



# Acelon Chemicals & Fiber Corporation

## Articles of Incorporation

### Chapter1 General Provisions

- Article 1 : The Company was organized in accordance with the Company Act. Its English name is Acelon Chemicals and Fiber Corporation.
- Article 2 : The scope of business of the Company shall be as follows:
- 01 ∙ C301010 Spinning of Yarn
  - 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 ∙ C601010 Manufacture of Pulp
  - 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 Sale 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 Sale 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 items 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 shall have its head-office in Chan-Hua County, and if necessary, may set up branches domestically or abroad upon a resolution of its Board of Directors.

Article 3-1 : The Company may provide guarantees externally when it is necessary.

Article 3-2 : The Company's total amount of investment shall not be restricted by Article 13 of the Company Act that the investment amount restricted under capital forty percent, and should approved by board of directors meeting.

Article 4 : The Company's announcement method is according to Article 28 of the Company Act.

## **Chapter 2 Shares**

Article 5 : The Company's authorized capital is NT\$ 1.3 billion, which is divided into 130 million shares, at a par value of Ten New Taiwan Dollars (NT\$ 10) per share, and the Board of Directors has been authorized to issue them in installments.

Article 6 : All of the shares issued by the Company shall be name-bearing and signed or sealed by the Company's representative Director. Shares can be issued by the competent authority or the competent authority's approved share-issuing institution after the shares are recorded. Following the public offering of the Company's stock, the Company may print a consolidated share certificate representing the total number of the new shares to be issued at the same time of issue and may be exempted from printing any share certificate for the shares issued, but shall appoint a centralized securities custody institution to make registration of such shares.

Article 7 : The transfer of shares shall be suspended within 60 days prior to the convening date of an annual general meeting, or within 30 days prior to the convening date of an extraordinary general meeting, or within 5 days prior to the base date fixed by the Company for distribution of dividends, bonus or other benefits.

### **Chapter 3 Shareholder's Meeting**

- Article 8 : A shareholders' meeting may be recognized as an annual and extraordinary general meeting. An annual general meeting shall be called once a year within six months after the closing of each fiscal year, extraordinary general meeting shall be held by related laws in necessary. The proceedings of the shareholders' meeting shall be handled in accordance with the "Rules of Procedure of Shareholders' Meeting" of the company.
- Article8-1 : The Company's shareholders' meetings may be held by video conference or other means announced by the central competent authority.
- Article 9 : When a shareholder is unable to attend the shareholder's meeting, he/she may appoint a proxy through a letter of appointment printed by the Company, stating the scope of authorization to the proxy. Shareholders' attendance by proxy shall be conducted in accordance with Article 177 of the Company Act, as well as meeting the requirements provided in the Regulations Governing the Use of Proxies for Attendance at Shareholder meetings of Public Companies.
- Article 10 : Each of the Company's shares is entitled to one voting right. However, those stipulated in the Company Act shall be complied with priority.
- Article 11 : Unless otherwise stated in relevant laws and regulations, resolutions of shareholders' meeting shall be agreed by the majority of votes represented by the attending shareholders or proxies who represents the majority of the total number of issued shares.
- Article 11-1 : When a shareholders' meeting is convened by the Board of Directors, the meeting chair should according to item 3 of article 208 with the Company Act. When the meeting is called by a person outside of the Board of Directors, the convener shall preside as the chair
- Article 11-2 : Resolutions made during the shareholders' meeting shall be recorded in the meeting minutes and according to article 183 with the Company Act. The shareholder's meeting minutes published can be made in an announcement.

### **Chapter 4 Directors and the Audit Committee**

- Article 12 : The Company shall appoint 7 to 11 Directors and for a term of three years. They shall be elected among persons of adequate capacity by the shareholders' meeting and may be re-elected for consecutive terms.
- 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:
1. Proposal to amend the Company's articles of incorporation.
  2. The establishment and abolition of branches.
  3. Approval of the annual budget, review of the annual final accounts and review and supervision of the implementation of the annual business plan.
  4. Proposal for the distribution of surplus or make-up for the loss.
  5. Approval of the Company's reinvestment in other businesses or transfer of shares.
  6. 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.
  7. Proposal to transfer, sell, lease, pledge, mortgage or dispose of all or major parts of the Company's property.
  8. 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.
  9. 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.
  10. 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.
  11. Approval of significant transactions between the Company and its related parties.
  12. The acquisition, assignment, grant and lease of know-how and patent rights, and the approval, revision and termination of technical collaboration contracts.
  13. 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.
  14. 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: Managers**

Article 16 : The Company may have several managers whose appointment, dismissal and remuneration shall be handled in accordance with Article 29 of the Company Act.

Article 17 : (Deleted).

## **Chapter 6: Accounting**

Article 18 : The remuneration of the directors, managers and other employees of the company shall be paid regardless of profit or loss. The Company shall purchase liability insurance for the Directors.

Article 19 : After the close of each fiscal year, the Board of Directors shall prepare the following documents to the general shareholders' meeting for acceptance: (1) the business report, (2) financial statements and (3) proposals for surplus earning distribution or loss offsetting.

Article 19-1 : If the Company makes a profit in the year, three to five % of the profit shall be allocated for employee compensations and no more than four % shall be allocated for remuneration of the Directors. But the Company shall reserve a portion of profit to make up for accumulated losses, if any. Remuneration for employees can be distributed in stocks or cash, and remuneration for directors can only be distributed 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:

1. Withholding taxes.
2. Make up for past losses.
3. Allocated 10% as legal reserve. If the legal reserve has reached the total share capital, no further allocations will be conducted.
4. Allocated or reversed special reserve.
5. The surplus is added to the accumulated undistributed surplus of the previous year to become the surplus available for distribution, After the board reserves part of the surplus to meet the need of business operations.

When new shares are to be issued, they shall be distributed after a resolution has been

submitted to the shareholders' meeting. In accordance with the Article 240, paragraph 5 of the Company Act, the Company shall authorize the Board of Directors, with the presence of more than two-thirds of the Directors and a majority of the Directors present, to distribute all or part of the dividends and bonuses payable by way of cash and to report the same to the shareholders' meeting.

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 Provisions**

Article 21 : Matters not specified in these Articles shall be conducted in compliance with the Company Act.

Article 22 : The Articles of Incorporation were established on July 19, 1988.

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

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

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

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

The 5th revision was made on May 26, 1991.

The 6th revision was made on November 16, 1991.

The 7th revision was made on April 15, 1992.

The 8th revision was made on May 26, 1992.

The 9th revision was made on May 16, 1993.

The 10th revision was made on May 11, 1994.

The 11th revision was made on April 7, 1995.

The 12th revision was made on April 9, 1996.

The 13th revision was made on April 18, 1997.

The 14th revision was made on January 6, 1998.

The 15th revision was made on May 2, 1998.

The 16th revision was made on August 25, 2000.

The 17th revision was made on June 20, 2001.

The 18th revision was made on June 28, 2002.

The 19th revision was made on June 18, 2003.

The 20th revision was made on June 10, 2005.

The 21st revision was made on June 13, 2006.

The 22nd revision was made on June 22, 2007.

The 23rd revision was made on June 5, 2008.

The 24th revision was made on June 25, 2010.

The 25th revision was made on May 18, 2011.

The 26th revision was made on May 3, 2012.

The 27th revision was made on May 30, 2014.

The 28th revision was made on May 25, 2015.

The 29th revision was made on May 27, 2016.

The 30th revision was made on June 20, 2017.

The 31st revision was made one December 19, 2018.

The 32nd revision was made on June 28, 2019.

The 33rd revision was made on August 20, 2021.

The 34th revision was made on June 29, 2022.