

Stock Code: 1466

Acelon Chemicals & Fiber Co., Ltd.

2023 Annual General Meeting

Meeting Handbook

June 16, 2023

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Acelon Chemicals & Fiber Co., Ltd.

Agenda for 2023 Annual General Meeting

One. Time: 09:00 am, June 16, 2023 (Friday)

Two. Venue: Friendship Hall at Puyan factory (No. 94, Fanjin Road, Puyan Township, Changhua County)

Three. Meeting method: Physical venue

Four. Chairperson's opening speech

Five. Matters to be reported:

Motion 1: The 2022 business report.

Motion 2: Audit Committee's review of the 2022 year-end report.

Six. Ratification topics:

Motion 1: Present the 2022 year-end report for ratification. (Proposed by the board of directors)

Motion 2: Present the proposal to make up for 2022 losses for ratification. (Proposed by the board of directors)

Seven. Discussion Topics:

Motion 1: Propose amendments to the "Procedures for Endorsements and Guarantees" for deliberation. (Proposed by the board of directors)

Seven. Election:

Motion 1: Propose to elect the 12th session of independent directors. (Proposed by the board of directors)

Eight. Other proposals:

Motion 1: Lift the restrictions on the non-compete clause of newly elected directors. (Proposed by the board of directors)

Nine. Extraordinary motions

Ten. Adjournment of meeting

One. Matters to be reported:

I. Summary: 2022 business report.

- Description: (I) The Company's 2022 consolidated operating revenue was NT\$2,785,426 thousand (reporting currency), a decrease of NT\$785,229 thousand from NT\$3,570,655 thousand in 2021. The 2022 net loss after tax attributable to the owners of the parent was NT\$66,744 thousand, a decrease of NT\$244,622 thousand from the 2021 net income after tax attributable to the owners of the parent at NT\$177,878 thousand.
- (II) For the 2022 business report, please refer to Attachment 1.
(Please refer to pp. 5-9 of the handbook)
- (III) Please kindly find the attached report for your reference.

II. Summary: Audit Committee's review of the 2022 year-end report.

- Description: (I) The 2022 year-end report has been reviewed by the Audit Committee, and the Audit Committee's audit report has been issued. Please refer to Attachment 2.
(Please refer to p. 10 of the handbook)
- (II) Please kindly find the attached report for your reference.

Two. Ratification topics:

I. Summary: Present the 2022 year-end report for ratification. (Proposed by the board of directors)

- Description: (I) The Company's parent-only financial report and consolidated financial report for 2022 have been audited by CPA Ching-Yi Chen and CPA Kevin Tsao of EnWise CPAs & Co. We hereby attach the parent-only financial statements and consolidated financial statements together with the business report, and submit them to the Audit Committee for review. For the final record, please refer to Attachment 1 and 3.
(Please refer to pp. 5-9 and pp. 11-34 of the handbook)
- (II) The documents submitted require ratification.

Resolution:

II. Summary: Present the proposal to make up for 2022 losses for ratification. (Proposed by the board of directors)

- Description: (I) After the 2022 year-end reconciliation, the Company has to make up for the tax loss of NT\$66,744 thousand. The 2022 losses is shown as follows:

Acelon Chemicals & Fiber Co., Ltd.
Set off of losses table



Unit: NT\$

Description	Amount	
Beginning undistributed earnings	0	
Add: Special reserve that can be reversed and released from restrictions	5,875	Note: 1
Add: Net effect of remeasurement of defined-benefit plans	13,561,789	
Adjusted undistributed earnings	13,567,664	
Add: 2022 profit after tax (loss)	(66,743,572)	
Earnings available for distribution in the current period	(53,175,908)	
Ending undistributed earnings	(53,175,908)	

Chairman:
Wen-Tung Chou



Managerial Officer:
Wen-Tung Chou



Principal Accounting Officer:
Mu-Lan Hsiao



Note 1: 2022 reversal of restricted special reserve that has been disposed of

- (II) There was no profit in 2022, so no bonuses will be distributed to employees and directors, and no dividends will be issued.
- (III) The documents submitted require ratification.

Resolution:

Three. Discussion Topics:

I. Summary: Propose amendments to the “Procedures for Endorsements and Guarantees” for deliberation. (Proposed by the board of directors)

Description: (I) In order to meet practical needs, it is proposed to amend provisions of the “Procedures for Endorsements and Guarantees.” Please refer to Attachment 4 for the comparison of the amendments made. (Please refer to pp. 35-36 of the handbook)

(II) Submit the motion for deliberation.

Resolution:

Three. Election:

I. Summary: Propose to addition elect the 12th session of independent directors. (Proposed by the board of directors)

- Description:
- (I) Subject to Article 4 of the Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers.
 - (II) The newly elected independent directors will take office after the end of the 2023 annual general meeting, and their term of office is from June 16, 2023 to August 19, 2024.
 - (III) According to Article 12 of the Company's Articles of Incorporation, the election of independent directors has adopted the candidate nomination approach, in which shareholders make their election choices from the list of candidates. The list of candidates for the election of independent directors has been approved by the board. Please refer to Attachment 5 for the list of candidates. (Please refer to p. 37 of the handbook)
 - (IV) The election shall be conducted in accordance with the "Procedures for Election of Directors".

Election
results:

Four. Other proposals:

I. Summary: Propose the lifting of prohibitions on the non-compete clause of the Company's board of directors for deliberation. (Proposed by the board of directors)

- Description:
- (I) In accordance with Article 209 of the Company Act, a director who acts for himself or on behalf of another person within the Company's scope of business shall explain to shareholders the essential content of the act and obtain their permission.
 - (II) It is proposed to request for a shareholder ratification on lifting restrictions on the non-compete clause of directors who may have invested in or operated other companies with the same or similar scopes of business as the Company, provided that they do not harm the Company's interests. For information on independent director candidate who hold concurrent positions, please refer to the following table:

Order	Name	Concurrent Position in Other Companies
1	Cheng-Pei Kuo	Director at Honmyue Enterprise President at Honmyue Enterprise

- (III) Submit the motion for deliberation.

Resolution:

Five. Extraordinary motions:

Six. Adjournment of meeting:

Acelon Chemicals & Fiber Co., Ltd.

One. 2022 business report

The Company's annual consolidated operating revenue is NT\$2,785,426 thousand, and the net loss after tax attributable to the owners' equity owners of the parent company is NT\$66,744 thousand. The following is a summary report on the operating results in 2022 and the business plan in 2023:

I. 2022 business report

- (I) Operating results: Acelon's 2022 consolidated revenue was NT\$2,785,426, a decrease of NT\$785,229 thousand from NT\$3,570,655 thousand in 2021. The 2022 net loss after tax attributable to the owners of the parent was NT\$66,744 thousand, a decrease of NT\$244,622 thousand from the 2021 profit after tax attributable to the owners' equity of the parent at NT\$177,878 thousand. The 2022 earnings per share after tax was NT\$0.6.
- (II) Financial income and expenses and profitability analysis:

Items to be analyzed		Year	Financial analyses for the past five fiscal years					
			2022	2021	2020	2019	2018	
Capital structure (%)	Debt to asset ratio		54.24	52.34	53.82	54.67	55.29	
	Long-term fund to property, plant and equipment ratio		148.04	152.77	164.04	158.34	141.17	
Profitability	Return on total assets (%)		(1.08)	5.58	1.82	(2.20)	(2.23)	
	Return on equity (%)		(3.98)	10.68	2.59	(6.22)	(6.17)	
	Percentage of paid-in capital (%)	Operating income		(10.72)	21.40	1.33	(0.52)	(9.0)
		Net income before taxes		(5.78)	17.67	3.87	(10.29)	(10.22)
	Net margin (%)		(2.40)	4.99	1.54	(3.01)	(2.54)	
Earnings per share (NT\$)		(0.60)	1.60	0.38	(0.89)	(0.94)		

- (III) Research and development status: The expenses for the year is NT\$48,576 thousand, a decrease of 8.47% compared with NT\$53,270 thousand in the previous year.

II. 2023 business plan overview

- (I) Business policy: Acelon adheres to the business philosophy of "Persistence in quality. Pursuit of excellence", and all employees continue to challenge themselves for growth amid the ever-changing business environment. We have continued to improve quality and strengthen R&D capabilities, collaborated with partners from other industries to jointly develop new products and extend product value chain, and focused on customer and sales mix to increase revenue. We have offered more specialized services and extended to industries that can create more value, so as to promote our transformation and competitive advantage to achieve sustainability goals.
- (II) Expected product and sales overview: In response to the market trend of high-mix low-volume, we retire unprofitable products, and actively improve production

technology and capacity to maintain the Company's advantages in manufacturing costs, so that the overall production and sales system can be more competitive.

- (III) R&D plan: In response to the transformation of the industry structure and the development trends of the market, the Company has been focusing on the development of functional products with existing materials and the research of new materials and new processes in recent years. These two fields are been developed in parallel in order to improve the Company's R&D capacity and competitive advantage to better prepare for the intermediate and long-term economic development.

In order to keep up with the trends of net zero carbon emissions and sustainability, the Company will follow three principles, "Process improvement", "Energy conversion" and "Circular economy", to simultaneously promote low-carbon production, reduction of petrochemical resources, and continuation of development of promotion of green, eco-friendly and high-end products. Facing the economic condition in the post-pandemic period and uncertainties in the global situation, Acelon will maintain its prudent and active attitude in adopting risk control and consolidating resources from upstream and downstream supply chain partners to improve competitive advantages, adhere to the philosophy of sustainability to maximize its value for shareholders.

Two. 2023 business plan overview

I. Business guidelines

Our excellent research and development team continuously develops high value-added products, and is committed to the commercialization of new products. In terms of marketing, we develop sales channels for high value-added products, and hope to connect with brand owners to expand our business, so as to increase market share and product profitability. In terms of production management, we promote production strategies which can achieve the goal of reducing costs and improving quality, and make sustainable operations our goal.

The business policies we have set out for 2023 are listed as follows:

(I) Business aspect:

- (1) Develop long-term and loyal customers and improve service quality for stable business performance and co-create new business opportunities.
- (2) Develop channels of brand owners, align upstream, midstream and downstream partners, and improve differentiated product portfolios for better performance goals.
- (3) Expand sales of new products to increase profitability.
- (4) Accelerate development of latest products to be added to the product line.
- (5) Commit to the development of eco-friendly and sustainable products.

(II) Production and sales:

- (1) In response to the market trend of high-mix low-volume, eliminate unprofitable products and actively improve production technology and production capacity.
- (2) Products with general specifications are scheduled in plans for production to reduce the number of revisions, and those with special specifications have order volume requirements to reduce inventory.

(III) Production:

- (1) Improve production performance. (Including increase in AA grade rate, decrease in waste silk rate, increase in uptime)
- (2) Reduce contract manufacturing cost per unit and contract manufacturing expenses and increase production.

- (3) Improve quality and reduce customer complaints.
- (4) Consolidate and adjust production line to increase the production capacity of high-margin products. Increase production capacity of dyed yarn and functional products.
- (5) Continue to increase the production volume and variety of recycled products.
- (6) The R&D Department continues to recruit new hires in response to clients' projects to improve gross profit.
- (7) Continue to build the EMS smart factory manufacturing system and incorporate the use of APS system.

(IV) Management:

- (1) Incorporate position evaluation-based salary planning projects, and complete the salary positioning simulation for each job to clarify the future salary market positioning policy for key positions. Establish a salary management model under principles such as external competition, internal fairness and performance orientation to have a salary level that can attract, motivate, and retain talents.
- (2) Launch counseling projects to reinforce operations. Apply total improvement to production sites to achieve the such goals. The improvement activities are as follows:
 - ① Specific improvement - Apply QC story steps to implement improvement, further stabilizing quality and reducing cost.
 - ② Team construction - Strengthen the leadership skills of frontline supervisors to improve execution and work consistency.
- (3) Continue to use RPA (robotic process automation) tools to optimize processes and reduce routine work hours of employees in administrative units, further improving the efficiency of administrative operations.

(V) Research and development:

- (1) In response to the transformation of the industry structure and the development trends of the fiber market, the Company has been focusing on the development of functional products with existing materials and the research of new materials and new processes in recent years. These two fields are been developed in parallel in order to improve the Company's R&D capacity and competitive advantage to better prepare for the intermediate and long-term economic development.
- (2) Future research development plan
 1. Among the functional fibers of the existing materials, the high value-added products already on the market will be further promoted and improved by virtue of the brand to expand the market share. Improvements will be made to those still in the research and development process to make them enter the mass production on schedule.
 2. Thermo-regulating fiber is a composite phase-change material fiber with a cold/heat regulation function. Acelon's technology implants phase-change materials into yarn, which is different from traditional phase-change thermo-regulating fibers (those adopting the post-processing coating method). The technical requirements are high and can resolve the material fastness issue during post-processing wash. DTY has been tested and completed in 2022, which offers even better characteristics and cost performance. Now, the DTY nylon products not commercially available are our targets for research and development.
 3. Polyester can act as a good insulator. For traditional polyester fibers that are made into a fabric, the static generated by the friction of the fabric can accumulate on the surface of the clothes, which is difficult to remove. In a low temperature/low humidity environment, the accumulation of static is even more apparent, which can cause trouble

to users. In some cases, it can cause harm, interfere with instruments and equipment and endanger the environment. Currently, we are moving toward the development of high-quality products, and fine denier yarn are our priority projects.

4. Lyocell eco-friendly cellulose fiber is a new type of material made with eco-friendly processes. It has high hygroscopicity, good air permeability and skin-friendly properties, and products have good drapability, the strength of synthetic fibers and lust and feel of silk, giving users excellent comfort.

Under the right environmental conditions, Lyocell eco-friendly cellulose fiber can be decomposed by microorganisms and used as fertilizer for plant growth to complete the product life cycle. This further gives Lyocell the reputation of being the green eco-friendly fiber of the 21st century. Lyocell may be unique for its high gloss, but being reflective and dazzling can be a drawback if it is used in fabrics. The matte cellulose that we have initially developed is dull, and it has the same characteristics and weaving and dyeing properties as the general Lyocell. Its mass production is expected to be carried at the subsidiary Acegreen Eco-Material.

5. NMMO is currently used as a commercial solvent for dissolving cellulose, but NMMO has many drawbacks, such as the yellowish color of NMMO residue in yarn and low solid content, which makes it difficult to increase the spinning speed to reduce the cost. NMMO itself is also an unstable material, as it can crack during the dissolution and recycling processes, causing safety issues. New ionic liquids are currently being developed to resolve the issues of cellulose wet spinning, and subsequent process optimization will be carried out to achieve the goal of cost reduction.
6. Graphene yarn can absorb infrared and are antibacterial. The drawbacks are that they cannot be dyed and the price is high, which greatly limits other applications. We will develop natural-color dyeable nylon yarn that can absorb infrared and are antibacterial so that they will offer the same properties as graphene yarn and can be dyed at a lower cost. It is expected that this type of yarn will have the opportunity to replace graphene yarn in the future.

II. Expected sales and its bases

Unit: Tonnes

Product type	Quantity	Basis
Nylon yarn	23,500	The estimated sales volume of each product in 2023 refers to the sales forecast and the recent status of production equipment and inventory.
Polyester yarn	3,400	
Nylon textured yarn	11,800	
Polyester textured yarn	2,300	
Composite textured yarn	1,200	
Polypropylene textured yarn	1,300	
Total	43,500	

III. Important manufacturing and sales policies

- (I) Develop new composite fiber products and increase proportion of value-added products to meet market demand.
- (II) Set annual sales targets and accept suitable orders to achieve profitability.
- (III) Coordinate production and sales and improve capacity to meet market demand and changes.
- (IV) Reduce unplanned production and improve inventory control to meet the Company's target for inventory.
- (V) Improve production quality and pre-sales and after-sales services, reduce unnecessary customer complaints and quickly handle issues to reduce losses.
- (VI) Improve processes on credit checks and credit lines of customers to reduce the risk of abnormal bad debts.

In response to the ever-changing international political and economic environment, it is necessary to set proper business policies in advance and constantly review and adjust them in order to withstand abrupt impacts. By improving quality, accelerating development of new products and retiring unprofitable products, and understanding market trends, production technology, product differentiation and production of profitable products with a more active attitude, we will be able to move forward with robust business policies to achieve the goal of sustainable development.

Chairman:
Wen-Tung Chou



Managerial Officer:
Wen-Tung Chou



Principal Accounting Officer:
Mu-Lan Hsiao



Audit Committee Report

We have reviewed the Company's 2022 business report, financial statements and earnings distribution proposal prepared by the board of directors. The financial statements have been audited by CPA Ching-Yi Chen and CPA Yong-Ren Tsao of EnWise CPAs & Co., and an independent auditor's report has been issued. The business report, financial statements, and loss appropriation proposal have been reviewed and determined to be correct and accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report for review.

For

Acelon Chemicals & Fiber Corporation 2023 Annual General Meeting

Acelon Chemicals & Fiber Co., Ltd.

Convener of Audit Committee: Shui-Chin Chen



Independent Auditor's Report

Acelon Chemicals & Fiber Co., Ltd.

Opinion

We have audited the accompanying parent-only balance sheets of Acelon Chemicals & Fiber Corporation as of December 31, 2022 and 2021, and the related parent-only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, as well as the notes to the parent-only financial statements (including a summary of material accounting policies).

In our opinion, based on our audits and the reports of the other independent auditors, as described in the other matters section of our report, the parent-only financial statements present fairly, in all material respects, the standalone financial position of Acelon Chemicals & Fiber as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years ended December 31, 2022 and 2021, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” .

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing principles generally accepted. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Parent-Only Financial Statements section of our report. We are independent of Acelon Chemicals & Fiber in accordance with the Professional Ethics for Certified Public Accountant and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent-only financial statements of Acelon Chemicals & Fiber for the fiscal year 2022. These matters were addressed in the context of our audit of the parent-only financial statements as a whole, and in forming our opinion thereon, and we do not

provide a separate opinion on these matters.

Key audit matters for the parent-only financial statements of Acelon Chemicals & Fiber for the year ended December 31, 2022 are stated as follows:

I. Operating revenue recognized

The management level faces pressure on operational objectives, market scale and competition and asset impairment assessment on whether the revenue meets the operational objectives, and Acelon Chemicals & Fiber is in an industry susceptible to many factors such as market supply and demand, so they are all listed as key audit matters.

Our key audit procedures performed in response to the above matters are described as follows:

1. Test the effectiveness of the design and implementation of the internal control system for the sales and collection cycle, and assess whether the revenue recognition is appropriate.
2. Analyze the differences in two periods of sales to the top ten clients of Acelon Chemicals & Fiber, and assess the rationality.
3. Conduct the sales revenue transaction test for the top ten new sales customers in the current period, and verify whether the collection and reversal counterparties are consistent with the counterparties of the sales.
4. Analyze significant or unexpected changes and trends based on objective and independent data, compare sales revenue and returns in previous and current trends, cost of goods sold and gross profit in previous and current trends, and trends analysis of previous and current delivery volume.
5. Understand whether there is any material change in revenue during the period before and after the financial report date, and whether there is a material sales return or discount, and analyze the reasons.

II. Subsequent measurement of inventory

As of December 31, 2022, the net inventory of Acelon Chemicals & Fiber was NT\$534,245 thousand. As the introduction of new products may lead to material changes in market demand, or that the updates in production technology may make the original products no longer meet the market demand, the management must assess the loss in net realisable value

due to inventory write-off from inventory obsolescence. Since the amount of inventory is large, its obsolescence involves material judgments by the management, so it is listed as our one of our key audit matters.

Our key audit procedures performed in response to the above matters are described as follows:

1. Assess the internal control protocols of operating costs, check the transaction records and relevant source documents to determine the integrity of transaction records, the classification of inventory and operating costs, and reliability of inventory and records.
2. Spot check the purchase transaction records of the ending inventory, and test whether the unit price and calculation are correct.
3. Calculate the growth rates of inventory and cost of goods sold and compare them with the growth rate of operating income in the same period to see if the change trend is reasonable.
4. Check the reports related to the inventory age, analyze the changes in the inventory age, and assess whether the subsequent measurement of the inventory has been handled in accordance with its accounting policy.
5. Understand and assess the reasonableness of the net realisable value basis adopted by management.

III. Impairment of property, plant and equipment

Acelon Chemicals & Fiber mainly produces nylon yarns, polyester yarns, processed yarns and other related products. Due to market saturation after long-term development, the sales momentum is easily affected by the economy. The recoverability of the book value of such assets depends on the forecast of future operating cash flow, discount rate and growth rate. These require significant judgments by the management and have a high degree of uncertainty in estimation. Therefore, they are listed as our key audit matters.

Our key audit procedures performed in response to the above matters are described as follows:

1. Obtained the asset impairment assessment statement or projected income statement prepared by Acelon Chemicals & Fiber for the business units to which the cash-generating units belong.

2. Assess the rationality of the management of Acelon Chemicals & Fiber in identifying signs of impairment, as well as the assumptions and sensitivities used, including the appropriateness of cash-generating units differentiated, cash flow forecasts, and discount rates.

Other Matters – Making Reference to the Audits of Component Auditors

Among the investee companies included in the above-mentioned parent-only financial report, the financial statements of the invested affiliates have not been audited by us, but have been audited by other accountants. Therefore, in the opinions expressed by us on the abovementioned parent-only report, the amount listed in the financial statements of the invested affiliates is based on the audit report produced by other accountants. The balance of investments accounted for using equity method as of December 31, 2022 and 2021 was NT\$58,688 thousand and NT\$53,709 thousand, respectively, accounting for 2.3% and 1.9% of the total parent-only assets, respectively; the share of losses of associates recognized using the equity method from January to December 31, 2022 and 2021 was NT\$(1,837) thousand and NT\$(1,618) thousand, accounting for 3.0% and (0.8%) of the parent-only comprehensive income, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent-Only Financial Statements

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

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

Those charged with governance, including the Audit Committee, are responsible for overseeing Acelon Chemicals & Fiber's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent-Only Financial Statements

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

As part of an audit in accordance with the auditing principles, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also conduct the following tasks:

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

5. Evaluate the overall presentation, structure and content of the parent-only financial statements, including the accompanying notes, and whether the parent-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the invested associated using the equity method to express an opinion on the parent-only financial statements. We are responsible for the direction, supervision and performance of the audit for the invested associates. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent-only financial statements for the year ended December 31, 2022, 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 communication.

EnWise CPAs & Co.
CPA: Ching-Yi Chen

EnWise CPAs & Co.
CPA: Yong-Ren Tsao

Securities and Futures Bureau of Financial
Supervisory Commission, Executive Yuan
Approval Document Number: (88)
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Securities and Futures Bureau of Financial
Supervisory Commission, Executive Yuan
Approval Document Number:
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March 21, 2023

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and standalone financial statements shall prevail.

Acelon Chemicals & Fiber Co., Ltd.

Parent-Only Balance Sheets As of December 31, 2022 and 2021

Unit: NT\$ thousands

Code	Description	Note	Amount	%	Amount	%
11xx	Current assets					
1100	Cash and cash equivalents	4 and 6	\$ 203,066	8.1	\$ 341,148	12.0
1150	Notes receivable, net	4, 6, 7 and 8	55,520	2.2	144,801	5.1
1170	Accounts receivable, net	4, 5, 6 and 7	289,696	11.5	336,624	11.8
1200	Other receivables	5, 6 and 7	39,520	1.6	169,175	5.9
130x	Inventories	4, 5 and 6	534,245	21.2	508,022	17.9
1410	Prepayments		54,171	2.1	51,993	1.8
	Other financial assets -					
1476	Current	4 and 8	65,380	2.6	47,873	1.7
	Other current assets -					
1479	Others		1,168	-	4,537	0.2
11xx	Total Current Assets		<u>1,242,766</u>	<u>49.3</u>	<u>1,604,173</u>	<u>56.4</u>
15xx	Non-current assets					
	Investments accounted for					
1550	using equity method	4 and 6	338,019	13.4	423,662	14.9
	Net property, plant and					
1600	equipment.	4, 5, 6 and 8	865,900	34.3	727,211	25.6
1755	Net right-of-use assets	4 and 6	26,537	1.1	24,850	0.9
1780	Intangible assets	4 and 5	370	-	401	-
1840	Deferred tax assets	4, 5 and 6	22,849	0.9	31,257	1.1
1900	Other non-current assets	6	16,680	0.7	24,042	0.8
	Other financial assets -					
1980	Non-current	4 and 8	<u>8,636</u>	<u>0.3</u>	<u>8,642</u>	<u>0.3</u>
15xx	Total Non-Current Assets		<u>1,278,991</u>	<u>50.7</u>	<u>1,240,065</u>	<u>43.6</u>
	Total assets		<u><u>\$2,521,757</u></u>	<u><u>100.0</u></u>	<u><u>\$2,844,238</u></u>	<u><u>100.0</u></u>

(Please refer to the attached Notes to the Parent-Only Financial Statements)

Chairman: Wen-Tung Chou

Managerial Officer: Wen-Tung Chou

Principal Accounting Officer: Mu-Lan Hsiao

Acelon Chemicals & Fiber Co., Ltd.

Parent-Only Balance Sheets

As of December 31, 2022 and 2021

Unit: NT\$ thousands

Code	Description	Note	Amount	%	Amount	%
21xx	Current liabilities					
2100	Current borrowings	6, 7, 8 and 9	\$ 322,864	12.8	\$ -	-
	Financial liabilities at fair value measurement through profit or loss - Current	4 and 6	-	-	3,634	0.1
2120	Contract liability - Current	6	9,711	0.4	8,056	0.3
2150	Notes payable		677	-	1,108	-
2170	Accounts payable		197,827	7.9	357,984	12.6
2200	Other payables	6	130,913	5.2	160,026	5.6
2250	Provisions - Current	4 and 6	5,618	0.2	7,319	0.3
2280	Lease liabilities - Current	4 and 6	4,844	0.2	3,198	0.1
2321	Bonds payable, current portion	6, 7 and 8	-	-	296,960	10.5
2322	Long-term borrowings, current portion	6, 7, 8 and 9	75,340	3.0	50,150	1.8
2399	Other current liabilities - Others		2,763	0.1	1,326	-
21xx	Total Current Liabilities		<u>750,557</u>	<u>29.8</u>	<u>889,761</u>	<u>31.3</u>
25xx	Non-current liabilities					
2540	Non-current portion of non-current borrowings	6, 7, 8 and 9	145,476	5.8	135,716	4.8
2580	Lease liabilities - Non-current	4 and 6	21,414	0.8	21,207	0.8
2640	Net defined benefit liability, non-current	6	4,973	0.2	37,894	1.3
2645	Guarantee deposits received	7	3,444	0.1	3,432	0.1
25xx	Total Non-current Liabilities		<u>175,307</u>	<u>6.9</u>	<u>198,249</u>	<u>7.0</u>
	Total Liabilities		<u>925,864</u>	<u>36.7</u>	<u>1,088,010</u>	<u>38.3</u>
	Equity					
3100	Capital	6	1,111,573	44.1	1,111,573	39.1
3200	Capital surplus	6	431,153	17.1	453,043	15.9
3300	Retained earnings	6				
3310	Legal reserve		18,308	0.7	-	-
3320	Special reserve		92,765	3.7	17,269	0.6
3350	Unappropriated retained earnings (accumulated deficit)		(53,176)	(2.1)	183,077	6.4
3400	Others		(4,730)	(0.2)	(8,734)	(0.3)
	Total equity		<u>1,595,893</u>	<u>63.3</u>	<u>1,756,228</u>	<u>61.7</u>
	Total Liabilities and Equity		<u>\$ 2,521,757</u>	<u>100.0</u>	<u>\$ 2,844,238</u>	<u>100.0</u>

(Please refer to the attached Notes to the Parent-Only Financial Statements)

Chairman: Wen-Tung Chou Managerial Officer: Wen-Tung Chou Principal Accounting Officer: Mu-Lan Hsiao

Acelon Chemicals & Fiber Co., Ltd.
Parent-Only Statement of Comprehensive Income
January 1 to December 31, 2022 and 2021

Unit: NT\$ in thousands; earnings per share in NT\$

Code	Description	Note	January 1 to December 31, 2022		January 1 to December 31, 2021	
			Amount	%	Amount	%
4000	Net revenue	4, 6 and 7	\$ 2,442,173	100.0	\$ 3,166,211	100.0
5110	Operating costs	6 and 7	2,270,908	93.0	2,624,323	82.9
5950	Gross profit (loss) from operations		171,265	7.0	541,888	17.1
	Operating expenses	7				
6100	Sales and marketing expenses		121,111	4.9	178,440	5.6
6200	Administrative expenses		58,372	2.4	73,282	2.3
6300	Research and development expenses		38,216	1.6	40,997	1.3
6000	Total operating expenses		217,699	8.9	292,719	9.2
6900	Net operating income (loss)		(46,434)	(1.9)	249,169	7.9
	Non-operating income and expenses					
7100	Interest income	7	2,373	0.1	2,602	0.1
7010	Other income	6 and 7	20,544	0.8	17,319	0.5
7020	Other benefits and losses	6	62,117	2.6	(24,447)	(0.8)
7050	Finance costs	4 and 6	(9,584)	(0.4)	(9,637)	(0.3)
7060	Share of the profit or loss of associates and joint ventures accounted for using the equity method	4 and 6				
	Total non-operating income and expenses		(90,095)	(3.7)	(43,576)	(1.4)
7000	Profit before tax (net loss)		(14,645)	(0.6)	(57,739)	(1.9)
7900	Tax expense (income)	4 and 6	5,665	0.2	13,552	0.4
8200	Profit (loss)		(66,744)	(2.7)	177,878	5.6
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8310	Gains (losses) on remeasurements of defined benefit plans		16,952	0.7	3,392	0.1
8311	Relevant income tax for items that will not be reclassified		(3,390)	(0.1)	(678)	-
8349	Components of other comprehensive income that will be reclassified to profit or loss					
8360	Exchange differences on translation		4,004	0.1	(738)	-
8361	Other comprehensive income for the year (net)		17,566	0.7	1,976	0.1
8500	Total comprehensive income		\$ (49,178)	(2.0)	\$ 179,854	5.7
	Earnings per Share (loss):	6				
9750	Basic earnings per share (loss)		\$ (0.60)		\$ 1.60	
9850	Diluted earnings per share (loss)		\$ (0.60)		\$ 1.60	

(Please refer to the attached Notes to the Parent-Only Financial Statements)

Chairman: Wen-Tung Chou

Managerial Officer: Wen-Tung Chou

Principal Accounting Officer: Mu-Lan Hsiao

Acelon Chemicals & Fiber Co., Ltd.
Parent-Only Statement of Changes in Equity
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousands

Description	Equity						Total equity
	Capital	Capital surplus	Retained earnings		Undistributed earnings (accumulated deficit)	Others	
			Legal reserve	Special reserve		Exchange differences on translation	
Balance on January 1, 2021	\$ 1,111,573	\$ 452,771	\$ 55,462	\$ 141,646	\$ (177,354)	\$ (7,996)	\$ 1,576,102
Changes in shares of associates and joint ventures recognized under the equity method	-	272	-	-	-	-	272
Special reserve used to offset accumulated deficits	-	-	-	(75,502)	75,502	-	-
Legal reserve used to offset accumulated deficits	-	-	(55,462)	-	55,462	-	-
Reversal of special reserve	-	-	-	(48,875)	48,875	-	-
2021 net profit (loss)	-	-	-	-	177,878	-	177,878
2021 other comprehensive income after tax	-	-	-	-	2,714	(738)	1,976
Balance on December 31, 2021	\$ 1,111,573	\$ 453,043	\$ -	\$ 17,269	\$ 183,077	\$ (8,734)	\$ 1,756,228
Appropriation and distribution of retained earnings:							
Appropriation of legal reserve	-	-	18,308	-	(18,308)	-	-
Special reserve appropriated	-	-	-	75,502	(75,502)	-	-
Ordinary cash dividends	-	-	-	-	(89,267)	-	(89,267)
Cash dividends paid from capital surplus	-	(21,890)	-	-	-	-	(21,890)
Reversal of special reserve	-	-	-	(6)	6	-	-
2022 net profit (loss)	-	-	-	-	(66,744)	-	(66,744)
2022 other comprehensive income after tax	-	-	-	-	13,562	4,004	17,566
Balance on December 31, 2022	\$ 1,111,573	\$ 431,153	\$ 18,308	\$ 92,765	\$ (53,176)	\$ (4,730)	\$ 1,595,893

(Please refer to the attached Notes to the Parent-Only Financial Statements)

Chairman: Wen-Tung Chou

Managerial Officer: Wen-Tung Chou

Principal Accounting Officer: Mu-Lan Hsiao

Acelon Chemicals & Fiber Co., Ltd.
Parent-Only Statement of Cash Flows
January 1 to December 31, 2022 and 2021

Unit: NT\$ thousands

Description	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash flow from operating activities		
Profit (loss) before tax	\$(61,079)	\$ 191,430
Adjustments		
Adjustments to reconcile profit (loss) that do not affect cash flows		
Depreciation expense	95,469	96,351
Amortization expense	12,554	10,325
Interest expense	9,584	9,637
Interest income	(2,373)	(2,602)
Gains or losses of financial assets at fair value measurement through profit or loss	(3,634)	3,634
Share of the profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	90,095	43,576
Losses on disposals of property, plant and equipment (gains)	555	286
Loss (gain) on disposal of investment properties	-	6,789
Total adjustments	202,250	167,996
Changes in operating activities assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	89,281	(25,458)
Decrease (increase) in accounts receivable	46,928	(62,625)
Decrease (increase) in other receivable	(1,801)	(65,133)
Decrease (increase) in inventories	(26,223)	(177,444)
Decrease (increase) in prepayments	(14,317)	(21,704)
Adjustments for decrease (increase) in other current assets	3,369	(1,591)
Total net change in assets related to operating activities	97,237	(353,955)
Changes in operating liabilities		
Increase (decrease) in notes payable	(431)	(1,480)
Increase (decrease) in accounts payable	(160,157)	142,604
Increase (decrease) in other payable	(46,333)	23,639
Adjustments for increase (decrease) in other current liabilities	1,437	215
Increase (decrease) in provisions	(1,701)	542
Contract liabilities - Current increase or decrease	1,655	(2,411)
Net defined benefit liability - Non-current increase or decrease	(15,969)	(11,630)
Total net movement in liabilities related to operating activities	(221,499)	151,479
Total net movement in operating activities assets and liabilities	(124,262)	(202,476)
Cash inflow (outflow) generated from operations	16,909	156,950
Interest received	3,829	2,796
Interest paid	(6,544)	(9,498)
Income tax refunded or paid	(647)	(2,929)
Net cash flows from (used in) operating activities	13,547	147,319

(To be continued in the next page)

Acelon Chemicals & Fiber Co., Ltd.
Parent-Only Statement of Cash Flows
January 1 to December 31, 2022 and 2021

(Continued from the previous page)

Unit: NT\$ thousands

Description	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash flows from (used in) investing activities		
Other receivables - Related parties	130,000	-
Acquisition of investments accounted for using equity method	(2,812)	(50,000)
Acquisition of property, plant and equipment	(212,884)	(7,406)
Acquisition of intangible assets	(384)	(484)
Proceeds from disposal of investments accounted for using equity method	-	91
Proceeds from disposal of property, plant and equipment	512	1,187
Proceeds from disposal of investment properties	-	73,709
Other financial assets - Current increase or decrease	(17,507)	(21,809)
Other financial assets - Non-current increase or decrease	6	23,427
Decrease (increase) in refundable deposits	(374)	-
Decrease (increase) in other non-current assets	7,736	(66,439)
Dividends received from subsidiaries	2,364	4,549
Net cash flows from (used in) investing activities	<u>(93,343)</u>	<u>(43,175)</u>
Cash flows from (used in) financing activities		
Increase (decrease) in short-term loans	322,864	-
Repayments of bonds	(300,000)	-
Increase (decrease) in guarantee deposits received	12	-
Increase (decrease) in non-current portion of non-current borrowings	34,950	(69,415)
Cash dividends paid	(111,157)	-
Repayment of principal of lease liabilities	(4,955)	(4,726)
Net cash flows from (used in) financing activities	<u>(58,286)</u>	<u>(74,141)</u>
Increase (decrease) in cash and cash equivalents for the current period	(138,082)	30,003
Cash and cash equivalents at beginning of period	341,148	311,145
Cash and cash equivalents at end of period	<u>\$ 203,066</u>	<u>\$ 341,148</u>

(Please refer to the attached Notes to the Parent-Only Financial Statements)

Chairman: Wen-Tung Chou

Managerial Officer: Wen-Tung Chou

Principal Accounting Officer: Mu-Lan Hsiao

Independent Auditor's Report

Acelon Chemicals & Fiber Co., Ltd. and Subsidiaries:

Opinion

We have audited the accompanying consolidated balance sheets of Acelon Chemicals & Fiber Corporation as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, as well as the notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, based on our audits and the reports of other independent auditors (please refer to the Other Information), the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Acelon Chemicals & Fiber as of December 31, 2022 and 2021, and its financial performance and cash flows from January 1 to December 31, 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Statements by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and Interpretations endorsed and issued into effect by the Financial Supervisory Commission.

Basis for Opinions

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing principles generally accepted. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of Acelon Chemicals & Fiber and its subsidiaries in accordance with the Professional Ethics for Certified Public Accountant and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audit results and the audit reports of other accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of Acelon Chemicals & Fiber and its subsidiaries of fiscal year 2022. These matters were addressed in the context 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 these matters.

Key audit matters for the consolidated financial statements of Acelon Chemicals & Fiber and its subsidiaries for the year ended December 31, 2022 are stated as follows:

IV. Operating revenue recognized

The management level faces pressure on operational objectives, market scale and competition and asset impairment assessment on whether the revenue meets the operational objectives, and Acelon Chemicals & Fiber and its subsidiaries are in an industry susceptible to many factors such as market supply and demand, so they are all listed as key audit matters.

Our key audit procedures performed in response to the above matters are described as follows:

1. Test the effectiveness of the design and implementation of the internal control system for the sales and collection cycle, and assess whether the revenue recognition is appropriate.
2. Analyze the differences in two periods of sales to the top ten clients of Acelon Chemicals & Fiber and its subsidiaries, and assess the rationality.
3. Conduct the sales revenue transaction test for the top ten new sales customers in the current period, and verify whether the collection and reversal counterparties are consistent with the counterparties of the sales.
4. Analyze significant or unexpected changes and trends based on objective and independent data, compare sales revenue and returns in previous and current trends, cost of goods sold and gross profit in previous and current trends, and trends analysis of previous and current delivery volume.
5. Understand whether there is any material change in revenue during the period before and after the financial report date, and whether there is a material sales return or discount, and analyze the reasons.

V. Subsequent measurement of inventory

As of December 31, 2022, the net inventory of Acelon Chemicals & Fiber and its subsidiaries was NT\$771,823 thousand. As introducing new products may lead to material changes in market demand, or the updates in production technology may make the original products no longer meet the market demand, the management must assess the loss in net realisable value due to inventory write-off from inventory obsolescence. Since the amount of inventory is large, its obsolescence involves material judgments by the management, so it is listed as one of our key audit matters.

Our key audit procedures performed in response to the above matters are described as follows:

1. Assess the internal control protocols of operating costs, check the transaction records and relevant source documents to determine the integrity of transaction records, the classification of inventory and operating costs, and reliability of inventory and records.
2. Spot check the purchase transaction records of the ending inventory, and test whether the unit price and calculation are correct.
3. Calculate the growth rates of inventory and cost of goods sold and compare them with the growth rate of operating income in the same period to see if the change trend is reasonable.
4. Check the reports related to the inventory age, analyze the changes in the inventory age, and assess whether the subsequent measurement of the inventory has been handled in accordance with its accounting policy.
5. Understand and assess the reasonableness of the net realisable value basis adopted by management.

VI. Impairment of property, plant and equipment

Acelon Chemicals & Fiber and its subsidiaries mainly produce nylon yarns, polyester yarns, processed yarns and other related products. Due to market saturation after long-term development, the sales momentum is easily affected by the economy. The recoverability of the book value of such assets depends on the forecast of future operating cash flow, discount rate and growth rate. These require significant judgments by the management and have a high degree of uncertainty in estimation. Therefore, they are listed as our key audit matters.

Our key audit procedures performed in response to the above matters are described as follows:

1. Obtained the asset impairment assessment statement or projected income statement prepared by Acelon Chemicals & Fiber and its subsidiaries for the business units to which the cash-generating units belong.
2. Assess the rationality of the management of Acelon Chemicals & Fiber and its subsidiaries in identifying signs of impairment, as well as the assumptions and sensitivities used, including the appropriateness of cash-generating units differentiated, cash flow forecasts, and discount rates.
3. We have obtained appraisal reports for part of the property from property appraisers, which will help the valuation of disposal of cash-generating units.

Other Matters – Making Reference to the Audits of Component Auditors

Among the investee companies included in the above-mentioned consolidated financial report, the financial statements of the invested affiliates have not been audited by us, but have been audited by other accountants. Therefore, in the opinions expressed by us on the abovementioned consolidated report, the amount listed in the financial statements of the invested affiliates is based on the audit report produced by other accountants. The balance of investments accounted for using equity method as of December 31, 2022 and 2021 was NT\$58,688 thousand and NT\$53,709 thousand, respectively, accounting for 1.7% and 1.5% of the total consolidated assets, respectively; the share of losses of associates recognized using the equity method from January to December 31, 2022 and 2021 was NT\$(1,837) thousand and NT\$(1,618) thousand, accounting for 2.9% and (0.8%) of the consolidated comprehensive income, respectively.

Other matters

We have audited and expressed an unmodified opinion on the parent-only financial statements of Acelon Chemicals & Fiber as of and for the years ended December 31, 2022 and 2021.

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

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

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

Those charged with governance, including the Audit Committee, are responsible for overseeing Acelon Chemicals & Fiber and its subsidiaries' financial reporting process.

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 that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted will always detect a material misstatement when it exists. Misstatements can arise from fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing principles, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also conduct the following tasks:

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

concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the invested associated using the equity method to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit for the invested associates. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022, 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 communication.

EnWise CPAs & Co.

CPA: Ching-Yi Chen

EnWise CPAs & Co.

CPA: Yong-Ren Tsao

Securities and Futures Bureau of Financial
Supervisory Commission, Executive Yuan
Approval Document Number: (88)
Tai-Tsai-Zheng (6) 55000

Securities and Futures Bureau of Financial
Supervisory Commission, Executive Yuan
Approval Document Number:
Jin-Guan-Zheng (6) #0980018119

March 21, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Acelon Chemicals & Fiber Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

As of December 31, 2022 and 2021

Unit: NT\$ thousands

Code	Assets Description	Note	December 31, 2022		December 31, 2021	
			Amount	%	Amount	%
11XX	Current assets					
1100	Cash and cash equivalents	4 and 6	\$ 225,398	6.5	\$ 364,478	9.9
1150	Notes receivable, net	4, 6 and 8	57,759	1.7	148,660	4.0
1170	Accounts receivable, net	4, 5, 6 and 7	307,269	8.8	351,723	9.6
1200	Other receivables	5 and 6	10,070	0.3	61,626	1.7
130x	Inventories	4, 5 and 6	771,823	22.1	707,459	19.2
1410	Prepayments		70,107	2.0	73,787	2.0
1476	Other financial assets - Current	4 and 8	72,750	2.1	56,040	1.5
1479	Other current assets - Others		1,750	—	4,635	0.1
11xx	Total Current Assets		<u>1,516,926</u>	<u>43.5</u>	<u>1,768,408</u>	<u>48.0</u>
15xx	Non-current assets					
1510	Financial assets at fair value measurement through profit or loss -- Non-current	4 and 6	914	—	914	—
1550	Investments accounted for using equity method	4 and 6	58,688	1.7	53,709	1.5
1600	Net property, plant and equipment.	4, 5, 6 and 8	1,786,914	51.2	1,657,754	45.0
1755	Net right-of-use assets	4 and 6	26,537	0.8	95,166	2.6
1780	Intangible assets	4 and 5	2,573	0.1	2,752	0.1
1840	Deferred tax assets	4, 5 and 6	66,461	1.9	71,469	1.9
1980	Other financial assets - Non-current	4 and 8	8,636	0.2	8,642	0.2
1990	Other non-current assets	6	19,642	0.6	26,115	0.7
15xx	Total Non-Current Assets		<u>1,970,365</u>	<u>56.5</u>	<u>1,916,521</u>	<u>52.0</u>
	Total assets		<u>\$ 3,487,291</u>	<u>100.0</u>	<u>\$ 3,684,929</u>	<u>100.0</u>

(To be continued)

(Continued from the previous page)

Acelon Chemicals & Fiber Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

As of December 31, 2022 and 2021

Unit: NT\$ thousands

Code	Liabilities and equity		December 31, 2022		December 31, 2021	
	Description	Note	Amount	%	Amount	%
21XX	Current liabilities					
2100	Current borrowings	6, 7, 8 and 9	\$ 334,473	9.6	\$ 87,537	2.4
	Financial liabilities at fair value measurement through profit or loss - Current	4 and 6	—	—	3,634	0.1
2122	Lease liabilities - Current					
2130	Contract liabilities - Current	6	10,467	0.3	9,728	0.3
2150	Notes payable		1,206	—	1,677	—
2170	Accounts payable		222,050	6.4	384,064	10.4
2200	Other payables	6	158,451	4.5	194,496	5.3
2230	Current tax liabilities	4 and 6	266	—	811	—
2250	Provisions - Current	4 and 6	6,763	0.2	8,613	0.2
2280	Lease liabilities - Current	4 and 6	4,844	0.1	20,552	0.6
2321	Corporate bonds matured in one year or have the put option exercised	6, 7 and 8	—	—	296,960	8.1
2322	Long-term borrowings, current portion	6, 7, 8 and 9	100,340	2.9	142,635	3.9
2399	Other current liabilities - Others		3,138	0.1	1,705	—
21xx	Total Current Liabilities		841,998	24.1	1,152,412	31.3
25XX	Non-current liabilities					
2540	Non-current portion of non-current borrowings	6, 7, 8 and 9	1,001,451	28.7	641,759	17.4
2570	Deferred tax liabilities	4 and 6	18,130	0.5	18,130	0.5
2580	Lease liabilities - Non-current	4 and 6	21,414	0.6	75,074	2.0
2640	Net defined benefit liability - Non-current	6	4,973	0.2	37,894	1.0
2645	Guarantee deposits received		3,432	0.1	3,432	0.1
25xx	Total Non-current Liabilities		1,049,400	30.1	776,289	21.0
	Total Liabilities		1,891,398	54.2	1,928,701	52.3
31XX	Equity attributable to shareholders of the parent company					
3100	Capital	6	1,111,573	31.9	1,111,573	30.2
3200	Capital surplus	6	431,153	12.4	453,043	12.3
3300	Retained earnings	6				
3310	Legal reserve		18,308	0.5	—	—
3320	Special reserve		92,765	2.6	17,269	0.4
3350	Unappropriated retained earnings (accumulated deficit)		(53,176)	(1.5)	183,077	5.0
3400	Others		(4,730)	(0.1)	(8,734)	(0.2)
31xx	Total equity attributable to the parent company		1,595,893	45.8	1,756,228	47.7
	Total equity		1,595,893	45.8	1,756,228	47.7
	Total Liabilities and Equity		\$ 3,487,291	100.0	\$ 3,684,929	100.0

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Wen-Tung Chou

Managerial Officer: Wen-Tung Chou

Principal Accounting Officer: Mu-Lan Hsiao

Acelon Chemicals & Fiber Co., Ltd. and Subsidiaries

Consolidated Statement of Comprehensive Income

2022 and 2021

Unit: NT\$ in thousands; Earnings per share in NT\$

Code	Description	Note	January 1 to December 31, 2022		January 1 to December 31, 2021	
			Amount	%	Amount	%
4000	Net revenue	4, 6 and 7	\$ 2,785,426	100.0	\$ 3,570,655	100.0
5110	Operating costs	6 and 7	2,614,571	93.9	2,949,298	82.6
5950	Gross profit from operations		170,855	6.1	621,357	17.4
	Operating expenses					
6100	Sales and marketing expenses		160,408	5.8	222,487	6.2
6200	Administrative expenses		81,003	2.9	107,514	3.0
6300	Research and development expenses		48,756	1.7	53,270	1.5
6450	Expected gain or loss on credit impairment	4 and 6	(174)	—	260	—
6000	Total operating expenses		289,993	10.4	383,531	10.7
6900	Net operating income (loss)		(119,138)	(4.3)	237,826	6.7
	Non-operating income and expenses					
7100	Interest income		1,790	0.1	297	—
7010	Other income	4, 6 and 7	20,987	0.8	24,168	0.7
7020	Other benefits and losses	6	60,998	2.2	(41,487)	(1.2)
7050	Finance costs	4 and 6	(27,012)	(1.0)	(22,187)	(0.6)
7060	Share of the profit or loss of associates and joint ventures using the equity method	4 and 6	(1,837)	(0.1)	(2,252)	(0.1)
7000	Total non-operating income and expenses		54,926	2.0	(41,461)	(1.2)
7900	Profit before tax (net loss)		(64,212)	(2.3)	196,365	5.5
7950	Tax expense (income)	6	2,532	0.1	18,165	0.5
8200	Profit (loss)		(66,744)	(2.4)	178,200	5.0
	Other comprehensive income:					
8310	Items that will not be reclassified to profit or loss					
8311	Remeasurement of defined-benefit plans		16,952	0.6	3,392	0.1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		(3,390)	(0.1)	(678)	—
8360	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences arising on translation of foreign operations		4,004	0.1	(738)	—
8300	Other comprehensive income for the year (net)		17,566	0.6	1,976	0.1
8500	Total comprehensive income		(49,178)	(1.8)	180,176	5.1
8600	Profit (loss), attributable to:					
8610	Shareholders of the parent company		\$ (66,744)	(2.4)	\$ 177,878	5.1
8620	Non-controlling interests		—	—	322	—
			\$ (66,744)	(2.4)	\$ 178,200	5.1
8700	Total comprehensive income attributable to:					
8710	Shareholders of the parent company		\$ (49,178)	(1.8)	\$ 179,854	5.1
8720	Non-controlling interests		—	—	322	—
			\$ (49,178)	(1.8)	\$ 180,176	5.1
	Earnings per Share (loss):	6				
9750	Basic earnings per share (loss)		\$ (0.60)		\$ 1.60	
9850	Diluted earnings per share (loss)		\$ (0.60)		\$ 1.60	

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Wen-Tung Chou

Managerial Officer: Wen-Tung Chou

Principal Accounting Officer: Mu-Lan Hsiao

Acelon Chemicals & Fiber Co., Ltd. and Subsidiaries

Consolidated Statement of Changes in Equity

January 1 to December 31, 2022 and 2021

Unit: NT\$ thousands

Description	Equity attributable to shareholders of the parent company						Total	Non-controlling interests	Total equity
	Ordinary share	Capital surplus	Retained earnings		Undistributed earnings (accumulated deficit)	Others Exchange differences on translation			
			Legal reserve	Special reserve					
Balance on January 1, 2021	\$ 1,111,573	\$ 452,771	\$ 55,462	\$ 141,646	\$ (177,354)	\$ (7,996)	\$ 1,576,102	\$ 3,495	\$ 1,579,597
Changes in equity of associates and joint ventures accounted for using equity method	—	272	—	—	—	—	272	—	272
Legal reserve used to offset accumulated deficits	—	—	(55,462)	—	55,462	—	—	—	—
Special reserve used to offset accumulated deficits	—	—	—	(75,502)	75,502	—	—	—	—
Reversal of special reserve	—	—	—	(48,875)	48,875	—	—	—	—
2021 net income	—	—	—	—	177,878	—	177,878	—	177,878
2021 other comprehensive income	—	—	—	—	2,714	(738)	1,976	—	1,976
Non-controlling interests	—	—	—	—	—	—	—	(3,495)	(3,495)
Balance on December 31, 2021	\$ 1,111,573	\$ 453,043	\$ —	\$ 17,269	\$ 183,077	\$ (8,734)	\$ 1,756,228	\$ —	\$ 1,756,228
Appropriation and distribution of retained earnings									
Legal reserve appropriated	—	—	18,308	—	(18,308)	—	—	—	—
Special reserve appropriated	—	—	—	75,502	(75,502)	—	—	—	—
Cash dividends of ordinary share	—	—	—	—	(89,267)	—	(89,267)	—	(89,267)
Cash dividends paid from capital surplus	—	(21,890)	—	—	—	—	(21,890)	—	(21,890)
Reversal of special reserve	—	—	—	(6)	6	—	—	—	—
2022 net income	—	—	—	—	(66,744)	—	(66,744)	—	(66,744)
2022 other comprehensive income	—	—	—	—	13,562	4,004	17,566	—	17,566
Balance on December 31, 2022	\$ 1,111,573	\$ 431,153	\$ 18,308	\$ 92,765	\$ (53,176)	\$ (4,730)	\$ 1,595,893	\$ —	\$ 1,595,893

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Wen-Tung Chou

Managerial Officer: Wen-Tung Chou

Principal Accounting Officer: Mu-Lan Hsiao

Acelon Chemicals & Fiber Co., Ltd. and Subsidiaries

Consolidated Cash Flow Statement

January 1 to December 31, 2022 and 2021

Unit: NT\$ thousands

Description	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash flow from operating activities:		
Profit (loss) before tax	\$ (64,212)	\$ 196,365
Adjustments:		
Adjustments to reconcile profit (loss) that do not affect cash flows		
Depreciation expense	186,246	188,747
Amortization expense	13,624	13,258
Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(174)	260
Finance costs	27,012	22,187
Interest income	(1,790)	(297)
Disaster losses	—	60,856
income from claims	—	(51,365)
Net losses of financial assets at fair value measurement through profit or loss	(3,634)	3,634
Losses on disposals of investments (gains)	—	(77)
Losses on disposals of property, plant and equipment (gains)	555	286
Loss (gain) on disposal of investment properties	—	6,789
Share of the profit or loss of associates and joint ventures using the equity method	1,837	2,252
Total adjustments	223,676	246,530
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	90,901	(25,456)
Decrease (increase) in accounts receivable	44,628	(50,642)
Decrease (increase) in other receivable	51,556	(5,822)
Decrease (increase) in inventories	(64,364)	(304,772)
Decrease (increase) in prepayments	(10,872)	(17,435)
Adjustments for decrease (increase) in other current assets	2,885	(943)
Total changes in operating assets	114,734	(405,070)
Changes in operating liabilities		
Contract liabilities - Current increase or decrease	739	(4,922)
Increase (decrease) in notes payable	(471)	(2,056)
Increase (decrease) in accounts payable	(162,014)	147,418
Increase (decrease) in other payable	(48,699)	25,630
Provisions - Current increase or decrease	(1,850)	977
Adjustments for increase (decrease) in other current liabilities	1,433	105
Net defined benefit liability - Non-current increase or decrease	(15,969)	(11,630)
Total changes in operating liabilities	(226,831)	155,522
Total changes in operating assets and liabilities	(112,097)	(249,548)
Cash inflow (outflow) generated from operations	47,367	193,347
Interest received	1,790	297
Interest paid	(27,899)	(21,987)
Income tax refunded or paid	(1,459)	(4,381)
Net cash flows from (used in) operating activities	19,799	167,276

(To be continued in the next page)

Acelon Chemicals & Fiber Co., Ltd. and Subsidiaries

Consolidated Cash Flow Statement

January 1 to December 31, 2022 and 2021

(Continued from the previous page)

Unit: NT\$ thousands

Description	January 1 to December 31, 2022	January 1 to December 31, 2021
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	\$ (2,812)	\$ —
Proceeds from disposal of investments accounted for using equity method	—	1,650
Acquisition of property, plant and equipment	(228,382)	(122,674)
Proceeds from disposal of property, plant and equipment	512	1,187
Proceeds from disposal of investment properties	—	73,709
Decrease (increase) in refundable deposits	(400)	235
Acquisition of intangible assets	(384)	(2,893)
Other financial assets -- Current increase or decrease	(16,710)	(14,778)
Other financial assets - Non-current increase or decrease	6	23,427
Decrease (increase) in other non-current assets	6,571	(33,538)
Net cash flows from (used in) investing activities	<u>(241,599)</u>	<u>(73,675)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	246,936	16,923
Repayments of bonds	(300,000)	—
Increase (decrease) in non-current portion of non-current borrowings	321,324	(100,739)
Cash dividends paid	(111,157)	—
Increase or decrease in principal of lease liabilities	(74,383)	11,615
Increase or decrease in non-controlling interest	—	(6,297)
Net cash flows from (used in) financing activities	<u>82,720</u>	<u>(78,498)</u>
Increase (decrease) in cash and cash equivalents for the current period	(139,080)	15,103
Cash and cash equivalents at beginning of period	364,478	349,375
Cash and cash equivalents at end of period	<u>\$ 225,398</u>	<u>\$ 364,478</u>

(Please refer to the attached Notes to the Consolidated Financial Statements)

Chairman: Wen-Tung Chou

Managerial Officer: Wen-Tung Chou

Principal Accounting Officer: Mu-Lan Hsiao

Acelon Chemicals & Fiber Co., Ltd.

Comparison of Amendments to "Procedures for Endorsements and Guarantees"

After amendment (B-0 Edition)	Before amendment (A-9 Edition)	Explanation
<p>Article 4: Endorsement and guarantee ceilings</p> <p>1. The total guaranteed amount of the Company's endorsement is capped at 100% of the shareholders' equity in the latest financial statements. <u>However, for the subsidiaries of which the Company directly or indirectly holds 100% voting rights, the total amount of guarantees for endorsement is capped at 120% of the Company's net worth.</u></p> <p>2. The guaranteed amount of the Company's endorsement for a single enterprise is capped at 80% of the shareholders' equity in the latest financial statements. <u>However, for the subsidiaries of which the Company directly or indirectly holds 100% voting rights, the total amount of guarantees for endorsement is capped at 120% of the Company's net worth.</u></p> <p>3. The total guaranteed amount of the endorsement offered by the Company and subsidiaries as a whole is capped at 100% of the shareholders' equity in the latest financial statements. <u>However, for the subsidiaries of which the Company directly or indirectly holds 100% voting rights, the total amount of guarantees for endorsement is capped at 120% of the Company's net worth.</u></p> <p>4. The total guaranteed amount of the endorsement offered by the Company and subsidiaries as a whole for a single enterprise is capped at 80% of the shareholders' equity in the latest financial statements. <u>However, for the subsidiaries of which the Company directly or indirectly holds 100% voting rights, the total amount of guarantees for endorsement is capped at 120% of the Company's net worth.</u></p> <p>The abovementioned amount of endorsement guarantees exceeding the shareholders' equity of the Company by 50% is subject to the provisions of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public</p>	<p>Article 4: Endorsement and guarantee ceilings</p> <p>1. The total guaranteed amount of the Company's endorsement is capped at 100% of the Company's shareholders' equity in the latest financial statements.</p> <p>2. The guaranteed amount of the Company's endorsement of a single enterprise is capped at 80% of the Company's shareholders' equity in the latest financial statements.</p> <p>3. The total guaranteed amount of the endorsement offered by the Company and subsidiaries as a whole is capped at 100% of the shareholders' equity in the latest financial statements.</p> <p>4. The total guaranteed amount of the endorsement offered by the Company and subsidiaries as a whole for a single enterprise is capped at 80% of the shareholders' equity in the latest financial statements.</p> <p>The abovementioned amount of endorsement guarantees exceeding the shareholders' equity of the Company by 50% is subject to the provisions of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. When submitting the</p>	<p>Loosen the guarantee limit of endorsement of wholly owned subsidiaries.</p>

<p>Companies. When submitting the Procedures to the shareholder meeting for approval, the necessity and rationality of the amount of endorsement guarantee must be explained.</p>	<p>Procedures to the shareholder meeting for approval, the necessity and rationality of the amount of endorsement guarantee must be explained.</p>	
<p>Article 13: The revision for the B-0 Edition of the Procedures has been approved by the board at the meeting held on 2023.04.19, and is submitted to the shareholder meeting held on 2023.06.16 for approval.</p>	<p>Article 13: The revision for the A-9 Edition of the Procedures has been approved by the board at the meeting held on 2021.03.24, and is submitted to the shareholder meeting held on 2021.08.20 for approval.</p>	<p>Revise edition Revise date of approval at board and shareholder meetings.</p>

Acelon Chemicals & Fiber Co., Ltd.

2023 Annual General Meeting

List of Independent Director Candidates

Title	Candidate	Education Background and Work Experience	Current Position	Number of Shares Held
Independent Director	Cheng-Pei Kuo (Note)	Master's degree from Institute of Textile Engineering at Feng Chia University Director at Honmyue Enterprise President at Honmyue Enterprise Taiwan Silk & Filament Weaving Industrial Association/ Executive director, supervisor, director Taiwan Man-Made Fiber Industries Association/Director	Director at Honmyue Enterprise President at Honmyue Enterprise Taiwan Silk & Filament Weaving Industrial Association/ Executive director Taiwan Man-Made Fiber Industries Association/Director	0 shares

Note: Has not served as an independent director of the company for three consecutive sessions.

Acelon Chemicals & Fiber Co., Ltd.
Articles of Incorporation
Chapter 1. General Provisions

- Article 1: The Company is organized in accordance with the provisions of the Company Act and is named 聚隆纖維股份有限公司 and Acelon Chemicals & Fiber Corporation in English.
- Article 2: The Company is engaged in the following business activities:
01. C301010 Yarn Spinning Mills
 02. C302010 Weaving of Textiles
 03. C303010 Manufacture of non-woven fabrics
 04. C399990 Other Textile and Products Manufacturing
 05. CI01010 Rope, Cable and Net Manufacturing
 06. A101020 Growing of Crops
 07. F104110 Wholesale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
 08. F105050 Wholesale of Furniture, Bedding Kitchen Utensils and Fixtures
 09. F113010 Wholesale of machinery
 10. F113020 Wholesale of Electrical Appliances
 11. F113030 Wholesale of precision instruments
 12. F204110 Retail Sale of Cloths, Garments, Shoes, Hats, Umbrellas and Clothing Accessories
 13. F205040 Retail Sale of Furniture, Bedding Kitchen Utensils and Fixtures
 14. F213010 Retail Sale of Electrical Appliances
 15. F213040 Retail sales of precision instruments
 16. F213080 Retail Sale of Machinery and Tools
 17. C306010 Wearing apparel
 18. C307010 Clothing Accessories
 19. C801120 Manufacture of Man-made Fibers
 20. C802090 Manufacture of Cleaning Preparations
 21. C802100 Cosmetics Manufacturing
 22. C802110 Cosmetic Pigment Manufacturing
 23. CH01010 Sporting goods manufacturing
 24. CI01020 Rug and Felt Manufacturing
 25. CJ01010 Hat Manufacturing
 26. CK01010 Footwear Manufacturing
 27. CL01010 Umbrella Manufacturing
 28. CN01010 Furniture and Decorations Manufacturing
 29. F106010 Wholesale of Hardware
 30. F106020 Wholesale of Daily Commodities
 31. F106060 Wholesale of Pet Food and Supplies
 32. F107030 Wholesale of Cleaning Supplies
 33. F108040 Wholesale of Cosmetics
 34. F109070 Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies

- 35. F120010 Wholesale of Refractory Materials
- 36. F206020 Retail Sale of daily commodities
- 37. F206050 Retail Sale of Pet Food and Supplies
- 38. F207030 Retail Sales of Cleaning Supplies
- 39. F208040 Retail Sale of Cosmetics
- 40. F212050 Retail Sale of Petroleum Products
- 41. F217010 Retail Sale of Fire Safety Equipment
- 42. F220010 Retail Sale of Refractory Materials
- 43. F301010 Department stores
- 44. F399990 Retail sale of Other Integrated
- 45. F401010 International Trade
- 46. I101110 Textile Consulting
- 47. I401010 General advertisement service
- 48. I501010 Product Designing
- 49. I502010 Clothing Designing
- 50. C305010 Printing, Dyeing, and Finishing
- 51. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.
- 52. D101060 Self-usage power generation equipment utilizing renewable energy industry

Article 2-1: (Deleted)

Article 3: The Company is headquartered in Changhua County, Taiwan, and may establish local and foreign branches as deemed necessary, subject to the board of directors' resolution.

Article 3-1: The Company may provide external endorsement due to the needs of the business activities covered in Article 2.

Article 3-2: If the Company serves as a limited liability shareholder of another company, the total amount of such external investment is not subject to the 40% limit rule of the Company's paid-in capital as specified in Article 13 of the Company Act, provided that it is approved by the board.

Article 4: Public announcements of the Company shall be made in accordance with the provisions of Article 28 of the Company Act.

Chapter 2. Shares

Article 5: The Company has an authorized capital of 3 billion New Taiwan Dollars in three hundred million shares. Each share has a face value of ten New Taiwan Dollars. The board of directors is authorized to raise share capital in multiple issues.

Article 6: The share certificates of the Company are all name-bearing, and signed or stamp-sealed by directors representing the Company, and are issued upon the authentication by the bank permitted by law to serve as the registrar for the issuance of stocks. The Company may be exempted from printing actual stock certificates once the shares are issued to the public. However, they shall be registered with the Taiwan Depository and Clearing Corporation.

Article 7: Changes in the shareholder register cannot be made within 60 days prior to shareholder general meetings, 30 days prior to extraordinary meetings or 5 days before the Company's decision on dividend or bonus distribution or other ex dates.

Chapter 3. Shareholder Meetings

- Article 8: Meetings of shareholders include the annual general meeting of shareholders (AGM) and the extraordinary general meeting of shareholders (EGM). The former shall be convened at least once a year within six (6) months after the end of each accounting year; and the latter shall be convened by law where necessary. Proceedings of shareholder meetings shall be conducted in accordance with the Company's "Rules of Procedures for Shareholders Meetings".
- Article 8-1: Shareholder meetings may be held by teleconferencing or other means announced by the Ministry of Economic Affairs.
- Article 9: Shareholders who are unable to attend the shareholder meeting may issue a proxy form stating the scope of their authorization in accordance with Article 177 of the Company Act to entrust their proxy with the meeting attendance and shall comply with the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies promulgated by the securities authority.
- Article 10: Each share represents one vote unless it is restricted or does not have the voting rights as specified by the Company Act.
- Article 11: Unless otherwise regulated by relevant laws, a shareholder meeting resolution is passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.
- Article 11-1: If the shareholder meeting is convened by the board, the meeting will be chaired by the chairman in accordance with Paragraph 3, Article 208 of the Company Act. For a meeting that is convened by those with the convening authority outside of the board, the meeting should be chaired by the ones with convening authority.
- Article 11-2: Shareholder meeting resolutions shall be compiled into detailed meeting minutes, and relevant matters are subject to Article 183 of the Company Act. Meeting minutes may also be disseminated by way of public announcements.

Chapter 4. Directors and Audit Committee

- Article 12: The Company has seven to eleven seats of directors who are elected based on their capacity to act. The term of service is three years, and they can be re-elected to continue their service. However, the total number of registered shares held by all directors shall not be less than a certain percentage of the company's total issued shares, and the percentage of shares in the preceding paragraph shall be determined in accordance with the regulations of the competent authority.
- There should be at least 3 independent directors among the abovementioned directors, accounting for no less than 1/5 of the board seats.
- The election of directors (including independent directors) has adopted the candidate nomination approach, in which shareholders make their election choices from the list of candidates. The professional qualifications, shareholding, part-time restrictions, determination of independence, nominations and other rules to be followed regarding the election of independent directors shall be handled in accordance with laws and regulations of the securities authority. The election of independent and non-independent directors should be held together, and the number of people elected is counted separately.
- Article 13: Directors constitute the board of directors. The board may set up various functional

committees to exercise the powers of directors, and directors elect one person among themselves as the chairman in accordance with Article 208 of the Compact Act. The chairman internally presides shareholder meetings and the board of directors, and externally represents the company. If the chairman asks for leave or fails to exercise rights and responsibilities for any reason, a representative shall be assigned in accordance with the provisions of Article 208 of the Company Act.

Article 13-1: If the board loses more than one-third of its directors, the board of directors shall convene an extraordinary general meeting within 60 days to elect new members for the shortfall. In which case, the newly elected members shall serve the remaining term of the existing board.

Article 13-2: The Company establishes an audit committee in accordance with Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of all independent directors and shall not be less than three persons. One of them shall be the convener, and at least one shall have accounting or financial expertise. The performance of their functions shall be determined by the Securities and Exchange Act and the relevant laws and regulations.

Article 14: The functions and powers of the board of directors are as follows:

I. Proposal to amend the Company's articles of incorporation.

II. The establishment and abolition of branches.

III. Approval of the annual budget, review of the annual final accounts and review and supervision of the implementation of the annual business plan.

IV. Proposal for the distribution of surplus or make-up for the loss.

V. Approval of the Company's reinvestment in other businesses or transfer of shares.

VI. The selection and dismissal of the Company's certified public accountant shall be decided by the board of directors; technical, operational and management consultants and lawyers shall be selected and dismissed by the chairman authorized by the board of directors.

VII. Proposal to transfer, sell, lease, pledge, mortgage or dispose of all or major parts of the Company's property.

VIII. If the Company applies to a financial institution or a third party for financing, guarantee, acceptance, or any other credit and debt financing, the amount more than NT\$50 million (inclusive) shall require the board's approval. If the amount is less than NT\$50 million, it shall be reported in the next most recent board meeting for review.

IX. Capital expenditures exceeding NT\$100 million (inclusive) shall be subject to the board's approval. If the amount is less than NT\$100 million, it shall be reported in the next most recent board meeting for review.

X. The acts of endorsement, guarantee and acceptance in the Company's name with an amount more than NT\$50 million shall require the board's approval. If the amount is less than NT\$50 million, it shall be reported in the next most recent board meeting for review.

XI. Approval of significant transactions between the Company and its related parties.

- XII. The acquisition, assignment, grant and lease of know-how and patent rights, and the approval, revision and termination of technical collaboration contracts.
- XIII. For the approval of important contracts or major issues, the board of directors shall convene meetings once a quarter and convene extraordinary meetings when necessary. The convening of the board shall be handled in accordance with Article 203 of the Company Act.
- XIV. The remuneration of directors is subject to Article 196 of the Company Act. The board is authorized to determine the remuneration based on their level of participation in and contribution to the Company's operation. The remuneration follows the standards among the industry peers. The remuneration of the chairman shall be calculated based on the income received from the president. The remuneration of the remaining directors shall be paid at a standard that does not exceed the highest salary of the company's employee salary scale.

Article 15: A notice of the reasons for convening a board meeting shall be given to each director at least 7 days before the meeting is convened. However, in the event of an emergency, a board meeting may be called on short notice. The notice of the convening of the board meeting can be made in writing, e-mail or fax.

Board meetings shall be conducted in accordance with the Company's "Board Meeting Rules of Procedures". Directors who are unable to attend the meetings may issue a proxy form to appoint another director to attend the meeting. One director may accept only one proxy form.

Chapter 5. Managerial Officers and Employees

- Article 16: The Company shall establish positions of managerial officers (including president), and the appointment, dismissal and remuneration shall comply with Article 29 of the Company Act. The salary and remuneration of the managerial officers needs to be reviewed by the Salary and Remuneration Committee and then submitted to the board of directors for approval. The remuneration, salary, rewards, year-end bonuses, etc. of other employees are reviewed by the president authorized by the board, and are paid based on their contribution to the Company's operations and the standard of other industry peers."
- Article 17: (Deleted).

Chapter 6. Accounting

- Article 18: The remuneration of the Company's directors, managerial officers and other employees shall be paid regardless of whether the Company is profitable for the year. The Company shall purchase liability insurance policies for directors.
- Article 19: The Company shall, at the end of each fiscal year, have the board prepare (I) Business report, (II) Financial statements, (III) Proposals for earnings distribution or set off of losses and other documents and submit them to the annual general meeting and request for the ratification of the reports at the meeting.
- Article 19-1: 3-5% of the profit of the current year is distributable as employee remuneration and no higher than 4% of the profit of the current year is distributable as remuneration to directors. However, if the Company still has accumulated losses, an amount shall be reserved in advance to make up for the losses, before using the remaining profit for distribution of

remuneration.

Employee bonus may be paid in stock or cash, and director bonus can only be paid in cash. The employees to whom the Company distributes remuneration, issues restricted stock award, share subscription warrants, subscription of new shares and transfers repurchased shares should be those who meet the criteria of being in the Company or affiliated companies of which the Company has more than 50% of the ownership.

Matters related to the payment of employee remuneration and directors' remuneration are handled in accordance with relevant laws and regulations, determined by the board, and reported to the shareholder meetings.

Article 20: The surplus income of the Company after the annual final accounts is distributed to the following accounts in their respective order:

I. Withholding taxes.

II. Make up for past losses.

III. Allocated 10% as legal reserve. If the legal reserve has reached the total share capital, no further allocations will be conducted.

IV. Allocated or reversed special reserve.

V. The surplus is added to the accumulated undistributed earnings of the previous year to become the earnings available for distribution. The board reserves part of the earnings to meet the need of business operations, and then drafts a distribution proposal. The allocation in the form of issuing new shares should be proposed to the shareholder meeting for resolution. Pursuant to Paragraph 5, Article 240 of the Company Act, the Company may authorize the board of directors to distribute dividends, profit-sharing, legal reserve and capital reserve (subject to compliance with Article 241 of The Company Act) wholly or partially in cash. Such decisions must be approved in a board meeting with at least two-thirds of directors present and supported by more than half of attending directors, and reported during a shareholder meeting afterwards.

Article 20-1: In order to meet the needs of sustainable operations, capital expansion and healthy development, and in consideration of maximizing shareholder value, the Company's dividend policy shall appropriately distribute stock dividends and cash dividends in accordance with the Company's future capital expenditure budget and capital needs. The cash dividends shall not be less than 10% of the total dividend distributed for the year. The board is authorized to set the actual distribution percentage in accordance with the Company's capital status and capital budget situation.

Chapter 7. Supplementary Articles

Article 21: Any outstanding issues not specified in the Articles of Incorporation are to be handled in accordance with the Company Act and the relevant regulations.

Article 22: The Articles of Incorporation was formulated on July 19, 1988.

The 1st amendment was made on February 24, 1989.

The 2nd amendment was made on July 12, 1989.

The 3rd amendment was made on February 13, 1990.

The 3rd amendment was made on February 13, 1990.

The 4th amendment was made on November 9, 1990.

The 5th amendment was made on May 26, 1991.
The 6th amendment was made on November 16, 1991.
The 7th amendment was made on April 15, 1992.
The 8th amendment was made on May 26, 1992.
The 9th amendment was made on May 16, 1993.
The 10th amendment was made on May 11, 1994.
The 11th amendment was made on April 7, 1995.
The 12th amendment was made on April 9, 1996.
The 13th amendment was made on April 18, 1997.
The 14th amendment was made on January 6, 1998.
The 15th amendment was made on May 2, 1998.
The 16th amendment was made on August 25, 2000.
The 17th amendment was made on June 20, 2001.
The 18th amendment was made on June 28, 2002.
The 19th amendment was made on June 18, 2003.
The 20th amendment was made on June 10, 2005.
The 21st amendment was made on June 13, 2006.
The 22nd amendment was made on June 22, 2007.
The 23rd amendment was made on June 5, 2008.
The 24th amendment was made on June 25, 2010.
The 25th amendment was made on May 18, 2011.
The 26th amendment was made on May 3, 2012.
The 27th amendment was made on May 30, 2014.
The 28th amendment was made on May 25, 2015.
The 29th amendment was made on May 27, 2016.
The 30th amendment was made on June 20, 2017.
The 31st amendment was made on December 19, 2018.
The 32nd amendment was made on June 28, 2019.
The 33rd amendment was made on August 20, 2021.
The 34th amendment was made on June 29, 2022.

Acelon Chemicals & Fiber Co., Ltd.

Procedures for Endorsements and Guarantees (A-9 Edition)

- Article 1 Purpose of establishment and basis
- In order to manage endorsement and guarantee matters and comply with laws and regulations (Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies). Any outstanding issues not specified in the Procedures are to be handled in accordance with the relevant laws and regulations.
- Article 2 Definition
- The term “endorsement and guarantee” used in the Procedures refer to the following matters:
1. Financing endorsements and guarantees: Including
 - a. Bill discount financing.
 - b. Endorsement or guarantee made to meet the financing needs of another company.
 - c. Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the Company itself.
 2. Customs duty endorsement/guarantee: Meaning an endorsement or guarantee for the company itself or another company with respect to customs duty matters.
 3. Other endorsements/guarantees: Meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
 4. Any creation by the Company of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Procedures.
 5. Subsidiary and parent company referred to in the Procedures are defined in accordance with provisions of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 6. The term “shareholders' equity” as mentioned in the Procedures refers to the balance sheet equity attributable to the owners of the parent company under the Regulations Governing the Preparation of Financial Reports by Securities Issuers.
 7. The term “public announcement and regulatory filing procedures” as mentioned in the Procedures refer to inputting information to the information report website designated by the Financial Supervisory Commission. The date of occurrence refers to the earliest of the contract signing date, payment date, board of directors' resolution date or any other dates when the party to which the endorsements and guarantees are given and the amount can be verified with certainty.
 8. “All members of the Audit Committee” refers to those who are incumbent.
 9. “All board members” refers to the directors who are incumbent.
- Article 3 Party being endorsed/guaranteed
- The counterparties of the Company's endorsement and guarantee are subsidiaries of which the Company directly or indirectly holds more than 50% of the voting shares.
- Article 4 Endorsement and guarantee ceilings
1. The total guaranteed amount of the Company's endorsement is capped at 100% of the Company's shareholders' equity in the latest financial statements.
 2. The guaranteed amount of the Company's endorsement of a single enterprise is capped

- at 80% of the Company's shareholders' equity in the latest financial statements.
3. The total guaranteed amount of the endorsement offered by the Company and subsidiaries as a whole is capped at 100% of the shareholders' equity in the latest financial statements.
 4. The total guaranteed amount of the endorsement offered by the Company and subsidiaries as a whole for a single enterprise is capped at 80% of the shareholders' equity in the latest financial statements.

The abovementioned amount of endorsement guarantees exceeding the shareholders' equity of the Company by 50% is subject to the provisions of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies. When submitting the Procedures to the shareholder meeting for approval, the necessity and rationality of the amount of endorsement guarantee must be explained.

Article 5

Procedures for processing and reviewing endorsement and guarantee

The company applying for endorsement and guarantee should submit its basic information and the latest financial statements, detailing the purpose of applying for endorsement and guarantee and the status of collateral provided or other information in writing, to the Finance Section of the company for review and processing.

After accepting the application, the Finance Section should convene meetings of relevant departments to review and assess whether the application complies with the provisions of the Procedures, and assess the business, financial condition, solvency, profitability and purpose of endorsement and guarantee, and produce an assessment report summarizing the opinions of relevant departments. The content of the report should at least include:

1. Necessity and rationality of endorsement and guarantee.
2. Credit survey and risk assessment of endorsement/guarantee counterparty.
3. The impact on the Company's operational risks, financial condition and shareholders' equity.
4. Determine whether collateral is needed and the appraise the value of the collateral.

Before the Company endorses or provides a guarantee to the counterparty, the Finance Section should submit the aforementioned assessment report, including the initial draft of the contract, results of risk assessment and other information, to the Audit Committee for approval, and then reports them to the board for resolution.

With respect to the preceding paragraph, if these procedures are not passed by the consent of more than half of all members of the Audit Committee, then the approval by more than two-thirds of all directors must be obtained, and the resolution of the Audit Committee must be stated in the minutes of the board meeting.

With respect to the cancellation of endorsement and guarantee, the Finance Section should notify the accounting and other relevant departments before the expiration of the endorsement and guarantee, and specify the conditions and date of the cancellation and other necessary matters, which will be subject to the President's approval and then be reported at board meetings.

Article 6 Use and safekeeping of company seals

The company shall use the company chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person and may be used to seal or issue invoices in accordance with the Company's regulations.

When conducting endorsement and guarantee for foreign subsidiaries, the letter of guarantee issued by the Company shall be signed by a person who has been authorized by the board to sign the letter.

Article 7 Public announcement and regulatory filing procedures

Before the 10th of each month, the Company shall announce and file the balance of the endorsement guarantee of the Company and its subsidiaries in the previous month.

When the Company's endorsements and guarantees meet one of the following criteria, it shall announce and file such event within two days from the date of occurrence:

1. The balance of endorsements and guarantees from the Company and the subsidiaries reaches 50% or more of the Company's shareholders' equity as stated in the latest financial statements.
2. The balance of endorsements and guarantees from the Company and the subsidiaries to a single enterprise reaches 20% or more of the Company's shareholders' equity stated in its latest financial statements.
3. The amount of endorsements and guarantees from the Company and its subsidiaries to a single enterprise reaches NT\$10 million or more, and the total of the carrying amount of investment by the equity method and the balance of lending to others reaches 30% or more of the Company's shareholders' equity stated in the latest financial statements.
4. The amount of newly added endorsements and guarantees from the Company and subsidiaries reaches NT\$30 million and 5% or more of the Company's shareholders' equity stated in the latest financial statements.

If the Company's subsidiaries are not domestic listed companies and meet the fourth criteria mentioned above, the Company shall announce and report on behalf of the subsidiaries.

Article 8 Internal control

The Finance Section tracks the financial, business and credit status of the counterparty of the endorsement and guarantee; if necessary, it may ask the counterparty to provide financial information from time to time. In case any collateral is furnished, the value of the collateral should be checked for any changes. In case of material change in the collateral value, the chairman shall be notified immediately to offer appropriate instructions.

The Finance Section shall maintain a transaction log that details the endorsement counterparty, amount, the date of board's approval, date of endorsement and guarantee and other matters to be carefully assessed in accordance with provisions of Article 5.

If, due to changes in circumstances, the counterparty for which endorsements and guarantees are made does not meet the requirements of the Procedures, or the amount exceeds the ceilings, an improvement plan should be formulated and then submitted to both the Audit Committee and independent directors, and the improvements should be completed based on the plan schedule.

The Company's Internal Audit Section shall audit the procedures of endorsements and guarantees and document the implementation at least on a quarterly basis. If material violations are found, they shall immediately notify the Audit Committee in writing.

Article 9 Disclosure of endorsement guarantee loss

The Company shall assess or recognize the contingent loss of the endorsement and guarantee in accordance with the provisions of the financial accounting standards, and shall appropriately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

Article 10 Procedures for controlling endorsements and guarantees by subsidiaries

1. Subsidiaries of the Company shall also establish their procedures for endorsements and guarantees in accordance with the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, which shall be approved by the board before being reported to the shareholder meeting for approval and then filed by the Company. The same applies to all subsequent revisions.
2. Subsidiaries shall follow the endorsement guarantee procedures they formulate.
3. Endorsements and guarantees carried out by subsidiaries shall be reported to the Company's board.
4. Before making any endorsement/guarantee pursuant to the aforementioned rules, a subsidiary in which the Company holds, directly or indirectly, 90% or more of the voting shares shall submit the proposed endorsement/guarantee to the Company's board of directors for resolution.
5. The total guarantee amount of the endorsement offered by subsidiaries as a whole is capped at 20% of the Company's shareholders' equity in the latest financial statements. Exception can be made for the provision of endorsements/guarantees by subsidiaries to the parent company.
6. The guarantee amount of a subsidiary's endorsement of a single enterprise is capped at 10% of the Company's shareholders' equity in the latest financial statements. Exception can be made for the provision of endorsements/guarantees by subsidiaries to the parent company.

7. Subsidiaries should submit the schedule of endorsement and guarantee for the previous month to the Finance Section of the company before the 5th (excluded) of each month for compilation and then make an announcement.
8. The Finance Section of the Company should review the schedule of the subsidiaries' endorsement and guarantee on a monthly basis. If any abnormal situation is found, it should immediately urge the subsidiaries to make improvements in accordance with the relevant measures.
9. Subsidiaries conducting annual self-inspection of internal control shall include the matters that have been handled in accordance with the regulations and procedures for endorsement and guarantee as self-inspection items, and submit the self-inspection report to the Company.
10. The Internal Audit Section of the Company shall review the self-inspection reports submitted by each subsidiary.

Article 11 Penalties

The Company's external endorsement guarantee should be subject to the Regulations and the provisions of the Procedures. If the relevant personnel violate the regulations, they will be penalized in accordance with the Company's regulations for personnel.

Article 12 Stipulation and amendment

The Procedures shall be approved by the board resolution and at the shareholder meeting before implementation. If there are directors who express dissent and there are records or written statements, the Company shall submit the dissenting opinions to the shareholder meeting for discussion, and likewise for revisions.

Article 13 The revision for the A-9 Edition of the Procedures has been approved by the board at the meeting held on 2021.03.24, and is submitted to the shareholder meeting held on 2021.08.20 for approval.

Acelon Chemicals & Fiber Co., Ltd.

Rules of Procedure for Shareholder Meetings (A-3 Edition)

Article 1 : The Rules were stipulated in accordance with the Rules Governing the Conduct of Shareholders Meetings by Public Companies promulgated on August 4, 1997, Article 182-1 of the Company Act and Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies. Unless otherwise stipulated by laws and regulations, the Rules shall prevail.

Article 2 : Shareholders who hold more than 1% of the total shares on the book closure date can apply to the Company in writing for motions at the general meeting of shareholders. Each shareholder is entitled to proposing one motion, and each motion is limited to 300 words, and the scope of motion must be a matter that can be resolved at the shareholder meeting. Motions cannot be included in the meeting by the board if they involve any of the circumstances in Paragraph 4, Article 172-1 of the Company Act. Shareholders who have successfully proposed their motions shall attend the annual general meeting in person or through proxy attendance and participate in the discussion.

The Company shall announce, before the book closure date of the annual general meeting, the conditions, places and time within which shareholders' proposals are accepted. The timing of acceptance must not be less than 10 days.

The Company shall provide an attendance register for the attending shareholders to sign in, or have the attending shareholders turn in their attendance cards as to sign in.

The number of shares in attendance is counted based on the attendance register or the submitted attendance cards.

Article 3 : Attendance and voting at a shareholders meeting shall be calculated based on the number of shares.

Article 4 : Shareholders' meeting should be held at the location of the Company or the place convenient for the shareholders and suitable for the meeting occasion. The meeting should not be earlier than 9 am or later than 3 pm.

Article 5 : The chairman should chair the shareholder meeting convened by the board. The Vice-chairman is to chair the meeting on behalf of the chairman if the chairman takes the day off or for any reason cannot exercise the power. The chairman is to appoint a managing director on behalf of the vice-chairman if there is no vice-chairman or if the vice-chairman cannot attend the meeting due to the aforementioned reasons. A director is appointed if there is no managing director. In the event that the chairman does not appoint anyone, the managing directors or the directors are to recommend one person.

For a shareholder meeting that is convened by those with the convening authority outside

of the board, the meeting should be chaired by the ones with convening authority.

Article 6 : Attorneys, accountants or other relevant personnel appointed by the Company may attend the shareholder meeting as non-voting delegates.

Staff handling administrative affairs of the shareholder's meeting shall wear identification cards or armbands.

Article 7 : The Company shall make an uninterrupted audio and video recording of the entire meeting of shareholders, and the recorded materials shall be retained for at least one year.

Article 8 : The chair is to call the meeting to order at the designated meeting time, but is to announce a postponement if the attending shareholders represent less than half of the total issued shares. The number of postponements is limited to two times, totaling no more than 1 hour. If the quorum is not met after two postponements but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1, Article 175 of the Company Act.

If the attending shareholders represent more than half of the total issued shares before the end of the meeting, the chair is to make a tentative resolution and re-submit it for a shareholders vote in accordance with Article 174 of the Company Act.

Article 9 : The board should set the agenda for the meetings that it convenes. The meeting should be carried out based on the agenda, and should be not changed without the resolution of the shareholders.

The regulations of the preceding paragraph may be applied to a meeting of shareholders convened by a party that is not the board of directors.

The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

If the chairperson violates the rules of procedure by declaring the meeting ended, a new chairperson of the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the shareholders attending the said meeting to continue the proceedings of the meeting.

Article 10 : Before speaking, the attending shareholders should first fill out speech notes clearly stating the purpose, account number (or the attendance pass number) or account name and allow the chair to determine the order to give the speech.

The attending shareholders are considered to offer no statement if they only provide the statement slips without speaking. In the event that the content of the statement is inconsistent with the speech note, the content of the statement should prevail.

When a present shareholder is making a statement, other shareholders shall not speak unless permitted by the chairperson and the speaking shareholder. Violators shall be halted by the chairperson.

Article 11 : Each shareholder shall not make more than two statements for the same proposals without the chairperson's agreement, and each statement shall not exceed five minutes.

If the shareholder's statement violates the rules or exceeds the scope of the issue, the chairperson shall halt the statement.

Article 12 : Corporate entities that have been appointed as proxy attendants can only appoint one representative to attend shareholder meeting.

The corporate shareholders who assign more than two legal representatives to attend the meeting can only have one person giving speech for a motion.

Article 13 : After an attending shareholder speaks, the chairperson shall personally answer or designate a person to answer.

Article 14 : The chair is to stop discussion and announce for a vote for the motion that is close to the level to be decided by votes. In addition to being voted by ballot, motions are considered passed if shareholders express no objection after being consulted by the chair, and are considered passed with the same effectiveness as by voting. Shareholders have one vote per share.

Article 15 : The monitoring and counting personnel for the voting should be assigned by the chair, and the monitoring personnel should have shareholder status.

Voting results shall be made known on-site immediately and recorded in writing.

Article 16 : During the meeting the chairperson shall announce a recess at set times.

Article 17 : Unless otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

Article 18 : For the amendment or substitute of the same motion, the chair is to combine it with the original motion to determine the voting order. If one of the motions has been passed, the other motions are viewed as denied and no more voting will be conducted.

Article 19 : The chair is to direct proctors (or security guards) to help maintain order in the meeting. The proctors (or security personnel) help maintaining order at the meeting place shall wear an armband bearing the word "Proctor."

Article 20 : Any outstanding issues not specified in the Rules of Procedures are to be handled in accordance with the Company Act and the related regulations.

The formulation of the Rules is resolved by the board before being reported to the shareholder meeting for approval implementation, and likewise for amendment.

Acelon Chemicals & Fiber Co., Ltd.

Procedures for Election of Directors (A-5 Edition)

- Article 1 The Procedures have been established in accordance with Article 21 and 41 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” to ensure fairness, justice, and transparency in the election of directors.
- Article 2 Unless otherwise specified by law or the Articles of Incorporation, election of the Company’s directors shall proceed according to the procedures stated herein.
- Article 3 Directors of the Company shall be elected in consideration of the overall board allocation. All board members shall possess the knowledge, skills, and characters needed to exercise their duties. The board as a whole shall possess the following skills:
- I. Ability to make operational judgments.
 - II. Accounting and financial analysis.
 - III. Business administration.
 - IV. Crisis management.
 - V. Industry knowledge.
 - VI. Vision of the global market.
 - VII. Leadership.
 - VIII. Decision making.
- More than half of the Company’s board members shall consist of persons who are neither a spouse nor a second-degree relative or closer to any director.
- Article 4 Independent directors are subject to the eligibility criteria specified in Articles 2, 3 and 4 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.” Elections of independent directors are subject to compliance with Articles 5, 6, 7, 8 and 9 of “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” and Article 24 of “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.”
- Article 5 The election of the Company’s directors shall adopt the nomination approach in accordance with Article 192-1 of the Company Act and the provisions of Article 12 of the Articles of Incorporation.
- If the Company has less than five active directors at any given time due to dismissal, a by-election shall be held in the upcoming shareholder meeting to fill the open position. However, if the shortfall amounts to one-third of the minimum seats mentioned in the Articles of Incorporation, the Company shall convene an extraordinary shareholder meeting within the next 60 days to elect candidates for the shortfall.
- If the number of independent directors falls short of the requirements stated in Paragraph 1, Article 14-2 of the Securities and Exchange Act, a by-election shall be held

in the upcoming shareholder meeting. If all independent directors have been dismissed from duty, the Company shall convene an extraordinary shareholder meeting within the next 60 days to elect candidates for the shortfall.

- Article 6 Elections of the Company's directors shall proceed using the one-name cumulative method. Each share is vested with voting rights equal to the number of directors to be elected. These voting rights may be concentrated on one candidate or spread across multiple candidates.
- Article 7 The board of directors or the person with the right to convene the meeting shall produce ballots in quantities that match the number of directors to be elected, and apply weight before distributing them to shareholder meeting participants. Conference pass serial number can be printed on the ballot for identification purpose instead of the voter's name.
- Article 8 The number of directors will be as specified in the Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 9 Before the election begins, the chairperson shall appoint several shareholders to undertake the roles of ballot examiner and ballot counter to assist in the election. The ballot box will be made available by the board of directors, and shall be opened for inspection by the ballot examiner prior to voting.
- Article 10 Ballots are considered void in any of the following circumstances:
I. Not using the ballots prepared by the board or the person with the right to convene the meeting.
II. Casting of blank ballot into the ballot box.
III. Ballots with illegible writing or are altered.
IV. The candidate's name filled does not match with that on the list of director candidates upon verification.
V. Ballots contain writing other than the number of voting rights allocated.
- Article 11 Ballots are to be counted openly immediately after voting. The chairperson will announce the outcome of the vote, including the names of elected directors and the number of votes received. All ballots used should be held in proper custody by the Company for at least one year. However, if a shareholder raises a litigious claim against the Company according to Article 189 of the Company Act, the abovementioned documents must be retained until the end of the litigation.
- Article 12 These Rules are to be announced and implemented after being approved by the shareholder meeting, and likewise for the revision.

The revision for the A-5 Edition of the Procedures has been approved by the board at the meeting held on 2022.05.09, and approved at the shareholder meeting held on 2022.06.29.

Acelon Chemicals & Fiber Co., Ltd.

Directors' Shareholding Ownership



- I. The Company's paid-in capital is NT\$1,111,573,200 and the Company has issued a total of 111,157,320 shares.
- II. Pursuant to Article 26 of the Securities and Exchange Act, directors are required to maintain an aggregate holding of at least 8,000,000.
- III. As of the book closure date of the shareholder meeting, the number of shares held by each individual and all directors as recorded in the shareholder register is as follows:

Shareholding of Each Director and All Directors as a Whole

Date of record: April 18, 2023

Title	Account Name	Number of shares	Ownership
Chairman	Honghou Investment Representative of legal person: Wen-Tung Chou	6,229,983	5.60%
Director	Ming-Yi Lai	6,046,913	5.44%
Director	Dihao Trading Legal person representative: Yi-Sheng Lin	2,929,082	2.64%
Director	Chin Ying Fa Mechanical Industrial Legal person representative: Yu-Long Shih	2,669,077	2.40%
Director	Ya-Hui Shih	2,158,027	1.94%
Director	Bing-Yi Chou	2,634,219	2.37%
Director	Wen-Po Yang	704,606	0.63%
Independent Director	Shui-Chin Chen	0	0%
Independent Director	Wan-Chung Chen	0	0%
Independent Director	Ji-Fu Lin	0	0%
Overall Directors' Shareholding Position		23,371,907	21.02%

Other supplementary notes

Status of acceptance of shareholder proposals at the shareholder general meeting

- (I) According to Article 172-1 of the Company Act, shareholders who hold over 1% of the total issued shares may propose motions in writing in the Company's shareholder general meeting. Each shareholder is limited to one issue in the motion containing less than 300 words.
- (II) The annual general meeting for the year accepts shareholders' proposals between April 10, 2023 and April 19, 2023, which has been announced on the MOPS in accordance with the law.
- (III) The Company has not yet received any shareholders' proposals.