusively for all their textiles and fabrics starting in 2014 to honor their commitment to sustainability and environmental protection.

(2) Subject to competition of external environment.

1. The market supply of EG is expected to gradually increase as a result of the large-scale construction and commissioning of new plants in China. This competitive advantage is further aggravated by the current shortage of Ethylene in Taiwan coupled with limitations in the field of transportation.
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. Global brand customers will adopt the "centralized procurement, one-stop shopping" in the post-pandemic era which is beneficial to leading manufacturers.

- (3) Impact of regulatory environment and overall business environment.
1. Rising base salaries lead to increasing labor costs and generate pressure and new challenges in the field of corporate management.
 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. In recent year the chemical fiber upstream raw materials, *e.g.*, PX and PTA have been rapidly increased in outputs in China, leading the prices of downstream processed products to be highly suppressed. The personnel engaging in chemical fiber operations technology and management are aging. We are facing higher and higher tariffs and anti-dumping factors virtually at a disadvantage amidst mounting challenges.
 5. The RCEP (Regional Comprehensive Economic Partnership Agreement) has been officially effective on January 1, 2022. While the FTA signed by and between The ASEAN and other member countries has entered into force with the degree of openness reaching as significantly as 90%, the degree of further of openness for RCEP over the existing FTA would be virtually limited. Our concern should be aimed at the potential impact upon our country of facing unfair competitions in the relevant markets. Another pact known as CPTPP (Comprehensive and Progressive Trans-Pacific Partnership) already came into effect on December 30, 2018 where more than 70% of products have been reduced to zero tariffs. Taiwan has officially submitted the application on September 22 last year, CPTPP accounts for 25% of Taiwan's foreign trade value while RCEP accounts for 59%. Excluding the overlapping countries, the two multilateral free trade agreements virtually cover nearly 70% of Taiwan's foreign trade value. If Taiwan is excluded out of such regional economic integration, this would mean a very significant impact upon Taiwan in trade development or participation in the regional industry competition.
 6. Competitors in those emerging countries that have always taken advantage of economies of scale in the competitions. Notably the competitors in Mainland China have, as well, begun to differentiate their products. The companies in Taiwan should continually develop high-end specific products, in a small number of diverse, environmentally-friendly and functional products with high-level functionality to deal with the challenges. Under such policies, we should be able to continually maintain the advantages in the global polyester filament industry supply chains.
 7. The shortage of foreign labor cannot be adequately replenished due to the impact of the pandemic and it is one problem that cannot be resolved quickly in a short period of time, which will affect the deployment of manpower and production capacity. The labor shortage has the problem of supply chain shortage and inflation, and the price of foods and energy rising continuously. At the same time, as the quantitative easing policy of the United States and the United Kingdom is gradually coming to an end, the US Federal Reserve is expected to cease the quantitative easing policy and increase interest rates before June this year; also, the two economies will have interest rates increased further in 2023.
 8. The carbon emissions of the textile industry is a concern of the Textile Exchange. The Textile Exchange hopes to make 2020 the base year to have the global textile industry achieve the goal of reducing greenhouse gas emission by 45% in 2030. NIKE has formulated a zero-carbon action plan to realize the goal of zero carbon emissions and zero waste. The subject of reducing carbon emission has gradually become the focus of international and national governments. Therefore, it is important to observe whether relevant regulations are formulated and the countermeasures should be formed as soon as possible.
 9. The international oil price rose approximately 50% in 2021 and would be extended

into this year. While facing the insufficient production capacity and limited industrial investment, the oil price could be increased up to US\$100 or more this year, but there remain many uncertainties in the international oil price, particularly from regional conflicts, such as the significant impact from the Russia–Ukraine war, pandemic, inflation, and ongoing supply chain issues. However, the world is gradually recovering from the prevalent pandemic this year, which will support the oil price this year.

Chairman: Kuei-Hsien Wang

Manager: Ming-Shang Chuang

Accounting Supervisor: Kuo Hua Lin

Audit Committee' Review Report

The board of directors has submitted the Company's 2021 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 Su-Huan Yu, of Deloitte Taiwan. The reports are to be presented in accordance with Article 14-4 of the Securities and Exchange Act.

To:

The 2022 Annual General Shareholders' Meeting

Audit Committee

Convener: Te-Wei Li

March 14, 2022

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, 2021 and 2020, 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, 2021 and 2020, 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 China Man-Made Fiber Co., Ltd. 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 2021. 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 2021 included:

Authenticity of specific sales revenue

Notes to key audit matters

Within the Year 2021, China Man-made Fiber Corporation received NT\$4,255,556 thousand sales revenues from specific customers, accounting for 40% of the net individual sale revenues. Besides, sales revenues from such specific customers prove relatively higher in gross profit margin. Accordingly, the authenticity of sales revenues from such specific customers is taken as the one of the very key points in audit.

Please refer to Note 4 (14) of the financial statements for the accounting policies on sales revenue recognition.

Audit response

1. Awareness of the design and implementation of the internal control systems related to the recognition of sales revenues.
2. The efforts to obtain details of the sales revenues account for specific customers in Year 2021 and select samples to check the shipping-related forms and documents to test the authenticity of the sales facts.
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 13 of the standalone financial statements, the amount of investment in Taichung Commercial Bank by China Man-Made Fiber adopting the equity method was NT\$13,837,165 thousand, accounting for 36% of the total assets as of December 31, 2021. 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 discounts and balances of the loans, Taichung Commercial Bank Co., Ltd. amortized the anticipated credit losses in the Year 2021 in the amounts of NT\$479,806,373 thousand and NT\$1,040,130 thousand, respectively. In comprehensive consideration for a decision to determine the loss from impairment by Taichung Commercial Bank Co., Ltd. involves the major estimate and judgment by its management, including the probability of default and the default loss rates where that Bank should faithfully comply with the laws and regulations concerned of the competent authority(ies) and the specifications of their decrees and letters. The outcome of the impairment evaluation would significantly affect the financial performance by Taichung Commercial Bank Co., Ltd. Accordingly, we, the certified public accountant, determine to take the anticipated credit loss for the Bank's discount and loans as the very key points in audit.

Audit response

1. Understand and test the internal control related to the assessment of expected credit loss on discounts and loans of Taichung Commercial Bank Co., Ltd., and examine whether the appropriated amount complies with the requirements of the governing laws and regulations of the competent authority.
2. 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.

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, 2021 and 2020 are NT\$1,128,072 thousand and NT\$1,103,434 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 2021 and 2020 are NT\$24,638 thousand and (NT\$48,143) thousand, respectively, accounting for 5% and (5%) of the total comprehensive income, respectively. Meanwhile, certain information related to the re-investees' business disclosed under Note 35 of the individual financial statement is, as well, disclosed based on the audit reports of other certified public accountants.

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 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 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 and 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 materials, 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 risks, and obtain evidence that is

sufficient and appropriate to provide a basis of 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 are 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 matter 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 2021 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
CPA: Hsu Wen-Ya

Accountant: Su-Huan Yu

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

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

March 14, 2022

CHINA MAN-MADE FIBER CORPORATION
Individual Balance Sheets
December 31, 2021 and 2020

Unit: NTD thousand

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	Current assets				
1100	Cash and cash equivalents	\$ 1,433,954	4	\$ 1,543,392	4
1110	Financial assets at fair value through profit or loss- current	240,629	1	400,278	1
1150	Notes receivable	135,693	-	25,432	-
1170	Accounts receivable	1,682,749	4	700,927	2
1180	Accounts receivable - related parties	130,201	-	96,470	-
1200	Other receivables	30,549	-	26,188	-
1210	Other receivable - related parties	204	-	461	-
1220	Current income tax asset	1,081	-	1,653	-
130X	Inventory	1,228,413	3	834,574	2
1410	Prepayments	605,696	2	493,443	2
1470	Other current assets	133,331	-	135,286	1
11XX	Total current assets	5,622,500	14	4,258,104	12
	Non-Current assets				
1517	The financial assets measured for the fair values through other comprehensive income- non-current	2,300,736	6	1,933,259	5
1550	Investment under the equity method	18,882,429	48	17,055,023	48
1600	Property, plant and equipment-net	9,173,654	24	9,622,004	27
1755	Right-of-use assets	2,690	-	12,629	-
1760	Real property for investment- net	2,043,503	5	1,849,924	5
1780	Intangible assets – net	-	-	-	-
1840	Net deferred income tax assets	651,043	2	650,514	2
1990	Other current non-assets	238,701	1	325,573	1
15XX	Total non-current assets	33,292,756	86	31,448,926	88
1XXX	Total assets	\$ 38,915,256	100	\$ 35,707,030	100
	Liabilities and equity				
	Current liabilities				
2100	Short-term borrowings	\$ 6,548,247	17	\$ 4,313,689	12
2110	Short-term notes payable	848,431	2	748,824	2
2150	Payable notes	2,629	-	254	-
2160	Payable notes - related parties	5,587	-	-	-
2170	Accounts payable	689,548	2	763,358	2
2180	Accounts payable - related parties	361,746	1	-	-
2219	Other payables	297,793	-	271,533	1
2280	Lease liabilities – current	1,531	-	10,057	-
2320	Current portion of long-term liabilities	1,869,028	5	2,578,238	8
2399	Other current liabilities	37,722	-	44,445	-
21XX	Total of current liabilities	10,662,262	27	8,730,398	25
	Non-current liabilities				
2540	Long-term borrowings	3,822,200	10	2,868,574	8
2550	Liability reserve	214,929	1	219,239	1
2570	Deferred tax liabilities	866,019	2	866,019	2
2580	Lease liabilities – noncurrent	1,188	-	2,719	-
2670	Other liabilities	21,574	-	22,071	-
25XX	Total non-current liability	4,925,910	13	3,978,622	11
2XXX	Total liabilities	15,588,172	40	12,709,020	36
	Equity				
3110	Common stock capital	16,862,097	44	16,213,672	45
3200	Capital surplus	1,656,687	4	1,663,531	5
	Retained earnings				
3310	Legal reserve	946,448	2	855,476	2
3320	Special reserve	1,934,645	5	1,940,822	5
3350	Undistributed earnings	2,256,427	6	3,125,590	9
	Other equity				
3410	Exchange differences from the translation of financial statements of foreign operations	(112,220)	-	(116,241)	-
3420	Unrealized gain or loss on financial assets at fair value through other comprehensive profit or loss	919,802	2	451,962	1
3500	Treasury stock	(1,136,802)	(3)	(1,136,802)	(3)
3XXX	Total equity	23,327,084	60	22,998,010	64
	Total Liabilities and Equity	\$ 38,915,256	100	\$ 35,707,030	100

Chairman: Kuei-Hsien Wang

Manager: Ming-Shang Chuang

Accounting Supervisor: Kuo Hua Lin

CHINA MAN-MADE FIBER CORPORATION

Individual Income Statement

January 1 to December 31, 2021 and 2020

Unit: NTD thousands, except Earnings Per Share (NTD)

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue	\$ 10,685,164	100	\$ 7,476,601	100
5000	Operating cost	(11,447,894)	(107)	(9,094,982)	(122)
5900	Gross losses	(762,730)	(7)	(1,618,381)	(22)
5910	Unrealized gain on the subsidiary, affiliated company and joint ventures	(960)	-	-	-
5920	Realized gain on the subsidiary, affiliated company and joint ventures	13	-	-	-
5950	Realized gross losses	(763,677)	(7)	(1,618,381)	(22)
	Operating expenses				
6100	Marketing expenses	(383,568)	(4)	(352,158)	(5)
6200	Administrative and general affairs expenses	(147,776)	(1)	(192,670)	(2)
6450	Expected credit impairment loss (gains)	(1,022)	-	85,677	1
6000	Total operating expenses	(532,366)	(5)	(459,151)	(6)
6900	Operating losses	(1,296,043)	(12)	(2,077,532)	(28)
	Non-operating revenues and expenses				
7070	Shareholdings in the subsidiaries, affiliated companies and joint ventures under the equity method	1,345,350	13	1,017,225	14
7100	Interest revenue	8,037	-	10,248	-
7130	Dividend income	28,510	-	40,546	1
7190	Other income and earnings and expense and loss	84,138	1	23,858	-
7215	Capital gain from disposition of investment property	-	-	2,863,685	38
7230	Foreign exchange gain (loss) – net	(31,651)	-	(60,496)	(1)
7235	Gains of financial assets and liabilities measured at fair value through profit or loss	57,437	-	24,814	-
7610	Gain (loss) in disposal of real estate, plant buildings, equipment & facilities	915	-	(2)	-
7673	Impairment loss of property, plant and equipment	(44,244)	(1)	(605,359)	(8)
7510	Financial costs	(146,750)	(1)	(173,128)	(2)
7000	Total non-operating revenues and expenses	1,301,742	12	3,141,391	42
7900	Income before tax from continuing operations	5,699	-	1,063,859	14
7950	Income tax expenses	-	-	(121,812)	(2)
8200	Net profits of the current year	5,699	-	942,047	12
	Other comprehensive profit or loss				
	The items that are not re-classified as profit or loss				
8311	Reevaluation of determined benefit plan	(2,645)	-	(8,509)	-
8316	Unrealized valuation of the capital gain/loss from equity instrument at fair value through comprehensive income statement as other comprehensive income	324,684	3	(148,504)	(2)
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	231,140	2	190,468	3
8349	Incomes tax related to titles not subject to reclassification	529	-	1,702	-
8310		553,708	5	35,157	1
	Items that may be re-classified subsequently under profit or loss				
8361	Exchange differences from the translation of financial statements of foreign operations	4,021	-	(29,246)	(1)
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.	(63,126)	-	56,180	1
8360		(59,105)	-	26,934	-
8300	Other comprehensive income of the current year (net amount after taxation)	494,603	5	62,091	1
8500	Total amount of comprehensive income of the current year	\$ 500,302	5	\$ 1,004,138	13
	Earnings per share				
9750	Basic earnings per share	\$ -		\$ 0.70	
9850	Diluted earnings per share	\$ -		\$ 0.70	

Chairman: Kuei-Hsien Wang

Manager: Ming-Shang Chuang

Accounting Supervisor: Kuo Hua Lin

CHINA MAN-MADE FIBER CORPORATION
Individual Statements of Changes in Shareholders' Equity
January 1 to December 31, 2021 and 2020

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		
A1	Balance as of January 1, 2020	\$ 16,213,672	\$ 1,710,808	\$ 855,476	\$ 1,936,126	\$ 2,220,569	(\$ 86,995)	\$ 382,016	(\$ 1,227,909)	\$ 22,003,763
B3	The 2019 appropriation and distribution of earnings Special reserve appropriated	-	-	-	4,696	(4,696)	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	-	-	-	452	-	(1,208)	-	(756)
D1	2020 Profit	-	-	-	-	942,047	-	-	-	942,047
D3	Other comprehensive net income in 2020 (after tax)	-	-	-	-	(15,146)	(29,246)	106,483	-	62,091
L1	Repurchase of treasury stock	-	-	-	-	-	-	-	(1,745)	(1,745)
M5	The differences between carrying amount and market price of disposal of shares in subsidiaries	-	(6,270)	-	-	(47,133)	-	-	92,852	39,449
M7	Changes in the ownership equity on a subsidiary	-	(41,007)	-	-	(5,832)	-	-	-	(46,839)
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income:	-	-	-	-	35,329	-	(35,329)	-	-
Z1	Balance as of December 31, 2020	16,213,672	1,663,531	855,476	1,940,822	3,125,590	(116,241)	451,962	(1,136,802)	22,998,010
B1	The 2020 appropriation and distribution of earnings Legal reserve appropriated	-	-	90,972	-	(90,972)	-	-	-	-
B5	Cash dividends	-	-	-	-	(162,106)	-	-	-	(162,106)
B9	Stock dividends	648,425	-	-	-	(648,425)	-	-	-	-
B17	Reversal of special reserve	-	-	-	(6,177)	6,177	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	-	-	-	606	-	(463)	-	143
D1	2021 Profit	-	-	-	-	5,699	-	-	-	5,699
D3	Other comprehensive net income in 2021 (after tax)	-	-	-	-	(3,187)	4,021	493,769	-	494,603
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	15,826	-	-	-	-	-	-	15,826
M7	Changes in the ownership equity on a subsidiary	-	(22,670)	-	-	(2,421)	-	-	-	(25,091)
Q1	Disposal of equity instrument investments measured at fair value through other comprehensive income:	-	-	-	-	25,466	-	(25,466)	-	-
Z1	Balance as of December 31, 2021	\$ 16,862,097	\$ 1,656,687	\$ 946,448	\$ 1,934,645	\$ 2,256,427	(\$ 112,220)	\$ 919,802	(\$ 1,136,802)	\$ 23,327,084

Chairman: Kuei-Hsien Wang

Manager: Ming-Shang Chuang

Accounting Supervisor: Kuo Hua Lin

CHINA MAN-MADE FIBER CORPORATION

Individual Statements of Cash Flow
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code		2021	2020
	Cash flow from operating activities		
A10000	Current year net profit before taxation	\$ 5,699	\$ 1,063,859
A20100	Depreciation expenses	587,305	646,732
A20300	Expected credit reversal benefit (loss)	1,022	(85,677)
A23900	Unrealized sales gain on the subsidiary, affiliated company and joint ventures	948	-
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(57,437)	(24,814)
A20900	Financial costs	146,750	173,128
A21200	Interest revenue	(8,037)	(10,248)
A21300	Dividend income	(28,510)	(40,546)
A22400	Shareholding in profit of subsidiaries, affiliated company and joint ventures under the equity method	(1,345,350)	(1,017,225)
A22500	Gain (loss) in disposal of real estate, plant buildings, equipment & facilities	(915)	2
A22700	Capital gain from disposition of investment property	-	(2,863,685)
A23700	Loss in impairment of non-financial assets	51,676	585,505
	Net change in operating assets and liabilities		
A31115	Financial assets mandatorily measured at fair value through profit or loss	217,086	224,382
A31180	Accounts receivable	(1,131,963)	1,059,898
A31200	Inventory	(401,271)	354,456
A31230	Prepayments	(112,253)	116,373
A31240	Other current assets	826	(1,972)
A32180	Payables	321,681	(330,915)
A32200	Liability reserve	-	64,908
A32230	Other current liabilities	(6,723)	11,364
A32240	Net determined benefit liability	(6,955)	(16,580)
A33000	Cash generated from operating activities	(1,766,421)	(91,055)
A33100	Interest received	9,060	11,271
A33200	Dividends received	284,662	341,140
A33300	Interest payment	(146,273)	(174,038)
A33500	Income tax received (paid)	572	(119,305)
AAAA	Net cash outflow from operating activities	(1,618,400)	(31,987)
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(59,925)	(1,763)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	12,622	9,227
B00030	De-capitalization refunded monies of financial assets at fair value through other comprehensive profit or loss (decrease)	12,187	809
B01800	Acquisition of investment under the equity method	(617,998)	(446,524)
B01900	Disposal of long-term equity investments under the equity method	34,015	-
B02700	Acquisition of property, plant and equipment	(172,796)	(417,263)
B02800	Disposal of property, plant and equipment	1,669	-
B03700	Decrease (increase) in Refundable deposits	1,280	(540)
B05400	Acquisition of investment property	(194,797)	(264,154)
B05500	Disposition of investment property	-	3,633,295
B06800	Decrease (increase) in other assets	86,784	(228,017)
B000	Net cash inflow (outflow) from investing activities	(896,959)	2,285,070
	Cash outflow from financing activities		
C00200	Increase (decrease) in short-term loans	2,234,558	(2,127,324)
C00500	Increase in short-term notes payable	99,607	100,539
C01600	Proceeds from long-term loan	3,285,000	7,558,828
C01700	Re-payments of long-term borrowings	(3,040,584)	(8,129,839)
C03100	Decrease in guarantee deposits	(497)	(833)
C04020	Repayment of rental principal	(10,057)	(12,314)
C04500	Cash dividend released	(162,106)	-
C04900	Cost of treasury stock repurchase	-	(1,745)
CCCC	Net cash inflow (outflow) from financing activities	2,405,921	(2,612,688)
EEEE	Net decrease in cash and cash equivalents	(109,438)	(359,605)
E00100	Cash and cash equivalents balance – beginning of year	1,543,392	1,902,997
E00200	Cash and cash equivalents balance – end of year	\$ 1,433,954	\$ 1,543,392

Chairman: Kuei-Hsien Wang

Manager: Ming-Shang 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, 2021 and 2020, 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, 2021 and 2020, 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 2021. 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 procedures of the consolidated financial statements of China Man-Made Fiber Co., Ltd. and subsidiary in 2021 included:

Authenticity of specific sales revenue

Notes to key audit matters

During 2021, China Man-made Fiber Corporation and its subsidiaries received NT\$4,255,556 thousand sales revenues from specific customers, accounting for 13% of the net individual sale revenues. Besides, sales revenues from such specific customers prove relatively higher in gross profit margins. Accordingly, the authenticity of sales income from such specific customers China Man-made Fiber Corporation and its subsidiaries is taken as the one of the very key points in audit.

Please refer to Note 4 (17) of the consolidated financial statements for the accounting policies on sales revenue recognition.

Audit response

1. Awareness of the design and implementation of the internal control system related to the recognition of sales revenues for China Man-made Fiber Corporation and its subsidiaries.
2. Obtained the sales income statements of the specific customers of China Man-Made Fiber Corporation and the subsidiaries in 2021 for sampling and random check, including the relevant shipping forms and documents, so as to test the authenticity of the 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 audit matters

As indicated in Notes 14 and 32(6) of the consolidated financial statements, for the net discounts and loans of China Man-made Fiber Corporation and its subsidiaries at the end of Year 2021, the anticipated credit loss amortized in Year 2021 amounted to NT\$479,806,373 thousand and NT\$1,040,130 thousand, respectively, accounting for 60% of the total assets and 23% of comprehensive profit and/or loss, respectively, deemed as quite significant toward the overall consolidated financial statement. In addition, as stated in Note 5 of the Consolidated Financial Statement, China Man-Made Fiber Corporation and its subsidiaries consider major

estimates and judgments of the management level including probability of default and loss given default when determining expected credit losses pursuant to decrees and ordinances of the competent authority. For these reasons, expected credit loss of discounts and loans to the customers are determined as key audit matters.

Regarding the accounting policies related to discounts and loans, the estimated credit loss, information linked up with accounting estimate and uncertainties in hypotheses, please refer to Notes 4 (14), 5, 14 and 32 (6) of the consolidated financial statements for details.

Audit response

1. Understand and test the internal control of China Man-made Fiber Co., Ltd. and the subsidiaries regarding discounting and lending assessment of expected credit losses, and check whether the appropriated amount complies with the requirements of relevant laws and regulations and the orders of the competent authority.
2. For the comprehensive evaluation of the expected credit loss adopted by China Man-Made Fiber Corporation, understand and re-calculated key parameters used in the impairment model (probability of default and loss given default) in order to evaluate the reasonableness.

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, 2021 and 2020 are NT\$1,128,072 thousand and NT\$1,103,434 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 2021 and 2020 are NT\$24,638 thousand and (NT\$48,143) thousand, respectively. Meanwhile, certain information related to the re-investees' business disclosed under Note 48 of the consolidated financial statement is, as well, disclosed based on the audit reports of other certified public accountants.

China Man-made Fiber Corporation has duly prepared and compiled individual financial statements for the years 2021 and 2020 for which, we, the certified public accountant, have issued audit reports with unqualified opinion plus other matters ready for reference.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 materials, 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 risks, and obtain evidence that is sufficient and appropriate to provide a basis of 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 are 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 matter 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 2021 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
CPA: Hsu Wen-Ya

Accountant: Su-Huan Yu

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

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

March 14, 2022

China Man-Made Fiber Corporation and subsidiary
Consolidated Balance Sheet
December 31, 2021 and 2020

Unit: NTD thousand

Code	Assets	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents	\$ 20,670,197	3	\$ 14,685,747	2
1110	Due from Central Bank and lend to Banks	38,193,986	5	40,371,218	5
1120	Financial assets at fair value through profit or loss- current	34,039,013	4	31,424,974	4
1180	Bonds and securities sold under repurchase agreements	11,258,439	1	12,773,121	2
1201	Notes receivable	5,461,813	1	4,481,574	1
1202	Accounts receivable	8,763,123	1	7,153,647	1
1203	Other receivables	2,837,994	-	3,519,815	-
1260	Current income tax asset	10,742	-	11,316	-
1270	Inventory	1,732,447	-	1,148,814	-
1280	Prepayments	1,003,060	-	859,532	-
1320	Other current assets	547,245	-	600,219	-
1330	Notes discounted and loans – net	<u>479,806,373</u>	<u>60</u>	<u>456,541,322</u>	<u>60</u>
11XX	Total current assets	<u>604,324,432</u>	<u>75</u>	<u>573,571,299</u>	<u>75</u>
Non-Current assets					
1415	The financial assets measured for the fair values through other comprehensive income- non-current	52,523,487	7	44,023,907	6
1435	Financial assets measured at amortized cost- non-current	109,181,808	14	112,624,454	15
1470	Investment under the equity method	1,139,593	-	1,115,825	-
1500	Property, plant and equipment-net	24,907,282	3	23,932,395	3
1595	Right-of-use assets	1,069,882	-	1,258,364	-
1600	Real property for investment- net	2,570,573	-	2,165,712	-
1700	Intangible assets – net	253,813	-	246,491	-
1800	Net deferred income tax assets	1,519,692	-	1,451,906	-
1900	Other assets	<u>3,647,693</u>	<u>1</u>	<u>2,700,713</u>	<u>1</u>
14XX	Total non-current assets	<u>196,813,823</u>	<u>25</u>	<u>189,519,767</u>	<u>25</u>
1XXX	Total assets	<u>\$ 801,138,255</u>	<u>100</u>	<u>\$ 763,091,066</u>	<u>100</u>
Liabilities and equity					
Current liabilities					
2110	Shot-term borrowings	\$ 19,113,118	3	\$ 14,669,340	2
2120	Short-term notes payable	4,290,840	1	3,586,753	1
2130	Bills and bonds sold under repurchase agreements	1,205,559	-	2,300,077	-
2140	Financial liabilities at fair value through profit or loss- current	512,399	-	785,819	-
2190	Due to Central Bank and other banks	3,953,700	1	7,037,338	1
2201	Payable notes	59,886	-	5,891	-
2202	Accounts payable	1,485,218	-	1,066,494	-
2204	Other payables	10,727,435	1	7,970,409	1
2310	Current Tax Liability	448,682	-	164,433	-
2330	Current portion of long-term liabilities	2,610,828	-	3,428,288	1
2335	Lease liabilities – current	188,630	-	301,722	-
2350	Other current liabilities	1,356,279	-	817,741	-
2360	Customer deposits and remittances	<u>658,823,829</u>	<u>82</u>	<u>636,188,691</u>	<u>83</u>
21XX	Total of current liabilities	<u>704,776,403</u>	<u>88</u>	<u>678,322,996</u>	<u>89</u>
Non-current liabilities					
2540	Bonds payable	14,990,000	2	9,990,000	1
2550	Long-term borrowings	4,912,200	1	4,114,374	1
2600	Liability reserve	1,641,199	-	1,711,388	-
2620	Deposits received	659,702	-	585,349	-
2625	Lease liabilities – noncurrent	773,292	-	832,712	-
2630	Deferred tax liabilities	1,020,032	-	1,021,567	-
2660	Other liabilities	<u>589,399</u>	<u>-</u>	<u>112,529</u>	<u>-</u>
25XX	Total non-current liability	<u>24,585,824</u>	<u>3</u>	<u>18,367,919</u>	<u>2</u>
2XXX	Total liabilities	<u>729,362,227</u>	<u>91</u>	<u>696,690,915</u>	<u>91</u>
Equity of the parent company					
3110	Common stock capital	16,862,097	2	16,213,672	2
3210	Capital surplus	1,656,687	-	1,663,531	-
Retained earnings					
3310	Legal reserve	946,448	-	855,476	-
3320	Special reserve	1,934,645	-	1,940,822	-
3330	Undistributed earnings	2,256,427	1	3,125,590	1
Other equity					
3410	Exchange differences from the translation of financial statements of foreign operations	(112,220)	-	(116,241)	-
3425	Unrealized gain on financial assets at fair value through other comprehensive profit or loss	919,802	-	451,962	-
3500	Treasury stock	(1,136,802)	-	(1,136,802)	-
31XX	Total equity of the parent company	<u>23,327,084</u>	<u>3</u>	<u>22,998,010</u>	<u>3</u>
32XX	Non-controlling interest	<u>48,448,944</u>	<u>6</u>	<u>43,402,141</u>	<u>6</u>
3XXX	Total equity	<u>71,776,028</u>	<u>9</u>	<u>66,400,151</u>	<u>9</u>
4XXX	Total Liabilities and Equity	<u>\$ 801,138,255</u>	<u>100</u>	<u>\$ 763,091,066</u>	<u>100</u>

Chairman: Kuei-Hsien Wang

Manager: Ming-Shang Chuang

Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Corporation and subsidiary
Consolidated Income Statement
January 1 to December 31, 2021 and 2020

Unit: NTD thousands, except Earnings Per Share (NTD)

Code		2021		2020	
		Amount	%	Amount	%
	Income				
4010	Interest revenue	\$ 12,256,134	37	\$ 12,069,760	39
4050	Income from handling fees	3,638,217	11	3,145,454	10
4060	Shareholding in the affiliated companies and joint ventures under the equity method	24,959	-	-	-
4090	Gains of financial assets and liabilities measured at fair value through profit or loss	819,390	3	46,575	-
4105	Realized gain on financial assets at fair value through other comprehensive profit or loss	4,635	-	84,263	-
4160	Net sales revenue	15,551,039	47	11,931,595	39
4210	Gain in disposal of real estate, plant buildings, equipment & facilities	13,629	-	-	-
4200	Capital gain from disposition of investment property	-	-	2,863,592	10
4255	Expected credit reversal benefit	-	-	76,275	-
4260	Exchange gain	110,940	-	231,314	1
4270	Other income	627,581	2	367,571	1
4XXX	Total revenue	<u>33,046,524</u>	<u>100</u>	<u>30,816,399</u>	<u>100</u>
	Expenses				
5010	Interest expenses	3,117,854	10	3,960,421	13
5060	Service charges	263,506	1	239,551	1
5080	Loss of affiliated companies and joint ventures under the equity method	-	-	49,755	-
5090	Bad debt expense, commitment and guaranty reserve	1,368,511	4	519,032	2
5190	Cost of goods sold	15,259,299	46	12,525,643	41
5230	Operating expenses	8,296,690	25	7,876,063	25
5250	Losses from disposal of property or equipment	-	-	20,876	-
5280	Impairment loss	44,244	-	605,359	2
5285	Expected credit impairment loss	4,064	-	-	-
5320	Other expenses	20,928	-	98,994	-
5XXX	Total expenses	<u>28,375,096</u>	<u>86</u>	<u>25,895,694</u>	<u>84</u>
6100	Net profit before taxation	4,671,428	14	4,920,705	16
6200	Income tax expenses	<u>820,647</u>	<u>2</u>	<u>871,997</u>	<u>3</u>
6500	Net income	<u>3,850,781</u>	<u>12</u>	<u>4,048,708</u>	<u>13</u>
	Other comprehensive profit or loss				
	The items that are not re-classified as profit or loss				
6611	Reevaluation of determined benefit plan	5,979	-	(51,956)	-
6617	Evaluation of the capital gain from equity instrument at fair value through comprehensive income statement as other comprehensive income	854,046	3	221,007	1
6625	The proportion of other comprehensive incomes from associates, and equity joint-ventures accounted for under the equity method – not reclassified as profit and loss	(1,142)	-	1,105	-
6649	Incomes tax related to titles not subject to reclassification	(1,524)	-	2,985	-
6610		<u>857,359</u>	<u>3</u>	<u>173,141</u>	<u>1</u>
	Items that may be re-classified subsequently under profit or loss				
6651	Exchange differences from the translation of financial statements of foreign operations	17,273	-	(95,418)	(1)
6659	Capital gain of debts instrument at fair value through comprehensive income statement as other comprehensive income	(248,985)	(1)	264,206	1
6689	Income tax related to items possibly be reclassified	-	-	3,151	-
6650		(231,712)	(1)	171,939	-
6600	Other comprehensive income (post-tax profit or loss)	<u>625,647</u>	<u>2</u>	<u>345,080</u>	<u>1</u>
6700	Total amount of comprehensive income of the current year	<u>\$ 4,476,428</u>	<u>14</u>	<u>\$ 4,393,788</u>	<u>14</u>
	Profit attributable to:				
6810	Owners of parent	\$ 5,699	-	\$ 942,047	3
6820	Non-controlling interest	3,845,082	12	3,106,661	10
6800		<u>\$ 3,850,781</u>	<u>12</u>	<u>\$ 4,048,708</u>	<u>13</u>
	The total comprehensive income belongs to				
6910	Owners of parent	\$ 500,302	2	\$ 1,004,138	3
6920	Non-controlling interest	3,976,126	12	3,389,650	11
6900		<u>\$ 4,476,428</u>	<u>14</u>	<u>\$ 4,393,788</u>	<u>14</u>
	Earnings per share				
7000	Basic earnings per share	\$ -	-	\$ 0.70	-
7100	Diluted earnings per share	\$ -	-	\$ 0.70	-

Chairman: Kuei-Hsien Wang

Manager: Ming-Shang 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, 2021 and 2020

Unit: NTD thousand

Code		Equity of the company							Non-controlling interest	Total equity		
		Capital stock		Retained earnings			Other 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			Treasury stock	Total
A1	Balance as of January 1, 2020	\$ 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
	The 2019 appropriation and distribution of earnings											
B1	Legal reserve appropriated	-	-	-	-	-	-	-	-	-	-	-
B3	Special reserve appropriated	-	-	-	4,696	(4,696)	-	-	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	-	-	-	452	-	(1,208)	-	(756)	-	(756)
D1	2020 Profit	-	-	-	-	942,047	-	-	-	942,047	3,106,661	4,048,708
D3	Other comprehensive profit and loss after tax in 2020	-	-	-	-	(15,146)	(29,246)	106,483	-	62,091	282,989	345,080
D5	Total comprehensive profit and loss in 2020	-	-	-	-	926,901	(29,246)	106,483	-	1,004,138	3,389,650	4,393,788
L1	Repurchase of treasury stock	-	-	-	-	-	-	-	(1,745)	(1,745)	-	(1,745)
M5	The differences between carrying amount and market price of acquisition or disposal of shares in subsidiaries	-	(6,270)	-	-	(47,133)	-	-	92,852	39,449	131,778	171,227
M7	Changes in the ownership equity on a subsidiary	-	(41,007)	-	-	(5,832)	-	-	-	(46,839)	-	(46,839)
O1	Increase/ decrease in Non-controlling interest	-	-	-	-	-	-	-	-	-	1,282,070	1,282,070
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	35,329	-	(35,329)	-	-	-	-
Z1	Balance as of December 31, 2020	16,213,672	1,663,531	855,476	1,940,822	3,125,590	(116,241)	451,962	(1,136,802)	22,998,010	43,402,141	66,400,151
	The 2020 appropriation and distribution of earnings											
B1	Legal reserve appropriated	-	-	90,972	-	(90,972)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(162,106)	-	-	-	(162,106)	-	(162,106)
B9	Stock dividends	648,425	-	-	-	(648,425)	-	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	(6,177)	6,177	-	-	-	-	-	-
C7	Changes of the associates and joint ventures recognized under the Equity Method	-	-	-	-	606	-	(463)	-	143	-	143
D1	2021 Profit	-	-	-	-	5,699	-	-	-	5,699	3,845,082	3,850,781
D3	Other comprehensive profit and loss after tax in 2021	-	-	-	-	(3,187)	4,021	493,769	-	494,603	131,044	625,647
D5	Total comprehensive profit and loss in 2021	-	-	-	-	2,512	4,021	493,769	-	500,302	3,976,126	4,476,428
M1	Dividends distributed to the subsidiaries adjusted to the additional paid-in capital	-	15,826	-	-	-	-	-	-	15,826	17,274	33,100
M7	Changes in the ownership equity on a subsidiary	-	(22,670)	-	-	(2,421)	-	-	-	(25,091)	-	(25,091)
O1	Increase/ decrease in Non-controlling interest	-	-	-	-	-	-	-	-	-	1,053,403	1,053,403
Q1	Equity instrument at fair value through other comprehensive income statement	-	-	-	-	25,466	-	(25,466)	-	-	-	-
Z1	Balance as of December 31, 2021	\$ 16,862,097	\$ 1,656,687	\$ 946,448	\$ 1,934,645	\$ 2,256,427	(\$ 112,220)	\$ 919,802	(\$ 1,136,802)	\$ 23,327,084	\$ 48,448,944	\$ 71,776,028

Chairman: Kuei-Hsien Wang

Manager: Ming-Shang Chuang

Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Corporation and subsidiary
Consolidated Statements of Cash Flow
January 1 to December 31, 2021 and 2020

Unit: NTD thousand

Code		2021	2020
	Cash flow from operating activities		
A00010	Income before tax from continuing operations	\$ 4,671,428	\$ 4,920,705
	Profits and loss		
A20100	Depreciation expenses	1,181,999	1,255,337
A20200	Amortization expenses	65,581	59,138
A20300	Expected credit impairment loss	1,372,575	441,393
A20400	Gain (loss) on financial assets and liabilities at fair value through profit and loss	(819,390)	(46,575)
A20900	Interest expenses	3,117,854	3,960,421
A21200	Interest revenue	(12,256,134)	(12,069,760)
A21300	Dividend income	(208,149)	(149,450)
A21800	Net change in other provisions for liabilities	-	1,364
A22300	Loss (gain) of affiliated companies and joint ventures under the equity method	(24,959)	49,755
A22500	Loss (gain) on disposal and scrapping of property, plant and equipment	(13,629)	20,876
A22700	Capital gain from disposition of investment property	-	(2,863,592)
A23100	Capital gain of instrument investments measured at fair value through other comprehensive income	(4,635)	(84,263)
A23200	Gain from disposition of subsidiaries	(937)	-
A23700	Loss in impairment of non-financial assets	44,244	605,359
A24100	Unrealized foreign currency exchange loss	439,109	1,319,878
A29900	Termination of lease profits	(5,797)	(1,184)
	Net change in operating assets and liabilities		
A91110	Due from Central Bank and lend to Banks	(1,445,572)	(1,452,847)
A91120	Financial assets at fair value through profit and loss	(946,746)	(5,425,284)
A91190	Accounts receivable	(2,042,272)	(145,945)
A91250	Inventory	(583,633)	392,670
A91260	Prepayments	(143,528)	85,810
A91280	Other current assets	51,448	14,301
A91290	Discounts and loans	(24,293,453)	(21,387,413)
A91320	Other financial assets	(534,192)	740
A92110	Bills and bonds sold under repurchase agreements	(\$ 1,094,518)	(\$ 8,068,948)
A92120	Financial liabilities at fair value through profit and loss	(1,121,323)	(295,887)
A92150	Due to Central Bank and other banks	(3,083,638)	510,278
A92160	Payables	3,283,428	1,035,429
A92280	Other current liabilities	538,160	401,113
A92290	Customer deposits and remittances	22,635,138	53,153,436
A92330	Other financial liabilities	477,248	107,246
A92300	Increase in liability reserve	-	64,908
A92310	Employee benefit liabilities reserve	(126,016)	(78,578)
A33000	Cash inflow (outflow) from operating activities	(10,870,309)	16,330,431
A33100	Interest received	12,381,038	12,437,273
A33200	Dividends received	208,149	167,891
A33300	Interest payment	(3,155,429)	(4,099,602)
A33500	Income tax payment	(604,708)	(1,088,066)
AAAA	Net cash inflow (outflow) from operating activities	(2,041,259)	23,747,927
	Cash flow from investing activities		
B00010	Acquisition of financial assets at fair value through other comprehensive profit or loss	(11,764,197)	(15,564,275)
B00020	Disposal of financial assets at fair value through other comprehensive profit or loss	3,779,522	6,608,047
B00040	Financial assets acquired on the basis of cost after amortization	(907,585,588)	(793,961,984)
B00060	Held-to-maturity financial assets based on cost after amortization	910,515,784	787,997,560
B02300	Net cash inflow from disposition of subsidiaries	1,058	-
B02700	Acquisition of property, plant and equipment	(2,024,667)	(2,466,991)
B02800	Disposal of property, plant and equipment	115,755	29,358
B03700	Decrease (increase) in Refundable deposits	21,616	(500,197)
B04500	Acquisition of Intangible assets	(69,760)	(110,317)
B05400	Acquisition of investment property	(425,618)	(264,388)
B05500	Disposition of investment property	-	3,668,277

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Code		2021	2020
B06800	Increase in other assets	(548,508)	(314,110)
B09900	Decrease (increase) in restricted assets	1,526	(51,389)
BBBB	Net cash outflow from investing activities	(7,983,077)	(14,930,409)
	Net cash outflow from financing activities		
C00100	Increase of short-term loans	4,443,778	553,571
C00500	Increase in short-term notes payable	704,087	544,950
C01400	Issuance of financial bonds	\$ 5,000,000	\$ -
C01500	Repayment of financial bonds	-	(2,500,000)
C01600	Proceeds from long-term loan	3,335,000	7,838,828
C01700	Re-payments of long-term borrowings	(3,354,634)	(8,589,289)
C03000	Increase in deposits received	74,353	-
C03100	Decrease in guarantee deposits	-	(15,649)
C04020	Payment of principal element of lease liabilities	(249,054)	(256,761)
C04500	Cash dividend released	(129,006)	-
C04900	Cost of treasury stock repurchase	-	(1,745)
C05500	Proceeds from disposal of partial interest in a subsidiary	-	171,227
C05800	Change in non-controlling interest	1,028,312	1,235,231
CCCC	Net cash inflow (outflow) from financing activities	10,852,836	(1,019,637)
DDDD	Impact of changes in exchange rate on cash and cash equivalents	18,464	(98,555)
EEEE	Current cash and cash equivalents increase	846,964	7,699,326
E00100	Balance of cash and cash equivalents, beginning of period	49,225,347	41,526,021
E00200	Balance of cash and cash equivalent, end of period	\$ 50,072,311	\$ 49,225,347
<u>Ending cash and cash equivalents adjustment</u>			
Code		December 31, 2021	December 31, 2020
E00210	Cash and cash equivalents on the balance sheet	\$ 20,670,197	\$ 14,685,747
E00220	The "Due from Central Bank and Banks" in compliance with the definition of cash and cash equivalents under IAS 7	18,143,675	21,766,479
E00230	The "bonds and securities sold under repurchase agreements" that meet the definitions of cash and cash equivalents under IAS 7	11,258,439	12,773,121
E00200	Balance of cash and cash equivalent, end of period	\$ 50,072,311	\$ 49,225,347

Chairman: Kuei-Hsien Wang

Manager: Ming-Shang Chuang

Accounting Supervisor: Kuo Hua Lin

CHINA MAN-MADE FIBER CORPORATION

Statement of Retained Earnings

2021

Unit: NTD

Item	Amount
Opening undistributed earnings	2,230,263,673
Retained earnings adjusted due to investments accounted for using equity method	14,903,068
The defined benefit plans re-measured amount is recognized in the "retained earnings" account.	(2,115,898)
Equity instrument at fair value through other comprehensive income statement	
The accumulated profit and loss is directly transferred to the retained earnings.	<u>7,677,338</u>
Unappropriated adjusted earnings	2,250,728,181
Net income or loss for current period	5,699,006
Legal reserve appropriated (10%)	<u>(2,616,351)</u>
Current distributable earnings	2,253,810,836
Closing undistributed earnings	2,253,810,836

Note: The net income is NT\$5,699,006, the distributable earnings is NT\$2,253,810,836. There is no distribution of dividend or bonus to shareholders planned.

Chairman: Kuei-Hsien Wang

Manager: Ming-Shang Chuang

Accounting Supervisor: Kuo Hua Lin

China Man-Made Fiber Comparison Table for Amendments to Measures for Handling Acquisition or Disposal of Assets

Provisions after amendment	Original clause	Reasons behind amendments
<p>Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide this Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements:</p> <p>[1~3: Omitted]</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the self-regulatory rules issued by respective professional associations and the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When <u>executing</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is <u>appropriate</u> and reasonable, and that they have complied with applicable laws and regulations. 	<p>Article 5 Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide this Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions shall meet the following requirements:</p> <p>[1~3: Omitted]</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <ol style="list-style-type: none"> 1. Prior to accepting a case, they shall prudently assess their own professional capabilities, practical experience, and independence. 2. When examining a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers. 3. They shall undertake an item-by-item evaluation of the <u>comprehensiveness</u>, <u>accuracy</u>, and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion. 4. They shall issue a statement attesting to the professional competence and independence of the personnel who prepared the report or opinion, and that they have evaluated and found that the information used is reasonable <u>and accurate</u>, and that they have complied with applicable laws and regulations. 	<p>In order to clarify the procedures to be complied with by and the responsibilities of external experts, professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide the Company with appraisal reports, certified public accountant’s opinions, attorney’s opinions, or underwriter’s opinions, it shall meet the relevant operating requirements; also, it shall comply with the self-regulatory rules of the industry associations to which they belong.</p>
<p>Article 6 Disposal procedures:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real 	<p>Article 6 Disposal procedures:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real 	<p>If a construction company has a</p>

Provisions after amendment	Original clause	Reasons behind amendments
<p>property, equipment and the right-of-use assets: [(1)~(3): Omitted]</p> <p>(4) Appraisal reports on real property, equipment and right-of-use assets: In the event that the transaction amount for acquiring or disposing of real property, equipment, or its right-of-use assets reaches twenty percent (20%) of the paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of event occurrence from a professional appraiser and comply with the provisions below, except for transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right-of-use assets held for business use.</p> <ol style="list-style-type: none"> 1. (Omitted) 2. (Omitted) 3. In case of any of the following appraisal results, unless the appraised value of the acquired asset is higher than the transaction amount, or the appraised value of the disposed asset is lower than the transaction value, an accountant should be engaged to express a specific opinion about such differences and the appropriateness of the transaction price. <ol style="list-style-type: none"> (1) (Omitted) (2) (Omitted) 4. The date of the report issued by the professional appraiser from the contract establishment date shall not exceed three months, provided, where the publicly announced current value for the same period is used and not more than 6 months have 	<p>property, equipment and the right-of-use assets: [(1)~(3): Omitted]</p> <p>(4) Appraisal reports on real property, equipment and right-of-use assets: In the event that the transaction amount for acquiring or disposing of real property, equipment, or its right-of-use assets reaches twenty percent (20%) of the paid-in capital or NT\$300 million or more, the Company shall obtain an appraisal report prior to the date of event occurrence from a professional appraiser and comply with the provisions below, except for transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or its right-of-use assets held for business use.</p> <ol style="list-style-type: none"> 1. (Omitted) 2. (Omitted) 3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to <u>perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF) and</u> render a specific opinion regarding the reason for the discrepancy and the 	<p>legitimate reason for the delay of obtaining an appraisal report and then has the appraisal report obtained within 2 weeks counting inclusively from the date of occurrence, when the difference between the appraisal result and the transaction price exceeds a certain percentage, it is necessary to engage a certified public accountant to issue an opinion. Considering the time factor of the actual operation, it is amended to grant the construction industry with the latitude of time requirement to 2 weeks counting inclusively from the date of occurrence for obtaining an appraisal report.</p>

Provisions after amendment	Original clause	Reasons behind amendments
<p>elapsed, an opinion may still be issued by the original professional appraiser. Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the appraisal report shall be obtained within 2 weeks counting inclusively from the date of occurrence, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph shall be <u>obtained within 2 weeks counting inclusively from the day the appraisal report is obtained.</u></p> <p>2. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price</p> <p>3. Procedures for acquisition and disposal of securities: [(1)-(3): Omitted] (4) Expert opinion: 1. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount</p>	<p>appropriateness of the transaction price: (1) (Omitted) (2) (Omitted)</p> <p>4. The date of the report issued by the professional appraiser from the contract establishment date shall not exceed three months. provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser. Except where a limited price, specified price, or special price is employed by a construction enterprise as the reference basis for the transaction price, if an appraisal report cannot be obtained in time and there is a legitimate reason for the delay, the report, and the certified public accountant's opinion under subparagraph 3 of the preceding paragraph, shall be obtained within 2 weeks counting inclusively from the date of occurrence.</p> <p>2. Where the Company acquires or disposes of intangible assets or right-of-use assets thereof or memberships and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p> <p>3. Procedures for acquisition and disposal of securities: [(1)-(3): Omitted] (4) Expert opinion:</p>	

Provisions after amendment	Original clause	Reasons behind amendments
<p>of the transaction is 20% of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.</p> <p>2. (Omitted)</p> <p>4. (Omitted).</p>	<p>1. The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission.</p> <p>2. (Omitted)</p> <p>4. (Omitted).</p>	
<p>Article 7 Procedures for handling transactions with the related parties: [1~3: Omitted] [(1)~(7): Omitted] The transactions amount referred to above should be calculated in accordance with Article 31 Section 2 of "Regulations Governing the Acquisition or Disposition of Assets by Public Companies". Also, the alleged "within one year" meant for the one year prior to the date of occurrence excluding the part that had already been resolved in the</p>	<p>Article 7 Procedures for handling transactions with the related parties: [1~3: Omitted] [(1)~(7): Omitted] The transactions amount referred to above should be calculated in accordance with Article 31 Section 2 of "Regulations Governing the Acquisition or Disposition of Assets by Public Companies". Also, the alleged "within one year" meant for the one year prior to the date of occurrence excluding the part that had already been resolved in the</p>	<p>Enhancing the management of related party transactions: When a public company or its subsidiary thereof that is not a domestic public company has formulated the procedures for the acquisition and disposal of assets from and to</p>

Provisions after amendment	Original clause	Reasons behind amendments
<p>board meeting and accepted by the Audit Committee.</p> <p>With respect to the following transactions between the Company and the parent company, subsidiaries, or between the subsidiaries of which 100% of the issued shares or total capital are directly or indirectly owned by the Company, the board of directors may, according to Article 6, delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property or right-of-use assets thereof held for business use.</p> <p><u>When the Company or the Company's subsidiary that is not a public company in Taiwan has the transactions as stated in Paragraph 1 for an amount more than 10% of a public company's total assets, the Company may not proceed to enter a transaction contract or make a payment until the matters in Paragraph 1 have been approved in the shareholders' meeting. Except the transactions between the Company and the parent company, subsidiaries or among the subsidiaries.</u></p> <p>The transactions amount referred to Paragraph 1 and above should be calculated in accordance with Article 31 Section 2 of "Regulations Governing the Acquisition or Disposition of Assets by Public Companies". Also, the alleged "within one year" meant for the one year prior to the date of occurrence excluding the part that had already been resolved in the <u>shareholders' meeting</u>, board meeting and accepted by the Audit Committee.</p> <p>[3~6: Omitted] [(1)-(4): Omitted]</p>	<p>board meeting and accepted by the Audit Committee.</p> <p>With respect to the following transactions between the Company and the parent company, subsidiaries, or between the subsidiaries of which 100% of the issued shares or total capital are directly or indirectly owned by the Company, the board of directors may, according to Article 6, delegate the Chairman to decide such matters when the transaction is within a certain amount and have the decisions subsequently submitted to and ratified by the next board of directors meeting.</p> <p>(1) Acquisition or disposal of equipment or right-of-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property or right-of-use assets thereof held for business use.</p> <p>The transactions amount referred to above should be calculated in accordance with Article 31 Section 2 of "Regulations Governing the Acquisition or Disposition of Assets by Public Companies". Also, the alleged "within one year" meant for the one year prior to the date of occurrence excluding the part that had already been resolved in the board meeting and accepted by the Audit Committee.</p> <p>[3~6: Omitted] [(1)-(4): Omitted]</p>	<p>a related party by referring to the norms of international major capital markets; also, if it is for an amount reaching 10% or more of the public company's total assets, the public company shall submit the relevant materials to the shareholders' meeting for approval before processing the transaction for the protection of the shareholders' interests and rights. However, the transactions conducted between the public company and its parent company or subsidiaries or between its subsidiaries are exempted from the requirement of submitting to the shareholders' meeting for resolutions.</p>
Article 15 When any one of the	Article 15 When any one of the	1. Since the

Provisions after amendment	Original clause	Reasons behind amendments
<p>following circumstances occurs during asset acquisition or disposal, this Company shall disclose to the public related information over the website designated by the Financial Supervisory Commission in the format specified for respective types of information within two days after event occurrence.</p> <p>[1~6: Omitted]</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. However, the following conditions are not subject to this restriction:</p> <p>(1) Trading of domestic government bonds or foreign government bonds with a credit rating not below the sovereign rating of our government.</p> <p>(2) The following transactions conducted by professional investors include securities trading on securities exchanges or OTC markets, or subscription of foreign government bonds, or of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription or redemption of exchange traded notes, or subscription of securities by a securities firm as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of</p>	<p>following circumstances occurs during asset acquisition or disposal, this Company shall disclose to the public related information over the website designated by the Financial Supervisory Commission in the format specified for respective types of information within two days after event occurrence.</p> <p>[1~6: Omitted]</p> <p>7. Where an asset transaction other than any of those referred to in the preceding six subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million. However, the following conditions are not subject to this restriction:</p> <p>(1) Trading of domestic government bonds.</p> <p>(2) As a professional investor, conduct trading of negotiable securities on securities exchanges or securities brokerage firms, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics (excluding subordinated debt) that are offered and issued in the primary market, or subscription or redemption of securities investment trust funds or futures trust funds, or subscription by a securities firm of securities as necessitated by its undertaking business or as an advisory recommending securities firm for an emerging stock company, in accordance with the rules of the Taipei Exchange.</p> <p>(3) (Omitted). The transaction amount referred to above is calculated in accordance with the following methods:</p>	<p>public companies are exempted from announcing and reporting their transactions of domestic government bonds, it is proposed to have the trade of foreign government bonds with a rating that is not lower than the sovereign rating of Taiwan exempted from the requirement of announcement and report.</p> <p>2. Considering the simplicity of foreign government bond in its nature with better credit than foreign ordinary corporate bond in general, in addition, the similarity of the index investment securities and index stock funds in their nature, it is proposed to exempt the professional investors from the</p>

Provisions after amendment	Original clause	Reasons behind amendments
<p>the Taipei Exchange. (3) (Omitted). The transaction amount referred to above is calculated in accordance with the following methods: [1~4: Omitted]</p>	<p>[1~4: Omitted]</p>	<p>requirement of announcement and report for the acquisition of foreign government bonds in the primary market and the subscriptions or redemption of index investment securities.</p>

The candidate list for the election of the 27th Board of Directors of China Man-Made Fiber Corporation.

Title	Name of candidate or representative of juristic person candidate	Education Background	Major experience	Quantity of Shares
Director	Pan Asia Oil & Chemical Corporation Representative: Gui-Xian Wang	Department of Finance at Boston University and Department of Finance at New York University.	Chairman of the Company and Pan Asia Chemical Corporation, Vice Chairman of Taichung Commercial Bank, and Chairman of Reliance Trust Company	52,393,736
Director	China Man-Made Fiber Investment Representative: Ming-Shang Chuang	National Taiwan University	The President of the Company, the Vice Chairman of Pan Asia Chemical Corporation, and the Japanese business Itochu Corporation	43,929,431
Director	Pan Asia Oil & Chemical Investment Representative: Kuei-Fong Wang	MBA of NYU	Chairman of Taichung Commercial Bank, Director of Pan Asia Chemical Corporation, and Vice President of Corporate Finance Department of Peregrine Investments Holdings Limited, a Hong Kong-based French firm	52,393,736
Director	Pan Asia Oil & Chemical Investment Representative: Ming-Hsiung Huang	Department of International Trade, Tamkang University	Executive Director of Taichung Commercial Bank, Chairman of Taichung Bank Investment Trust, and Vice President of Cosmos Bank	52,393,736
Director	Chung Chien Investment Co., Ltd. Representative: Jeh-Yi Wang	Department of Business Administration, Fu Jen Catholic University	Vice President of the Production Services Department of this Company Director and President of Pan Asia Chemical Corporation	43,929,431
Director	Chung Chien Investment Co., Ltd. Representative: Hung-Yang Wu	Department of Agricultural Machinery Engineering at National Chung Hsing University	Junior V.P. of the Company's General Affairs Division Director of Pan Asia Chemical Corporation and Nan Chung Petrochemical Corp.	43,929,431
Independent director	Te-Wei Li	The Department of Political Science at the University of Northern Iowa	Incumbent Legislator and the Executive Director of the Youth Development Foundation	0
Independent director	Li-Yeh Hsu	Bachelor's degree from the Department of Business Management, Tatung University	Vice President of LIMAX INTERNATIONAL INC. and researcher of J.P. Morgan Hong Kong Branch	0
Independent director	Chih-Ming Shih	Accounting and Statistics, Tamsui Institute of Business Administration	Auditor and Branch Office Manager of Cosmos Bank	0

Directors' Shareholdings

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

Title	Shareholdings	Shareholdings registered in the registry of shareholders	Remark
Director	40,469,034	96,323,167	

Note: Ex-transfer date on April 18, 2022

- II. All Directors shareholding list:

Title	Name	Quantity of Shares	Ratio of Shareholding
Chairman	Pan Asia Oil & Chemical Corporation Representative: Gui-Xian Wang	52,393,736	3.11%
Vice Chairman	China Man-Made Fiber Investment Representative: Ming-Shang Chuang	43,929,431	2.61%
Managing Director (Independent director)	Te-Wei Li	0	0
Independent director	Li-Yeh Hsu	0	0
Independent director	Chih-Ming Shih	0	0
Director	Pan Asia Oil & Chemical Investment Representative: Kuei-Fong Wang	52,393,736	3.11%
Director	Pan Asia Oil & Chemical Investment Representative: Ming-Hsiung Huang	52,393,736	3.11%
Director	Chung Chien Investment Co., Ltd. Representative: Hung-Yang Wu	43,929,431	2.61%
Director	Chung Chien Investment Co., Ltd. Representative: Kuo-Ching Chen	43,929,431	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 Company has total capital amounting to NTD 21 billion, divided into 2.1 billion shares at NT\$10 par value, The Board of Directors is authorized with full powers to issue the unissued shares in due time.
6. Exactly in accordance with the Company Act, the Company, upon issuing new shares, may issue new shares in a disembodied (book entry) manner.
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 Chairperson 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.

Among the total number of director seats mentioned in the preceding paragraph, the number of independent directors shall not be less than the minimum of three. Starting from Fiscal Year 2022, the Company shall elect directors (including independent directors) by means of candidates' nomination system. The shareholders shall duly elect among the candidates enumerated in the candidate list exactly in accordance with Article 192-1 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.

41. 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; The 45th amendment was made on July 29, 2021.

China Man-Made Fiber Rules of Procedure for Shareholders Meetings

The amendment was resolved in the shareholder's meeting on July 29, 2021

- 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.
Such act(s) as to elect or discharge a director, amend the Articles of Incorporation, reduce capital, apply for discontinuity from public offering, from permit for director prohibition of business strife, turn earnings into capital increase, turn the reserve into capital increase, dissolve the Company, merger or demerger or any affairs set forth under all subparagraphs of Paragraph 1, Article 185 of the Company Act, affairs set forth under Article 26-1, Article 43-6 of Securities and Exchange Act, Article 56-1 and Article 60-2 of Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall have the major contents duly enumerated and explained in the convening agenda and shall not be proposed by means of an extemporaneous (unscheduled) motion.
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. 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. A shareholder (s) is(are) entitled to submit a proposal to urge the Company to promote public interests or to

fulfill corporate social responsibility (CSR). In procedures, such a proposal should be limited to one item in accordance with Article 172-1 of the Company Act. The item(s) in excess of one item in the proposal shall not be covered into the proposal.

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.

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 Chairperson. 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 chairperson shall announce start of the meeting when the time is up and shall, meanwhile, promulgate the relevant information regarding the number of non-voting shareholders and the total number of shares represented by present shareholders. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. If the 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 Chairperson 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 Chairperson 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 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.

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

The Chairperson may not have the meeting adjourned at his discretion before the proposals (including motions) resolved in the two agendas referred to above. If the Chairperson 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 Chairperson with the majority votes of the attending shareholders to continuously chair the meeting.

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.

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 Chairperson. However, the Chairperson 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.

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.

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 Chairperson'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 Chairperson 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. Chairperson 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 At the moment while shareholders elect directors, the election shall be duly conducted in consonance with the relevant election rules enacted by the Company. The election outcome shall be announced on-the-spot, including the list of elected directors, voting powers attempt to promote corporate governance as won by them in the election; list of unsuccessful director candidates and the voting power obtained thereby.

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 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.

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 Chairperson 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 Chairperson may stop shareholders who do not use the speaking device provided by the Company from speaking.

The Chairperson 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 Chairperson, 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 Procedures for Election of Directors

- The amendment was resolved in the shareholder's meeting on July 29, 2021
- 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. Election of directors (including independent directors) shall be duly conducted under the procedures of the candidates' nomination system according to Article 192-1 of the Company Act.
- 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.