



Stock Code: 4763

Jinan Acetate Chemical Co., LTD.

2022 Annual Report

Notice to readers

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

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Letter to Shareholders

Dear Shareholders,

First, we would like to thank all of you for your support and encouragement for the past year. The Company's business result of 2022 is hereby reported as follows:

I. Business Result of 2022

(i) Result of Implementation of Business Plan

In 2022, the consolidated revenue of the Company was NT\$4,269,391 thousand, which is 57.26% more than NT\$2,714,866 thousand of last year. The consolidated net profit after tax was NT\$1,274,388 thousand, which is 253.80% less than NT\$360,199 thousand of last year. As the US and many European countries have started to ease down lockdown restrictions, duty-free shops affected by travel restrictions are expected to gradually recover, driving demand for tows. In addition, Tow is expected to continue to benefit from the trade war and changing geopolitical conditions. And more, due to the gradual unblocking of Europe and the United States, the terminal demand for frames will remain strong. Revenue growth this year, revenue from tow increased by 56.19% compared with last year, and revenue from flakes increased by 363.18% compared with last year.

Therefore, demand for tows and flakes is strong. With the continuous increase in production capacity, the economic scale has been expanded, and upstream integration has been carried out. In addition to maintaining existing customers, it will continue to develop niche markets, seek strategic alliance targets, and increase exports. Overall, the Company remains cautiously optimistic about future operating growth.

(ii) Analysis of Financial Incomes and Expenses and Profitability

Items		Year 2020	Year 2021
Financial structure (%)	Debt Ratio	54.95	32.51
	Ratio of long-term capital to property, plant and equipment	178.82	245.83
Profitability	Return on asset (%)	11.57	28.81
	Return on equity (%)	22.19	48.18
	Pre-tax income to paid-in capital (%)	62.39	201.04
	Profit ratio (%)	13.27	29.85
	Earnings per share (NT\$)	6.23	20.72

The reason for that debt ratio in 2022 is lower than in 2021 is the domestic unsecured convertible corporate bonds issued by the Company has converted to the Company's common stock. It decreased amount of long-

term liabilities.

The reason for that ratio of long-term capital to property, plant and equipment in 2022 is higher than in 2021 is due to revenue growth and account with accounts receivable well. In addition, the subsidiaries increased in production capacity. It increased amount of property, plant and equipment.

In 2022, various profitability indicators such as return on assets, return on equity, ratio of pre-tax profit to paid-in capital, net profit ratio and earnings per share all increased compared with 2021, the reasons are increasing in revenues, adjusting the selling price and Optimizing the cost structure..

(iii) Status of R&D

As for the R&D direction, the Group not only continues to develop and improve manufacturing process to strengthen its ability of production and manufacturing, but also designs different process conditions. In addition to applying its experience obtained from current products, the Group also develops relevant material parameters, equipment parameters and craftwork parameters. Continuously increasing investment in the research and development of green and environmentally friendly materials, results have been achieved in the development of biodegradable textile fibers, and efforts are underway to promote and evaluate the expansion of production. Focusing on the development of related products to replace traditional cigarettes, and continuously evaluating other upstream and downstream development opportunities.

II. Summary of Business Plan of 2021

(i) Guidelines for Management

1. Focus the niche market with growth potential in an emerging country, and make revenue grow stably.
2. Focus on development of the products with special specifications of cellulose diacetate tow, in addition to the products with general specifications, to satisfy the requirements of specifications required by customers in the world.
3. Strengthen on-the-job training for existing employees, enhance R&D ability, and cooperate with external resources, including institute of science and technology and relevant agencies, to positively research and develop the strategy of applying acetate fiber materials to products, in order to accumulate experience and develop new technology rapidly and ensure and enhance competitiveness in research and development.

4. Provide sound technical service, and customize diversified products with stable quality and a small quantity based on the need for products required by the customer.
5. Continuously communicating with customers to adjust prices, and increasing in production capacity to expand economies of scale.

(ii) Important Production and Marketing Policies

1. Develop niche markets in Africa, Middle East, South America and Southeast Asia by participating international and famous trade shows, applying the experience obtained from transactions with emerging economies and countries, or through the services provided by the agent.
2. Possess the ability of manufacturing the products with general specifications, and also focus on development of the products with special specifications to satisfy the requirements of specifications required by customers in the world.
3. Formulate a long-term plan to apply acetate fibers to other applied products to expand the level of application of products.

III. Corporate Future Development Strategy

(i) Development of Products

Due to advanced production technology, only several large manufacturers produce cellulose acetate tow. It has been an oligopoly market. As acetic anhydride tablets have been mass-produced in recent years, products have even been developed towards spectacle frames, handles of hand tools and other applications. The Company will continue to cultivate research in technology of cellulose acetate to strengthen its product competitiveness and enhance its market share.

Continuously increasing investment in the research and development of green and environmentally friendly materials, results have been achieved in the development of biodegradable textile fibers, and efforts are underway to promote and evaluate the expansion of production. Focusing on the development of related products to replace traditional cigarettes, and continuously evaluating other upstream and downstream development opportunities.

(ii) Marketing Strategy

Maintain existing customers, positively look for potential customers by participating trade shows overseas, develop in an emerging country the

market that has potential in order to expand business, and choose quality customers to be partners in business and grow with the partners.

(iii) Production Strategy

The Company formulates many R&D plans every year aiming to not only develop new product specifications, but also focus on improvement of craftwork of process, enhancement of efficiency, and increase of percentage of automated production. It also integrates upstream suppliers to reduce production cost per unit.

IV. Influence of External Competitive Environment, Regulatory Environment and Overall Business Environment.

The Company, which has autonomous technology of cellulose acetate tow and cellulose acetate (tablet), is able to cooperate with the tobacco company in the monopolistic or oligopoly market of every country. In recent years, the Company has expanded export business positively and broken into the niche market successfully. In addition to the products with general specifications, special specifications are also researched and developed in order to satisfy the demands specified by different customers. The Company also continues to develop environment-friendly products, enhance ability of production and quality control and increase its market share.

Last but not least, we would like to thank all the shareholders, customer, and colleagues for your long-term contributions and efforts to the development of the company, and to thank you for your encouragement and support, so that the company can continue to thrive.

We wish you good health and all the best.

Sincerely yours,

Chairman: Wang, Ko-Chang

I. Company Profile

2.1 Date of Incorporation:

The Group's operating base, Jinan Acetate Chemical Co., Ltd. (hereinafter is called the Jinan Grand Nature Co. Ltd.) was established in October 1999, and the holding company My Parents Living Technology Limited (hereinafter is called the My Parents Co. Ltd.) was established in October 2012 and participated in the investment of Jinan Acetate Chemical Co., Ltd. in February 2013. All shareholders of Jinan Acetate Chemical Co., Ltd. except My Parents Co. Ltd. transferred their shares in Jinan Acetate Chemical Co., Ltd. to My Parents through the share exchange in November 2013. Co. Ltd., which makes My Parents Co. Ltd. 100% owned by Jinan Acetate Chemical Co., Ltd., and the shareholders of these Jinan Acetate Chemical Co., Ltd. become shareholders of My Parents Co. Ltd. Subsequently, Jinan Acetate Chemical Co., LTD. (i.e. the Materials KY) was incorporated in the Cayman Islands in September 2014, and all shareholders of My Parents Co. Ltd. transferred their shares of My Parents Co., Ltd. to the Materials KY, which allowed Materials KY to hold 100% of the My Parents Co. Ltd. shares, and the original My Parents Co. Ltd. shareholders converted their shares to the Materials KY shares with the same proportion, while My Parents Co. . Ltd. still holds 100% of the shares of Jinan Acetate Chemical Co., Ltd. The Company thus has completed restructured the group structure. Next, the Company considered the group operation and established a representative office in Taiwan in January 2015, which is responsible for the maintenance of public information.

In order to expand the operation scale, the Company continues to integrate upstream and downstream manufacturers to save production costs and increase operating income. Therefore, since 2016, we will cooperate with Yankuang Lunan Chemical Co., Ltd. (hereinafter is called the Lunan Chemicals) and the downstream strategic investment the Thy Glory Ltd. (hereinafter is called the Thy Glory Ltd.) jointly established the Acetek Material Co., Ltd. and it has obtained 80% of the operating rights of the joint venture company. To optimize cost structure, Tur Company established Acetek Momentun Co., Ltd., in September 2021 to invest in acetic anhydride production integration upstream. Additionally, to meet the strong demand in the market, Tur Company established Acetate (Shandong) Environmental Fiber Co., Ltd. in March 2023 to expand acetate tow production capacity.

The Company's main business is the R&D, production and sales of cellulose diacetate, cellulose acetate tows and other related products, mainly used in cigarette filters or products with filtering effect. The Group is mainly produced in China with low cost labor. The Company actively develops and improves product processes with customers, realizes customer needs and improves production efficiency; wins customer trust and becomes a long-term partner of customers. On the other hand, we also provide customized services to develop different specifications of diacetate tows per customer needs. In addition, we participate in worldwide exhibitions irregular and increase the exposure of our products. We have gradually opened up many new markets and customers, and gradually grow in steady manner.

2.2 Company History

Year	Milestones
1999	Established the Jinan Julong Fiber Co., Ltd. in Shandong, China that produces nylon air textured yarn.
2002	Jinan Julong Fiber Co., Ltd. changed its name to Jinan Daziran Fiber Co., Ltd.
2005	Jinan Daziran Fiber Co., Ltd. invested new plant to produce cellulose acetate tows; the annual capacity is 2,000 tons.
2006	Jinan Daziran Fiber Co., Ltd. changed its name to Jinan Acetate Chemical Co., Ltd.
2008	Jinan Acetate Chemical Co., Ltd. expanded cellulose acetate tows production capacity, equipped metering pump transmission devices on the equipment, changing the metering pumps from horizontal to saddle in operation; filtering core changed from box closure to independent unit control; hot air changed from umbrella cap type to the flat air-filled buffer type; changed the air-return air duct to independent one and adjustable independently, which increased the annual production capacity to 3,000 tons.
2009	Jinan Acetate Chemical Co., Ltd. obtained the product quality certification of customer Taeyoung Industry Corporation.
	Jinan Acetate Chemical Co., Ltd. developed a swing-type pendulum machine and a linear pendulum machine for the pendulum state and wire condition of the wire-wound machine in the process. In order to improve the filtration quality and reduce the breakage, developed the core filter and a obtained the respective patent certificate.
2010	Jinan Acetate Chemical Co., Ltd. expanded the production capacity of cellulose acetate tows again and changed the return air from the jacket to the one-side air recovery unit. The annual production capacity was expanded to 4,000 tons.
	Developed and changed the tow to wire-forming structure; developed a bundle roller device for cellulose acetate fiber in the R&D process of equipment. In addition, the process has increased the stability and uniformity of metering pumps; developed a cellulose fiber spinning metering pumps. Moreover, certify that the slurry quality meets the specifications. Developed the spinning solution viscosity detection devices and obtained the respective patent certificate.
2012	In November, Jinan Acetate Chemical Co., Ltd. awarded the High-Tech Enterprise Certificate.
	The equipment process improved the filtration quality and able to produce fine single nylon strands. The double-filter core filter has been developed.
	In order to ensure that the drying condition of tows in channel is more stable and adjustable, the spinning damper has been developed and obtained the respective patent.

Year	Milestones
2013	In January, Jinan Acetate Chemical Co., Ltd. increased USD 3 million registered capital; the registered capital after the increment was USD 851.44 million, and the paid-up capital was USD 8,154,400.
	In August, the second plant of Jinan Acetate Chemical Co., Ltd. was put into mass production and changed the channel structure. The air supply and air distribution control valves were installed in each channel; the annual production capacity was expanded to 8,000 tons.
	In November, Jinan Acetate Chemical Co., Ltd. was 100% owned by the My Parents Living Technology Limited.
	In December, Jinan Acetate Chemical Co., Ltd. renamed to the Jinan Acetate Chemical Co., Ltd.
	Equipment improvement: In order to reduce the damage of the crimping machine, reduce the generation of waste wire and improve human dependence status, the R&D has developed the automatic docking device between the fiber tows and crimping machine. In order to reduce the replacing times of crimping machine and make the crimping machine operates more stable, developed a fiber tow crimping swing arm with the respective patent certificate obtained thereof.
2014	In September, Jinan Acetate Chemical Co., Ltd. awarded the Top 100 Taiwan-invested enterprises in Shandong Province through the Shandong Provincial Economic and Information Technology Commission and the Shandong Provincial Department of Commerce.
	In September, applied for establishing the Jinan Acetate Chemical Co., Ltd. in Cayman for the first time, the English name is Jinan Acetate Chemical Co., Ltd. (Materials KY), all shareholders of My Parents Co. Ltd. transferred all shares to through shares-exchange way, the Materials KY holds 100% equity of Jinan Acetate Chemical Co., Ltd., mainly for launching the stock exchange market in Taiwan and restructuring the organization.
	In December, the Materials KY received the certificate of acceptance of new products and new technologies from the Shandong Provincial Economic and Information Technology Commission.
	Equipment improvement: In order to reduce the time loss from yarn breakage, a crimping machine has been developed. In order to reduce the loss of acetone and increase production speed, an acetone gas adsorption treatment device for fiber tows production has been developed; In order to make the single production line into two for special manufacturing process, a multi-fiber-tow drying and swinging device was developed; and in order to make the wind adjustment finer and reduce yarn breakage chance, a spinning device channel air supply device was developed with patent certificate obtained thereof. Through equipment improvement and process R&D, we've removed the critical difficulty and achieved a theoretical capacity of 9,000 tons.

Year	Milestones
2015	TWSE approved Materials KY the listing, in November the Materials KY stock was officially listed on TWSE.
2016	Increase the tows production line and increase the theoretical capacity to 10,000 tons.
	In July, Materials KY made a joint venture with Lunan Chemicals to establish Acetek Material Co., Ltd.; the plant's theoretical production capacity of vinegar sheets is 20,000 tons.
2017	In June, the First Domestic Unsecured Convertible Corporate Bonds were issued in Taiwan, ROC, the funds raised are NT\$505 million.
	In June, Acetek Material Co., Ltd. made trial production; successfully produced spinning grade and plastic grade vinegar sheets in Q3.
	Extended the tows production line capacity to 11,000 tons of theoretical capacity.
	Jinan Acetate Chemical Co., Ltd.(China) has 80% ownership of Acetek Material Co., Ltd.
2019	Increase the tows production line and increase the theoretical capacity to 13,000 tons.
	In February, Acetek Chemical Co., Ltd. was established, holding 80% of the shares, the strategic investment in Eleung Ltd., the Hong Kong subsidiary of LA / ES, Italy's second largest acetate plate.
	In December, Acetek Material Co., Ltd passed the qualification of High-Tech Enterprise.
2020	In June, Acetek Momentum Co., Ltd. was established to build an acetic anhydride plant with a theoretical capacity of 60,000 tons.
	In September, the Second Domestic Unsecured Convertible Corporate Bonds were issued in Taiwan, ROC, the funds raised are NT\$606 million.
	Increase the tows production line and increase the theoretical capacity to 15,000 tons.
	Increase the flakes production line and increase the theoretical capacity to 25,000 tons.
2021	In August, Mengxuan New Materials Co., Ltd. mass-produced for its own use, and sold acetic anhydride in the fourth quarter.
	In October, Astech (Shandong) Environmental Fiber Co., Ltd. was established to build a filament factory with a theoretical capacity of 2,000 tons.
	Tow expanded production line with a theoretical capacity of 17,000 tons.
	Acetek Material Co., Ltd. has a theoretical production capacity of 30,000 tons of acetate flake.
2022	In April, the Second Domestic Unsecured Convertible Corporate Bonds were issued in Taiwan, ROC, the funds raised are NTD 510 million.
	In July, 3,000,000 common shares were issued through a cash capital increase at a subscription price of NTD 100 per share, with the total paid-

Year	Milestones
	in capital amounting to NTD 300 million.
	Tow expanded production line with a theoretical capacity of 20,000 tons.
	Acetek Momentun Co., Ltd. has a theoretical production capacity of 60,000 tons of acetic anhydride.

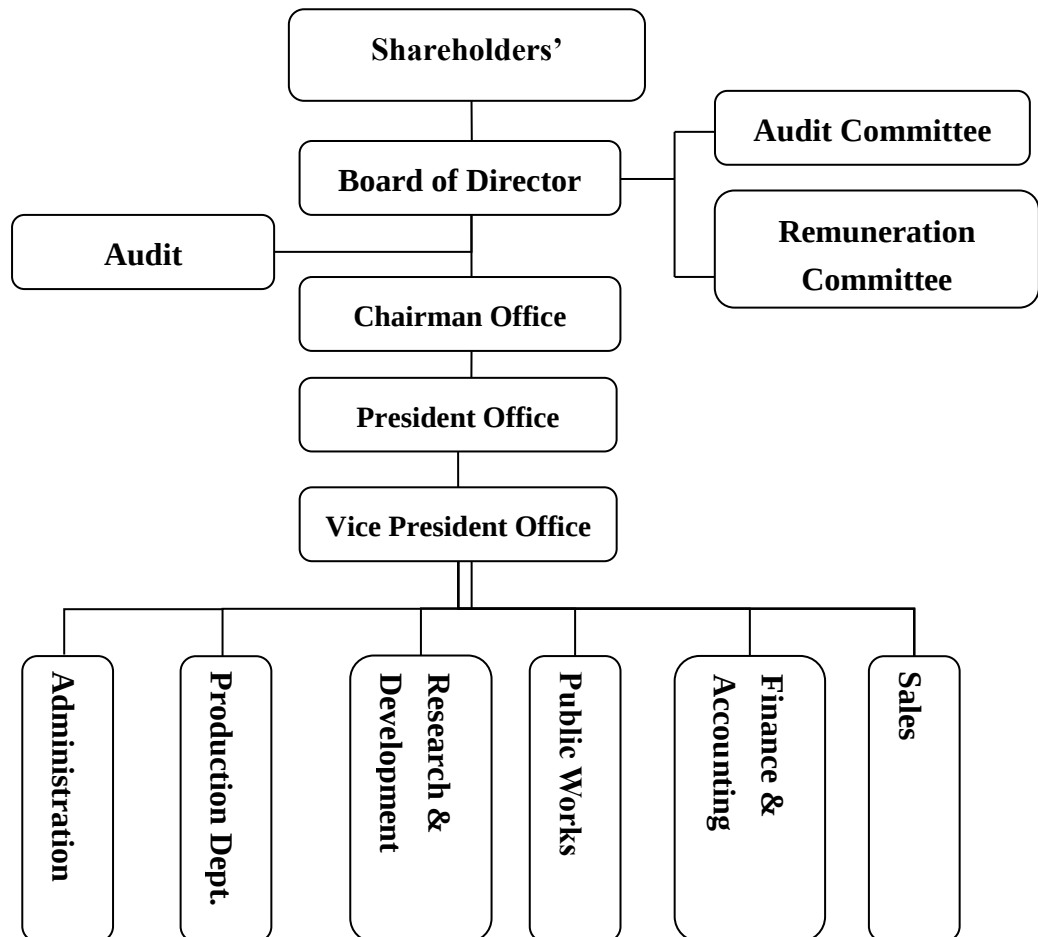
2.3 Group Structure : Please refer to VIII. Special Disclosure.

2.4 Risk Item : Review of Financial Conditions, Financial Performance, and Risk Management.

II. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
Chairman Office	Establish operating plan and strategic guideline for company business operation and organizational management.
Audit Committee	Supervise the business and financial status of the Group, the appropriate expression of financial statements and effective implementation of internal control.
Remuneration Committee	Set and regularly review the policy, system, standard and structures of directors' and managers' performance assessment and salary & remuneration; and regularly assess and decide the remuneration of directors and managers.
Audit	Responsible for evaluating and implementing the Company's auditing business and internal control; set forth improvement suggestions and continue to track down and improve the progress.
General Manager Office	Perform the matters decided by the Board Of Directors; comprehensively implement the Company's business objectives and future development.
Vice President Office	Assist the general manager in daily affairs and project tasks; coordinate the Company's R&D resources and draft the R&D direction.
Sale	Responsible for the planning of Company's product sales, customer service, market development strategy and developing direction; and the procurement and customs logistics of raw materials required for manufacturing; and make suitable adjustment of procurement strategy with market status.
Research & Development	Responsible for the development of new products and specifications, production processes improvement and upgrading of automatic production.
Production Department	Handle the production technology, online quality control, products manufacturing, schedule management, on-site management and related operations. Responsible for the construction of hardware facilities related to manufacturing, machine maintenance, production process design and related operations.

3.2 Directors, Supervisors and Management Team

3.2.1 Directors and Supervisors

April 2, 2023

Title	Nationality / Country of Origin	Name	Gender age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	Samoa	Bright Pearl Enterprises Ltd.	M 61-70	Jun. 23, 2020	3	Sep. 25, 2014	18,010,300	35.26%	21,171,845	29.68					Fiber Tech., National Taiwan University of Science and Technology Jinan Julong Fiber Co., Ltd.-Assistant Vice President Jinan Juda Fiber Ltd.-General Manager Jinan Acetate Chemical Co., LTD.-Chairman Taiwan Business Association of Jinan City-President National Association of Taiwan Enterprises- Vice president	Bright Pearl Enterprises Ltd.-Director Fei yue Engineering Ltd.-Director Jinan Hezhen Industry & Trade Co., Ltd.-President Jinan Acetate Chemical Co., Ltd.-President Acetek Material Ltd.-President Acetek Momentum Co., Ltd.-President Chairman of Acetate (Shandong) Environmental Fiber Co., Ltd.			
	R.O.C.	Representative: Wang, Ko-Chang							100,000	0.14									
Director	Hong Kong	Amacron Trading Ltd.,	M 61-70	Jun. 23, 2020	3	Dec. 4, 2014									University of San Francisco SinoPac Financial Holding Co., Ltd.-Director	Formosan Rubber Group Inc.-President Frg Development Inc.-President Formosan Construction Co., - President Rui-Fu International Co., Ltd.- President Chen His Investment Co., Ltd.-Supervisor			
	R.O.C.	Representative: Hsu, Cheng-Tsai					3,774,100	7.39%	3,843,515	5.39									

Director	Brazil	Macrifer Trading Sociedad	M 61-70	Jun. 23, 2020	3	Dec. 4, 2014									Bachelor of International Relations, University of UNISC	CASA I LTDA.- Managing Director Head of Leaf Tobacco and Commercial Departments of Brasfumo Ind. Brasileira de fumos S.A.			
	Uruguay	Representative: Ericson Fensterseifer					8,648,200	16.93	10,359,449	14.52					Brasfumo Ind. Brasileira de Fumos S.A- Commercial Director Brasfumo Ind. Brasileira de Fumos S.A- Sales Manager Diomnd Italy s.r.l.-Factory Manager Matter & Fensterseifer Ltda.-General Manager				
Director	R.O.C.	Meng, Ching-Li	M 61-70	Jun. 23, 2020	3	Jun. 23, 2020									Master of Business Administration, National Taipei University Taiwan Depository and Clearing Corp.-General Manager Reliance Securities Co.,Ltd.-President	Browave Corporation Co., Ltd. - Independent President			
Independent Director	R.O.C.	Lin, Tzer-Jong	M 61-70	Jun. 23, 2020	3	Dec. 4, 2014									Department of Chemical Engineering, National Taipei University of Technology. Acelon Chemicals & Fiber Co.- General Manager. Tuo-Xin Investment Co., - Director Li-Xiang Investment Co., - Director Ju-Neng Investment Co., - Director Ju-Mao biotech companies-supervisor Formosa Chemical & Fibre Co.,-Production Manager Formosa Chemical & Fibre Co.,-R & D officer	Quanju Julong biotech companies-director Acegreen Eco-Material Technology Co., Ltd.- Supervisor Acelon Chemicals & Fiber Co.,- Director of the chairman's office .			
Independent Director	R.O.C.	Lin, Wen-Cheng	M 51-60	Jun. 23, 2020	3	Dec. 4, 2014									Master of Business Administration(MBA), St. John's College Newegg Inc.-CFO of Greater China Prescope Technologies Co., Ltd.- CFO Tsannkuen Co., Ltd.- Finance Manager Cleyo Co., Buynow Division-CFO Celestial Entertainment Inc.- Financial Manager Polaris Securities Co., Ltd.	Seychelles Ocean Waves International Trading Ltd.- President Taikone Technology Limited-Supervisor			

															Capital Market Dept.-Senior Officer KPMG CPA Firm-Senior				
Independent Director	R.O.C.	Yu, Ching-Hsien	M 61-70	Jun. 23, 2020	2	Jun. 28, 2019									Department of Spinning, St. John's and St. Mary's Institute of Technology Zhanhong International Enterprise Co., Ltd- CEO Yu Jingji Food Enterprise Co., Ltd- President	Yu Jingji International Trade Co., Ltd.- President			

Major shareholders of the institutional shareholders

April. 2, 2023

Name of Institutional Shareholders	Major Shareholders
Bright Pearl Enterprises Ltd.	Wang, Ko-Chang (100%)
AMACRON TRADING LIMITED	Amacron International(B.V.I) Limited (100%)
MACRIFER TRADING SOCIEDAD ANONIMA	Juan Antonio Bruno Perroni (100%)

Major shareholders of the Company's major institutional shareholders

April. 2, 2023

Name of Institutional Shareholders	Major Shareholders
Amacron International(B.V.I) Limited	Hsu Cheng-Tsai(60%)
	Hsu Yu-Ting(40%)

Professional qualifications and independence analysis of directors and supervisors

Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Name																
Wang, Ko-Chang (Representative of Bright Pearl Enterprises Ltd.)	-	-	V	-	-	V	V	-	V	-	V	V	V	V	-	-
HSU Cheng-Tsai (Representative of Amacron Trading Ltd.,)	-	-	V	V	-	V	V	-	V	-	V	V	V	V	-	-
Ericson Fensterseifer (Representative of MACRIFER TRADING SOCIEDAD ANONIMA)	-	-	V	V	-	V	V	V	V	V	V	V	V	V	-	-
Meng, Ching-Li	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	1
Lin, Tzer-Jong	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	-
Lin, Wen-Cheng	-	V	V	V	V	V	V	V	V	V	V	V	V	V	V	-
Yu, Ching-Hsien	-	-	V	V	V	V	V	V	V	V	V	V	V	V	V	-

Note1: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

Note2: The independence directors in the two years prior to appointment and during the term of office (those who meet the criteria are disclosed in the table above).

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. (However, this does not apply, in cases where the person is also an Independent Director of the company or its parent company, subsidiary or the subsidiaries of the same parent company are set up according to this Act or local country ordinances).
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or ranking as one of the top-10 shareholders.
4. Not a spouse, relative within the second-degree of kinship, or lineal relative within the third degree of kinship, of any of the persons specified in the preceding three notes.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5 percent or more of the total number of issued shares of the Company or that ranks among the top-5 in shareholding or the representatives served as directors or supervisors appointed in accordance with Article 27, Paragraph 1 or 2 of the Company Act. (It does not apply in cases where the person is also an Independent Director of the company or its parent company, subsidiary or the subsidiaries of the same parent company are set up according to this Act or local country ordinances).
6. Not a director, supervisor or employees of other companies controlled by the same person had shares over half of the company's director seats or voting rights. (It does not apply in cases where the person is also an Independent Director of the company or its parent company, subsidiary or the subsidiaries of the same parent company are set up according to this Act or local country ordinances).
7. Not a director, supervisor or employees of other companies or institutions whom or his/her spouse is also the chairman, general manager or employee of equivalent position in the company. (It does not apply in cases where the person is also an Independent Director of the company or its parent company, subsidiary or the subsidiaries of the same parent company are set up according to this Act or local country ordinances).
8. Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution that has financial

or business relations with the Company. (This does not apply, in the cases where a specific company or institution held more than 20% of the total issued shares of the company, but less than 50%, and also served as an Independent Director of the company or its parent company, subsidiary or the subsidiaries of the same parent company are set up according to this Act or local country ordinances).

9. Not a professional individual, sole proprietor, partner, owner of a company or institution, director, supervisor, manager or a spouse thereof of a sole proprietorship, partnership, company, or institution providing auditing or services including commercial, legal, financial, accounting or consultation services to the Company or its related companies with cumulative remuneration less than NT\$500,000 in the past two years. However, this does not apply, in cases where members of the Remuneration Committee, the Review Committee for Public Tender Offer or the Special Committee for Mergers and Acquisitions who performed their functions in accordance with the relevant laws of the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
10. Not a spouse or a relative within the second degree of kinship to any other director of the Company.
11. Not having any of the conditions defined in Article 30 of the Company Law.
12. Not a governmental or judicial person, or a representative of such institutions as defined in Article 27 of the Company Law.

The diversity and independence of the Board directors

a) Diversity within the members of the Board of Directors:

The composition of the Board of Directors of Tur Company is considered from multiple aspects based on the "Corporate Governance Best Practice Principles" and the " Rules for Election of Directors " to ensure diversity. There are a total of 7 directors in Tur Company, including 3 independent directors. Among the directors, 6 are Taiwanese nationals and 1 is a Brazilian national. The professional backgrounds of the directors cover management, science and engineering, and financial analysis, and they possess knowledge of the chemical industry and downstream cigarette manufacturers, as well as operational judgment, international market awareness, leadership skills, and decision-making ability required by Tur Company. They provide professional advice from different perspectives, which can improve the company's operating performance and management efficiency. Tur Company attaches importance to the independence of the Board of Directors. The goal of the diversified management policy is to ensure that the number of directors who also serve as company managers does not exceed one-third of the total number of directors.

Core Items Name	Nationality	Gender	Employee	Age		Independent Director Tenure			Operational judgement skills	Accounting and financial analysis skills	Operational management skills	Crisis management skills.	Industry knowledge	Global market view	Leadership skills	Decision making skills
				51- 60	61- 70	0-3 years	4-6 years	6-9 years								
Wang, Ko-Chang	ROC	M	V		V				V		V	V	V	V	V	V
HSU Cheng-Tsai	ROC	M			V				V		V	V		V	V	V
Ericson Fensterseifer	Brazil	M			V				V		V	V	V	V	V	V
Meng, Ching-Li	ROC	M			V				V	V	V	V			V	V
Lin, Tzer-Jong	ROC	M			V			V	V		V	V	V		V	V
Lin, Wen-Cheng	ROC	M		V				V	V	V	V	V	V	V	V	V
Yu, Ching-Hsien	ROC	M			V		V		V		V	V	V			V

b) Independence within the members of the Board of Directors:

The company has a total of 7 directors, including 3 independent directors. The proportion of independent directors is 43%. The independent director members do not have situations as described in Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act. There is no spouse or relative within the second degree of kinship among the directors of Tur Company.

3.2.2 Management Team

April. 2, 2023, unit: per share: %

Title	Nationality / Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Note
				Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Wang, Ko-Chang	Dec. 4, 2014	100,000	0.14	-	-	-	-	Fiber Tech., National Taiwan University of Science and Technology Acelon Chemicals & Fiber Co.,- Assistant Vice President Jinan Juda Fiber Ltd.- General Manager Jinan Acetate Chemical Co., LTD.- Chairman Taiwan Business Association of Jinan City- President National Association of Taiwan Enterprises- Vice president	Bright Pearl Enterprises Ltd.- Director Fei yue Engineering Ltd.- Director Jinan Hezhen Industry & Trade Co., Ltd.-President Acetek Material Ltd.-President Acetek Momentun Co., Ltd. - President Acetate (Shandong) Environmental Fiber Co., Ltd. - President				Note1
CFO	R.O.C.	Chen, Chieh-Jui	Aug.05, 2020	50,000	0.07	-	-	-	-	Department of Accounting, National Chengchi University Deloitte CPA Firm- Audit Department Manager GOODONG INDUSTRY CO., LTD.-CFO	-				

Senior Manager	R.O.C.	Wu, Wen-Pin	March.1, 2023	-	-	15,000	0.02	-	-	Chinese Culture University- Master's degree Reliance Securities Co., Ltd.- Vice President Tachan Securities Co., Ltd.- Vice President First Securities Co., Ltd.- Vice President	-	-	-	-	-
Former Audit Supervisor	R.O.C.	Cheng, Che-Yue	April. 23, 2021	-	-	-	-	-	-	PWC CPA Firm-Auditor Deloitte CPA Firm-Senior Assistant Manager of Underwriting Department of South China Yongchang Comprehensive Securities Co., Ltd.	-	-	-	-	Note2
Audit Supervisor	R.O.C.	Wang, Yi-Tun	Feb. 17, 2023	-	-	-	-	-	-	PWC CPA Firm-Senior Fubon Securities Co., Ltd.-Deputy Manager	-	-	-	-	-
General Manager	China	Meng, Ching-Li	Dec. 01, 2010	-	-	-	-	-	-	Department of Industrial electrical and automation, Textile University of China Jinan Chemical Fiber Factory- Engineer Jinan Juda Fiber Co., Ltd.-Factory Manager	-	-	-	-	-

Vice President	China	Zhu, Zhang-Chao	Dec. 01, 2007	-	-	-	-	-	-	Branch Campus of Beijing University of Aeronautics and Astronautics, Major of Mechanical Design and Manufacturing Jinan Juda Fiber Co., Ltd.-Deputy Factory Manager	-	-	-	-	-
Sales Director	China	Sun, Jing	Jan. 20, 2013	-	-	-	-	-	-	Shandong University, Department of Chemistry Jinan Juda Fiber Co., Ltd.-Sale Dept. Assistant Manager	-	-	-	-	-
Finance Office Deputy General Manager	China	Zhao, Jin-Po	Feb. 24, 2015	-	-	-	-	-	-	Financial Accounting, Correspondence College of Fudan University Jinan Huasang Gas Co., Ltd.- Financial Officer Shandong Tianhui New Energy Co., Ltd.- Financial Manager Jinan Acetate Chemical Co., Ltd.- Financial Director	-	-	-	-	-
Vice President	China	Zhang, Ai-Feng	Jun. 26, 2017	-	-	-	-	-	-	Materials Chemistry, Laiyang Agricultural College Jinan Juda Fiber Co., Ltd.-Section Manager	-	-	-	-	-
Vice President	China	Liang, Ji-qiang	Jan. 4, 2019	-	-	-	-	-	-	Department of chemical engineering and technology, college of chemical engineering and materials, heilongjiang university Coating process engineer of foxconn technology co., LTD. (yantai industrial park) Chemical design engineer of Beijing landmarkdesign co., LTD. Acetek Material Ltd.- deputy Factory Manager	-	-	-	-	-

Factory Chief & Human Resource Supervisor	China	Liu, Zhen	Dec. 01, 2007	-	-	-	-	-	-	Chemical Engineering and Technology, Liaocheng University Jinan Junda Fiber Co., Ltd.- deputy Factory Manager	-				
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Note1 : If the Chairman and the highest level executive officer (i.e., General Manager) are the same person, spouses, or first-degree relatives, the reasons, rationale, necessity, and corresponding measures should be explained:

In Tur Company, the Chairman also serves as the General Manager in order to enhance operational efficiency and decision-making capabilities, and to have a better understanding of the company's operations. This allows the Board of Directors to have a better grasp of the company's operations. Currently, Tur Company has taken the following specific measures:

- (1) Every year, each director is arranged to attend professional director courses offered by external organizations to enhance the efficiency of the Board of Directors.
- (2) Independent directors are able to fully discuss and propose recommendations in all functional committees for the reference of the Board of Directors, in order to implement corporate governance.
- (3) More than half of the members of the Board of Directors do not concurrently serve as employees or managers.
- (4) When the directors (including independent directors) are fully re-elected on May 31, 2023, the number of independent directors will be increased to four.

Note2 : The audit supervisor was changed from Mr. Cheng, Che-Yue to Ms. Wang, Yi-Tun on February 17, 2023

3.2.3 Remuneration of Directors, Supervisors, President, and Vice President

Remuneration of Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Pension (B)		Bonus to Directors (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Pension (F)		Employee Compensation (G)						
		The company	All compani es in the financial stateme nts	The company	All companies in the financial statements	The company	All companies in the financial statements	The company	All companies in the financial statements	The company	All companies in the financial statements	The company	All companie s in the financial statement s	The company	All companies in the financial statements	The company		All companies in the financial statements		The company	All companies in the financial statements	
Cash	S t o c k															Cash	S t o c k					
Chairman	Wang, Ko-Chang	-	1,238	-	-	2,000	2,000	60	60	2,060 & 0.16	3,298 & 0.26	2,382	2,382	-	-	9,000	-	9,000	-	13,442 & 1.08	14,680 & 1.17	-
Director	Hsu, Cheng-Tsai																					
Director	Ericson Fensterseifer																					
Director	Meng, Ching-Li																					
Independent Director	Lin, Tzer-Jong	1,800	1,800	-	-	-	-	87	87	1,887 & 0.15	1,887 & 0.15	-	-	-	-	-	-	-	-	1,887 & 0.15	1,887 & 0.15	-
Independent Director	Lin, Wen-Cheng																					
Independent Director	Yu, Ching-Hsien																					

1. Please state the independent director remuneration policy, system, standards, and structure, and describe the correlation between the remuneration amount and factors such as the responsibilities, risks, and time commitment they undertake:

According to Article 38 of Tur Company's bylaws, director remuneration may be determined by the board of directors with reference to the recommendations of the Compensation Committee and other general industry standards.

2. In addition to the disclosures provided in the table above, the remuneration received by company directors for providing services (such as serving as a consultant for non-employee affiliates of the parent company/ all companies in financial reports/ investing entities) during the most recent fiscal year was: None.

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Wang, Ko-Chang, Hsu, Cheng-Tsai, Ericson Fensterseifer, Meng, Ching-Li Lin, Tzer-Jong, Lin, Wen-Cheng, Yu, Ching-Hsien	Hsu, Cheng-Tsai, Ericson Fensterseifer, Meng, Ching-Li Lin, Tzer-Jong, Lin, Wen-Cheng, Yu, Ching-Hsien	Hsu, Cheng-Tsai, Ericson Fensterseifer, Meng, Ching-Li Lin, Tzer-Jong, Lin, Wen-Cheng, Yu, Ching-Hsien	Hsu, Cheng-Tsai, Ericson Fensterseifer, Meng, Ching-Li Lin, Tzer-Jong, Lin, Wen-Cheng, Yu, Ching-Hsien
NT\$1,000,000 ~ NT\$2,000,000	-	-	-	-
NT\$2,000,001 ~ NT\$3,500,000	-	Wang, Ko-Chang	-	-
NT\$3,500,001 ~ NT\$5,000,000	-	-	-	-
NT\$5,000,001 ~ NT\$10,000,000	-	-	-	-
NT\$10,000,001 ~ NT\$15,000,000	-	-	Wang, Ko-Chang,	Wang, Ko-Chang,
NT\$15,000,001 ~ NT\$30,000,000	-	-	-	-
NT\$30,000,001 ~ NT\$50,000,000	-	-	-	-
NT\$50,000,001 ~ NT\$100,000,000	-	-	-	-
Over NT\$100,000,000	-	-	-	-
Total	7	7	7	7

Remuneration of Supervisors:

The Company has established the Audit Committee, therefore there are no Supervisors.

Remuneration of the President and Vice President

Unit: NT\$ thousands

Job title	Name	Salary (A)		Pension (B)		Bonuses and special allowances, etc.		Employee remuneration (D)				Total of A, B, C and D as a percentage (%) of Net Income		Receiving the remuneration from the investees other than subsidiaries or parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash dividend	Amount of stock	Cash dividend	Amount of stock			
Chairman	Wang, Ko-Chang	3,840	8,490	65	135	644	4,292	10,100	-	10,100	-	18,489 & 1.17	23,017 & 1.84	-
President (Jinan Acetate Chemical Co., Ltd.)	Meng, Ching-Li													
Vice President	Zhu, Chang-Chao													
Vice President	Zhang, Ai-Feng													
Vice President	Liang, Ji-Qiang													
Vice President	Zhao, Jin-Po													
CFO	Wang, Sheng-pin													

Range of Remuneration	Name of President and Vice President	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Meng, Ching-Li, Zhu, Chang-Chao, Zhang, Ai-Feng, Liang, Ji-Qiang ,Zhao, Jin-Po	Zhu, Chang-Chao ,Zhao, Jin-P
NT\$1,000,001 ~ NT\$2,000,000		Zhang, Ai-Feng, Liang, Ji-Qiang
NT\$2,000,001 ~ NT\$3,500,000	Chen, Chieh-Jui	Meng, Ching-Li, Chen, Chieh-Jui
NT\$3,500,001 ~ NT\$5,000,000	Wang, Ko-Chang	-
NT\$5,000,001 ~ NT\$10,000,000	-	-
NT\$10,000,001 ~ NT\$15,000,000	-	Wang, Ko-Chang
NT\$15,000,001 ~ NT\$30,000,000	-	-
NT\$30,000,001 ~ NT\$50,000,000	-	-
NT\$50,000,001 ~ NT\$100,000,000	-	-
Over NT\$100,000,000	-	-
Total	7	7

Unit: NT\$ thousands

Manager	Title	Name	Employee Bonus- in Stock(Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
	Chairman	Wang, Ko-Chang	-	10,100	10,100	0.81
	CFO	Chen, Chieh-Jui				

3.2.4 Comparison of Remuneration for Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Supervisors, Presidents and Vice Presidents

A. The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, presidents and vice presidents of the Company, to the net income.

Title	2021		2022	
	This company	All subsidiaries in the financial report	This company	All subsidiaries in the financial report
Director	3.21%	5.21%	1.48%	2.25%
President and Vice President				

B. The policies, standards, and portfolios for the payment of remuneration, the procedures for determining remuneration, and the correlation with business performance.

The Company has established the Audit Committee and The Company's Remuneration Committee currently consists of 3 Independent Directors. The policy for payment of compensation for Directors and Managerial officers is set by the Remuneration Committee, having taken into account the individual's position, level of participation, contributions to Company operations, as well as reference to the industry standards. The Remuneration Committee shall also regularly evaluate performance appraisal of Directors and Managerial officers.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 12(A) meetings of the board of directors were held in 2022 and as of the date of this annual report. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Chairman	Wang, Ko-Chang	12	-	100%	
Director	HSU, Cheng-Tsai	12	-	100%	
Director	Meng, Ching Li	12	-	100%	
Director	Ericson Fensterseifer	12	-	100%	
Independent director	Lin, Tzer-Jong	12	-	100%	
Independent director	Lin, Wen-Cheng	12	-	100%	
Independent director	Yu, Ching-Hsien	12	-	100%	

Other mentionable items:

- The Board Meeting's date, session, proposal contents, all Independent Directors' opinions and the Company's actions in response to the opinions if any of the following occurred:
 - Matters specified in Article 14-3 of Taiwan's Securities and Exchange Act: The Company established Audit Committee on July 1, 2016. The provisions of Article 14-3 of the Securities Exchange Act are not applicable. For an explanation of the matters listed in Article 14-5 of the Securities Exchange Act, please refer to Operation of the Audit Committee section.
 - Other matters apart from the aforementioned where an independent director has a dissenting opinion or qualified opinion: None.
- If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date	Terms	Communication Content	Reasons for avoidance of conflict of interests and status of decisions
20220309	The 20 th meeting of the 4 th term.	Determine the amount of employees' and directors' remuneration of 2021.	Pursuant to avoid conflict of interest, Director Wang, Ko-Chang, Director Hsu, Cheng-Tsai, Director Ericson Fensterseifer, Director Meng, Ching-Li had abstained. After the opinion of other directors in attendance were inquired by chairman, the proposal was approved without objection.
20220630	The 23 rd meeting of the 4 th term.	Distribution of employees' bonuses and compensation of the Company's directors for FY2021.	Pursuant to avoid conflict of interest, Director Wang, Ko-Chang, Director Hsu, Cheng-Tsai, Director Ericson Fensterseifer, Director Meng, Ching-Li had abstained.

	term.		After the opinion of other directors in attendance were inquired by chairman, the proposal was approved without objection..
20221110	The 27 th meeting of the 4 th term.	The house renting between the Company and Mr. Wang, Ko-Chang..	Pursuant to avoid conflict of interest, Director Wang, Ko-Chang. After the opinion of other directors in attendance were inquired by chairman, the proposal was approved without objection.
20221226	The 28 th meeting of the 4 th term.	1.Proposal to have the Company's Remuneration Committee review the managers' 2022 year-end bonus. 2.Intending to transfer treasury stocks to employees of the company.	1.Pursuant to avoid conflict of interest, General manager Wang, Ko-Chang and supervisors at presence CFO Chen, Chieh-Jui had abstained. After the opinion of other directors in attendance were inquired by chairman, the proposal was approved without objection. 2.Pursuant to avoid conflict of interest, General manager Wang, Ko-Chang had abstained. After the opinion of other directors in attendance were inquired by chairman, the proposal was approved without objection.
20230323	The 31 st meeting of the 4 th term.	Intending to transfer treasury stocks to employees of the company.	Pursuant to avoid conflict of interest, General manager Wang, Ko-Chang had abstained. After the opinion of other directors in attendance were inquired by chairman, the proposal was approved without objection.

4. The listed company shall disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the self (or peer) evaluation by the board of directors, and fill in the attached Table 2 (2) Board evaluation implementation status:

The implementation of the evaluation by the board of directors:

(1) Evaluation cycle: once a year.

(2) Evaluation period: January 1, 2022 to December 31, 2022.

(3) Scope of assessment: individual director members and the entire board of directors
Functional Committee.

(4) Evaluation method: performance evaluation is carried out by directors' self-evaluation and internal self-evaluation of the board of directors.

(5) Assessment content:

1. Performance evaluation of individual directors: The letter includes the following six aspects: (1) Mastery of the company's goals and tasks. (2) Awareness of directors' responsibilities. (3) The degree of participation in the operation of the company. (4) Internal relationship management and communication. (5) Professional and continuing education of directors. (6) Internal control.

2. Performance evaluation of the board of directors: The letter includes the following five aspects: (1) The degree of participation in the company's operations. (2) Improve the decision-making quality of the board of directors. (3) Composition and structure of the board of directors. (4) Election and appointment of directors and continuing education. (5) Internal control.

3. Performance evaluation of Functional Committee.: The letter includes the following five aspects: (1) The degree of participation in the company's operations. (2) Improve the decision-making quality of the board of directors. (3) Composition and structure of the board of directors. (4) Election and appointment of directors and continuing education. (5) Internal control.

4. Collect the relevant information of the board of directors at the end of each year, collect the questionnaires, and use the scores for the evaluation indicators as a reference for future remuneration and nomination of individual directors.

5. The company completed the performance evaluation of individual director members and the overall board

of directors in January 2023 and reported to the board of directors in 2022. After evaluating the performance of individual directors, the overall board of directors and the functional committees in 2022 the overall operation results were "good" or "excellent".

5. Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.
- i. The Company has established rules of Procedures for directors' meetings and election of directors. The operation of the Board of Directors is in accordance with that rules and current enactments.
 - ii. The company has established an Audit Committee and Remuneration Committee to assist the company governance.
 - iii. The Company has a spokesperson and a deputy spokesperson, and has a specific person responsible for public information disclosure and other related matters.

3.3.2 Audit Committee (or Attendance of Supervisors at Board Meetings)

The Audit Committee of the Company consists of three independent directors, who assist the Board of Directors in supervising the quality and integrity of the company's accounting, auditing, financial reporting processes, and financial controls. The matters reviewed by the committee include reviewing financial reports, deliberating on internal control systems and related policies and procedures, evaluating the effectiveness of internal control systems, significant asset transactions, bank financing cases, appointment of auditors and their independence assessment, and compensation, among others.

A. Audit Committee

A total of 11(A) meetings of audit committee were held in 2022 and as of the date of this annual report. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Independent director	Lin, Tzer-Jong	11	-	100%	-
Independent director	Lin, Wen- Cheng	11	-	100%	-
Independent director	Yu, Ching- Hsien	11	-	100%	-

Other mentionable items:

A. Summary of Annual Key Tasks

- (1) Regular communication with the company's auditor regarding the results of the review or audit of the quarterly financial statements.
- (2) Review of financial reports.
- (3) Review of the annual audit plan proposed by the internal audit unit.
- (4) Assessment of the effectiveness of the company's internal control system.
- (5) Evaluation of the suitability of the head of internal audit.
- (6) Review of the revision of the company's articles of incorporation and internal control system.
- (7) Compliance with laws and regulations.

B. Please refer to the other items required to be disclosed under Article 14-5 of the Securities and Exchange Act for the operational status.

1. The matters listed in Article 14-5 of the Securities and Exchange Act and other matters that have not been approved by the audit committee but have been resolved by more than two-thirds of all directors, if the operation of the audit committee falls under any of the following circumstances, it shall be reported. Indicate the meeting date of the Audit Committee, the period, the content of the proposals, the

independent directors' objections, reservations or major recommendations, the results of the Audit Committee's resolutions, and the company's handling of the Audit Committee's opinions:

Date	Terms	Communication Content	Opinions of all Committees	Response to the Committees' opinion
20220309	The 17 th meeting of the 3 rd term.	1. Business report of the 2021 and FY2021 consolidated financial report of the Company and its subsidiaries. 2. Proposed change the source of funds for repayment of the company's first unsecured domestic convertible corporate bonds. 3. Distribution of employees' bonuses and compensation of the Company's directors for FY2021. 4. Discussion of the declaration of internal control system of the company. 5. Proposed endorsement guarantee for Sun Company Jinan Acetate Chemical Co., Ltd. 6. Proposal to provide endorsement and guarantee for the Company's subsidiary company. 7. Application to the bank for a credit line by the Company. 8. Proposed issuance of new shares through cash capital increase and the third unsecured convertible corporate bonds in 2022 by the Company. 9. The company's 2022 annual meeting of shareholders to convene matters.	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20220325	The 18 th meeting of the 3 rd term.	1. Proposal for Distribution of 2021 Profits. 2. Amendment to the Company's "Acquisition or Disposal of Assets Handling Procedures" 3. Amendment to the "Articles of Association" of the company	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20220509	The 19 th meeting of the 3 rd term.	1. Consolidated financial report of the company and its subsidiaries for the first quarter of 2022 on the investment 2. Proposed increase in investment amount and method of Acetate (Shandong) Environmental Fiber Co., Ltd. 3. Proposal to provide endorsement and guarantee for the Company's subsidiary company. 4. Application to the bank for a credit line by the Company.	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20220630	The 20 th meeting of the 3 rd term.	1. Establishment of "Employee Stock Subscription Plan for Cash Capital Increase in 2022". 2. Revision of "Responsibilities and Functions of Information System Management".	The entire audit committee agreed to pass	Approved by the board of directors with no objection.

20220715	The 21 st meeting of the 3 rd term.	1. Change the functional currency to New Taiwan Dollar. 2. Appointment of new information security officer	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20220815	The 22 nd meeting of the 3 rd term.	1. Consolidated Financial Report of the Company and Subsidiaries for the Second Quarter of 2022 2. Application to the bank for a credit line by the Company. 3. Proposed adjustment to investment structure in response to group operation plans and business channel integration. 4. Establishment of "Operational Procedures for Preparation and Verification of Sustainability Reports".	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20220819	The 23 rd meeting of the 3 rd term.	Proposal for Distribution of 2022H1 Profits	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20221110	The 24 th meeting of the 3 rd term.	1. Consolidated financial report of the company and its subsidiaries for the third quarter of 2022 2. The company and related person Mr. Wang Kezhang house lease matters 3. Application to the bank for a credit line by the Company.	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20221226	The 25 th meeting of the 3 rd term.	1. 2023 annual operating plan and budget 2. 2023 annual audit plan 3. It is planned to review the 2022 annual manager through the company's salary and remuneration committee year-end bonus 4. Evaluation and Appointment of the Competency and Independence of the Certified Public Accountant 5. Application to the bank for a credit line by the Company. 6. Proposed guarantee for Jinan Acetate Chemical Co., Ltd. 7. Proposed increase in investment amount and method in Acetate (Shandong) Environmental Fibers Co., Ltd. 8. Transfer of treasury stocks to employees of the company. 9. Establishment of "Operational Procedures for Disclosure of Material Information". 10. Retroactive investment in Holyard International Co., Ltd.	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20230217	The 27 th meeting of the 3 rd term.	Change to the chief internal auditor and acting spokesperson of the company	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20230323	The 18 th meeting of the 3 rd term.	1. 2022 annual business report, 2022. consolidated financial report of the company and its subsidiaries.	The entire audit committee agreed to pass	Approved by the board of directors

	term.	2. Proposal for Distribution of 2022 Profits. 3. Issue new shares through capital increase from earnings. 4. "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" for the company in 2022. 5. Amendment to the Company's Articles of Incorporation. 6. Amendment to the "Rules of Procedure for Directors Meeting". 7. The proposal to provide endorsement guarantees for domestic subsidiaries and sub-companys in China. 8. Proposed guarantee for investment projects of the company. 9. Proposed increase in investment amount and method in Acetate (Shandong) Environmental Fiber Co., Ltd. 10. Transfer of treasury stocks to employees of the company. 11. Cancellation of treasury stocks 12. Issue new common shares through cash capital increase. 13. Resolved to convene the 2023 Annual General Shareholders Meeting.		with no objection.	
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For the above proposal, the independent directors suggested or reserved or objected: None.

2. In addition to the above matters, other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee: None.
3. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Name of Independent Directors	Meeting Agenda	Reason for recusal	The Company's Follow-up	Result of resolution
None	NA	NA	NA	NA

4. Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)

- (1) The internal audit officer completes the audit reports on a monthly basis and delivers them to the Independent Directors for review in the following month. Regular reports should be conducted at the Board meetings, the internal audit, and the results of the Company's self-inspection.
- (2) Regular reviews on the financial statements should be conducted with the publication of review report. The internal audit officer proceeds communication with the Independent Director at least once a quarter, and may convene a meeting to discuss major or abnormal matters at any time. Another, before the annual audit report is issued, the accountant will first communicate with the management entity; explain the relevant check, risk assessment and key check matters, etc., so the accountant and the independent director can maintain full two-way communication the independent director can maintain full two-way communication.

(3)Summary of the communication between independent directors and accountants:

Date	Communication Occurred with the CPAs	Outcome of communication
20220308	1. The accountant will explain the results of the audit of the financial and profit and loss situation in 2021 2. Explanation of the 2021 Internal Control Specialized Review and Verification Results. 3. Accountants discuss and communicate with the questions raised by the participants	No objective opinion
20220715	1. The accountant will explain the results of the audit of the financial and profit and loss situation in the second quarter of 2022. 2. Accountants discuss and communicate with the questions raised by the participants.	No objective opinion
20220816	1. The accountant will explain the results of the audit of the financial and profit and loss situation in 2022Q2 2. Accountants discuss and communicate with the questions raised by the participants	No objective opinion
20221214	1. Communication of key audit items in the 2022 annual report. 2. Accountants discuss and communicate with the questions raised by the participants.	No objective opinion
20220308	1. The accountant will explain the results of the audit of the financial and profit and loss situation in 2022. 2. Explanation of the results of the internal control special review in 2022 3. Accountants discuss and communicate with the questions raised by the participants	No objective opinion

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company has established a code of practice for corporate governance, and adheres to the important principles of corporate governance such as safeguarding shareholders' rights, strengthening the functions of Board of Directors, expressing the functions of independent directors, respecting the interests of stakeholders and enhancing information transparency, etc.; and strengthen information transparency and Board functions and other measures by modifying relevant management measures, shareholder convention rules relevant to corporate governance, directors election rules, rules of independent directors' responsibilities scope, internal control system, integrity management code and ethical code of conduct, etc.; promote the operation of corporate governance.	There is no big difference.
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based	V		(1) The Company has assigned a dedicated stock agency to handle the shareholding issues in Taiwan, and set up a spokesperson to handle the shareholders' proposals. The relevant internal	Set related interior operating procedures to deal with them per the requirements appeared in the future.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
on the procedure?	V		operating procedures will be decided in accordance with the demands and shareholders' suggestions, doubts, disputes and litigation matters.	There is no big difference.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) Through the stock agency, actual information can be provided and the list can be grasped in a timely manner.	There is no big difference.
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company has established the “Measures of Dealing Operation for the Group Companies, Specific Companies and Related Persons”, with independent financial operation among the related companies; and has implemented the risk management and control of the Company and related companies with appropriate firewall.	There is no big difference.
(4) Does the company establish internal rules against insiders trading with undisclosed information?			(4) The Company has established the "Management of Insider Trading Prevention" to prohibit the use of undisclosed information on the market to trade securities.	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) The association of Company Board members is based on the Board’s operation, operational type and development needs, and is built by the person in charge of the Company and the financial & accounting experts.	There is no big difference.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		V	(2) The Company has set up an Audit Committee and a Remuneration Committee, all of which are built by three independent directors. As for other functional committees, they are separately authorized by the Board of Directors as required.	The company will set up other functional committee on the other that per actual requirements appeared in the future
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually? and report the results of the performance evaluation to the board of directors, and use them as a reference for individual directors’ remuneration and nomination for renewal?	V		(3) The company has set the performance evaluation method of the Board of Directors according to actual needs and conduct regular performance evaluation of the Board of Directors.	There is no big difference.
	V		(4) The Company is required to assess the independence and eligibility of the certificating accountant at least once per year in accordance with the provisions specified in Article 29 of the	There is no big difference.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company regularly evaluate the independence of CPAs?			“Code of Practice for Corporate Governance on the Listed Companies” and submit it to the Board of Directors; in addition to obtaining the independence statement issued by the accountant, confirm that the certifying accountant is free from any position in the Company. ¹	
4. Whether the SE/OTC listed companies have set up a special (part-time) unit or personnel responsible for corporate management related matters (including but not limited to providing data for directors and Supervisors in business operations, handling affairs related to the meeting of board of directors and board of shareholders handling company registration and change registration,		V	To enhance corporate governance and enable the board of directors to perform its duties, Tur Company plans to appoint a corporate governance officer by the end of June 2023. The current department responsible for board affairs is the finance department, which is responsible for drafting the board meeting agenda and providing sufficient meeting materials to be sent together with the notice of meeting. If directors feel that the meeting materials	There is no big difference.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
making notes for the meeting of board of directors and board of shareholders)?			are insufficient, they may request that the board affairs department provide additional materials, which must be provided within seven days. If directors feel that the information on an agenda item is inadequate, they may postpone the deliberation with the approval of the board of directors.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company maintains a good communication channel with banks, suppliers and other stakeholders. The Company also has a dedicated staff to deal with the Company's external relations and stakeholder issues, and will set up a stakeholder zone on the Company's website to properly respond to concerns of stakeholders.	There is no big difference.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designates Grand Fortune Securities Co., Ltd. to deal with shareholder affairs.	There is no big difference.
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information	V V		(1) The Company has built a website and the Company's related information will be disclosed consistently. (2) The Company has built a website in both Chinese and English. Questions are answered by the spokesperson and the acting spokesperson; the finance department is responsible for collecting and disclosing the Company	There is no big difference. There is no big difference.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial report for the first, second and third quarters and the operating conditions of each month before the prescribed deadline?	V		information. (3) The company has announced the 2022 financial report on March 30, 2023, and announced the completion of the first, second and third quarter financial reports and the operating conditions of each month before the specified deadline.	There is no big difference.
8. Whether this company has important information for others to know the business operations (including but not limited to employee rights, employee care, investor relation, supplier relation, rights of interested parties, training of directors and Supervisors, risk management policy and execution of risk measurement standard, execution condition of customer policy, the condition of the company to buy insurance for directors and Supervisors)?	V		(1) The Company and its subsidiaries provide employees with adequate training programs; enable employees to fully reflect their opinions by a channel; and provide employees with reasonable benefits and remuneration in accordance with local enactments. (2) Employee care: According to the relevant regulations of local government, provide social insurance to ensure the welfare of employees; and hold irregular activities such as dinner, recreation and other activities to entertain employees. (3) Investor relations: Maintain a smooth communication channel with investors and	There is no big difference.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			safeguard their legitimate rights and interests. (4) Supplier relations: The Company has always maintained a good relationship with its suppliers. (5) The rights of stakeholders: The stakeholders can communicate and make suggestions with the Company to safeguard their legitimate rights and interests. (6) The studying situation of directors and supervisors: The Company directors and independent directors have completed the study hours in accordance with the statutory requirements. (7) Implementing status of risk management policy and risk measurement standard: The Company has an internal control system and related management measures and implements them accordingly to reduce and prevent any possible risks. (8) Implementing status of customer policy: The special department is responsible for customer consultation and complaint pipeline. (9) The liability insurance the Company has purchased for its directors: In 2022 and 2023, the Company insured liability insurance for	

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			directors; and reported the 2023 insurance price, coverage and insurance fee rate were reported to Board of Directors on March 23, 2023.	

9. Please describe the improvement in the results of the recent corporate management review issued by the Corporate Governance Center of the Taiwan Stock Exchange, and give priority to strengthening measures for those matters which have not been improved:

Business Operation Review No.	Business Operation Review Item	Improvement and execution condition
1.7	Has the company uploaded the shareholder meeting handbook and supplementary materials 30 days before the annual general meeting?	Improved.
2.3	Is the Chairman of the company not the same person as the CEO or equivalent level executive, or the spouse or relative within the first degree of kinship?	It is expected that the number of independent directors will be increased to four when the directors (including independent directors) are fully re-elected on May 31, 2023.
2.24	Has the company established an information security risk management framework, developed information security policies and specific management plans, and disclosed them on the company website or in the annual report?	Improved.
3.1	Has the company not been subject to penalty for violation of the verification and public handling procedures for major information disclosures for listed companies?	Improved.
3.3	Has the company not been subject to penalty for violation of the regulations related to information reporting procedures for listed companies?	Improved.
3.16	Does the company website disclose the list of major shareholders, including those who hold more than 5% of the shares, and if there are less than 10 such shareholders, the names, shareholding amounts, and percentages of the top ten shareholders should be disclosed?	Improved.
4.5	Has the company's corporate social responsibility report been verified by a third party?	Improved.

Note: 1. CPA Independence Evaluation Criteria.

Item	Evaluation Content	Yes	No
1	The CPA have no direct or significant indirect financial relationship with the Company	V	
2	The CPA have no close commercial relationship with the Company	V	
3	The CPA have no potential employment relationship with the Company	V	
4	The CPA have no financing and guarantee activities with the Company	V	
5	The CPA have not received gifts or gifts of great value from the directors and managers of the Company (Its value doesn't exceed the standard of general social etiquette)	V	
6	The CPA have no offered auditing service to the Company for the past seven years	V	
7	The CPA have not been disciplined by the competent authority or the CPA Association, or has been punished in accordance with paragraph 3 of Article 37 of the securities and Exchange Act.	V	
8	The CPA have not holding the shares of the Company	V	
9	The CPA have no concurrent work at the Company or regular work at its conglomerates and has paid the fixed salary.	V	
10	The CPA have no join investment or profit sharing relationship with the Company	V	
11	The CPA have no close personal relationship with the Company's directors, managers or employees who have significant influence on the audit	V	
12	The CPA, his spouse, dependants or audit team members have no held the position of director or manager of the Company or is in a key position to exert significant influence over the subject matter of the engagement current or in the most recent two year or in the future audit period.	V	
13	Whether the CPA have met the standards of independence in No. 10 statement of professional ethics, and have obtained the CPA's statement of independence	V	

Attached Table1 : 2020 Training Records of the Company's Directors :

Title	Name	Date	Organizations	Courses	Training hours
Chairman	Wang, Ko-Chang	2022.05.27	Securities & Futures Institute	The Latest Practical Developments and Corporate Prevention Measures for Insider Trading in Taiwan.	3
			Securities & Futures Institute	Legal Liability for Corporate Fraud and Understanding of Criminal Case Adjudication in Court	3
Director	Hsu, Cheng-Tsai	2022.11.09	Taiwan Institute of Sustainable Energy	2022 GCS -Strive Towards Sustainable Developments	1
		2022.11.14	Taiwan Stock Exchange Corporation.	2022 Cathay Sustainable Finance and Climate Change Summit	6
Director	Ericson Fensterseifer	2022.05.27	Securities & Futures Institute	The Latest Practical Developments and Corporate Prevention Measures for Insider Trading in Taiwan.	3
			Securities & Futures Institute	Legal Liability for Corporate Fraud and Understanding of Criminal Case Adjudication in Court	3
Director	Meng, Ching-Li	2022.05.27	Securities & Futures Institute	The Latest Practical Developments and Corporate Prevention Measures for Insider Trading in Taiwan.	3
			Securities & Futures Institute	Legal Liability for Corporate Fraud and Understanding of Criminal Case Adjudication in Court	3
Independent Director	Lin, Tzer-Jong	2022.05.27	Securities & Futures Institute	The Latest Practical Developments and Corporate Prevention Measures for Insider Trading in Taiwan.	3
			Securities & Futures Institute	Legal Liability for Corporate Fraud and Understanding of Criminal Case Adjudication in Court	3
Independent Director	Lin, Wen-Cheng	2022.05.27	Securities & Futures Institute	The Latest Practical Developments and Corporate Prevention Measures for Insider Trading in Taiwan.	3
			Securities & Futures Institute	Legal Liability for Corporate Fraud and Understanding of Criminal Case Adjudication in Court	3
Independent Director	Yu, Ching-Hsien	2022.05.27	Securities & Futures Institute	The Latest Practical Developments and Corporate Prevention Measures for Insider Trading in Taiwan.	3
			Securities & Futures Institute	Legal Liability for Corporate Fraud and Understanding of Criminal Case Adjudication in Court	3

3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Note 1)	Criteria Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remark
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Lin, Tzer-Jong	-	-	V	V	V	V	V	V	V	V	V	V	V	0	-
Independent Director	Lin, Wen-Cheng	-	V	V	V	V	V	V	V	V	V	V	V	V	0	-
Independent Director	Yu, Ching-Hsien	-	-	V	V	V	V	V	V	V	V	V	V	V	0	-

Note 1: The title filled in the director, independent director or other

Note 2: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, is a top five shareholder, or appointed a representative as the Company's director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
6. Not a director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
7. Not a director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).
8. Shareholders (not applicable in cases where the specific company or institution holds

- 20% or more but less than 50% of the Company's outstanding shares, and is an independent director of the Company, its parent company, subsidiary.
9. Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT\$500,000 in the most recent two years to the company or to any affiliate of the company, or a spouse thereof, This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.
10. Not a person of any conditions defined in Article 30 of the Company Law.

B. Attendance of Members at Remuneration Committee Meetings

- There are 3 members in the Remuneration Committee.
- The term of Committee members: June 23, 2020 to June 22, 2023, A total of 4
(A) Remuneration Committee meetings were held in 2022 and as of the date of this annual report. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) 【 B / A 】	Remarks
Convener	Lin, Tzer-Jong	5	-	100%	-
Committee Member	Lin, Wen-Cheng	5	-	100%	-
Committee Member	Yu, Ching-Hsien	5	-	100%	-

Other mentionable items:

- If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
- For matters resolved by the Compensation and Remuneration Committee, if members have objections or reservations, and there is a record or written statement, the date of the Remuneration and Remuneration Committee, the period, the content of the proposal, the opinions of all members and the handling of the opinions of the members shall be stated.

Date	Terms	Communication Content	Remuneration Committee's opinion	Response to the Committee's opinions
20220309	The 7th meeting of the 3 rd term.	Distribution of employees' bonuses and compensation of the Company's directors for FY2021.	The entire committee agreed to pass	Approved by the board of directors with no objection.
20220610	The 8th meeting of the 3 rd term.	Distribution of employees' bonuses and compensation of the Company's directors for FY2021.	The entire committee agreed to pass	Approved by the board of directors with no objection.
20220630	The 9th meeting	1. Policy for Employee	The entire	Approved by

	of the 3 rd term.	Subscription to Cash Capital Increase for the Year 2022. 2. Cash Capital Increase Manager Subscription Plan for the Year 2022.	committee agreed to pass	the board of directors with no objection.
20221226	The 10th meeting of the 3 rd term.	3. Year-end bonus payment of all high-level managers in 2022. 4. Transfer of treasury stocks to employees of the company.	The entire committee agreed to pass	Approved by the board of directors with no objection.
20230323	The 11th meeting of the 3 rd term.	1. Distribution of employees' bonuses and compensation of the Company's directors for FY2022. 2. Transfer of treasury stocks to employees of the company.	The entire committee agreed to pass	Approved by the board of directors with no objection.

The above-mentioned motion, the remuneration committee's suggestion or reservation or objection: there is no such thing.

3. Remuneration Committee responsibilities: The members of Remuneration Committee are appointed by the Board of Directors. Members of the Committee shall be responsible for the good management to the Board of Directors and shall set and regularly review the management's performance, policies, systems, standards, and structures of the remunerations and compensations; Regular assessment shall be conducted to determine the remunerations and compensations of Directors and the managerial officers. The most recent fiscal year and up to the date of publication of the annual report, the Remuneration Committee faithfully fulfilled the duties.

3.3.5 The difference between the situation of social responsibility fulfillment and the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and its reasons.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
1. Whether the Company have conducted risk assessments of environmental, social and corporate governance issues related to its operations in accordance with the materiality principles and formulated relevant risk management policies or strategies?	V		Tur Company has established the Corporate Sustainability Implementation Team in June 2022, with our CEO as the chairman. The team reports the annual corporate sustainability achievements to the Board of Directors and supervises the implementation progress of all departments, aiming to strengthen the Board's involvement in Tur Company's sustainability efforts.	No obvious discrepancy.
2. Has the Company set up specialized or concurrent departments to promote CSR, authorized by the Board of Directors to have high-level management and hierarchical operations, and report back to the Board on the status of matters handled?	V		(1) The Company communicates with stakeholders through existing channels to gather information on issues of concern. The methods of communication vary depending on the nature of the business units, and include both routine and non-routine channels. The issues of concern also vary by category. The Company aims to gain a comprehensive understanding of stakeholder needs and expectations through a diversified perspective, and to enhance interaction with stakeholders. (2) The scope of the current risk assessment includes the Taipei office and three overseas subsidiaries, namely Jinan Acetate Chemical Co., Ltd., Acetek Material Co., Ltd., and Acetek Momentun Co., Ltd. (3) The Company has established internal control systems and related risk management measures to implement risk management policies and standards. These measures are carried out in accordance with regulations to reduce and prevent any risks that may arise from the Company's operations.	No obvious discrepancy.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons															
	Yes	No	Abstract Explanation ²																
			(4) Based on the risk assessment, the following measures have been established in accordance with the relevant risk management policies:<table><thead><tr><th>Item</th><th>Risk Description</th><th>Response</th></tr></thead><tbody><tr><td>Climate change risk</td><td>Increased rainfall/snowfall</td><td>1. Regularly inspect drainage system 2. Increase water pumps</td></tr><tr><td rowspan="4">Corporate governance risk</td><td>Violations of regulations result in fines or penalties.</td><td>1. Annually ensure compliance with the latest requirements from the Bureau of Labor Insurance for payment of social insurance premiums. 2. Annually confirm compliance with the latest legal and regulatory requirements through the certification process, and update business processes accordingly. 3. Implement and comply with the occupational safety and health management system, and follow monthly government regulatory assessments. 4. Obtain necessary permits for discharge of pollutants in accordance with relevant laws and regulations.</td></tr><tr><td>Brand image promotion is hindered.</td><td>Develop more promotional channels, shifting from vendor-led promotion to online promotion and other methods.</td></tr><tr><td>Fewer suppliers or poor quality of supplied goods.</td><td>1. Increase the number of high-quality suppliers, prioritizing those with lower prices and higher cost-effectiveness, while higher-priced suppliers will be kept as backups. 2. Verify supplier qualifications before transactions, including business licenses, credit records, production qualifications, and other information, to ensure the quality of raw materials or service supplies.</td></tr><tr><td>Exchange rate fluctuations result in foreign exchange losses.</td><td>In order to reduce the impact of currency fluctuations, sign forward foreign exchange transactions with banks.</td></tr></tbody></table>	Item	Risk Description	Response	Climate change risk	Increased rainfall/snowfall	1. Regularly inspect drainage system 2. Increase water pumps	Corporate governance risk	Violations of regulations result in fines or penalties.	1. Annually ensure compliance with the latest requirements from the Bureau of Labor Insurance for payment of social insurance premiums. 2. Annually confirm compliance with the latest legal and regulatory requirements through the certification process, and update business processes accordingly. 3. Implement and comply with the occupational safety and health management system, and follow monthly government regulatory assessments. 4. Obtain necessary permits for discharge of pollutants in accordance with relevant laws and regulations.	Brand image promotion is hindered.	Develop more promotional channels, shifting from vendor-led promotion to online promotion and other methods.	Fewer suppliers or poor quality of supplied goods.	1. Increase the number of high-quality suppliers, prioritizing those with lower prices and higher cost-effectiveness, while higher-priced suppliers will be kept as backups. 2. Verify supplier qualifications before transactions, including business licenses, credit records, production qualifications, and other information, to ensure the quality of raw materials or service supplies.	Exchange rate fluctuations result in foreign exchange losses.	In order to reduce the impact of currency fluctuations, sign forward foreign exchange transactions with banks.	
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3. Environment issues (1) Does the company have an appropriate environmental management system established in accordance with its industrial character?	V		The Company has complete regulations for quality management, occupational health and safety, and environmental protection. In order to systematically and comprehensively manage our environmental impact, we have implemented and established an ISO 14001 Environmental Management System. In 2018, we obtained third-party verification from Shanghai Ingeer Certification Assessment Services Co., Ltd., demonstrating our unwavering commitment to environmental management.	No obvious discrepancy.
(2) Is the company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental?	V		The Company strives to promote resource recycling, entrusting legal vendors for the handling and recycling of waste. Through the following activities, the company is committed to continuously improving the efficiency of resource utilization: 1.Internal documents are circulated via email to reduce paper usage and replace copying. Document paper is double-sided, and recycling racks are placed beside photocopiers for paper recycling. 2.Employees bring their own drinking cups and are encouraged to bring their own lunch boxes and eco-friendly utensils to reduce the use of paper lunch boxes. 3.Addition and modification of the company's environmental facilities.	No obvious discrepancy.
(3) Has the company assessed the potential risks and opportunities for business operations now and the future regarding climate change and will it adopt response measures relating to climate issues?	V		In recent years, extreme weather events have become increasingly frequent. In addition to identifying operational risks, Tur Company refers to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and establishes a risk framework for disclosure in the areas of governance, strategy, risk management, and metrics and targets. Through this framework, we aim to understand the impact of climate change risks on Tur Company and propose the following response measures:	No obvious discrepancy.

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Evaluation Item	Implementation Status ¹					Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²			
					(2) Incorporate the concept of reducing environmental impact into every stage of the product life cycle and work with the supply chain to continue to research and develop energy-saving products. Response to physical risks: Tur Company has introduced the ISO 14001 environmental management system and will introduce ISO 14064-1 in the future to plan objectives, implement actions, review results, and continually improve. Through regular drills, risks can be reduced to a controllable level. Response to climate change opportunities: Actively save and conserve water, recycle condensate water for reuse, and effectively use water resources.	
			metrics and targets	Assessing and managing indicators and targets related to climate-related risks and opportunities.	1.Greenhouse gas emissions reduction: Tur Company has not been mandated to disclose greenhouse gas emissions and is currently planning for an inventory check. 2.Reduction in operational downtime: No impact on operations. We plan to introduce ISO 14064-1 in the future.	
(4) Has the company calculated the greenhouse gas emissions, water consumption, and total weight of waste in the past 2 years, and formulated policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?	V		The company disclosed in the company's "Corporate Social Responsibility Report" in accordance with the current status of implementation.			No obvious discrepancy.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
4. Social issues (1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		The Company complies with relevant regulations and follows international human rights conventions, such as the gender equality, right of work and prohibition of discrimination, etc. Its human resource team uses a policy without difference in gender, race, social and economic class, age, marriage and family status to implement equality and fairness in employment, employment condition, pay, benefit, training, assessment and promotion opportunity.	No obvious discrepancy.
(2) Does the Company formulate and implement reasonable policies of staff welfare (including compensation, vacation and other welfares), and reflect the operating performance or achievement in the compensation of the employees properly?	V		The company determines its salary levels based on employee qualifications, professional knowledge, years of experience, and individual performance, in compliance with legal requirements. Basic salaries are not affected by gender, race, religion, political affiliation, marital status, or other factors. The company provides a sound and legal employee compensation and attendance system. The current welfare measures are as follows: (1) Employee compensation, allowances, bonuses, and subsidies: Performance bonuses, year-end bonuses, team bonuses, festival bonuses (Labor Day, Mid-Autumn Festival, Dragon Boat Festival, etc.), employee travel, etc. (2) Leave: The company provides employees with a leave attendance system in accordance with the "Labor Standards Act," "Labor Leave Regulations," "Gender Equality in Employment Law," and work rules. As of the date of the annual report printing, the company had a total of 512 employees, including 188 female employees, accounting for approximately 36.72%: There were 14 employees in the management team, including 2 female supervisors, accounting for approximately 14.29%. The company's business performance is reflected in its employee compensation	No obvious discrepancy.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
			policies and implementation, as explained below: (1) Employee remuneration According to the company's articles of association, if the company has a "profit" in the year, it shall allocate no less than 1% of the profit as employee remuneration. (2) Year-end bonus The company issues year-end bonuses each year based on its operating profit status, to reward employees for their past efforts and encourage their future contributions to the company. (3) Various performance bonuses To encourage employees to improve work efficiency and quality, and create and share profits together, the company evaluates employee performance based on individual job grades and the assessment items specified for each job title. The assessment methods are fully integrated with the company's sustainable development efforts.	
(3) Does the Company create a safe and healthy working environment and provide safety and health education for employees regularly?	V		Tur Company values the health and safety of our employees, and to create a safe working environment, we have invested resources to establish a "Safety Production Management Committee" and a "Safety Production Leadership Group" responsible for safety production and occupational health management. We follow the GB/T45001-2020 occupational health and safety management standard, and have implemented the ISO 45001 system. We hold a weekly safety meeting to discuss safety hazards reported by various departments and to identify improvement performance and solutions. The Engineering Department and the Safety and Environmental Protection Department	No obvious discrepancy.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
			confirm that the improvements have been implemented to ensure safety production. The meeting covers all safety-related issues, such as mechanical malfunctions, electrical hazards, process safety, safety training, and fire drills. Regarding occupational health and safety training, we arrange for new employees to participate in the factory's third-level safety training and conduct effectiveness assessments through testing. We also arrange for on-the-job employees to participate in fire training and exercises, and invite local fire department personnel to provide on-site guidance and training. We continuously invest in improving the working environment and develop training plans and programs based on the company's annual work plan and safety objectives. We analyze and predict the training needs of employees in various positions through the Safety and Environmental Protection Department, and ultimately formulate a training plan to conduct job safety training and assessments to confirm that employees follow work safety rules when performing their duties.	
(4) Does the Company provide employees with opportunities for career development and training?	V		The Company provides employees with opportunities to participate in various training programs to enhance their skills and improve work efficiency. Additionally, the company subsidizes employees to participate in learning programs offered by government agencies and obtain relevant certificates. If the certificate has an expiration date, employees must take the exam again before the expiration date to maintain its validity. Various levels of managers in the company also conduct regular and irregular meetings to provide education and training to employees on their job-related skills.	No obvious discrepancy.
(5) Does the Company follow regulations and international	V		The Company's marketing and labeling on products and services follow relevant codes/regulations and international standards.	No obvious discrepancy.

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
standards in the customer health, safety, customer privacy, marketing and labeling of its products and services, and set policies and appeal procedures for protection of consumer’s rights and interests?				
(6) Does the Company formulate the supplier management policies and require suppliers to follow relevant norms on environmental protection, occupational safety and health, or labor’s human rights, and disclose the implementation?	V		Request supplier to make a statement, commending the non-toxic manufacturing; there are related inspection specification and procedures for R&D and production. When the Company works with suppliers, firstly it will figure out whether or not suppliers have the record of environmental and social impact. The Company personnel avoids making commercial transactions with suppliers involved in the activities against corporate social responsibility policy, and immediately stop trading with them once the said activity is discovered and is listed as the refusing suppliers.	No obvious discrepancy.
5. Does the Company, following internationally recognized guidelines, prepare and publish reports such as its corporate social responsibility report to disclose non-financial information of the Company? Does the Company obtain a third-party verification or assurance for such reports?	V		Tur Company’s 2022Y sustainability report is compiled in accordance with the core option of the Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards). However, as of the date of this public statement, the report has not been completed yet. In addition, we have commissioned a limited assurance engagement by a certified public accounting firm in accordance with the first bulletin on assurance engagements other than audits or reviews of historical financial information issued by the Accounting Research and Development Foundation of the Republic of China.	No obvious discrepancy.
6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: None.				

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
7. Other important information to facilitate better understanding of the company’s corporate social responsibility practices : In addition to pursuing product development, the company continues to pursue sustainable operation and strives to practice corporate social responsibility, promote corporate volunteers to serve the good culture, and jointly contribute to caring for society and changing society. The company’s social welfare activities in the last year are as follows:				
N0.	Donor	Recipient	Plan Name	Plan Overview
1	ANUE. COM, INC.	Children with Special Needs In Taiwan	2022 Warmth of Love - Launching the Hope Train, Illuminating Every Mile.	Due to congenital factors, the rate of premature aging for children with intellectual disabilities is twice as fast as that of the general population, and they are prone to other diseases such as cerebral palsy, epilepsy, and mental disorders. With the rapid aging of society in Taiwan, these children who never grow up will be in a difficult situation once their primary caregivers pass away. Many social welfare organizations help ensure that these individuals with disabilities can be cared for throughout their lives, from infancy to old age. However, they are facing issues with outdated service models and equipment that cannot keep up with the increasing care demands. In 2022, ANUE launched the "Hope Train" to spread love and warmth throughout northern, central, southern, and eastern Taiwan, inviting everyone to join in caring for these angelic Happy Children.
2	Kunshan Huiju Charity Foundation	Guanghe County Epidemic Prevention and Control Command	Gansu Guanghe Epidemic Prevention Materials	The Company participated in the social welfare program and sponsored the Gansu Guanghe Epidemic Prevention Materials project of Kunshan Huiju Charity Foundation to fulfill its social Responsibility.

Note: 1. Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

2. Companies who have compiled CSR reports may cite the source from specific pages of their CSR reports instead.

3.3.6 Ethical Corporate Management

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	V		(1) The Company has an "Ethical Code of Conduct" and a "Code of Integrity Operation" to stipulates the rules for directors, managers to abide with and prevent fraud behavior.	No obvious discrepancy.
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	V		(2) The Company has an "Operation Procedure and Conduct Guideline for Integrity Operation” as a code of conduct and in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.	No obvious discrepancy.

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	V		(3) The Company has a "Operation Procedure and Conduct Guideline for Integrity Operation Code" and strictly prohibits of any dishonest act such as bribery or illegal political contribution; If any dishonest act is found, it will be handled in accordance with relevant regulations.	No obvious discrepancy.
2. Fulfill operations integrity policy				
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) The Company personnel prevents from engaging in commercial transactions with unscrupulous suppliers, customers or other business partners, once discovered, immediately stop trading with it and list it as a refusal.	No obvious discrepancy.
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	V		(2) The Company sets the Audit Committee, which holds meeting at least once a quarter to supervise the effective implementation of the Company's internal control that shall obey the enactments, and is responsible to the Board of Directors.	No obvious discrepancy.
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) The Company's "Operation Procedure and Conduct Guideline for Integrity Operation	No obvious discrepancy.

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits? (5) Does the company regularly hold internal and external educational trainings on operational integrity?	V V		Code" provides complete guidelines for employees. (4) The Company has an accounting system for accounting personnel to follow when operating, and the audit entity performs audit operations in accordance with the audit plan, and regularly reports audit performance to the Audit Committee and Board of Directors. (5) The Company's internal advocacy meeting arranges for high-tier management to express the importance of integrity to directors, employees and assignees.	No obvious discrepancy. No obvious discrepancy.
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	V V		(1) The Company hasn't established an employee report and reward system yet. However, when an employee discovers that there is a violation of laws and regulations or ethical conduct rule, anyone can report the complaint to the specific person. (2) The Company hasn't established the standard investigation operation procedure and related confidentiality mechanism for accepting the report; however, the procedure of accepting	At present the Company hasn't built the report and reward system and respective standard investigating procedure; yet, for any complaint, the Company handles it to the specific person and keeps reporter's identity and respective content in

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company provide proper whistleblower protection?	V		the reports are as follows: For the situation involving the general employees, the report shall be reported to the department head; for reports involving the directors or high-tier management, report it to the independent director. (3) The Company personnel dealing with the report shall perform it in writing statements and keep reporter’s identity and respective content in confidential; the Company promises to protect the reporters from being under improper dealing due to the reports.	confidential.
4. Strengthening information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?	V		The Company has designated a specific person to be responsible to collect company information and disclose it on company website; and emphasizes the concept of integrity management in annual reports and external documents.	No obvious discrepancy.
5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. There have been no differences.				
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).				

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
When trading with the suppliers, the company has always adhered to the principle of good faith and promoted the company's integrity management philosophy to its suppliers, and strengthened the education of our employees.				

Note: Regardless of whether the evaluation item is achieved or not, the company shall state an appropriate explanation.

3.3.7 Corporate Governance Guidelines and Regulations

Please refer to the Company’s website at www.acetek.com.cn .

3.3.8 Other Important Information Regarding Corporate Governance

None.

3.3.9 Internal Control Systems

1. Statement of Internal Control System

Jinan Acetate Chemical Co., LTD.
Statement of internal control system

Date: March 23, 2023

We hereby declare the results of the self-assessment of our internal control system in 2022 as below:

1. We acknowledge that it is the responsibility of the Company's Board of Directors and managers to establish, implement, and maintain the internal control system. We have established said system. Its purpose is to reasonably ensure that operational effectiveness and efficiency (including revenue, performance, and asset safety) and reporting are reliable, timely and transparent, as well as to ensure compliance with relevant regulations and laws.
2. Due to the inherent limitations of the internal control system, an effective internal control system can only provide reasonable assurance about the achievements of the three goals above, no matter how completely it is designed. Also, the effectiveness of an internal control system may vary when environment and circumstances change. However, our internal control system contains a self-supervision mechanism. We will immediately take corrective action towards any deficiency identified therefrom.
3. We determine the effectiveness of the design and implementation of our internal control system based on the criteria set forth in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called the "Regulations"). The Regulations specify five elements during the management and control process that constitute the internal control system: a. control environment, b. risk assessment, c. control activities, d. information and communications, e. supervision activities. Each constituent element may include several topics. The foregoing elements are as described in the Regulations.
4. We have adopted the above criteria of the internal control system to assess the effectiveness of the design and implementation of our internal control system.
5. Based on the results of said assessment, we determined that our internal control system (including the supervision and management of subsidiaries) as of December 31, 2021 have provided an effective design and implementation to reasonably ensure the achievement of goals, including the understanding of the achievement level of our effectiveness and efficiency goals, the reliability, timeliness, and transparency of reporting, as well as compliance with relevant regulations and laws.
6. This Report will form the major part of our annual report and prospectus, and will be disclosed to the public. Any misrepresentation, concealment and other illegal conduct will result in liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Report has been passed by the Board of Directors on March 23, 2023. Among the six directors present at the meeting, zero members had objections, and the rest agreed to the statement herein.

Jinan Acetate Chemical Co., LTD.

Chairman: Wang, Ko-Chang

General Manager: Wang, Ko-Chang

2. If an accountant is entrusted to review internal audit control, the accountant review report shall be disclosed: None.

III.3.10 Punishment of this company and its internal personnel according to law, and the company's punishment for violation of internal control system, main missing and improvement conditions from past year to this report's printing: None.

3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings

a. The resolutions approved by the entire attending shareholders at the annual shareholders' meeting on May 27, 2022 and its implementation

Resolutions	Implementation
The approval of the 2021 Business Report and Financial Report	-
Approval of the 2021 earnings distribution	Ex-Dividend Date : October 7, 2022 ; Distributed on October 28, 2022
Amendment to the Company's "Acquisition or Disposal of Assets Handling Procedures"	-
Amendment to the "Articles of Association" of the company	-

b. The resolutions approved by the board of directors for 2022, up to April 2, 2023 and its implementation

Date	Date	Major resolutions
20220309	The 20th meeting of the 4th term.	2021 business report, 2021 consolidated financial report of the company and its subsidiaries. - It is proposed to change the first unsecured conversion corporate bond raising plan in the Republic of China. - Employee remuneration and director remuneration payment amount in 2021. - The company's 2021 internal control system statement. - Proposed endorsement guarantee for Jinan Nature New Materials Co., Ltd. (China). - The proposal to provide endorsement guarantees for domestic subsidiaries and subsidiaries in China. - The company's application to the bank for a line of credit. - The company plans to handle the 2022 cash capital increase issue of new shares and the third unsecured conversion of corporate bonds in the Republic of China. - The Company's 2022 General Meeting of Shareholders will be held.
20220325	The 21st meeting of the 4th term.	2021 surplus distribution plan. - Amendment to the Company's "Acquisition or Disposal of Assets Handling Procedures". - Amendment to the "Articles of Association" of the company.

20220509	The 22nd meeting of the 4th term.	1. Consolidated financial report of the company and its subsidiaries for the first quarter of 2022 on the investment 2. Proposed increase in investment amount and method of Acetate (Shandong) Environmental Fiber Co., Ltd. 3. Proposal to provide endorsement and guarantee for the Company's subsidiary company. 4. Application to the bank for a credit line by the Company.
20220630	The 23rd meeting of the 4th term.	1. Establishment of "Employee Stock Subscription Plan for Cash Capital Increase in 2022". 2. Adoption of the "Managerial Personnel Stock Subscription Plan for Cash Capital Increase for the Year 2022" 3. Distribution Plan for Employee Remuneration and Director Remuneration for the Year 2021. 4. Revision of "Responsibilities and Functions of Information System Management".
20220715	The 24th meeting of the 4th term.	1. Change the functional currency to New Taiwan Dollar. 2. Appointment of new information security officer
20220815	The 25th meeting of the 4th term.	1. Consolidated Financial Report of the Company and Subsidiaries for the Second Quarter of 2022 2. Application to the bank for a credit line by the Company. 3. Proposed adjustment to investment structure in response to group operation plans and business channel integration. 4. Establishment of "Operational Procedures for Preparation and Verification of Sustainability Reports". 5. Authorization of Bank Account Opening for the Company.
20220819	The 26th meeting of the 4th term.	Proposal for Distribution of 2022H1 Profits
20221110	The 27th meeting of the 4th term.	1. Consolidated financial report of the company and its subsidiaries for the third quarter of 2022 2. The company and related person Mr. Wang Ko-zhang house lease matters 3. Application to the bank for a credit line by the Company. 4. Revision of Certain Clauses of the Contract for Appointment of Securities Underwriter by the Company to Assist in Compliance with the Laws and Relevant Regulations of the Republic of China.
20221226	The 28th meeting of the 4th term.	1. 2023 annual operating plan and budget 2. 2023 annual audit plan 3. It is planned to review the 2022 annual manager through the company's salary and remuneration committee year-end bonus 4. Evaluation and Appointment of the Competency and Independence of the Certified Public Accountant 5. Application to the bank for a credit line by the Company. 6. Proposed guarantee for Jinan Acetate Chemical Co., Ltd. 7. The company is processing the "Economic Substance Declaration Filing" and "Annual Filing" in the British Virgin Islands. 8. Proposed increase in investment amount and method in Acetate (Shandong) Environmental Fibers Co., Ltd. 9. Transfer of treasury stocks to employees of the company. 10. Establishment of "Operational Procedures for Disclosure of Material Information". 11. Retroactive investment in Holyard International Co., Ltd.
20230217	The 29th meeting of the 4th term.	Change to the chief internal auditor and acting spokesperson of the company

20230310	The 30th meeting of the 4th term.	1. Re-election of Directors of the Company 2. To convene the 2023 Annual General Shareholders Meeting.
20230323	The 31st meeting of the 4th term.	1. 2022 annual business report, 2022. consolidated financial report of the company and its subsidiaries. 2. Proposal for Distribution of 2022 Profits. 3. Issue new shares through capital increase from earnings. 4. "Internal Control System Effectiveness Assessment" and "Internal Control System Statement" for the company in 2022. 5. Amendment to the Company's Articles of Incorporation. 6. Amendment to the "Rules of Procedure for Directors Meeting". 7. The proposal to provide endorsement guarantees for domestic subsidiaries and sub subsidiaries in China. 8. Proposed guarantee for investment projects of the company. 9. Proposed increase in investment amount and method in Acetate (Shandong) Environmental Fiber Co., Ltd. 10. Transfer of treasury stocks to employees of the company. 11. Cancellation of treasury stocks 12. Issue new common shares through cash capital increase. 13. Resolved to convene the 2023 Annual General Shareholders Meeting.

3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

1.3.13 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D:

April 2, 2023

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
Audit Supervisor	Cheng, Che-Yue	April 23, 2021	Feb. 17, 2023	Job adjustment

3.4 Information Regarding the Company's Audit Fee and Independence

3.4.1

(1) Audit Fee

Information on Audit fees

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Accountant audit period	Audit public expenses	Non-audit public fees	total	Remark
Deloitte & Touche	Huang, Yao-Ling	2022.01~ 2022.12	4,334	672	5,006	Note1
	Lee, Sue-Ichin					

Note: The non-audit fees include business registration fee of NT\$201,000, accountant's review fee of NT\$170,000, agreed-upon procedures fee of NT\$160,000, and reimbursement expenses of NT\$141,000.

- (2). Change accounting firm and audit fees paid for the fiscal year in which such changes took place are lower than those for the previous year, the reduction in the amount of audit fees: None.
- (3). When the audit fees paid for the current year are lower than those for the previous fiscal year by 10 percent or more: None.

3.5 Replacement of CPA :None.

3.6 The company's Chairman, President, and Officers in charge of Financial or Accounting Affairs has served in its Certified Public Accountant Firm or its Affiliated Enterprise in the Most Recent Year: None.

3.7 Change in shares holding and shares pledged by directors, supervisors, managers and shareholders with 10% shareholdings or more in most recent year and as of the printed date of the annual report

Unit: Shares

Title	Name	2022Y		As of April 2, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman (Major Shareholders)	Bright Pearl Enterprises Ltd.	460,000	-	-	-
	Representative: Wang, Ko-Chang	50,000	-	50,000	-
Director	MACRIFER TRADING SOCIEDAD ANONIMA	414,019	-	-	-
	Representative: Ericson Fensterseifer	-	-	-	-
Director	Amacron Trading Ltd.,	(68,000)	-	(408,000)	-
	Representative: HSU Cheng-Tsai	-	-	-	-
Director	Meng, Ching-Li	-	-	-	-
Independent Director	Lin, Tzer-Jong	-	-	-	-
Independent Director	Lin, Wen-Cheng	-	-	-	-
Independent Director	Yu, Ching-Hsien	-	-	-	-
President	Wang, Ko-Chang	-	-	-	-
President	Meng, Ching-Li	-	-	-	-
Vice President	Shu, Chang-Chao	-	-	-	-
Vice President	Chang, Ai-Feng	-	-	-	-
Vice President	Liang, Ji-Qiang	-	-	-	-
Vice President	Zhao, Jin-Po	-	-	-	-
CFO	Chen, Chieh-Jui	10,000	-	40,000	-
Senior Manager	Wu, Wen-Pin	-	-	-	-
Sale Director	Sun, Ching	-	-	-	-
Factory Manager	Liu, Chen	-	-	-	-

1.7.1 Shares Trading with Related Parties: N/A

1.7.2 Shares Pledge with Related Parties: N/A

3.8 Top 10 shareholders who are related parties, spouses, or within second-degree of kinship to each other

As of April 2, 2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Bright Pearl Enterprises Ltd.	21,171,845	29.68	-	-	-	-	-	-	-
Representative: Wang, Ko-Chang	100,000	0.14	-	-	-	-	Wang, Song-Lan	siblings	-
Macrifer Trading Sociedad Anonima	10,359,449	14.52	-	-	-	-	-	-	-
Representative: Ericson Fensterseifer	-	-	-	-	-	-	-	-	-
Amacron Trading Ltd.	3,843,515	5.39	-	-	-	-	-	-	-
Representative: Hsu, Cheng-Tsai	-	-	-	-	-	-	-	-	-
Fubon Securities to manage investments for Fubon Securities (Hong Kong)	1,417,000	1.99							
Lucky Family Ltd.	1,404,300	1.97	-	-	-	-	-	-	-
Representative: Wang, Song-Lan	-	-	-	-	-	-	Wang, Ko-Chang	siblings	-
Shan Yawen.	922,000	1.29	-	-	-	-	-	-	-
Citibank Hosting Swiss Bank European SE Investment Account	866,016	1.21	-	-	-	-	-	-	-
Hu, Man-ling	850,040	1.19	-	-	-	-	-	-	-
Harxin Investment Corporation Limited	760,000	1.07	-	-	-	-	-	-	-
HSBC (Taiwan) Commercial Bank Co., Ltd. entrusted custody investment account	727,498	1.02	-	-	-	-	-	-	-

3.9 Number of shares held and shareholding percentage of the Company, the company's directors, supervisors, managers and directly or indirectly controlled entities on the same investee

Unit: shares/ % As of April 2, 2023

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
My Parents Living Technology Limited	Note	100	-	-	Note	100
Jinan Acetate Chemical Co., LTD.(China)	Note	100	-	-	Note	100
Acetate Material Co., Ltd.	Note	80	-	-	Note	80
Acetate Chemical Co., Ltd.	Note	80	-	-	Note	80
Acetek Momentum Co., Ltd.	Note	100	-	-	Note	100
Acetate (Shandong) Environmental Fiber Co., Ltd.	Note	100	-	-	Note	100

Note: Limited company with no shares

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

Unit: NT\$1000/One thousand shares

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
09/2014	10	100,000	1,000,000	10,000	100,000	Authorized capital	-	
11/2014	10	100,000	1,000,000	40,000	400,000	Organizational restructuring (Capital increased out of surplus)	-	Note 1
02/2015	10	100,000	1,000,000	41,000	410,000	Capital increased by cash	-	Note 2
11/2015	10	100,000	1,000,000	46,480	464,800	Capital increased by cash	-	Note 3
10/2019	10	100,000	1,000,000	51,076	510,767	Capital increased out of surplus	-	Note 4
05/2021	10	100,000	1,000,000	58,756	585,756	Stock dividends of Common Stock	-	Note 5
01/2022	10	100,000	1,000,000	58,062	580,626	Decrease in treasury stock	-	Note 6
07/2022	10	100,000	1,000,000	58,605	586,050	Convertible bonds converted to ordinary shares	-	Note 7
09/2022	10	100,000	1,000,000	61,605	616,050	Capital increased by cash	-	Note 8
04/2023	10	100,000	1,000,000	71,333	713,330	Convertible bonds converted to ordinary shares	-	Note 9

Note1: After the establishment of the company and the group's original holding company Tzu Yan Company to exchange shares

Note2: The company raised capital in cash and issued 1,000 new shares.

Note3: The company raised capital in cash and issued 5,480 new shares.

Note4: For 2019 Stock dividend from capital surplus, each share was distributed NT\$1.0 of stock.

Note5: For 2021 Stock dividend from profit, each share was distributed NT\$1.0 of stock.

Note6: First Repurchase Decrease in treasury stock

Note7: Convertible bonds converted to ordinary shares: 542,392 shares

Note8: The company raised capital in cash and issued 3,000,000 new shares.

Note9: Convertible bonds converted to ordinary shares: 9,727,897 shares

B. Type of Stock

As of April 2, 2023/ Unit: shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	71,332,894 (Including 602,000 treasury shares)	28,667,106	100,000,000	-

4.2 Status of Shareholders

As of April 2, 2023/ Unit: shares

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Treasury Stock	Total
Number of Shareholders	0	15	45	8,356	90	1	8,507
Shareholding (shares)	0	1,187,000	2,238,876	23,808,236	43,496,782	602,000	71,332,894
Percentage	0.00%	1.66%	3.14%	33.38%	60.98%	0.84%	100.00%

Note : Foreign institutions or individuals without mainland Chinese investors

4.3 Shareholding Distribution Status

A. Common Shares

As of April 2, 2023; Unit: share/NT\$10 par value

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	3,315	321,983	0.45%
1,000 ~ 5,000	4,460	7,586,593	10.64%
5,001 ~ 10,000	323	2,517,577	3.53%
10,001 ~ 15,000	120	1,567,001	2.20%
15,001 ~ 20,000	86	1,597,473	2.24%
20,001 ~ 30,000	67	1,721,606	2.41%
30,001 ~ 40,000	37	1,341,097	1.88%
40,001 ~ 50,000	18	813,928	1.14%
50,001 ~ 100,000	34	2,452,746	3.44%
100,001 ~ 200,000	22	3,107,819	4.36%
200,001 ~ 400,000	8	2,188,045	3.07%
400,001 ~ 600,000	4	1,929,655	2.71%
600,001 ~ 800,000	5	3,353,206	4.70%
800,001 ~ 1,000,000	3	2,638,056	3.70%
1,000,001 or over	5	38,196,109	53.55%
Total	8,507	71,332,894	100.00%

4.4 List of Major Shareholders

As of April 2, 2023/ Unit: shares

Shareholder's Name	Shareholding	
	Shares	Percentage
Bright Pearl Enterprises Ltd.	21,171,845	29.68%
Macrifer Trading Sociedad Anonima	10,359,449	14.52%
Amacron Trading Ltd.	3,843,515	5.39%
Fubon Securities to manage investments for Fubon Securities (Hong Kong)	1,417,000	1.99%
Lucky Family Ltd.	1,404,300	1.97%
Shan Yawen.	922,000	1.29%
Citibank Hosting Swiss Bank European SE Investment Account	866,016	1.21%
Hu, Man-ling	850,040	1.19%
Harxin Investment Corporation Limited	760,000	1.07%
HSBC (Taiwan) Commercial Bank Co., Ltd. entrusted custody investment account	727,498	1.02%

4.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$

Items	2021	2022	2023-03/31/2021 (Note 7)
Market Price per Share			
Highest Market Price	141	195	376
Lowest Market Price	94.5	88	179
Average Market Price	111.39	119.12	291.97
Net Worth per Share			
Before Distribution	27.96	51.94	-
After Distribution	22.59	43.07	-
Earnings per Share(Note 1)			
Weighted Average Shares (thousand shares)	57,407	60,323	-
Diluted Earnings Per Share	6.23	20.72	-
Adjusted Diluted Earnings Per Share	5.32	17.93	-
Dividends per Share			
Cash Dividends	4.87	9.7(Note 6)	-
Stock Dividends			
• Dividends from Retained Earnings	-	1.5(Note 6)	-
• Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends	-	-	-
Return on Investment			
Price / Earnings Ratio (Note2)	17.88	5.75	-
Price / Dividend Ratio (Note 3)	22.87	12.28	-
Cash Dividend Yield Rate (Note 4)	4.37	8.14	-

Note 1: Net Worth Per Share = (Net Worth - Cash Dividend)/ Number of Common Shares for the the Year.

Note 2: shown as eps diluted by consolidation.

Note 3: Price Earnings Ratio = Average Closing Price Per Share for the Year /Earnings Per Share

Note 4: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 5: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 6: Pending for shareholders resolution of 2023

Note 7: As of the printing date of this Annual Report, there was still the latest quarter data of earnings per share (EPS) and net worth per share duly audited by the Certified Public Accountants as well as the market price per share which represents the price of the data of the current year as of the printing date of this Annual Report.

4.6 Dividend Policy and Implementation Status

A. Dividend Policy in articles of the company:

The Board may, subject to approval by the Members by way of Ordinary Resolution or, in the case of Article 12.3(a), Supermajority Resolution and subject to the Articles and any direction of the Company in general meeting, declare a dividend to be paid to the Members in proportion to the number of shares held by them, and such dividend may be paid in cash or shares.

Subject to the Applicable Law, no dividends or other distribution shall be paid except out of profits of the Company, realised or unrealised, out of share premium account or any reserve, fund or account as otherwise permitted by the Law. Except as otherwise provided by the rights attached to any shares, all dividends and other distributions shall be paid according to the number of the shares that a Member holds. If any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividends accordingly.

The Company, in addition to the dividends to be distributed at the end of each financial year, may distribute interim dividends to the Members on semi-year basis. If the Board decides not to distribute interim dividends, the Board shall adopt a resolution to confirm such non-distribution after the relevant first half of the financial year. The distribution of the dividends at the end of each financial year shall comply with the requirements and procedures set forth in Clauses 14.4 to 14.6 and 14.10 to 14.12 and the distribution of the dividends for the first half of the financial year shall comply the requirements and procedures set forth in Clauses 14.6 to 14.12.

Subject to the Law and this Article and except as otherwise provided by the rights attached to any shares, the Company may distribute profits in accordance with a proposal for profits distribution approved by the Board and sanctioned by the Members by an Ordinary Resolution, in annual general meetings.

The Company is in the growth stage. The Board shall prepare the dividend proposal by taking into account the profit of the year, overall development, financial plans, capital requirements, the industry and the Company's prospects and perspectives and so on and submit the proposal for the Members' approval. For so long as the shares are traded on the ESM or listed on the TPEX or the TSE in Taiwan, if there are profits, in making the profits distribution recommendation, the Board shall set aside out of the profits of the Company for each financial year: (i) a reserve for payment of tax for the relevant financial year; (ii) an amount to offset losses incurred in previous years; (iii) ten per cent (10%) as reserve ("**Statutory Reserve**"); and (iv) a special surplus reserve as required by the applicable securities

authority of the ROC under the Applicable Public Company Rules. The remaining balance, if any, together with a part or whole of accumulated undistributed profits in the previous years, subject to the Law and the Applicable Public Company Rules and after having considered the financial, business and operational factors of the Company, may be distributed as dividends to Members in proportion to their shareholdings in the amount of no less than ten per cent (10%) of profit after tax of the relevant year. In the event that dividends are distributed to Members in a combination of share dividend and cash dividend, cash dividend shall be no less than ten per cent (10%) of the total dividends.

B. Proposed Distribution of Dividend

1. Shareholder's stock dividend: The Company's Board of Directors has agreed the 2022 earnings distribution on March 23, 2023. It is proposed to distribute for the second half of 2022 a stock dividend of NT\$105,685,934, and an allotment of NT\$1.5 per share, that is, a stock dividend of 150 shares per 1,000 shares
2. Shareholder's cash dividend: The Company's Board of Directors has agreed the 2022 earnings distribution on March 23, 2023. It is proposed to distribute for the second half of 2022 a cash dividend of NT\$352,286,445, that is, a new allotment per share. NT\$5. After agreed by the shareholders' convention, the Board of Directors has been authorized to set the discharge date.
3. Employee Bonus – in Stock: None.
4. Employee Bonus – in Cash: NT\$ 12,644,000.

4.7 The impact of the issuance of bonus shares proposed in the current shareholders' meeting upon the Company's business performance and earnings per share (EPS):

The company intends to increase capital of NT\$105,685,934 by capitalization of earnings, and issue 10,568,593 new shares with a par value of NT\$10 per share. After the issuance of new shares, the paid-in capital will be NT\$818,748,820.

The impact of the issuance of bonus shares proposed with the Company's earnings per share is approximately 14.41%. As the Company is currently in a positive growth phase, it is expected that profits will continue to grow sustainably in 2023. Therefore, the impact of this free stock distribution on the Company's operating performance and earnings per share should be limited.

4.8 Remuneration of employees, directors and supervisors

A. Information Relating to Employee Bonus and Directors' and Supervisors' Remuneration in the Articles of Incorporation:

According to the Articles of Incorporation of the Company, the Company accrues employees' compensation at a rate of no less than 1% when the Company earned profits in the year. Employees' compensation is paid to employees of subordinate companies that meet certain conditions. When the Company is able to increase the amount of profit, it accrues directors' remuneration at a rate of no more than 3% of the profit of the year.

B. The Estimated Basis for Calculating the Employee Bonus and Directors' and Supervisors' Remuneration

The Company's annual employee remuneration and director remuneration in 2022 are based on the Company's 2022 annual profit (defined as net profit before tax), taking the distribution percentage specified in Company's Articles of Association as the estimation basis, and list the current-stage operating expenses. However, if there is a difference between the actual allotment amount and the estimated one according to the conclusion of shareholder convention, it is regarded as the accounting deviation and is included in the balance profit and loss of the resolution of the shareholder convention. If the employee's remuneration is issued by stock, the calculation of shares in the share-based remuneration bases on the market-closing price on the previous day of the shareholders convention and considers the ex-dividend and ex-dividend effect.

C. Profit Distribution for Employee Bonus and Directors' and Supervisors' Remuneration for 2022 Approved in Board of Directors Meeting

(1) Recommended Distribution of Employee Bonus and Directors' and Supervisors' Remuneration: (NT\$ thousands)

Employee Bonus – in Cash	\$ 12,644
Employee Bonus – in Stock	0
Directors' and Supervisors' Remuneration	<u>2,000</u>
Total	\$ 14,644

(2) Ratio of Recommended Employee Stock Bonus to Capitalization of Earnings: 0%

The above-mentioned actual distribution of employee bonus and directors' and supervisors' remuneration was in line with the recommended resolution of the Board of Directors.

D. Distribution of last year's earnings surplus paid to employees, directors and supervisors: None.

4.9 Buyback of Treasury Stock (Completed)

As of April 2, 2023

Treasury stocks: Batch Order	The1st batch in 2018	The2nd batch in 2020	The3rd batch in 2021
Purpose of buy-back	Transfer ownership of shares to employees	Transfer ownership of shares to employees	Transfer ownership of shares to employees
Timeframe of buy-back	November 9, 2018–January 8, 2019	March 18, 2020–May 17, 2020	Sep 03, 2021–Jan 1, 2022
Price range	NT\$100 ~ NT\$160	NT\$95 ~ NT\$190	NT\$90 ~ NT\$140
Class, quantity of shares bought back	513,000 shares	571,000 shares	382,000 shares
Value of shares bought-back (in NT\$ thousands)	NT\$63,586,370	NT\$52,319,960	NT\$38,080,604
Shares sold/transferred	513,000 shares	351,000 shares	0 shares
Accumulated number of company shares held	513,000 shares	220,000 shares	602,000 shares
Percentage of total company shares held (%)	0	0	0.84

4.10 Bonds

4.10.1 Corporate Bonds

As of April 2, 2023

Corporate Bond Type	^{2nd} Unsecured Convertible Corporate Bond	^{3rd} Unsecured Convertible Corporate Bond
Issue date	September 25, 2020	May 11, 2022
Denomination	NT\$100 thousand	NT\$100 thousand
Issuing and transaction location	Taipei Exchange (GreTai Securities Market)	Taipei Exchange (GreTai Securities Market)
Issue price	To be issued at 101% of fact amount	To be issued at 101% of fact amount
Total price	The total value was NT600 million The maximum value raised was NT 606 million	The total value was NT500 million. The maximum value raised was NT509,699,540
Coupon rate	Denomination rate is 0%	Denomination rate is 0%
Tenor	5 years Maturity: September 25, 2025	5 years Maturity: May 11, 2027
Guarantee agency	None	None
Consignee	Bank SinoPac Company Limited	Bank SinoPac Company Limited
Underwriting institution	SinoPac Securities Corporation	Fubon Securities Corporation
Certified lawyer	Jheding International Law Firm- Chen You-Liang	Jheding International Law Firm- Chen You-Liang
CPA	Deloitte & Touche Tohmatsu Limited Certified Public Accountants Lee, Tung-Feng, Huang, Yao-Ling	Deloitte & Touche Tohmatsu Limited Certified Public Accountants Huang, Yao-Ling, Lee, Sue-Ichin
Repayment method	The bondholders may be repaid by converting possessed bonds to common stocks based on Article 13, or exercise the right of buying back based on Article 22 of the Regulations. The Company may conduct advance repurchase based on Article 21 of the Regulations, or the Company shall repay in the total unpaid denomination values except those already cancelled and bought back from the OTC markets by the Company.	Except for the holders of the convertible corporate bonds who convert them into the Company's common shares pursuant to Article 13 of the Issuance and Conversion Rules, exercise the put option under Article 22 of these Rules, or for the Company to redeem the bonds early pursuant to Article 21 of these Rules, or for the securities firm's branch office to buy them back for cancellation, the Company shall repay the bonds in cash at par value within five business days from the day following the maturity date of the convertible corporate bonds. If the above-mentioned date falls on a day

		when the Taipei Exchange is closed for business, the repayment shall be postponed to the next business day.
Outstanding principal	NT\$600,000,000	NT\$500,000,000
Terms of redemption or advance repayment	Please refer to the Company's "Second domestic issuance of unsecured conversion of corporate bonds and conversion measures"	Please refer to the Company's "Third domestic issuance of unsecured conversion of corporate bonds and conversion measures"
Restrictive clause	None	None
Name of credit rating agency, rating date, rating of corporate bonds	None	None
Other rights attached	As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities	Amount of convertible bonds after exercise of conversion right: NT\$ 549,700,000; Total converted common shares: 5,233,907 shares
		Amount of convertible bonds after exercise of conversion right: NT\$495,200,000; Total converted common shares: 4,958,922 shares
Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders' equity	If all are converted to common shares (NT\$50,300 thousand) at the current conversion price NT\$101.7. If the balance of 766,093 shares have to be issued, which are 1.07% of total issued shares (71,332,894 shares). Its influence on shareholders' equity is limited.	If all are converted to common shares (NT\$4,800 thousand) at the current conversion price NT\$95.9. If the balance of 41,078 shares have to be issued, which are 0.06% of total issued shares (71,332,894 shares). Its influence on shareholders' equity is limited.
Transfer agent	N/A	N/A

4.10.2 Convertible Bonds

NT

Corporate bond type		2 nd Unsecured Convertible Corporate Bond			
Year		2020	2021	2022	As of the printing date of this annual report
Item	Highest	113.50	112.00	189.00	362.00
	Lowest	104.00	99.35	99.10	178.00
	Average	109.51	106.33	118.91	289.09
Convertible Price		137.00	108.40	101.70	101.70
Issue date and conversion price at issuance		Issue Date: 2020/09/25 Conversion price at issuance: NT\$130.70/share			
Conversion methods		Issuing of new stocks			

Corporate bond type		3 rd Unsecured Convertible Corporate Bond	
Year		2022	As of the printing date of this annual report
Item			
Market price of the convertible bond	Highest	201.00	369.00
	Lowest	100.00	196.00
	Average	117.29	293.92
Convertible Price		102.10	95.90
Issue date and conversion price at issuance		Issue Date: 2022/05/11 Conversion price at issuance: NT\$102.10/share	
Conversion methods		Issuing of new stocks	

4.10.3 Exchangeable Bonds: None.

1.10.4 Shelf Registration for Issuing Bonds : None.

4.10.5 Corporate Bonds with Warrants: None.

4.11 Status of New shares issuance in Connection with Preferred stock, Global Depository Receipts(GDR), Employee stock warrants, Employee restricted stock awards, Mergers and Acquisitions: None

4.12 Financing Plans and Implementation:

4.12.1 Plan Contents

None

4.12.2 Execution:

For the purpose of each plan stated above, the item-by-item analysis will be compared with the originally expected benefit on the last quarter before the printing date of this annual report. If the implementing progress or the benefit does not meet the expected target, specifically specify the reason and impact on shareholders' equity and the respective improvement plan: None.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

A. Main areas of business operations

The Group is mainly engaged in research, manufacture and sale of cellulose acetate, acetate tows and acetic anhydride.

B. Revenue distribution

Unit ; NT\$ thousands

Item \ Annual	2021		2022	
	Sales Amount	Business Proportion	Sales Amount	Business Proportion
Acetate flake	1,772,342	65.28%	2,768,261	64.84%
Acetate tow	904,111	33.30%	1,323,206	30.99%
Acetic anhydride	38,413	1.42%	177,924	4.17%

C. Main products

Cellulose acetate tow and Cellulose acetate.

D. New products development

Products	Application of new products
Cellulose acetate tow	Cigarette filters, water-based pen refills, garment materials, diapers, other filter materials and IQOS e-cigarettes, etc.
Base fabric (non-woven fabric)	Facial masks, facial filters
Cellulose acetate plastic grade	Special plates, plastic toys, packaging materials, instrument casings, tool handles and cellulose films
Cellulose triacetate	Protective films for LCD PVA film, organic permeable films

5.1.2 Industry Overview

1. Current state and development of the industry

The Company is an oversea holding company established in the Cayman Islands in September 2014. The Group mainly engages in the manufacture, sale and R&D of cellulose diacetate tows, vertically

integrates the material sources. Since 2016, the Company jointly established the Acetateck Material Co., Ltd. with Lunan Chemicals Co., Ltd. and the strategic investor Qiyao Co., Ltd., which mainly engages in the production, sales and R&D of cellulose diacetate. The cellulose diacetate tows belong to the acetate industry, the main applications are on the filter materials. The downstream application market includes filters for cigarettes, dry diapers, refills, non-woven masks, reverse osmosis membranes, sewage treatment. In medical applications, the cellulose diacetate tows are used to produce blood filters; some of them are also used in high-class clothing. About 75%-85% of the global cellulose acetate fiber production is the cellulose diacetate, and over 90% of the acetate tows are used for cigarette filters. The raw material of diacetate is wood pulp, which is a naturally regenerated fiber. The fiber is made into the cellulose diacetate by reacting with chemical raw materials such as acetic anhydride, and then produced into the cellulose diacetate tows through a series of process technologies. The industry overview and terminal application market are as follows:

The global environmental pollution is increasingly serious; the original ecological balance is destroyed as never made before. Countries around the world have developed strict environmental laws and regulations, using natural fibers or renewable resources as fiber raw materials, which enables the minimum pollution to the environment from products in the manufacturing process and the disposal afterward. The main raw material of cellulose acetate fiber is made by natural vinegar through acetification process, and is divided into acetate cellulose, cellulose diacetate and cellulose triacetate according to the acetification degree. The acetate cellulose has good skin contact and wearing comfort, hygroscopicity and easy to handle about, and its products can be completely decomposed, biodegradable that many synthetic fibers can't, which can be used for pharmaceutical enteric coatings, eyeglass frames, toys and other plastic products, or dissolved in acetone, after spinning, silking and curling, form tows to produce cigarette filters, dry diapers, refills, non-woven masks and sewage treatment; in addition, in medical, acetate cellulose can be used to make hemodialysis filtration membrane, artificial kidney membrane material and similar products. Therefore, the end application products of acetate cellulose can be quite extensive and diverse.

The Group makes vertical integration and expands new plant to material source and completed the plant construction on June 30, 2017. The new plant mainly produces cellulose diacetate (commonly known as vinegar tablets), and the spinning grade vinegar tablets are used by Jinan Acetate Chemical Co., Ltd., which is a downstream company of the supply group. The plastic vinegar tablets are mainly sold out. The manufacturing process of vinegar tablets applies the medium temperature method, and the cellulose acetate grade pulp reacts with acetic anhydride as the catalyst under the condition of sulfuric acid as the solvent and the acetic acid is as the solvent to produce cellulose triacetate, which is then hydrolyzed, precipitated, washed and dried to obtain cellulose diacetate. The manufacturing

process of cellulose diacetate tows mainly uses vinegar tablets as raw material, processed by dissolution, filtration, spinning, and crimping, drying, wire-drawing, packaging and other processes. Because the cellulose diacetate tows have excellent elasticity and thermal stability, its texture is firm, non-toxic, tasteless, small suction resistance, and remarkable in filter effect. It can reduce harmful substances such as tar and nicotine that enter human body during smoking, and thus have replaced the polypropylene material and become the main raw material for today's cigarette filters. Since the acetate tows have come into mass production model in 1962, the production of Celanese, Eastman and Rhodia (bought by the Solvay Group in 2011) accounted for the majority in the market; all three major suppliers produce their own vinegar tablets, supplying the world's major tobacco manufacturers (China Tobacco, PMI, British Anglo, Independent & Monopolies, Japan Tobacco and other manufacturers) after being formed to tows, and has long-term stable cooperation with global tobacco manufacturers. Since the manufacturing capacities of these three major suppliers are adjusted mainly in line with the demand of the top five tobacco manufacturers, therefore, the capacity expansion is cautious. In the past a few years, due to the growth of Chinese cigarette market, the supply of cellulose diacetate tows is in short; China tobacco industry has no independent technology, it thus makes joint venture with international companies. After obtaining the required technology, the production and demand have gradually become balanced. The demanding and price of cigarettes are extremely affected by the cycle of economy. Even if the tobacco tax is added to the tobacco control policy, the additional cost is taken by consumers and the cigarette prices increase instead of decrease; yet, for the acetate tows, under the major change in the cost structure, the price of the cellulose diacetate tows was adjusted along with adjusting of upstream and downstream prices.

In 2016, the global output of diacetate tows was about 762,000 tons, and its end products were widely used in cigarette filters. According to the research report of Zhiyan Consulting Group Research Center, the global sales amount of diacetate tows in 2016 is about 4.217 billion US dollars; the growth is going to reach over 4.811 billion US dollars by the end of 2023. It is obvious that the market demand will continue to grow in the future. The following are the markets for downstream applications such as the filters and textile cellulose acetate fibers.

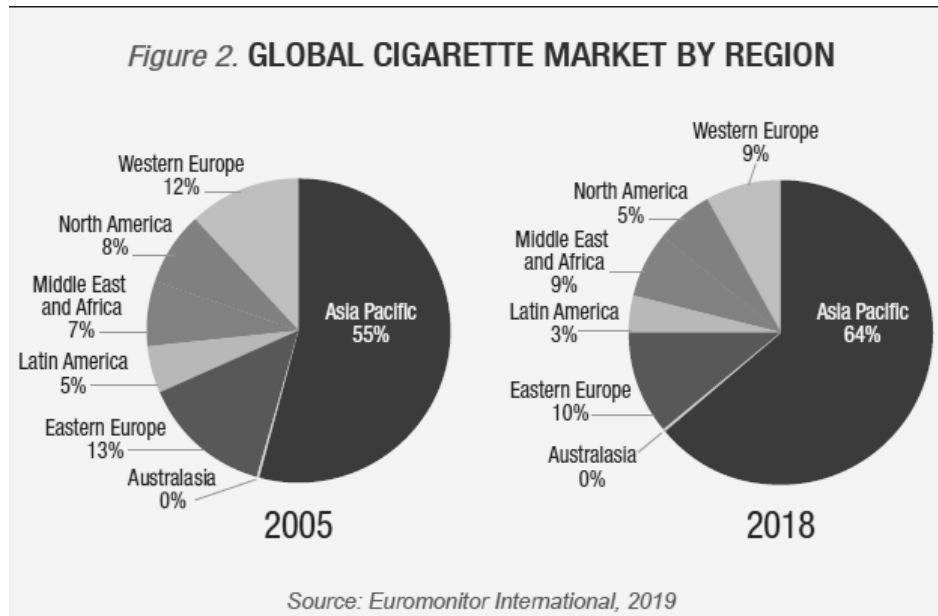
A.Filters

The filters are the upper part of cigarettes, which are used to filter out part of the tar inhaled from cigarettes, reducing the discomfort of the smoker after smoking. With the technology development, the filter types have made some changes. Because cellulose diacetate tow has good elasticity and thermal stability, it has a special type structure and chemical composition, which is non-toxic, tasteless, and strong in adsorption and has a significant effect on filtering, which can reduce the toxic substances in

the flue gas. Filters have been applied to the cigarette filters since 1957 to instead of polyester fiber material; it has become the main material for cigarette filters. Cellulose acetate fiber is widely accepted by consumers enjoying both low tar and high tar cigarettes. At present, the density or specification of acetate tow has reached 5.0 denier from 1.8 denier and can be made into a series of filters that adapt to different pressures and remaining characteristics. The finer the fiber, the higher filtration efficiency of cigarette it can reach about. In addition, the ventilation function of cellulose acetate fiber can also reduce the smoke volatilization, and the volatilization of cigarette tar and nicotine decreases as the filter becomes longer. In the past, cigarette filter was usually 20 mm long, at present, 25 mm, 27 mm or even 31 mm filters are common. The increase in filter length reduces the tobacco amount in cigarette; on the other hand, it reduces the cigarette smoke; longer cigarette filter can make better smoke-reducing effect.

The filter market is mainly from the demand of cigarette market. At present, the demand of global cigarette market is affected by the increasing number of tobacco control measures and the diversified trend of smoker consumption. The cigarettes demand in the developed countries including the United States, Europe and Japan continues to declining, within 2005 to 2018, cigarette sales in Asia, Middle East and Africa increased. The main cigarette growth in Asia comes from China. China is the country with the highest smoking population in the world. The output value of Chinese cigarettes is 43.6% of the global total. Other emerging economies such as Indonesia and Africa are the growing regions of cigarettes. According to the data, the top five cigarette markets are China, Russia, the United States, Indonesia and Japan, which account for 61.7% of the total cigarette market in 2018; among the top ten cigarette markets, six of them are the emerging market economies. The Indonesian cigarette market is a special one, mainly based on clove-flavored diced cigarettes; in the Russian cigarette market, cigarette sales decreased by 31.7% within 2013 to 2018, yet, cigarette sales increased by 2%; the tobacco market in India mainly is the smoke-free tobacco, about 75% market share; followed by the hand-rolling tobacco market, about 27% market share; cigarettes share only 14%; but for international tobacco merchants, about 825 billion cigarettes were sold in India in 2018, which is one of the emerging markets that can be expected to be developed.

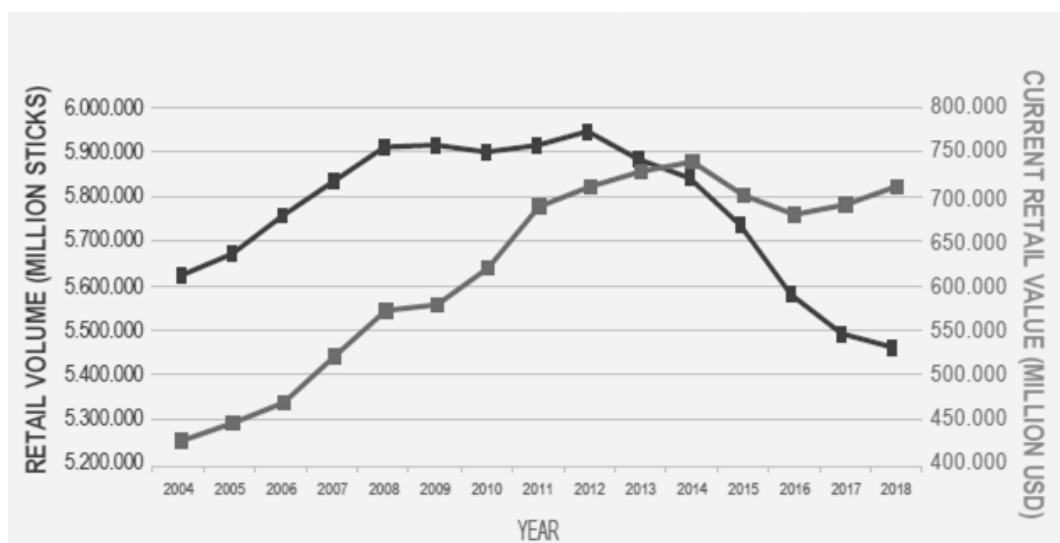
【Global cigarette market per region】



Source: **Euromonitor International, 2019**

According to a market research report released by Euro monitor International in 2018, global cigarette sales decreased by 3.7% from 2004 to 2018; and cigarette sales increased by 24.4%. Euromonitor International predicts that the global cigarette industry will continue to grow in the next five years, and sales are expected to decrease by 6.9%, yet, sales will decrease by 0.2% due to price increasing.

【Global cigarette market 2004-2018 production value and annual output】



Source: **Euromonitor International, 2019**

The cigarette markets in each of the above regions are growing and affecting the demand for cellulose diacetate tows. However, not all cigarettes have filters, on particular the unfiltered cigarettes are more common in the emerging economies. Nowadays, the income of emerging economies is increasing and health awareness is rising. In addition to the government's effort to strengthen tobacco control measures with the World Health Organization (WHO), consumers and manufacturers are more convinced that the use of filters and the extension of cigarette filters can reduce the inhale of harmful substances. Therefore, the demanding of cellulose diacetate tows in the emerging markets such as Eastern Europe, Africa, the Middle East and Latin America shall continue to rise up.

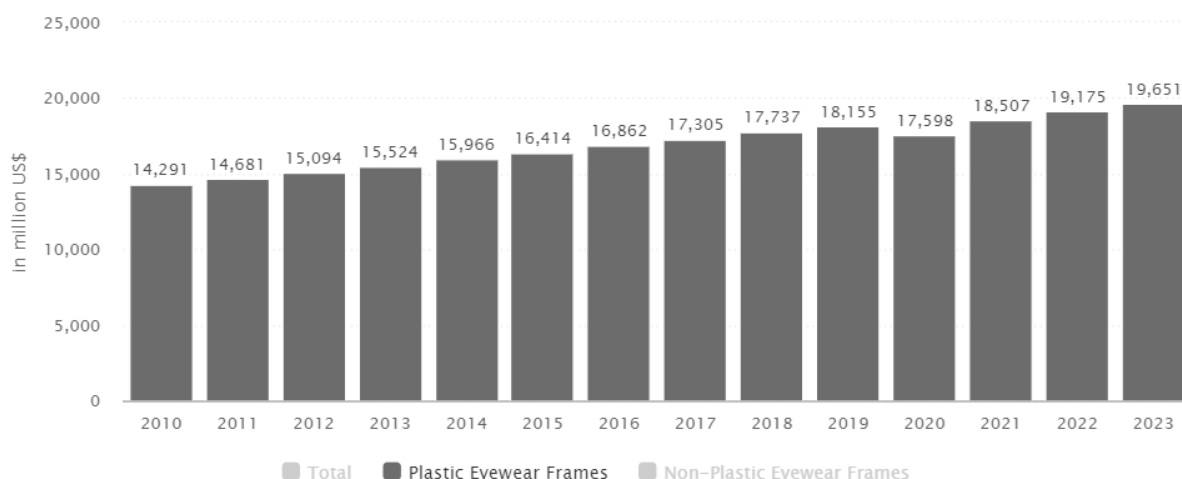
B. Cellulose acetate fiber grade (non-woven facial mask, dry diaper and high-grade clothing, etc.)

Non-woven fabric made of acetic acid staple fiber (non-woven fabric) can be used for surgical dressing that is non-sticking to the wound which is a high-grade medical and hygienic material, and can also be used as the main material for the absorbent layer of diapers. In addition, acetic acid staple fiber can also be blended with cotton or synthetic fiber to make various fabrics with excellent properties. On particular, acetate fiber has been developed for use in masks because it has stronger water retention and conformability than existing non-woven fabrics. Acetate filaments are the silkiest one in the chemical fiber, and the gloss is elegant. Bright dyeing, strong color fastness, soft and smooth hand-feeling, light texture, low moisture regain, good elasticity, hard to wrinkle, good drapability and thermos-plasticity and dimensional stability, able to be widely used as clothing lining, casual wear, pajamas and underwear, etc. It can also combine with polyvinyl alcohol, polyester, polyamine filaments and silk to make composite yarns, weaving all kinds of men's and women's clothing and developing satin fabrics and woven fabrics, decorative satin and embroidered products. At present, it is favored by consumers in the United States, Britain, Japan, Italy, Mexico, South Korea, Russia, Pakistan and other countries and regions, especially in the US market. China's annual demand on textile cellulose acetate fiber is about 10,000 tons. Due to the high import price, there are only small amount of import, about 2,000 tons per year. Many textile mills use substitutes to solve the problem of insufficient cellulose acetate, and the performance of acetate fiber is excellent. Wide range, high added value of products, no pollution in the production process and renewable raw materials that is suitable for sustainable development. China's textile acetate filament production is still completely dependent on imports, so the market prospect of textile acetate fiber is very promising.

C. Cellulose acetate fiber grade

Acetate is the most widely used plastic frame material. Its advantage is that it is easy to dye so that it can make various color changes (composite, tortoiseshell, wood grain, brushed grain...), and has good light transmittance and gloss. Acetate fiber needs to be deacidified, dried in the shade, and baked for a long time before making glasses to improve its stability. On the other hand, the disadvantage of acetate fiber is that it is easy to deform after absorbing water, because it is made of plant fiber. According to Statista's forecast of the future revenue of the plastic frame market, the global plastic frame market revenue is expected to reach 19.65 billion U.S. dollars in 2023, with a compound annual growth rate of 3.9% during the forecast period (CAGR 2020-2023)

【Global Plastic Frame Market Revenue and Estimated 2010-2023】



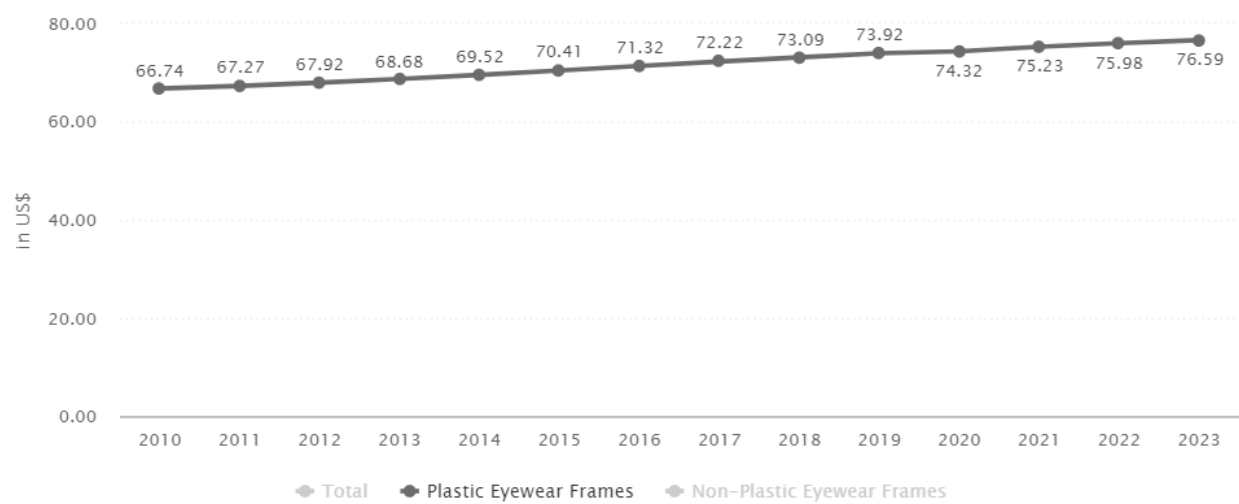
SOURCE:statista,2020

According to Statista data, the main source of market revenue growth comes from the global population growth and the increase in the price of mirror frames. In recent years, the use of community opinion leaders (KOL) as the main axis of marketing has increased in the market, and the recognition of products by opinion leaders has made people more accepting of the price of glasses. This phenomenon will promote market growth during the forecast period. . On the other hand, manufacturers are paying more and more attention to the design of glasses, so that users' demand for glasses has not been reduced due to the popularity of contact lenses, and the unit price of glasses has also risen, which in turn drives the demand for plastic frames.

According to the World Population Prospects 2019: Highlights report released by the United Nations, the global population will grow to 8.5 billion in 2030, which will have a positive impact on

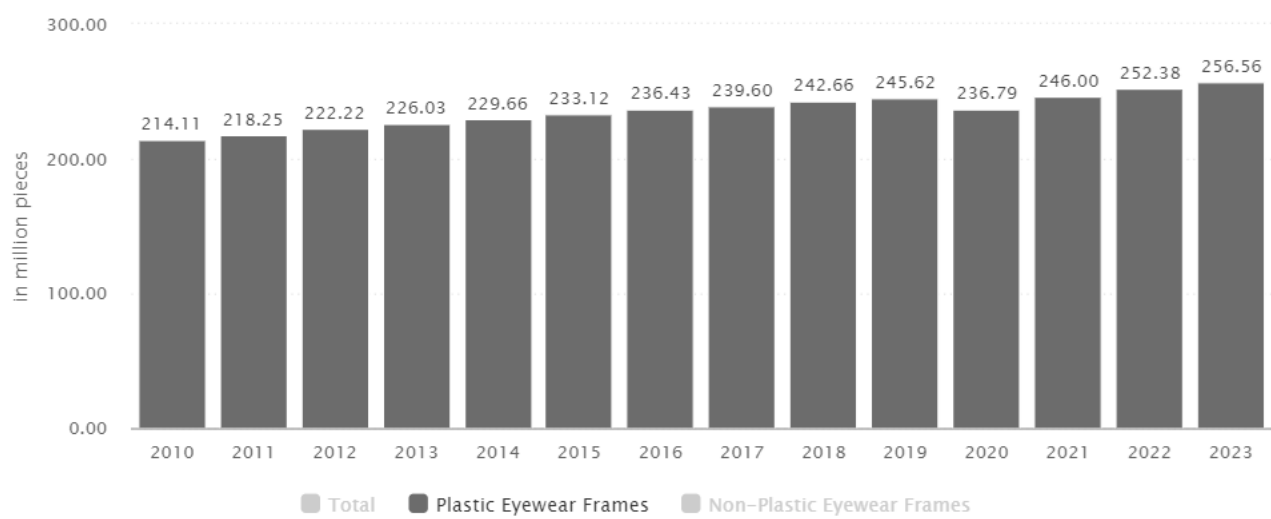
the future demand for glasses. According to the report THE IMPACT OF issued by the World Health Organization MYOPIA AND HIGH MYOPIA pointed out that in the future, the myopia population and the myopia rate will increase year by year. It is estimated that the myopia population will reach 4.9 billion in 2050. Therefore, the demand for glasses will increase year by year, and the demand for plastic frames will also increase.

【Average price of global plastic frame market 2010-2023】



SOURCE:statista,2020

【Global Plastic Frame Market Sales Volume and Estimated 2010-2023】



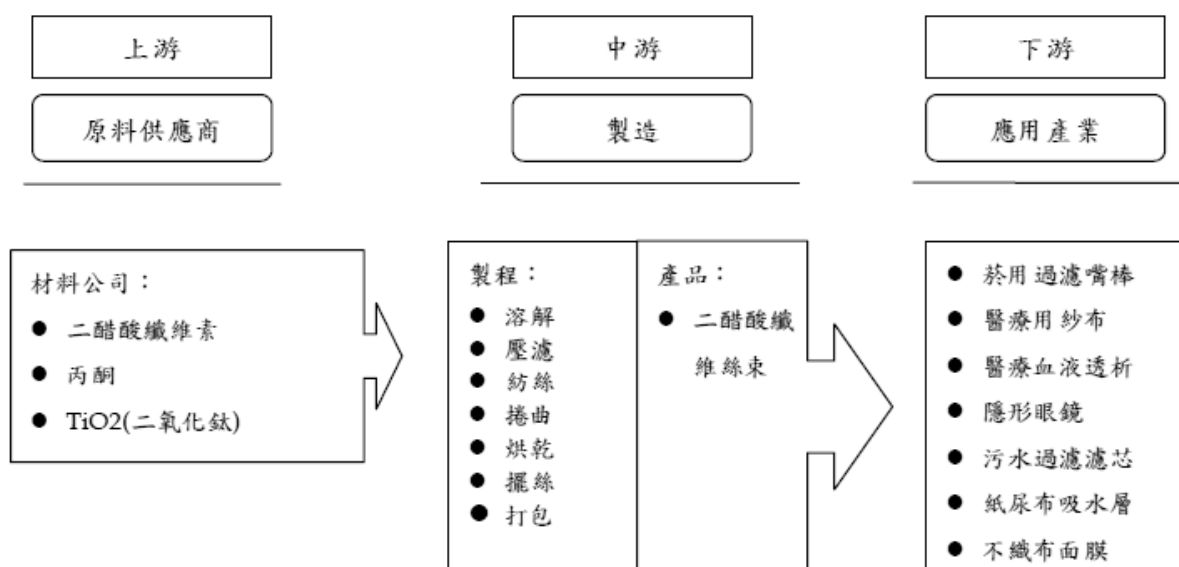
SOURCE:statista,2020

In summary, due to the impact of the price of glasses and population growth, the world's demand

for glasses should continue to rise in the future.

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

The relationship of the Group's upper, middle and lower industries are shown as follows. The Company's cellulose diacetate tows can be used in a wide range of applications. At present, most of the tows are used in cigarette filters, the upstream industry is the manufacturers of cellulose diacetate, and the downstream one is the filter rod manufacturers or cigarette manufacturer, ink refills, dry diaper layer products and sewage filters, etc. In 2016, the Group vertically integrated the material source and has established a joint venture with Lunan Chemicals Co., Ltd., which is the upstream supplier, and downstream strategic investor Qiyao Co., Ltd. and started to mass production since the second half of 2017, which mainly produces the cellulose diacetate to reduce the cost of raw materials, and processed through a series of process technologies, and then sold to downstream manufacturers such as filter rod manufacturers or cigarette manufacturers that manufacture cigarette filters. The tobacco industry, which is mainly used for its application, is relatively closed in operation. Therefore, in addition to direct sales, the Company also sell products through agents familiar with the tobacco industry. Acetek Momentum Co., Ltd. was established in June 2020. Product the acetic anhydride for Acetate flake begin in Q4 2021. Reducing and stabilizing production costs for self-use, and shipping began in October.



Source: Provided by the Company

3. Various development trends and competition conditions of the product:

A. Expanding other application areas of cellulose acetate fiber

Cellulose acetate tow is mainly used in tobacco tows, dry diapers and refills, etc. It can also be applied to sewage treatment filtration and hemodialysis. The Group will actively perform R&D on related applications in the future.

B. In-depth R&D (R&D) on the full series of special tobacco tow specifications

While continuing to develop existing specifications, we will strengthen special specifications to meet the needs of diverse customers and focus on quality improvement.

C. In-depth horizontal development

In addition to maintaining its own customers, the Company also actively seeks potential customers by participating in foreign exhibitions, and proceeds to develop potential emerging markets so as to expand its business. In addition, it will select good-quality customers as partners and grow together with them.

In summary, the Group continues to invest in the R&D of high-level technologic research and related applications of cellulose diacetate tows and cellulose triacetate, responding to the development of future medical and daily consumer products, with a view to master business opportunities.

4. Industrial competition

The Group mainly engages in the R&D, production and sales of cellulose diacetate tows. It is a professional cellulose acetate tows manufacturing company, the main competitors are from multinational international companies such as Europe, the United States and Japan, including Solvay, Eastman, Celanese and Daicel, etc. In this almost oligopolistic market, aim to the efforts of emerging country customers as business development targets, and nowadays have gained certain reputation in this field. But the Company still has to face the competition of international manufacturers that own transnational resources. In addition to the Company's continuous R&D, the Group has continued to improve the manufacturing process and maintain quality stability, and strives for more customer orders and whereas reduces the risk of industrial changes.

5.1.3 Research and Development

1. Research and development and technical ability of our business lines

A. Technologic level

The Group mainly engages in the production of various types of cellulose diacetate and tows, and makes R&D on such products. Cellulose diacetate has different properties and applications depending on its esterification degree. The products with of acetification degree of 2.25-2.3 are used for producing special plastic sheets; products with of acetification degree of 2.8-3.0 are for high performance electronic films and organic penetration membranes. The products with of acetification degree of 2.4-2.6 are applied for producing the Group's tows.

The raw material of cellulose acetate is natural cellulose such as wood pulp or cotton pulp. It is a renewable resource with rich sources and sustainability. Meanwhile, the wastewater generated in the production process is easy to handle and has less rejects. The main operating units in production process are cellulose acetate production unit, recovery unit, raw material tank area and chemicals area. Due to the wide variation of raw materials, the conditions for producing various specifications of tows are also quite different. Cellulose diacetate tow has a very powerful filtering function. In the production process, the main operating units are dissolution, high efficiency filtration, spinning, crimping, drying, wire swaying, packing, acetone, recovery and distillation units, etc. The main features of products are:

- (A) Renewable, belonging to the cleaning industry;
- (B) High filtration accuracy;
- (C) Fit the filtration requirements for multiple industries.

From the aforesaid features we can see that the Group's products are in line with the needs of society under sustainable development. For different filtration requirements and consumption, different process conditions are designed to produce different specifications of cellulose acetate and tows, and the experience of existing products cannot be fully applied. In addition to the experience of using existing products, it is necessary to develop relevant material parameters, equipment parameters and process parameters. The development of new products must have a certain amount of technology and experience to achieve the high production rate of new products. The technical threshold for entering this industry is very high. After years of hard work, the Company's overall technology maturity is quite high, and related products have been recognized by manufacturers in more than 50 countries.

B. Research and development (R&D):

In addition to the continuous development and improvement of the present product, the Group's R&D direction is to strengthening the own manufacturing strength and steps toward diversified products; the expected future development direction is as follows:

Product	Developing direction
Cellulose acetate tow	Cigarette filters, water-based pen refills, garment materials, diapers, other filter materials and IQOS e-cigarettes, etc.
Base fabric (non-woven fabric)	Facial masks, facial filters
Cellulose acetate of plastic grade	Special plates, plastic toys, packaging materials, instrument casings, tool handles and cellulose films
Cellulose triacetate	Protective films for LCD PVA film, organic permeable films

2. R&D costs of recent year and year 2022

Unit ; NT\$ thousands;%

Item	2019	2020	2021	2022
Expense of R&D	96,675	97,428	190,486	171,295
Net Sales	2,174,990	2,353,380	2,714,866	4,269,391
Proportion of revenue	4.44	4.14	7.02	4.01

3. Technology or product developed successfully

Year	R&D effort	Main technology description	Products
2015	Air-draft and air-return equalizer in spinning machine channel	Channel air-draft device in spinning machine, channel is used to dry the cellulose acetate tows sprayed by slurry through the spinneret, which belongs to the spinning channel air-draft technology.	Acetate tow
	Two-stage silk guide roller for cellulose acetate production	The tows retracts from the silk-guide roller of spinning machine channel, which belongs to the silk-guide roller technology.	
	Air-draft device in spinning machine channel	The channel air-draft device in the spinning machine, applied to dry the cellulose acetate tows retracted from the slurry through the spinneret, which belongs to the spinning channel air-draft technology.	
	Tows silks-combining device	Device making that combines many silks into a cellulose acetate tow by the collection roller, which belongs to the cellulose acetate tows silk-	

		combining technology.	
	Cellulose acetate production line	The production line of cellulose acetate, which belongs to the hollow fiber acetate production technology.	
	Cellulose acetate tows continuous wire-pendulum exchange box	The conversion device that cellulose acetate tows pass through the wire-pendulum machine and switch between two silk barrels after pendulum threading, which is the cellulose acetate tows laying technology.	
	Spinning channel air-adjusting valve	The channel wind-balancing device in the spinning machine, the channel is used to dry the cellulose acetate tows sprayed by the slurry through the spinneret, which belongs to the spinning channel air-draft regulation technology.	
	Cellulose acetate tows guiding wear-prevention mechanism	The mechanism for guiding cellulose acetate tows on a pendulum machine, which belongs to the cellulose acetate tows production technology.	
2016	Curling machine back pressure stabilizing device	The device used to stabilize the back pressure of the crimper, which belongs to the crimper back pressure technology.	Acetate tow
	Curling machine wear-preventing side-plate	The side plate in the crimping machine used for crimping the cellulose acetate tows, which belongs to the crimper side plate technology.	
	Spinning machine sealing device	The spinneret sealing device used in the spinning machine for the production of cellulose acetate, which belongs to the spinneret sealing technology in the spinning machine.	
2017	Cellulose diacetate midway test system	Midway test system for the production of cellulose acetate, which belongs to the cellulose acetate production technology.	Acetate tow
	Cellulose acetate tows tension stabilization guiding mechanism	The guiding mechanism before the cellulose acetate tows entering the crimping machine, which belongs to the cellulose acetate tows production technology.	
	Spinning metering pump mounting device	The device used to install the cellulose acetate tows metering pump in a spinning machine, which belongs to the spinning technology in a spinning machine.	
	Fiber spinning nozzle cap	The spinneret in the spinning machine for the production of cellulose acetate, which belongs to the spinning technology in spinning machine.	
	Aceification performance evaluator	The device used to evaluate the acetification performance of raw material cellulose acetate for producing cellulose acetate in a production	Acetate flake

		process, which belongs to the cellulose acetate acetification performance evaluation technology.	
	Vinegar sheets drying and anti-escape device	The device used to prevent the cellulose acetate from running out of the dryer during drying process, which belongs to the cellulose acetate drying technology.	
	Integrated vinegar sheets moisture extrusion and splitting device	The device is used to extrude raw cellulose acetate material and produce the dewatered cellulose acetate before drying, which belongs to the cellulose acetate extrusion drying technology.	
2018	Wood pulp loosening machine	This machine is used for pre-pulverizing raw wood pulp in producing cellulose acetate, which belongs to the wood pulp pre-crushing technology.	Acetate flake
	Decolorizing device for recovering acetic acid in manufacturing process of acetate cellulose	This device is used for decoloring and purification treatment of recovered acetic acid in the manufacturing process of acetate cellulose, which belongs to the acetic acid decoloring technology.	
	Automatic sampling device for cellulose acetate sheets dry inspection	The cellulose acetate production process is used to sample the cellulose acetate sheet for inspection, which belongs to the cotton pulp pre-shearing technology.	
	System for recovering acetic acid from vinegar waste residue liquid	It is the acetic acid waste residue treatment technology, which changes the viscosity of cellulose acetate waste residue by hydrolyzing and degrading the waste residue liquid, facilitate the acetic acid recycling operation.	
	Cotton pulp pre-shearing device	This device is used in the pre-shearing of cotton pulp before the grinding in cellulose acetate production process, which belongs to the cotton pulp pre-shearing technology.	
	Cellulose acetate drying uniform conveying device	This device is used in the production process of cellulose acetate to uniformly transport the cloth when cellulose acetate sheets are dried, which belongs to the cotton pulp pre-shearing technology.	
2019	Crushing and drying system of Acetate Flake	The utility model relates to a device for crushing and drying the finished acetate fiber(Flake) produced by the low temperature method, which belongs to the technical field of crushing the finished acetate piece.	Acetate flake
	Automatic packing system of cellulose acetate powder	The utility model relates to a device for cleaning ash of cellulose acetate flake grinding, belonging to the technical field of cellulose acetate flake grinding.	
	Backwash solid-liquid separation filter blade	The utility model relates to a solid-liquid separation device for removing solids in liquid with large solid particles and uneven particle size, in particular to a filter blade, belonging to the technical field of solid-liquid separation.	

	Reverse flow slurry pump	The utility model relates to a slurry pump for preventing the packing and sealing leakage of slurry in the process of transportation, belonging to the technical field of slurry pump.	
	Concentrated sulfuric acid screening program filter element	An improvement of filter element of concentrated sulfuric acid screening program, which can be extended to the filtering operation of other highly corrosive liquids.	
	Waste oil recovery device of four roll crusher	The utility model relates to a device for recovering the spilled lubricating oil of a four roller crusher, which belongs to the technical field of waste oil recovery and utilization.	
	A reaction device of magnesium oxide and dilute acetic acid solution	A device for reaction of magnesium oxide with dilute acetic acid solution belongs to the technical field of reaction of magnesium oxide with acetic acid.	
2020	Improved dissolving power transmission machine	It is used to improve the power transmission mechanism of the dissolving kettle and reduce the damage rate. It belongs to the dissolving field of fiber tow production.	Acetate tow
	Ribbon adjustment	It is used for the orbit of tow to make the orbit more even and flat, which belongs to the field of fiber tow.	
	Vinegar flake feeder	It is used for dissolving feeding material, which makes feeding smoother and better sealed. It belongs to the field of dissolving feeding material for fiber tow production.	
2021	tension device	The device for tuning the tension of non-woven fabric	Acetate tow
	washing device	The device for washing the non-woven fabric	
	cleaning device	The device for cleaning the non-woven fabric	
	cutting device	The device for cutting the non-woven fabric	
	auto split device	The device for split the non-woven fabric	
	dedusting device	The device for de-dusting the non-woven fabric	
	press device	The device for pressing the non-woven fabric	
	winding device	The device for winding the non-woven fabric	
	flange fixing device	The device for flange fixing the non-woven fabric	
	drying device	The device for drying the non-woven fabric	

5.1.4 Long-term and short-term business development plan

1. Short-term business development plan

The Group exports to more than 50 countries and regions worldwide for a long time and maintains good cooperative relations. Both existing and new products are comparable to competitors with more affordable prices. In recent years, the company has continued to develop new product projects such as acetate fiber non-woven fabric, Acetate flake staple fiber and filament, acetate fiber film while maintaining its cost advantage. Among them, acetate fiber non-woven fabric has high-precision filtering function and is mainly used in the ready-to-wear market. As a base fabric for high-end apparel embroidery, it has been successfully developed and exported to Italy. In the future, the company will continue to improve technology and actively promote overseas markets; and acetate film Its degradable function is widely used in straws, agricultural mulch, etc., which can achieve the environmental protection purpose of reducing environmental pollution. The Group will continue to maintain cost advantages and develop better product specifications. Meanwhile, on the basis of existing customers, the Group continues to develop the larger world market.

2. Long-term business development plan

The development of new products alone is an established strategy of the Group. In the past a few years, the Group has continued to actively develop new products and accumulated rich experience in product development. In the future, the Group will closely monitor the development trend of new products and new technologies, and develops better products for customers. The main advantage of the Group is its rich R&D experience on new products.

5.2 Market and Sales Overview

5.2.1 Market Analysis

A. Sales (Service) Region

Unit : NT\$ thousands; %

Area \ Year	2020		2021		2022	
	Amount	%	Amount	%	Amount	%
Asia	1,508,612	64.10	1,933,246	71.21	2,173,156	50.90
Europe	176,988	7.52	263,419	9.70	1,446,055	33.87
America	609,740	25.91	435,481	16.04	562,156	13.17
Africa	58,040	2.47	82,720	3.05	88,024	2.06
Total	2,353,380	100.00	2,714,866	100.00	4,269,391	100.00

B. Market Share (%) of Major Product Categories in the Last Two Years

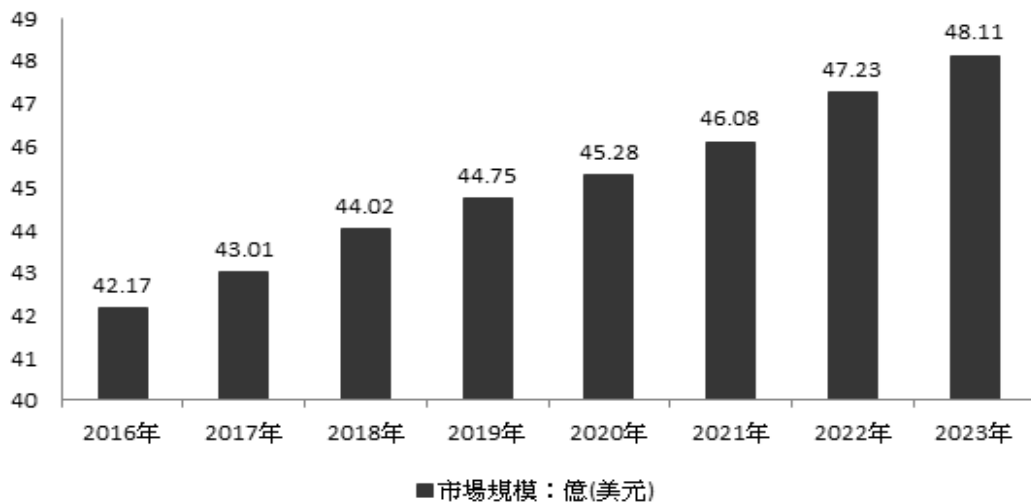
The Group mainly engages in the manufacturing and sales of cellulose acetate tows. As there is no company with the same business content in Taiwan, the Group's market share is estimated by the global production of cellulose acetate tows. The Group's annual sales volume in 2022 is approximately 18,542 tons; the estimated global market share is about 2.48%.

C. Market Analysis of Major Product Categories

Since cellulose acetate tow entered mass production in 1962, the production of Celanese, Eastman and Rhodia (bought by the Solvay Group in 2011) accounted for the majority of the market share, all three suppliers produced their own cellulose diacetate (vinegar sheets)); after being processed into tows, the tows are supplied to major tobacco manufacturers (China Tobacco, PMI, British Anglo, Independent & Monopolies and Japan Tobacco, etc.), and have long-term stable cooperation with global tobacco manufacturers. The capacity adjustment of these three major suppliers is mainly in line with the needs of the top five tobacco manufacturers. Therefore, the expansion of production is very careful. In the past a few years, due to the growth of the Chinese cigarette population market, supply of cellulose diacetate tows are in short. Since China Tobacco has no independent technology, after many joint ventures with international giants to obtain technology, the supply and demand has gradually become more balanced. The demand and price of cigarettes are extremely affected by the booming cycle. Even if the tobacco tax is added to the tobacco control policy and the cost is transferred to consumers, cigarette price won't decrease, but for the cellulose diacetate tows, under the major changes in the cost structure, the price of cellulose diacetate tows is adjusted as the upstream and downstream prices are adjusted.

At present, the global production of cellulose diacetate tows is about 70.1 thousand tons; the end products are massively used in cigarette filters. According to the report issued from the Research Center of Zhiyan Consulting Group, the global sales price of pharmaceutical cellulose diacetate tows industry in 2018 is about US\$ 4.402 billion. By the end of 2023, the growth will reach over US\$ 4.811 billion. It is obvious that the market demand will continue to grow in the future.

2016~2023年全球二醋酸纖維絲束行業市場規模預測



Source: Zhiyan Consulting Group, 2017

D. Strengths and weaknesses of development

1. Independent production technology and customized services

The Group has been in the field of chemical fibers for many years. It has professional technology of cellulose acetate production, such as spinning winding, acetone recovery and other equipment and technologies. According to the customer's request for new products, the two parties have a tacit understanding of rapid design and development of products; significantly shorten customer communication time, speed up the joint development of new products, assist customers to launch new products as soon as possible, and seize market opportunities. The Group has a long-standing relationship with major customers and has successfully gained the trust and recognition from its customers with its stable and excellent product quality and the advantage of perfect service.

2. Establish a good relationship with customers and provide perfect services to them.

The Group has a long-standing relationship with major customers and is able to communicate directly with customers to understand their actual needs and produce high-quality products with superior process technology. Meanwhile, in addition to maintaining existing customers, the Group has successfully developed orders from many filter rods manufacturers. It is obvious that the product quality has been affirmed by large customers.

3. Emphasis on elite recruitment and develop independent technology

The Group pays great attention on the independent training of elites and regards them as an important strategy for long-term operation. With advanced acetate tows production technical

capabilities in various specifications and excellent R & D team, in-depth study the development of more products with special specifications that can meet the diverse needs of end customers. The Group also applied for a number of patents in R&D technology. Through the establishment of national patent certification, develop independent technology to enhance technical competitiveness and leading edge.

E. Favorable and Unfavorable Factors in the Long Term

1. Favorable factors

(1) Production technology patents, independent R&D capabilities and high barriers to capital access

The key technologies of the Group are the production technologies, patents and independent R&D capability of cellulose diacetate and tows, which have certain barriers to access. The Group has intensively studied for many years with rich experience in technology, such as R&D of the industry-leading special-specification acetate tows equipment and technology that can meet the product requirements of different end customers.

The production technologies of cellulose diacetate tows are intensive, the process technology and product output yield decide the production cost. The Group's products have high yield and stable quality; the experienced R&D and production personnel regularly observe and adjust the acetate tows producing process and related machine programs to maintain high production yield and reduce production cost. In addition, mass production will reduce the unit input cost and expenses.

The production technology of cellulose diacetate tows is becoming more and more important to the industry, and the amount of capital investment is also increasing. The capital-intensive nature of manufacturing acetate tows is becoming more and more obvious. The Group has advanced acetate tows manufacturing R&D technology and equipment, the quality and technology is deeply affirmed by international manufacturers that make other new players in this field more difficult to access this field.

(2) Growth of the filter market from emerging economies

Global cellulose diacetate tows are mainly used in cigarette filters. Although the aforesaid cigarette market has a long-term growth and affects the demand of filters, but, not all cigarettes have front filters, especially unfiltered cigarettes are more common in emerging economies, mainly due to lower health awareness and income, and the cigarette filter is considered the reason of affecting the taste of smokers. Nowadays, due to the increasing income of emerging economies and rising health awareness, except the governments still work with the World

Health Organization (WHO) to strengthen tobacco control measures, consumers and manufacturers mostly agree that adding filters to cigarettes and increasing the cigarette filter lengthen can reduce the inhale of harmful substances, so the current demand for cellulose diacetate tows in emerging markets such as Eastern Europe, Africa, Middle East and Latin America is still increasing as filter demand increases.

(3) Wide range of cellulose acetate applications

With its high added value of products and good market prospect, the Group, by utilizing the understanding on the characteristics of cellulose acetate and the R&D of various fiber materials, has begun to develop other applications of cellulose acetate, such as sewage treatment process application, biomedical products or other derivative products, and expands product application scope.

(4) Maintaining long-term stable partnership with customers

The Group's products are produced per customers-demanded new products or under customized production according to customer needs. The Group has a long-standing relationship with major customers, established a good understanding with customers, and has successfully obtained the trustfulness and affirmation from customers by the advantage of stable and excellent product quality.

2. Unfavorable factors and countermeasures

(1) Impact from tobacco control measures

At present, the largest application area of cellulose acetate in the world is still the cigarette filters. As the cigarette market is affected by enactments, such as cigarette health donation tax and indoor smoking prohibition, the cigarette market trend is fair in the developing countries, and shows recession in the developed countries such as the United States, Western Europe and Japan are showing recession.

Countermeasures

Through the experience of internationally renowned exhibitions and past transacting experiences with emerging economies, the Group develops the profitable markets in Africa, Middle East, Eastern Europe and Asia (excluding China) or the markets in other low income countries through the agent services worldwide. In addition, it also strengthens other applications of cellulose acetate, such as the R&D of hollow fiber membranes.

(2) The risk of rising wage costs in Mainland China

The Group's main production base is located in Mainland China. In recent years, Mainland

China provinces have continuously raised labor wages and benefits, resulting in the increase in labor costs for enterprises. Due to the improvement of education standard and income level in Mainland China, supply of labor force in there has been decreasing, caused by the change of social value; and the Group has gradually increased its recruitment and production costs.

Countermeasures

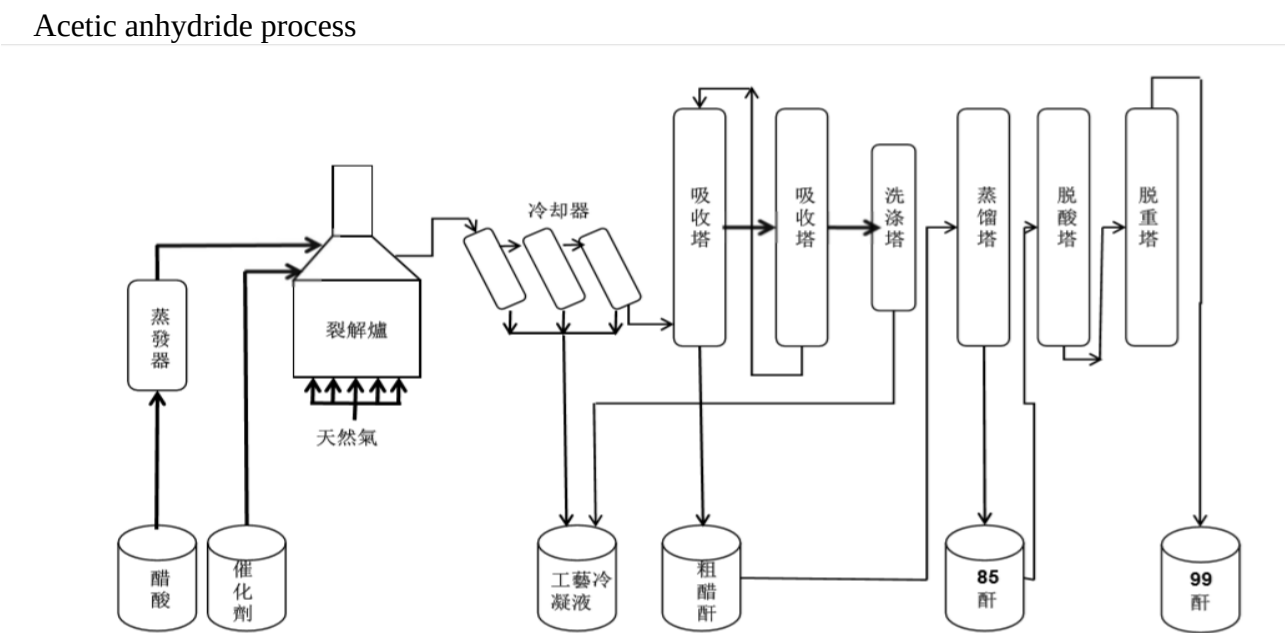
In facing the trend of rising wages in China, the Group will continue to improve production line planning, process management and import of high-performance equipment to further reduce manpower, increase output efficiency and yield and reduce production cost to reduce the production cost in response; and strengthen employee work training to upgrade work efficiency, reduce the impact of rising labor cost on business operation.

5.2.2 Production Procedures of Main Products

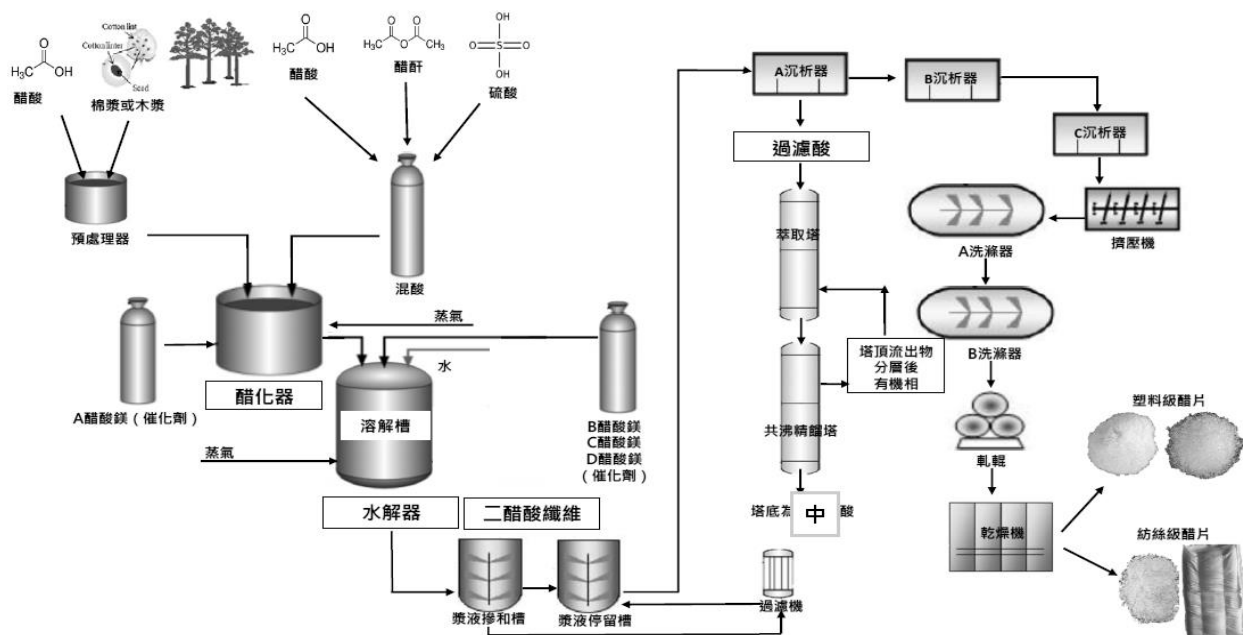
A. Major Products and Their Main Uses

Product type	Major Product	Usage
Filtrate foreign matters	Acetate tow	Cigarette filters, water-based pen refills, diaper absorbing lining and clothes
Plastic sheets with high transparency and anti-climate	Acetate flake	Glasses frame and high-class tool handles, etc.
Colorless transparent liquid	Acetic anhydride	Medicine, Dye, Acetate flake manufacture

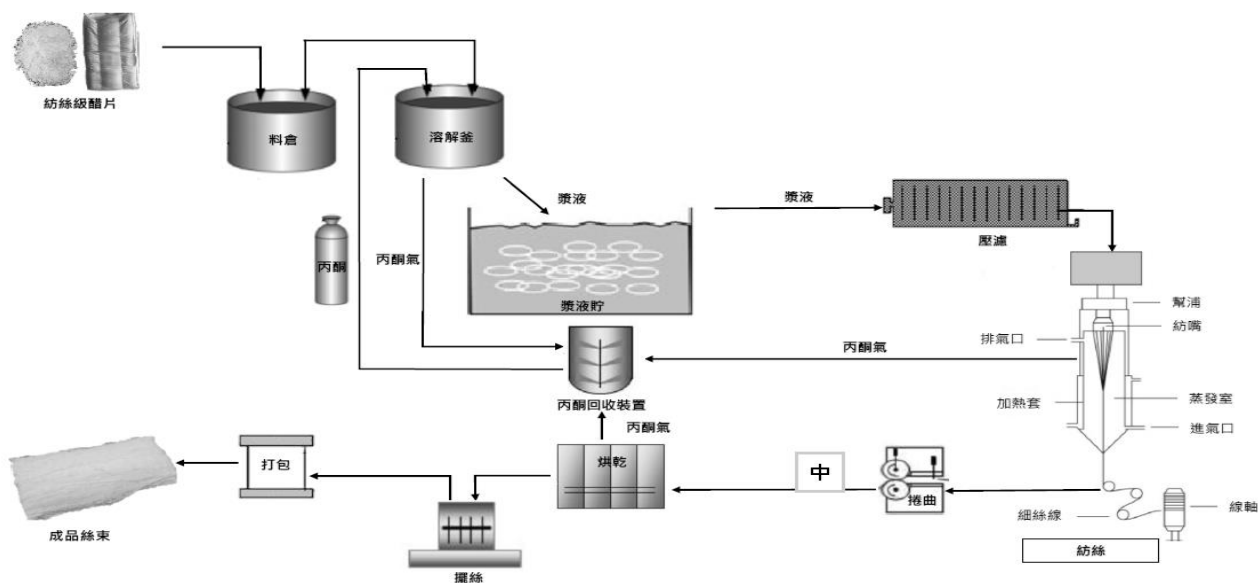
B. Major Products and Their Production Processes



Process of Acetic anhydride



Process of Acetate tow



5.2.3 Supply Status of Main Materials

Major Raw Materials	Source of Supply	Supply Situation
Wood /Cotton pulp	Bracell, Rayonier, Gaomi Yinying	Stable
Acetic anhydride	Yankuang Coal Chemicals International Trading Co., Ltd., Lunan Chemical Co., Ltd.	Stable
Acetone	Jiabo Chemicals	Stable

5.2.4 Major Suppliers and Clients

List of customers that account for more than 10% of total sales within either of the last two years, their purchase amount and ratio:

A. Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands ; %

Item	2021				2022			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Yankuang Coal Chemicals	664,746	43.98	Note 1	Bracell	535,095	38.08	-
2	Bracell	382,804	25.33		Lunan Chemical	208,145	14.81	Note 1
3	-	-	-		Rayonier	171,802	12.23	-
4	-	-	-		Yankuang Coal Chemicals	157,106	11.18	Note 1
	Others	463,909	30.69	-	Others	333,133	23.70	-
	Net Total Supplies	1,511,459	100.00	-	Net Total Supplies	1,405,281	100.00	-

Note1: Yankuang Coal Chemicals is a related party of the same group of Lunan Chemical. Lunan Chemical is Acetate Materia's shareholder.

Reasons for amount change:

The Group's change in the purchase amount of the aforesaid suppliers is mainly due to that the Group has established Acetate Material Co., Ltd. that can master the supply of raw materials, purchase cellulose acetate raw materials from, Bracell, Rayonier, Yankuang Coal Chemical and Gaomi Yinying Co., self-sufficiency and supply raw materials to the downstream companies of the Group. The change is still reasonable.

B. Major Clients in the Last Two Calendar Years

Unit: NT\$ thousands ; %

Item	2021				2022			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Jiaozuo Jinye Acetate Fiber Co., Ltd.	235,845	8.69		MUVLINK LLC	504,755	11.82	-
2	Global	164,763	6.07	Note				
	Others	2,314,258	85.24	-	Others	3,764,636	88.18	-
	Net Sales	2,714,866	100.00	-	Net Sales	4,269,391	100.00	-

Note: Global Filters S.A. (Global Filters) is the shareholder of Jinan Acetate Chemical Co., LTD with indirect control capability.

Reasons for amount change:

In Q4 2020, we won an order from Jiaozuo Jinye Acetate Fiber Co., Ltd., which was shipped in 2021. However, due to the impact of the COVID-19, global shipping schedules were highly unstable, resulting in deferred shipments. In 2022, we benefited from the global trade restructuring amid the COVID-19 and the US-China trade war, which enabled us to add a new Eastern European customer, MUVLINK LCC. In addition, the demand for our silk thread products has exceeded supply, further pushing up the price of our silk thread products, resulting in an increase in our sales revenue in 2022.

5.2.5 Production in the Last Two Years

Unit: NT\$ thousands;Mt

Output Year Major Products (or by department)	2021			2022		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Acetate tow	17,000	14,985	1,181,347	20,000	18,454	1,569,658
Acetate flake	26,250	22,480	1,588,583	30,000	29,132	2,024,613
Acetic anhydride	12,500	1,752	6,881	60,000	58,217	377,228

Reasons for amount change:

The increase in Acetate flake is mainly due to the stable production of our subsidiary, Acetek Material Co., Ltd., which has been able to improve the quality to be stable customer usage and increase demand within China. The increase in demand is also due to the impact of the US-China trade war. In addition, the demand for cellulose acetate tow thread has been driven by the easing of travel restrictions in Europe and the US, which has allowed duty-free tobacco shops that were previously affected by the restrictions to resume operations, thereby boosting the demand for silk thread. Furthermore, the global supply chain for silk thread has been adjusted due to the trade war, pandemic, and geopolitical instability..

5.2.6 Shipments and Sales in the Last Two Years

Unit: NT\$ thousands;Mt

Shipments & Sales Year Major Products (or by departments)	2021				2022			
	Local		Export (Note)		Local		Export (Note)	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Acetate tow	300	35,286	14,370	1,737,056	130	17,992	18,412	2,750,269
Acetate flake	8,406	836,734	586	67,377	9,702	1,112,969	1,445	210,237
Acetic anhydride	901	38,413	-	-	6,479	177,924	-	-

Note:Export sales refer to areas outside Taiwan

Reasons for amount change:

The increase in sales amount and value of acetate tow and acetate flake in 2022 was mainly contributed by the Group's stable production, responding to customer demands and price adjustment., We have sold acetic anhydride since October 2021.

5.3 Human Resources

The number, average years of service, average age, and education distribution ratio of employees in the most recent two years up to the printed date of this annual report:

Year		2021	2021	2023/ 3/31
Number of Employees	Manager	12	14	14
	General employee	146	165	185
	Manufacturing staff	215	266	313
	Total	373	445	512
Average Age		36.05	36.54	36.39
Average Years of Service		2.82	2.88	2.27
Education	Ph.D.	-	-	-
	Masters	0.27	0.22	0.39
	Bachelor's Degree	58.45	54.83	51.28
	Senior High School	19.84	15.73	16.90
	Below Senior High School	21.45	29.21	31.43

5.4 Environmental Protection Expenditure

5.4.1 Total Losses and Penalties

The loss or penalty caused by environmental pollution during the latest year and up to the printing date of this annual report: None

5.4.2 Future Countermeasures and Possible Expenditure:

1. The company complied with government regulations on the responsibility of environmental protection, at present, in addition to waste is handled by local qualified professional manufactures, in the future in the sewage and air pollution will continue to carry out sewage and cavitation environmental protection equipment maintenance and environmental management system operation.

2. Major environmental capital expenditure in recent years and in progress is as follows:

Company	Type of Equipment Invested	Investment Amount (RMB, thousand)	Purpose
Jinan Acetate Chemical Co., LTD.	VOCS equipment	6,874	Exhaust gas treatment to ensure that exhaust gas emissions comply with environmental protection regulations.
Jinan Acetate Chemical Co., LTD.	Online exhaust gas monitoring equipment	187	Online monitoring of exhaust gas emissions to ensure compliance with environmental standards.
Acetek Material Co., Ltd.	Sewage tank and related treatment equipment	4,611	High-efficiency and energy-saving wastewater treatment to ensure compliance with environmental standards for wastewater discharge, and to save electricity and improve treatment efficiency
Acetek Material Co., Ltd.	RTO equipment	1,736	Exhaust gas treatment to ensure that exhaust gas emissions comply with environmental protection regulations.
Acetek Material Co., Ltd.	Environmental protection three-effect evaporator	7,408	Prevent environmental pollution and ensure compliance with environmental standards.
Acetek Material Co., Ltd.	Environmental protection wastewater membrane concentration equipment	6,195	Wastewater treatment to ensure that wastewater discharge meets environmental standards.
Acetek Momentun Co., Ltd.	Online gas detection equipment	445	Online monitoring of gas emissions to ensure compliance with environmental standards.
Acetek Momentun Co., Ltd.	Washing tower	247	Wastewater treatment to ensure that wastewater discharge meets environmental standards.
Acetek Momentun Co., Ltd.	Environmental protection three-effect evaporator	889	Prevent environmental pollution and ensure compliance with environmental standards.
Acetate (Shandong) Environmental Fiber Co., Ltd.	Adsorber	2,059	Prevent environmental pollution and ensure compliance with environmental standards.
Acetate (Shandong) Environmental Fiber Co., Ltd.	RTO equipment	4,332	Exhaust gas treatment to ensure that exhaust gas emissions comply with environmental protection regulations.
Acetate (Shandong) Environmental Fiber Co., Ltd.	VOC online equipment	198	Online monitoring of gas emissions to ensure compliance with environmental standards.

5.5 Labor Relations

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

- (1) Employee benefits:

In addition to providing relevant insurance for employees according to local government regulations, the Group regularly promotes salary raise opportunities to reward employees with outstanding performance, and distributes year-end bonus, performance bonus, retention bonus and production inspiring bonus according to the Company's operating performance and individual work performance. Employees can enjoy holidays such as statutory holidays, marriage leave, maternity leave and annual paid leave. The remaining welfare measures include wedding and funeral gifts, improvement proposal bonus, free annual health checks, and non-regular tourisms, dinners and recreation activities to adjust employees' physical and mental health.

- (2) Skills upgrade & training:

Regarding human resource quality, in addition to the rigorous terms of recruiting, the Group's personnel department also annually hosts training programs per employee's professional requirements during the hiring time, including internal and external training programs, used to enhance staff's skills.

- (3) Pension system implementation:

The Company's Taiwan office has established an employee retirement system in accordance with the Labor Standard Act. The pension is paid by the Company at the amount of 6% of employee's monthly salary, deposited to employee's individual pension account respectively.

The Company's Chinese subsidiary has paid monthly pension insurance to the local government's financial department account in accordance with the provisions specified in the employees fund pension insurance for Chinese enterprise.

- (4) The agreement between labor and management and the maintenance measures of various employee rights:

The Group always pays great attention on employee's rights and interests. In addition to the relevant work rules that follow the enactments, the Group has clearly regulated the various service conditions, with the human resources department as a unified window for interaction with employees. Non-regularly holds labor meetings to make both parties able to communicate with each other in order to maintain good labor relation, and the communication channel is unimpeded. As of the date of printing this public notice, there is no major dispute between two parties.

2. The Company's losses and total fines due to employer/employee disputes within the most recent two years up to the printed date of this annual report, and the current and future estimated monetary amount and measures to be taken in response: None.

5.6 Information Security Management

Information security risk management framework, information security policy, management plan and resources invested in information security management, etc.:

Computers and digital information are now widely used, and almost all companies have adopted computerized operations to cope with the processing and access of large amounts of data. The following table shows the cybersecurity risk assessment and corresponding measures taken by our group, which should significantly reduce the impact of cybersecurity risks.

No.	Risk Item	Current measures
1	System damage causing data loss	1. Set up two main servers for data synchronization and backup. If the first server encounters problems, the second server can immediately take over its functions without time delay. 2. Backup data using dedicated lines and external hard drives.
2	Power outage and abnormal air conditioning	1. The information room is equipped with an uninterrupted power supply (UPS) system to cope with short power outages. 2. Emergency fans can be activated for forced convection. If the temperature continues to rise, all devices in the room should be shut down in sequence.
3	Storage server failure	Activate the backup storage server and copy the data from the backup storage server to the original storage server.
4	Network equipment damage	Call up the backup network device and replace the faulty device after completing the setup.

After evaluation, there are no significant operational risks to information security in our group.

If, in the latest publication of the annual report, any losses, possible impacts and countermeasures caused by major information security incidents cannot be reasonably estimated, the facts that cannot be reasonably estimated shall be stated:

The Company has not experienced any major cyber attack incidents that impacted the Company's operations in 2022.

5.7 Important Contracts

Item No.	Agreement	Counterparty	Period	Major Contents	Restrictions
1	Sale Contract	Essentra Singapore Private LTD.	2022/10~2025/09	The party purchased Acetate tow from Jinan Acetate Chemical Co., Ltd.	None
2	Sale Contract	BRITISH AMERICAN TOBACCO PLC	2022/08~2023/07	The party purchased Acetate flake from Acetek Material Co., Ltd.	None
3	Sale Contract	LA/ES LAMINATI ESTRUSI TERMOPLASTICI S.P.A	2022/01~2022/12	The party purchased Acetate flake from Acetek Material Co., Ltd.	None
4	Sale Contract	OOO SERTOW	2022/05~2023/04	The party purchased Acetate flake from Acetek Material Co., Ltd.	None
5	Purchase Contract	BRACELL international trading PTE.LTD	2022/01~2022/12	Jinan Acetate Chemical Co., Ltd. purchased dissolving pulp from the party.	None
6	Purchase Contract	Rayonier A.M. Sales and Technology Inc	2022/01~2022/12	Jinan Acetate Chemical Co., Ltd. and Acetek Material Co., Ltd. purchased dissolving pulp from the party.	None
7	Purchase Contract	Hebei Hengsheng Pump Industry Co., Ltd.	2022/07~2023/06	Jinan Acetate Chemical Co., Ltd. purchased Dissolving pump, Feeding pump rod, First and Second stage pump, and Booster pump from the party.	None
8	Construction Contract	Fubon Bank (China)	2022/04~2025/04	The party give Jinan Acetate Chemical Co., Ltd. the credit line. The amount is about RMB 55 million.	None
9	Construction Contract	Bank SinoPac (China)	2022/06~2023/06	The party give Jinan Acetate Chemical Co., Ltd. the credit line. The amount is about RMB 143.25 million.	None
10	Construction Contract	E.SUN Bank (China)	2022/11~2023/11	The party give Jinan Acetate Chemical Co., Ltd. the credit line. The amount is about RMB 15 million.	None
11	Construction Contract	LaiShang Bank	2021/08~2024/08	The party give Jinan Acetate Chemical Co., Ltd. the credit line. The amount is about RMB 10 million.	None
12	Construction Contract	Taiwan Land Bank(China)	2022/06~2023/06	The party give Jinan Acetate Material Co., Ltd. the credit line. The amount is about RMB 10 million.	None

13	Construction Contract	E.SUN Bank (China)	2022/11 ~2023/11	The party give Jinan Acetate Material Co., Ltd. the credit line. The amount is about RMB 15million.	None
14	Construction Contract	Fubon Bank (China)	2022/04 ~2023/04	The party give Jinan Acetate Material Co., Ltd. the credit line. The amount is about RMB 15million.	None
15	Construction Contract	Shanghai commercial Bank	2021/12 ~2022/12	The party give Jinan Acetate Chemical Co., Ltd. (Cayman) the credit line. The amount is about USD 1.5 million.	None
16	Construction Contract	SinoPac Bank (China)	2022/06 ~2023/06	The party give Jinan Acetate Chemical Co., Ltd. (Cayman) the credit line. The amount is about USD 5 million.	None
17	Construction Contract	Taiwan Land Bank	2022/07 ~2023/07	The party give Jinan Acetate Chemical Co., Ltd. (Cayman) the credit line. The amount is about USD 3 million.	None
18	Construction Contract	Yuanta Commercial Bank	2022/07 ~2023/07	The party give Jinan Acetate Chemical Co., Ltd. (Cayman) the credit line. The amount is about USD 3 million.	None
19	Construction Contract	Fubon Bank	2022/07 ~2023/07	The party give Jinan Acetate Chemical Co., Ltd. (Cayman) the credit line. The amount is about USD 3 million.	None
20	Construction Contract	E.SUN Bank	2022/07 ~2023/07	The party give Jinan Acetate Chemical Co., Ltd. (Cayman) the credit line. The amount is about USD 3 million.	None
21	Construction Contract	Hua Nan Commercial Bank	2022/10 ~2023/10	The party give Jinan Acetate Chemical Co., Ltd. (Cayman) the credit line. The amount is about USD 3 million.	None
22	Construction Contract	Taishin International Bank	2022/09 ~2023/09	The party give Jinan Acetate Chemical Co., Ltd. (Cayman) the credit line. The amount is about USD 3 million.	None
23	Construction Contract	Bank of Panhsin	2022/07 ~2023/07	The party give Jinan Acetate Chemical Co., Ltd. (Cayman) the credit line. The amount is about USD 2.5 million.	None
24	Construction Contract	E.SUN Bank (China)	2022/04 ~2023/04	The party give Jinan Acetate Chemical Co., Ltd. (Cayman) the credit line. The amount is about USD 5 million.	None

VI. Financial Information

6.1 Five-Year Financial Summary

A. Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT\$ thousands

Year		Financial Summary for The Last Five Years				
Item		2018	2019	2020	2021	2022
Current assets		1,233,674	1,529,769	1,913,152	2,146,225	3,405,512
Property, Plant and Equipment		863,830	826,705	898,321	1,265,424	1,508,133
Intangible assets		-	-	-	-	-
Other assets		219,194	229,800	297,594	223,541	498,372
Total assets		2,316,698	2,586,274	3,109,067	3,635,190	5,412,017
Current liabilities	Before distribution	529,224	1,204,170	916,293	1,372,358	1,704,621
	After distribution	713,092	1,441,819	1,191,253	1,686,461	2,056,908 (note1)
Non-current liabilities		496,027	9,420	584,363	625,306	54,870
Total liabilities	Before distribution	1,025,251	1,213,590	1,500,656	1,997,664	1,759,491
	After distribution	1,209,119	1,451,239	1,775,616	2,311,767	2,111,778 (note1)
Equity attributable to shareholders of the parent		1,182,152	1,259,304	1,489,283	1,516,911	3,505,075
Capital stock		464,800	510,767	510,767	585,756	703,263
Capital surplus		479,542	433,575	433,575	433,575	1,608,577
Retained earnings	Before distribution	308,996	454,805	721,714	729,265	1,404,347
	After distribution	125,128	217,156	446,754	415,162	946,374 (note1)
Other equity interest		(19,062)	(76,257)	(60,868)	(77,699)	(130,242)
Treasury stock		(52,124)	(63,586)	(115,905)	(153,986)	(80,870)
Non-controlling interest		109,295	113,380	119,128	120,615	147,451
Total equity	Before distribution	1,291,447	1,372,684	1,608,411	1,637,526	3,652,526
	After distribution	1,107,579	1,135,035	1,333,451	1,323,423	3,300,239 (note1)

Note: The financial statements have been audited by independent auditors.

Note1: Since the regular shareholders' meeting has not yet been held, the profit distribution plan has not yet been determined.

B. Consolidated Condensed Statement of Comprehensive Income – Based on IFRS

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	1,739,194	2,174,990	2,353,380	2,714,866	4,269,391
Gross profit	421,355	673,229	788,527	815,085	1,683,570
Income from operations	162,168	391,144	499,215	352,253	1,076,813
Non-operating revenue and expenses	47,884	(12,783)	53,635	13,191	337,048
Income before tax	210,052	378,361	552,850	365,444	1,413,861
Net profit of continuing department	224,091	331,257	509,581	360,199	1,274,388
Loss of discontinued department	-	-	-	-	-
Net profit (loss)	224,091	331,257	509,581	360,199	1,274,388
Other comprehensive income (income after tax)	(23,281)	(64,472)	16,114	18,043	14,867
Total comprehensive income	200,810	266,785	525,695	342,156	1,289,255
Net income attributable to shareholders of the parent	225,098	329,677	504,558	357,500	1,249,816
Net income attributable to non-controlling interest	(1,007)	1,580	5,023	2,699	24,572
Comprehensive income attributable to Shareholders of the parent	204,091	272,482	519,947	340,669	1,269,419
Comprehensive income attributable to non-controlling interest	(3,281)	(5,697)	5,748	1,487	26,836
Earnings per share	3.83	5.67	8.75	6.23	20.72

Note: The financial statements have been audited by independent auditors. Free distribution of new surplus shares, free adjustment due to fate.

6.1.2 Auditors' Opinions from 2018 to 2022

Year	Accounting Firm	CPA	Audit Opinion
2018	Deloitte Touche Tohmatsu Limited	Lee, Tung-Feng Yang, Ching-Cheng	unqualified opinions
2019	Deloitte Touche Tohmatsu Limited	Lee, Tung-Feng Yang, Ching-Cheng	unqualified opinions
2020	Deloitte Touche Tohmatsu Limited	Lee, Tung-Feng Huang, Yao-Ling	unqualified opinions
2021	Deloitte Touche Tohmatsu Limited	Huang, Yao-Ling Lee, Sue-Ichin	unqualified opinions
2021	Deloitte Touche Tohmatsu Limited	Huang, Yao-Ling Lee, Sue-Ichin	unqualified opinions

6.2 Five-Year Financial Analysis

A. Consolidated Financial Analysis – Based on IFRS

Year Item		Financial Analysis for the Last Five Years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt Ratio	44.25	46.92	48.27	54.95	32.51
	Ratio of long-term capital to property, plant and equipment	206.92	167.18	244.10	178.82	245.83
Solvency (%)	Current ratio	233.11	127.04	208.79	156.39	199.78
	Quick ratio	156.32	102.35	177.80	112.26	160.85
	Interest earned ratio (times)	1,351.73	1,720.60	2,237.86	1,141.95	4,233.25
Operating performance	Accounts receivable turnover (times)	5.04	5.80	4.28	4.91	12.85
	Average collection period	72	63	85	74	28
	Inventory turnover (times)	3.57	5.31	6.76	6.30	6.82
	Accounts payable turnover (times)	4.94	6.42	8.24	12.77	12.05
	Average days in sales	102	69	54	58	54
	Property, plant and equipment turnover (times)	2.05	2.57	2.73	2.51	3.08
	Total assets turnover (times)	0.73	0.89	0.83	0.81	0.94
Profitability	Return on total assets (%)	10.03	14.32	18.67	11.57	28.81
	Return on stockholders' equity (%)	16.81	24.87	34.19	22.19	48.18
	Pre-tax income to paid-in capital (%)	45.19	74.08	108.24	62.39	201.04
	Profit ratio (%)	12.88	15.23	21.65	13.27	29.85
	Earnings per share (NT\$)	3.83	5.67	8.75	6.23	20.72
Cash flow	Cash flow ratio (%)	65.37	40.56	32.16	33.17	94.39
	Cash flow adequacy ratio (%)	60.89	70.81	53.39	61.37	110.53
	Cash reinvestment ratio (%)	5.22	17.18	2.12	6.31	29.00
Leverage	Operating leverage	1.55	1.25	1.21	1.38	1.17
	Financial leverage	1.12	1.06	1.05	1.11	1.03

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Increase of Ratio of long-term capital to property, plant and equipment: Mainly due to the issuance of the second unsecured convertible corporate bonds in the Republic of China and continued profitability.
2. Decrease of Current ratio and Quick ratio: Mainly due to the issuance of the second unsecured convertible corporate bond in the Republic of China to repay bank loans.
3. Increase of interest coverage ratio: Mainly due to the increase in operating gross profit and non-operating income this year, and the substantial increase in pre-tax net profit.
4. Decrease of turnover rate of Accounts receivable and Average collection period: Mainly due to the adjustment of the credit policy for customers in the sales transaction model of vinegar tablets.
5. Decrease of profitability: The decrease in annual operating gross profit and the substantial increase in operating expenses resulted in a decrease in net profit before tax
6. Increase of cash flow ratio: The reduction of credit conditions for major customers and the decrease in bills receivable and accounts resulted in a significant increase in net cash inflow from operating activities.

Note1: The financial statements have been audited by independent auditors.

Note2: The following formulas should be presented.

1. Financial structure

- (1) Debts to assets ratio = Total liabilities/total assets
- (2) Long-term fund to property, plant and equipment ratio = (total equity+non-current liabilities)/ property, plant and equipment, net

2. Solvency

- (1) Current ratio = current assets/current liabilities
- (2) Quick ratio = (current assets-inventory-prepayment)/current liabilities
- (3) Interest earned ratio=Earnings before interest and tax/ Interest expenses

3. Operating performance

- (1) Account receivables (including accounts receivable and notes receivable resulting from operation) turnover = net sales / balance (gross) of average accounts receivable (including accounts receivable and notes receivable resulting from operation)
- (2) Average collection days = 365 /accounts receivables turnover
- (3) Inventory turnover = sale cost/average inventory
- (4) Account payables (including accounts payable and notes payable resulting from operation) turnover = net sales / balance (gross) of average accounts payables (including accounts payable and notes payable resulting from operation)
- (5) Average days in sales = 365/inventory turnover
- (6) Property, plant and equipment turnover = net sales/average property, plant and equipment, net
- (7) Total assets turnover rate = net sales/average total assets

4. Profitability

- (1) Return on total assets = [income after income tax+interest expense*(1-tax rate)]/average total assets.
- (2) Return on equity = Income after income tax/average total equity
- (3) Profit ratio = Income After income tax/net sales
- (4) Earnings per share = (income attributable to parent company – dividends from preferred shares)/weighed average quantity of outstanding shares (Note 3)

5. Cash flow

- (1) Cash flow ratio = Net cash flow from operating activities/current liabilities
- (2) Net cash flow adequacy ratio = Net cash flow from operating activities in the most recent five years/ (capital spending + increase in inventory + cash dividends) in the most recent five years
- (3) Cash flow reinvestment ratio= (Net cash flow from operating activities-cash dividends) (gross of property, plant and equipment+long-term investment+other non-current assets+working capital)

6. Leverage:

- (1) Operating leverage = (Net operating revenue-changed operating costs and expenses)/operating income
- (2) Financial leverage = Operating income/ (operating income-interest expenses)

6.3 Audit Committee's Report for the Most Recent Year

Audit report issued by Audit Committee

The board of directors has prepared the company's business report, consolidated financial statements and statement of earning distribution of 2022. The consolidated financial statements have already been audited and certified by Huang, Yao-Ling and Lee, Sue-Ichin, CPAs of Deloitte Taiwan, and the auditors' report has been issued. The audit committee has reviewed the above business report, consolidated financial statements and statement of earning distribution and believed that nothing in those statements was non-compliant. This report is hereby issued in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

This report is hereby submitted to the general meeting of shareholders of 2023.

Jinan Acetate Chemical Co., LTD.

Chairman of the Audit Committee: : Lin, Tzer-Jong

On the Date of March 29, 2023

6.4 Consolidated Financial Statements in the Most Recent Year:

Please refer to page 147 to page 214

6.5 Individual financial reports audited by CPA in the Most Recent Year: N/A

6.6 Financial Difficulties, if any, Encountered by the Company and its Affiliated Companies in the Most Recent Year and up to the Publication of the Annual Report, and Its Impact on the Company's Financial Status: None

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

(1) Comparative analysis of the financial status in the past two (2) years

Unit: NT\$ thousands

Year Item	2020	2021	Difference		Remark
			Amount	%	
Current Assets	2,146,225	3,405,512	1,259,287	58.67	1
Property, plant and equipment	1,265,424	1,508,133	242,709	19.18	-
Intangible assets		-	-	-	-
Other assets	223,541	498,372	274,831	122.94	1
Total Assets	3,635,190	5,412,017	1,776,827	48.88	1
Current Liabilities	1,372,358	1,704,621	332,263	24.21	2
Non-current liabilities	625,306	54,870	(570,436)	-91.23	3
Total Liabilities	1,997,664	1,759,491	(238,173)	-11.92	-
Capital stock	585,756	703,263	117,507	20.06	4
Capital surplus	433,575	1,608,577	1,175,002	271.00	8
Retained Earnings	729,265	1,404,347	675,082	92.57	5
Other equity	(77,699)	(130,242)	(52,543)	67.62	6
Non-controlling interest	120,615	147,451	26,836	22.25	7
Total Stockholders' Equity	1,637,526	3,652,526	2,015,000	123.05	8

Analysis of changes in financial ratios:

1. Increase in current assets, other assets, and total assets: Mainly due to the continuous increase in net cash inflow from the Group's profits this year; and PPE and prepaid equipment payments increased by subsidiary Acetate (Shandong) Environmental Fiber Co., Ltd.,.
2. Increase in current liabilities: Mainly due to an increase in prepayments from major customers and the distribution of cash dividends approved by the Board of Directors, resulting in an increase in other payables.
3. Decrease in non-current liabilities: Mainly due to the conversion of convertible bonds by bondholders, resulting in a significant reduction in liabilities.
4. Increase in share capital: Mainly due to the issuance of new shares through cash capital increase and the conversion of convertible bonds into share capital by bondholders.
5. Increase in retained earnings: Mainly due to the net profit from the company's operations in 2022.
6. Increase in other equity attributable to owners: Mainly due to the revaluation increment of non-current assets held for sale, transferred out upon completion of the expropriation process this year.
7. Increase in non-controlling interests: Mainly due to the recognition of investment gains and losses by subsidiary Acetek Material Co., Ltd., resulting in an increase in non-controlling interests.
8. Increase in capital surplus and total equity: Mainly due to the issuance of new shares through cash capital increase and the conversion of convertible bonds by bondholders, resulting in an increase in capital surplus.

(2) **Effect of changes on the company's financial condition:** The Company's financial condition has not changed significantly.

(3) **Future response actions:** Not applicable

7.2 Analysis of Operation Results

(1) Operation result analysis table

Unit: NT\$ thousands

Item \ Year	2021	2022	Difference		
			Amount	%	Remark
Net Sales	2,714,866	4,269,391	1,554,525	57.26	1
Cost of Sales	(1,899,781)	(2,585,821)	(686,040)	36.11	2
Gross Profit	815,085	1,683,570	868,485	106.55	3
Operating Expenses	(462,832)	(606,757)	(143,925)	31.10	4
Operating Income	352,253	1,076,813	724,560	205.69	1
Non-operating Income and Expenses	13,191	337,048	323,857	2,455.14	5
Income Before Tax	365,444	1,413,861	1,048,417	286.89	7
Tax Benefit (Expense)	(5,245)	(139,473)	(134,228)	2,559.16	6
Net profit	360,199	1,274,388	914,189	253.80	7
Analysis of changes in financial ratios:					
1. Net sales and gross profit increased: Increase demand for acetate flakes and acetate tows with trade war and geopolitics on supply chain restructuring. The group responded to market supply and demand conditions by timely and gradually adjusting product prices.					
2. Cost of sales increased: Increasing in revenue-related costs.					
3. Gross profit increased: The raw material in acetic acid prices was decreased, and the further optimization of cost structure through the mass production of the acetic anhydride plant, leading to an increase in gross profit.					
4. Operating expenses increased: This was mainly due to the increase in sales expenses with the growth in revenue.					
5. Non-operating income and expenses increased: Due to the recognition of gains from the disposal of non-current assets held for sale.					
6. Tax expenses increased: Due to the increase in pre-tax profit of Jinan Acetate Chemical Co., Ltd.					
7. Income before tax increased: Due to the improvement in operating gross profit, operating net profit, and operating income.					
There is no major abnormality in the overall performance of the Company, and thus there is no need to develop a response plan.					

(2) Expected sales volume and its basis:

The Group mainly sets annual shipment targets based on the estimated demand of customers, considering production capacity planning and past operating performance. The estimated sales volume is expected to grow with the increase in customer demand. For relevant market research and analysis and the current status and development of the industry, please refer to the Operational Highlights.

(3) The possible impact on the company's future financial business and the corresponding plan:

The Group will always pay attention to changes in market demand, expand market share, develop new customers, increase company profits, and continue to maintain a stable and sound financial position Not applicable.

7.3 Analysis of Cash Flow

7.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Item \ Year	2021	2022	Increase (decrease) amount	Increase (decrease) ratio(%)
Operating activities	455,147	1,608,992	1,153,845	253.51
Investing activities	(690,170)	(240,336)	449,834	65.18
Financial activities	60,899	(46,925)	(107,824)	-177.05
Analysis of financial ratio change:				
1. Increase of cash inflow from operating activities: Increasing in non-operating income and income before tax, and improvement the key customers of prepayments. 2. Decrease of cash outflow from Investing activities: Caused by the disposal of non-current assets held for sale. 3. Decrease of cash inflow from financial activities: Due to the issuance of the third unsecured convertible corporate bonds and the cash capital increase to repay the first unsecured convertible corporate bonds and bank loans, and increased dividend payments.				

7.3.2 Cash flow analysis and improvement plan for insufficient cash flow in next one year:

The Company's operating activities will constantly produce cash inflow and there is sufficient cash and cash equivalents which can be sufficient to cover the cash outflow of investing and financing activities. There is no doubt of insufficient financial liquidity or capital shortage. With the continuous growth operation scale, the group has close contacts with banks and has established good financing credit conditions. If there is insufficient cash liquidity, the company will respond with bank loans.

7.4 Major Capital Expenditure Items

The Company's purchase of fixed assets during 2020~2022 was NT\$141,008,000 NT\$ 424,779,000 and NT\$ 332,665,000 respectively. The reason is to expanding plants of Jinan Acetate Chemical Co., Ltd., Acetate Material Co., Ltd. and Acetek Momentum Co., Ltd. and Acetate (Shandong) Environmental Fiber Co., Ltd. continuously equipment and to response of market demand. The Company's fixed assets and total assets turnover rate for the last three years are shown in the table below. As the quality of the Group's cellulose acetate is gradually improved, the production capacity and product quality are gradually increased in line with market demanding, and the price and sales amount are gradually improved. The decline in the turnover rate is still reasonable, and the Group has not adversely affected the financial business of the Company due to the increase of capital expenditure.

Turnover	2020	2021	2022
Property, plant and equipment turnover (times)	2.73	2.51	3.08
Total assets turnover (times)	0.83	0.81	0.94

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

(1) Re-investment policy

The Company's current investment policy is based on investment targets related to the Company's business and doesn't invest in other industries. The Company's management on the transfer business is based on the investment cycle specified in the internal control system and on the Company's "Operating Rules for the Group Corporate, Specific Companies and Stakeholders" and the "Administrating and Supervision Rules for Subsidiaries", etc. The aforesaid Rules have been approved by the Board of Directors.

(2) Main reason for the profit and loss of re-investment and improvement plan

Unit: NT\$ thousands

Reinvested company	Percentage	2021 Recognized investment Gain/(Loss)	Main causes for profit or loss and Improving Plan
My Parents Living Technology Limited	100%	1,203,867	The investing holding company. To recognize the investment profit or loss from the subsidiary
Jinan Acetate Chemical Co., LTD.(China)	100%	1,299,416	The company is good operating performance and stable profitability.
Acetate Material Co., Ltd. (China)	80%	98,213	It is mainly due to the growth of revenue, the economic scale of production and the effectiveness of profits
Acetate Chemical Co., LTD.	80%	2,106	The investing holding company. To recognize the investment profit or loss from the subsidiary.
Acetek Momentum Co., LTD.	100%	35,948	It is mainly due to the growth of revenue, the economic scale of production and the effectiveness of profits
Acetate (Shandong) Environmental Fiber Co., Ltd.	100%	70	Investment and development stage.

(3) Investment plan in the coming year:

Due to the impact of the trade war and geopolitical factors on supply chain restructuring, there has been an increase in demand for acetate tows and acetate flakes. In response to market demand, our company has completed the expansion of acetate tows capacity in March and April 2023, and is expected to complete the expansion of our cellulose acetate production capacity in June 2023. These expansions will enable us to meet the strong market demand.

7.6 Analysis of Risk Management

7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

(1) Interest rate

The Group's bank interest income for 2021 and 2022 were NT\$ 2,247,000 and NT\$ 7,563,000 respectively, which account for 0.08% and 0.18% of the combined net operating income for the respective year; the bank interest expenses were NT\$ 2,892,000 and NT\$ 10,931,000 respectively, which account for 0.11% and 0.26% of the combined net operating income ratio of the respective year; the impact on the Company's revenue and profit is rare. As the Group's credit is good and the relationship with banks is well, the Group has obtained sufficient bank line of credit; the change in the interest rate of the Group is still controllable to the Group's operating profit and the balance risk, which won't have significant impact.

(2) Foreign exchange rates

Most of the Group's products are for export. The selling trades are mostly made in US dollars. The buying trades are made both in US dollars and CNY respectively. Although the receivables offset will have certain hedging effect, but the main trading place is in Mainland China where the functional currency is CNY, therefore, the local daily expenses need to be exchanged for CNY and there is still exchange gains and losses made therefor. Overall speaking, the exchange rate changes have a certain degree of impact on the Group's revenue and profit. The net exchange gains (losses) of the Group for 2021 and 2022 were (28,559,000) and 98,167,000, the net exchange gains (losses) in 2020 and 2021 account for 為(1.05)% and 2.30% of the net operating income and (7.81)% and 6.94% for the pre-tax net profit ratio respectively. Due to the appreciation of US dollar in 2022, the Group's sales income mainly received in US dollars, which generates exchange gains. The impact of currency exchange rate on the Group's operating condition is limited.

(3) Inflation

The Group's past profit and loss weren't significantly affected by inflation. The Group will timely pay attention on market price fluctuation and maintain good interaction with customers and suppliers. If the purchase cost increases due to inflation, the Group will also adjust the sales price appropriately to reduce the impact on the Group's operation.

7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions

Based on the stable principle and pragmatic operating idea, except for focusing on the Group's business, the Group does not engage in high-risk or highly leveraged investments.

The Group has established the “Procedures for Loaning of Company Funds”, “Procedures for Endorsements and Guarantees”, “Procedures for Acquisition and Disposal of Assets” and “Procedures for Financial Derivatives Transactions”. The Group runs business per these procedures, so the related risks shall be limited.

7.6.3 Future Research & Development Projects and Corresponding Budget

(1) Future R&D plan

The application scope of cellulose acetate contains the glasses frames and facial masks, etc. In order to meet the trend of global plastic molding and expand the market applications of cellulose acetate, CA (cellulose acetate film) will be developed in the future, which are mainly used in food packaging and lithium battery separating membranes; we do these to make preparation on the decomposable product packaging materials in EU next stage action. Acetate tow application scope includes the cigarette filters and pen cores, in response of the needs of top a few tow customers, we actively co-develop the currently high growing IQOS electronic cigarettes with customers, these products has a wide application range.

In view of the increasing demand for cellulose acetate and tows used in living products, the Group continues to invest R&D in new product specifications to quickly meet the needs of various product specifications in the market, and in cellulose diacetate and cellulose diacetate tows to expand customer market. The R&D expenses invested in 2021 and 2022 accounted for 7.02% and 4.01% of the

operating revenue respectively. The Group is actively engaging in technology development, continuously investing in R&D resources and personnel to improve process technology, including the process optimization and high-grade automation; and actively work on diversified products. The proportion of the Group's R&D expense remained reasonable and stable.

(2) Expected R&D expenses

The Group estimates that the R&D expenses invested in 2023 will be NT\$255,532,000.

7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales

The Company is registered in the Cayman Islands and its main place of operation is in Mainland China with a representative office in Taiwan. The operation of the Group's various businesses is handled in accordance with important domestic and international policies and laws, and timely pay attention to domestic and international significant policy developing trend and laws fluctuation; responding to the changes in market environment with appropriate response measures. Therefore, there has not significant impact on the financial business due to changes in significant domestic or international policies and laws yet.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales

The Group independently makes R&D on the production process, formula and technology of cellulose acetate and tows, breaks through the market technically monopolized by European, American and Japanese multinational manufacturers. The production quality has been worldwide recognized by customers and the Group continues to develop new product applications. The Group is in a position of mastering the market trend and to assessing the impact of the on the Group's operation from market changes. In addition, the Group's customers are mostly cigarette manufacturers or their filter suppliers and agents. The Group maintains close cooperation with customers; control the status of cigarette vendors and obtain order from them. The Group's financial operation won't have adverse effect from the changes of technology and industry.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management,

and the Company's Response Measures

The Group focuses on the management of its own field, continuously pursues the sustainable operation and growth, actively strengthens internal management, enhances product quality and production efficiency, and continuously introduces outstanding elites to incubate the strength of the management team; rewards the operating result to shareholders and the public, performs the social responsibility that a corporate shall do. The Group's operating result and reputation are good. As of the date of print this financial statement, there is no corporate crisis that would jeopardize the corporate.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans

In the latest year and to the statement printing date, the Group has no M&A plan, yet, if there is an M&A plan, it will be handled in accordance with local enactments and the Group's management rules. In order to reduce possible risk, if the Group is subject to the potential M&A object, it will adhere to the attitude of prudent evaluation and consider the combined effect of the merger, and consults with professionals; handle the merger and acquisition procedure on reasonable terms to ensure the Company's interests and shareholders' overall equity.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans

The expansion of the group's production capacity has been carefully planned to meet the need of customers and optimize the utilization of capital expenditure. Therefore, the completion of the acetate filament production line in August 2023 will strengthen the product diversity of the Group, expand the scale of operations and enhance the overall competitiveness, which will bring limited risks.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

(1) Stock concentration risk:

The group's purchase objects are scattered according to the nature and source of raw materials, and there are more than two suppliers of main raw materials, as to ensure the stability and autonomy of the source of goods, and maintain a good cooperative relationship with each supplier. Therefore, there was no shortage of goods in the recent year or up to the date of printing of the annual report, which

had a significant impact on the overall operation or the rights and interests of customers.

(2) Sales concentration risk:

The Group's customers are mainly located in emerging markets such as North Africa, Latin America and Asia. The net operating income of the top two customers in 2021 and 2022 accounted for 14.76% and 17.10% of the total annual operating revenue respectively, and there were no individual sales customer that share over 25% of the annual sales price; thus, the Group shall have no risk on the concentrated sales.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%

The shareholdings of the Company's directors and supervisors have been stable during the last few years, and there have been no major transfers or swaps of shares.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights

From last year to the time of publication, the management rights of this company have not changed. This company has strengthened its company operation measures, brought in independent directors, and established an audit committee and salaries and remuneration commission with the hope of improving the protection of overall shareholder rights. While the daily operation of the company relies on professional managers, who have made great contributions to the business performance of this company, they will get shareholders' support in the future, and a change in management right will not negatively impact the company's management and business operation strength.

7.6.12 Litigation or Non-litigation Matters

- (1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: None.
- (2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors, supervisors or shareholders with over 10% shareholdings: None.

7.6.13 Other Major Risks- Information security risks analyze

1. Datacom Security Risk Management Framework

The responsible unit of the company's information security is the information department, which has designated personnel responsible for formulating the company's information security policies, planning information security operations, and promoting and implementing information security policies. The audit office will conduct regular audits every year. If any defects are found in the audit, the inspected unit will be immediately requested to propose improvement measures, and the improvement results will be tracked regularly to reduce internal information security risks.

2. Infocom Security Policy

In order to maintain the normal operation of the company's information system, strengthen the security management of information communication, ensure the availability, integrity and confidentiality of information, and avoid internal and external intentional or accidental threats. The company's information security management mechanism includes the following four aspects:

- (1) System specification: formulate the company's information security management system to standardize the operation behavior of personnel.
- (2) Organizational management system: establish the company's top-down information security work management system, establish the responsibilities of the security management organization, make overall planning and expert decision-making to promote the development of information security work across the jurisdiction.
- (3) System protection: Set up information security management equipment and tools, and implement information security management measures.
- (4) Personnel training: regularly conduct information security education and training to improve the information security knowledge and professional skills of the company's colleagues.

3. Information security specific management plan

With the popularization for computers and digital information and in response to bulk data processing and retrieval, currently, almost all companies have opted for computerized operations. The company's information security assessment and coping measures are as

shown in the table below, which should significantly reduce impacts arising from information security risks.

Item	Information Risk	Current Implication
1	System damage results in the losses of data.	1. Secure a second host to perform synchronized data backup. If there is a problem with the first host, the second host can immediately function without a time gap. 2. Data is backed up in two places through dedicated line transmission and portable storage device.
2	Power failure and air-condition breakdown	1. The information control room is equipped with an uninterruptible power system (UPS) to cope with temporary power outages. 2. There is an emergency fan for forced convection. If the temperature continues to rise, the various equipment in the control room shall be shut down in order.
3	Storage Server Damage	Turn on the backup storage server and copy the data from the backup storage server to the original storage server.
4	Internet Equipment Damage	After calling the offline backup network equipment and completing setting, replace the faulty equipment.

After assessment, the Company has no material operating risk of the Information security.

4. Invest resources in security management

(1) Set up an information security chief before the end of 2022

(2) Build an information security monitoring system and perform system vulnerability scanning to prevent hackers from invading and stealing confidential company information

(3) Management of computer room, network equipment, network connection and personal information equipment

7.7 Other important matters: None.

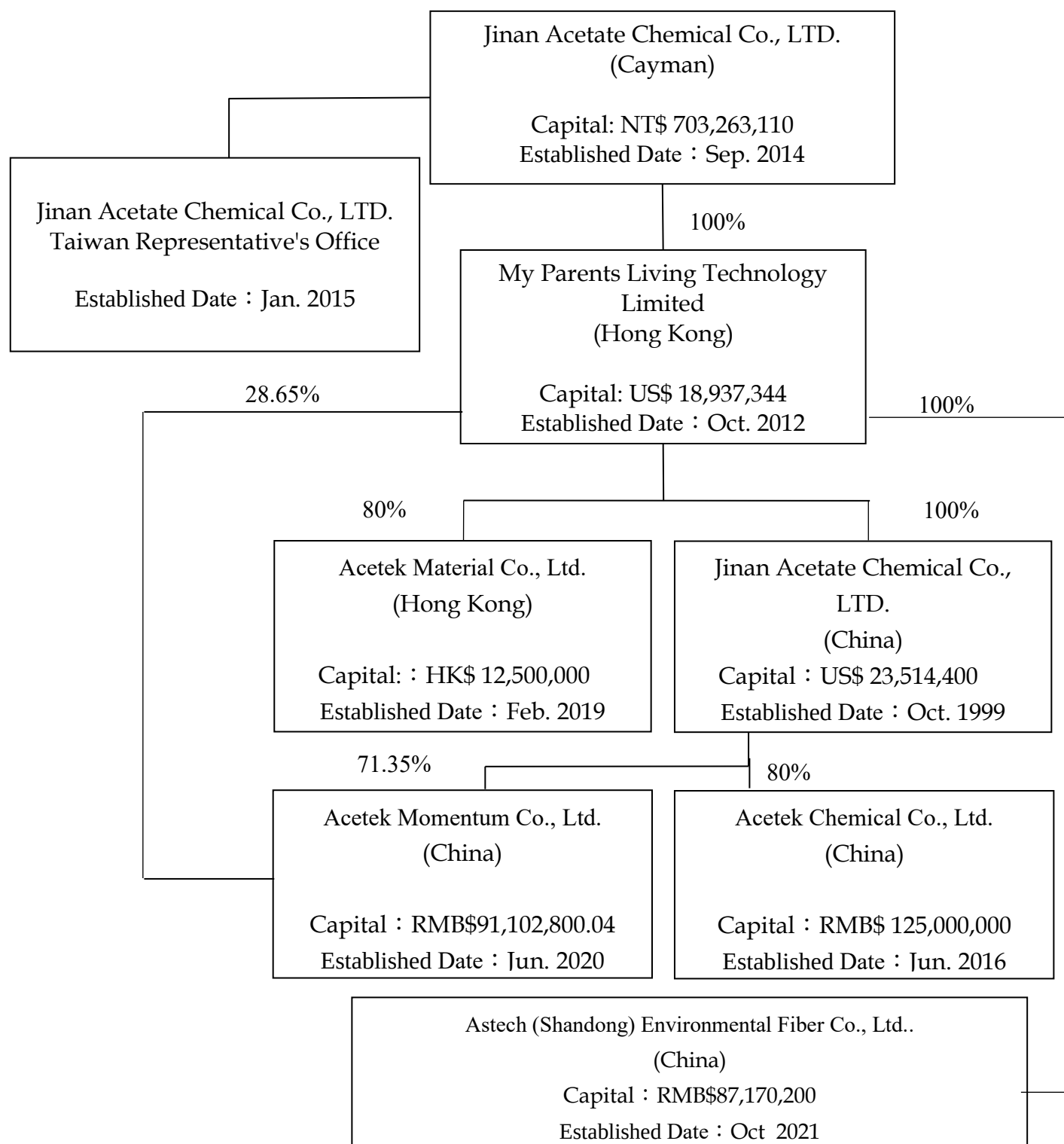
VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated operating report of affiliates

(1) Investment Structure

As of Dec. 31, 2022



(2) Basic information on affiliated enterprises:

As of Dec. 31, 2022; Unit : NT\$ 1,000

Name of Subsidiary	Established Date	Address	Capital		Main Business Activity
My Parents Living Technology Limited	Oct. 2012	Hong Kong	USD	18,937	Holding Company
Jinan Acetate Chemical Co., LTD.	Oct. 1999	China	USD	23,514	Manufacturing and sale of acetate tow
Acetek Chemical Co., Ltd.	Jun. 2016	China	RMB	125,000	Manufacturing and sale of acetate lake
Acetek Material Co., Ltd.	Feb. 2019	Hong Kong	HKD	12,500	Holding Company
Acetek Momentum Co., Ltd.	Jun. 2020	China	RMB	91,103	Manufacturing and sale of acetic anhydride
Acetate (Shandong) Environmental Fiber Co., Ltd.	Oct. 2021	China	RMB	87,170	Manufacturing of Pulp

(3) Presumed to be controlled and dependent in accordance with Article 369-3 of the Company Law: None.**(4) Business Scope of the Company and Its Subsidiaries**

The whole business scope of the Company and its subsidiaries mainly include investment, research and development, production, and sales of Cellulose acetate tow and Cellulose acetate and Acetic anhydride. Each of the subsidiaries conducts division operations according to the Group's overall business planning.

(5) Rosters of Directors, Supervisors, and Presidents of Subsidiaries

Company	Title	Name or Representatives
My Parents Living Technology Limited	Director	Wang, Song-Lan
Jinan Acetate Chemical Co., LTD.	Director	Wang, Ko-Chang
	Director	Wang, Song-Lan
	Director	Zhu, Zhang-Chao
	Supervisor	Hsu, Cheng-Tsai
	President	Meng, Ching-Li
Acetek Material Co., Ltd.	Director	Wang, Ko-Chang
	Director	Chang, Kang-Wing
	Director	Chang, Chih-Wei
	Supervisor	Hsu, Cheng-Tsai
	President	Wang, Jian-Li

8.1.2 Operation Status of affiliate companies

As of Dec. 31, 2022; Unit : NT\$ 1,000

Name of affiliates	Capital amount	Total assets	Total liabilities	Net worth	Operating revenue	Net operating income	Net income (after tax)	EPS (after tax) (NTD)
My Parents Living Technology Limited	564,850	4,347,499	152,633	4,194,866	-	(114)	1203,867	(Note)
Jinan Acetate Chemical Co., LTD.	403,146	4,293,354	1,484,523	2,808,831	3,825,970	938,189	1,299,416	(Note)
Acetek chemical Co., Ltd.	581,452	1,340,587	663,882	676,705	1,658,003	102,002	107,543	(Note)
Acetek Material Co., Ltd.	48,977	28,694	-	28,694	-	(33)	2,633	(Note)
Acetek Momentum Co., Ltd.	394,799	579,284	148,338	403,946	491,481	34,508	35,948	(Note)
Acetate (Shandong) Environmental Fiber Co., Ltd.	383,487	445,070	60,458	384,612	-	(1,514)	70	

Note: Limited company with no shares, unable calculate EPS.

8.1.3 Consolidated Financial Statements of Affiliates:

Please refer to page 126 to page 195.

8.1.4 Relationship Report on the Affiliates: N/A.

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

8.4 Other necessary supplementary explanations: None.

8.5 In the most recent year and as of the publication date of the annual report, if there are any matters determined in Term 2, Item 2, Article 36 of the Securities Exchange Act that have significant impacts on shareholders' equity or securities prices : None.

8.6 Description of Significant Differences on Regulations Pertaining to the Protection of Shareholders' Equity in the Republic of China

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
1	The shareholders' convention shall be held within the ROC territory. If the shareholder convention is convened outside the ROC territory, it shall obtain the TWSE consent within two days after the conclusion of the Board of Directors or the shareholders obtain the permission from the competent authority.	In accordance with Article 18.3 of the revised Articles of Association made by the shareholder convention's special resolution of the issuing company (hereinafter: the issuing company's Articles of Association) on December 4, 2014, during the period that the shares are listed on the TWSE, except as otherwise specified by the Cayman Company Act, the shareholder convention shall be held within ROC territory. If the board of	If the shareholders convene the shareholder convention outside the Republic of China, since the shareholders' own convening of the shareholders' temporary convention is not subject to the permission of the local authorities of Cayman, Article 18.3 of the issuing company's Articles of Association only stipulates that TWSE shall be notified in advance, instead of the "obtain

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
		directors decides to convene a shareholder convention outside ROC territory, the issuing company shall report to TWSE for approval within two days after the resolution of the board of directors.	the TWSE consent within two days after the shareholders obtain the permission from the competent authority” as required by the checklist for the protection of shareholders' equity.
2	If the shareholders continue to hold shares for more than one year and more than 3% of the total issued shares, they can write down the proposed matters and reasons and request the board of directors to convene a temporary shareholders convention. Within 15 days after the request is filed, when the board of directors fails to notify the convening, the shareholders can report to the competent authority for permission to convene it themselves.	After reviewing the issue company's Articles of Association, the relevant provisions on protecting shareholders' equity, as stipulated in Articles 19.3, 19.4, 19.5 and 19.6, when more than 3% of the total issued shares to be holding for more than one year during the period of listing on TWSE request in writing, the board of directors shall immediately convene a temporary shareholders convention. If the board of directors fails to convene the shareholders' temporary convention within fifteen days from the date of the request, the requesting shareholders can convene the temporary shareholders convention in the same way as the board of directors does on convening the shareholders meeting.	As for the part that shareholder hold the shareholders convention by themselves, since the Cayman Company Act has no special provisions for the shareholders to hold the shareholder convention, Article 19.6 of the issuing company's Articles of Association does not regulate the shareholders to report to the competent authority before holding the self-convening shareholder convention. However, according to Article 19.6 of the issuing company's Articles of Association, if the board of directors fails to convene a notice for the temporary shareholders convention within 15 days from the date of shareholders request, the requesting shareholders may convene the temporary shareholders convention themselves, but shall try to convention in consistency with the way convened by the board of directors. As for the place where the temporary shareholders convention is to be held, according to Article 18.3 of the issuing company's Articles of Association, in addition to the provisions of the Cayman Company Act, it shall be convened in ROC territory. Shareholders who wish to convene temporary shareholders convention outside the Republic of China shall, according to the

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
			provisions of Articles 19.6 and 18.3 of the issuing company's Articles of Association, still follow the way of board of directors' resolution in holding the shareholders convention outside ROC, submit the request to TWSE for approval.
3	When the Company performs its voting rights in writing or electronic way, its performing method shall be stated in the shareholder convention notice. Shareholders who perform their voting rights in writing or electronic way are deemed to be present in person at the shareholder convention. However, the provisional motions of the shareholders convention and the amendments of original motion shall treat the writing or electronic way as rights give-up.	Article 25.4 of the issuing company Articles of Association stipulates that when a shareholder performs his/her voting rights in the shareholder convention by written or electronic vote, it is deemed to assign the meeting chairperson to act for him/her to perform voting right at the shareholders convention in accordance with the written or electronic documents. The meeting chairperson bases on the status of agent, has no right to perform the voting right on behalf of the shareholder in matters not mentioned/stated in the written or electronic documents and/or amendments to the original proposal proposed at the shareholders convention. In order to clarify the doubt, shareholders performing their voting right in such manner shall be deemed to have performed their right to vote in respect of the provisional motions and/or amendments of the original motion proposed in the shareholder convention.	For shareholders performing voting rights in writing or electronic way, the Cayman Company Act does not mention whether shareholders who perform their voting right in writing or electronic way can be treated to have attended the shareholder convention in person or not? Cayman's lawyers have not found any relevant cases on it. For the other arrangement, Article 25.4 of the issuing company's Articles of Association stipulates that "the shareholder is deemed assigning the meeting chairperson by written voting or electronic way to exercise his/her voting rights in the shareholder convention per instructions. Based on the status of the agent, for the matters not mentioned/stated in the written or electronic documents and/or the amendments to the original proposal proposed at the shareholders convention, the meeting chairperson is not entitled to exercise the voting rights of the assigned shareholders. To clarify the doubt, shareholders exercising their voting rights in such manner shall be deemed to have abandoned their voting rights of amendments to the provisional motion and/or the original motion proposed in the

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
			shareholder convention. In Article 26.3 of the issuing company Articles of Association, the voting rights of that the chairperson exercises on behalf of the entrusted shareholders in the shareholder convention shall not exceed a limit of 3% of the total voting rights of issued shares.
4	The following proposals concerning the major equity of shareholders shall be agreed by the attending of over 2/3 of the total shareholders with issued shares, and 1/2 of the shareholders' voting rights. If the total number of shares attending shareholders is insufficient from the aforesaid conditions, it can represent the agreement by the attendance of over 1/2 of the total shareholders with issued shares and 2/3 of the attending shareholders with voting rights agree on that: 1. The Company builds, alters or terminates the contract that leases all business, entrusts the operation or co-operations with others, transfers all or the major part of the business or property, receives all business or property transferred from others, and others that significantly impact the Company's operation. 2. Change the Articles of Association. 3. If the change in Articles of Association is infringing the rights of the special shareholders, the resolution of special shareholders convention on it shall be required. 4. Distribute all or part of the dividends and bonus by means of new shares. 5. Resolution for dissolution, merger or division.	1. Article 12.1 of the publishing company Articles of Association stipulates that the Company may, at any time, have a special resolution without violating the Cayman Company Act and the Articles of Association: (a) Change its name; (b) Amend or add Articles of Association; (c) Amend or add the Articles of Association outline on the company's purpose, powers or other matters specifically stated; (d) Reduce capital and capital redeem reserve; or (e) Consolidation 2. Article 12.3 of the issuing company Articles of Association stipulates that the following acts of the company shall be approved by the shareholders' serious resolution without violating the Cayman Company Act: (a) Capitalize the dividends and/or bonus and/or other money specified in Article 17 of the Articles of Association; (b) Pay all or part of the capital reserve and statutory surplus reserve (as defined in article 14.4 of the Articles of Association) by new shares or cash in proportion to the original shares of the shareholders. The issue of new shares or cash by statutory surplus reserve is limited to the portion of the reserve exceeding 25% of the	1. Regarding the resolution method in the shareholders convention, in addition to the ordinary resolutions and serious resolutions under the ROC laws, the "Special Resolution" defined by the Cayman Company Act is also included in Article 1.1 of the issue company's Articles of Association. In the case of non-compliance with the Cayman Company Act, it means that the shareholders who have right to participate in the voting presents in person at the company's shareholders convention, or votes by proxy, or legally authorizes the legal corporate shareholder or non-citizen shareholder to attend the voting (according to Article 23.1 of the issuing company's Articles of Association, it means that the attended shareholders number is over 1/2 of the total number of shares with voting rights). After each shareholder has the right to vote, at least 2/3 of the voting rights of shareholders agree the issue. 2. In accordance with the provisions of the Cayman Company Act, the following matters shall be governed by

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
		paid-up capital. (c) Consolidation (except for "M&A" defined in the Cayman Company Act, only a special resolution is required) or division; (d) Build, change or terminate a business lease contract, entrusted business contract or joint-operation contract; (e) Transfer all or major part of the business or property thereof; or (f) Acquire or receive all of the business or property from others and has a significant influence on company operation. 3. Under the provisions specified in Article 12.4 of the company's Articles of Association, while not to violate the Cayman Company Act, the company can voluntarily dissolve itself by the following resolutions: (g) If the company decides to voluntarily dissolve itself due to the inability to pay off the due debt, by ordinary resolution made thereof; or (h) If the company decides to voluntarily dissolve itself as a result of the reason other than the conditions specified in 12.4(a) above, by a special resolution made thereof. 4. Per Article 13 of the issuing company's Articles of Association, no matter whether the company has been liquidated or not, if the company's capital is divided into different types of shares, except that shares issuing condition is another specified, rights of such shares can be changed by the special resolution of shareholders convention. Subject to the aforesaid provisions, if any modification or change in the Articles of Association would prejudice the priority of any type of shares, the relevant modification or change shall be by the	special resolutions: (1) Change the Articles of Association According to Cayman law, the changes of Articles of Association shall base on the special resolution of the Cayman Company Act. Therefore, Article 12.1 of the publishing company's Articles of Association specifies the rule of changing the threshold of resolution instead of asking to follow ROC serious resolution specified in the shareholders' rights protecting check list. In addition, in accordance with Article 13 of the issue company's Articles of Associations, if any modification or change of Articles of Association will damage the priority of any kind of shares, the relevant amendments or changes shall be passed by special resolution and shall be subject to the special resolution of the shareholders convention held separately by the rights-damaged shareholders. (2) Dissolution According to Cayman law, if a company decides to voluntarily liquidate and dissolve itself because it cannot settle the debt after the debt is matured, its dissolution shall be in accordance with the ordinary resolution of the shareholders convention (i.e., Article 12.4(a) of the issuing company's Articles

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
		special resolution and shall be convened by the shareholders under the damage with the special resolution.	of Association). For the purpose of voluntarily liquidating and dissolving the company for reasons other than the above, the dissolution shall be subject to the special resolution prescribed by the Cayman Company Act; therefore, Article 12.4(a) of the Articles of Association of the issuing company sets the reason of unable to pay the debt after the debt is matured and defines the resolution threshold for the company's voluntarily liquidation and dissolution by resolution, which doesn't follow the shareholders' rights protecting check list asking to follow serious resolution under ROC laws. As for Article 12.4(b) of the publishing company's Articles of Association, since the special resolution stipulated by the Cayman Company Act has higher threshold than the thresholds of ROC's serious resolution, the provisions asking for dissolution by the special resolution specified in Article 12.4(b) of the issuing company's Articles of Association actually has been in conformity with the protection checklist of shareholders' rights and interests that shall list the dissolution into the serious resolution requirement under ROC law. (3) Merger Since the Cayman Company Act is mandatory

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
			for voting procedure on defining the “M&A and/or merger” (that is, it must proceed with the special resolution), by considering the definition of “M&A and/or Merger” in Cayman Company Act is not the same as those in ROC law, in order to make the merger pattern beyond the “M&A and/or merger” defined by the Cayman Company Act can be listed as the serious resolution of the shareholders convention according to the requirements of the shareholders' rights protection. Section 12.3(c) of the issue company's Article of Association sets that “merger” (meet the “M&A and/or merger” as defined in the Cayman Company Act, which only needs for special resolution) shall be the serious resolution to be passed. 3. The difference between the above matters and the checklist of shareholders' rights protection matters is that the important matters under shareholder equity protection shall be the resolution of serious matter; in the Articles of Association of the issuing company, these matters are specified in serious resolution and special resolution matters separately.
5	1. Company's supervisors are selected from shareholders convention. At least one supervisor shall have domestic residence. 2. The supervisors shall not serve for	Article 63 of the issuing company's Articles of Association has specified the duties of Audit Committee, which is equivalent to supervisors in Taiwan.	There is no “supervisor” idea defined in Camay Company Act, the issuing company only builds the Audit Committee, not supervisors, therefore, no

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
	more than three years. Yet, this restriction won't be valid if re-elected. 3. When all supervisors are dismissed, the Board of Directors shall hold a temporary shareholders convention to select new supervisors within 60 days. 4. The supervisor shall supervise the operation of the company's business; timely investigate the company's business and financial status; check the accounting sheets and documents, and can request the Board or managers to submit reports. 5. The supervisor shall check the sheets submitted to the shareholders convention from the Board of Directors and reports checking opinions to the shareholders convention. 6. The supervisor shall assign the accountant or lawyer to review the checking matter on behalf of the company. 7. The supervisor can attend the Board of Directors and make comments. If the Board of Directors or directors conduct business against the enactments, Articles of Association or the resolutions of the shareholders convention, the supervisor shall immediately notify the Board of Directors or the directors to stop their improper actions. 8. The supervisor can exercise supervision rights independently. 9. The supervisor cannot serve as the company director, manager or other employee.		supervisor provision is defined in the Articles of Association.
6	1. Shareholder holding more than 3% of the total company-issued shares for more than one year can request the supervisor to make a lawsuit against the directors for the company; and set Taipei District Court as the court of first instance.	According to Article 48.3 of the Articles of Association of the issuing company, within the scope permitted by the Cayman Law, shareholder holding more than 3% of the total company-issued shares for more than one year can (a) request the Board of	The issuing company has an Audit Committee, so there are no related regulations for the supervisors in the Articles of Association. However, with reference to Article 214 of ROC Company Act on the request of

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
	Within 30 days after the shareholder makes the lawsuit request yet the supervisor fails to comply, the shareholder can make a lawsuit against the company; and set the Taipei District Court as the court of first instance. 2. According to Article 48.3 of the Articles of Association of the issuing company, within the scope permitted by the Cayman Law, shareholder holding more than 3% of the total company-issued shares for more than one year can (a) request the Board of Directors to authorize the independent director in the Audit Committee to launch a lawsuit against the directors for the company in writing; and set the Taipei District Court as the court of first instance; or (b) requested the independent director of the Audit Committee to launch a lawsuit against the directors for the company in writing; and set the Taipei District Court as the court of first instance;	Directors to authorize the independent director in the Audit Committee to launch a lawsuit against the directors for the company in writing; and set the Taipei District Court as the court of first instance; or (b) requested the independent director of the Audit Committee to launch a lawsuit against the directors for the company in writing; and set the Taipei District Court as the court of first instance; Within 30 days after the request (a) or (b) above is applied, if (i) the requested Board of Directors fails to authorize the independent director of the Audit Committee to launch lawsuit, or the independent director of the Audit Committee authorized by the Board of Directors fails to launch lawsuit, stated in item (a) above; or (ii) the requested independent director of the Audit Committee fails to launch the lawsuit, within the scope permitted by the Cayman laws, the shareholder can launch a lawsuit against the directors for the company; and set the Taipei District Court as the court of first instance.	lawsuit against the directors by minority shareholders, Article 48.3 of the Articles of Association of the issuing company specifies that under the scope permitted by Cayman laws, shareholder holding more than 3% of the total company-issued shares for more than one year can (a) request in writing the Board of Directors to authorize the independent director of the Audit Committee to launch a lawsuit against the directors for the company in writing, and set the Taipei District Court as the court of first instance; or (b) requested the independent director of the Audit Committee to launch a lawsuit against the directors for the company in writing; and set the Taipei District Court as the court of first instance. Within 30 days after the request (a) or (b) above is applied, if (i) the requested Board of Directors fails to authorize the independent director of the Audit Committee to launch lawsuit, or the independent director of the Audit Committee authorized by the Board of Directors fails to launch lawsuit, stated in item (a) above; or (ii) the requested independent director of the Audit Committee fails to launch the lawsuit, within the scope permitted by the Cayman laws, the shareholder can launch a lawsuit against the directors for the company; and set the Taipei District Court as the court of first instance. Cayman's lawyers remind the following provisions in accordance with the Cayman

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
			laws: The Cayman Company Act does not allow the specific specification for the lawsuit procedure derived from the minority shareholders launching lawsuit against the directors in Cayman courts. The Articles of Association is not a contract between the shareholders and the directors, but is the agreement between the shareholders and the company, even though the Articles of Association allows the minority shareholders to launch derivative lawsuits against the directors, Cayman's lawyers believe that the content will not be able to bind the directors. However, under common law, all shareholders (including minority shareholders) have right to launch derivative lawsuits (including litigation against directors) regardless of their shareholding or shareholding period. Once the shareholder sues, the Cayman court will have full discretion to decide whether the shareholder can continue the lawsuit or not. In other words, the Articles of Association of the company stipulates that minority shareholders (or shareholders with the required shareholding ratio or shareholding period) can launch lawsuits against the director for the company, but whether the lawsuit can continue or not depends on Cayman court's decision. According to the relevant judgment of the Cayman Grand Court, when considering whether to approve the continuation of derivative proceedings or not, the

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
			applicable criterion is whether or not the Cayman court believes and accepts that the plaintiff's request on behalf of the company is superficial and the claimed illegal activity is made by the party that can control the company, and the controller can prevent the company from litigating it. The Cayman Court will judge the lawsuit on a case-by-case basis (although the court may refer to the company's Articles of Association regulations, this is not a decisive factor). Under Cayman law, the Board of Directors shall decide on its behalf (instead of individual directors) on behalf of the company. Therefore, the directors shall, under the Articles of Association regulations, authorize any director to launch lawsuit against the other directors on behalf of the company. The Cayman Company Act does not give shareholders a clear request for a director to convene a Board of Directors to specify the specific matters. However, the Cayman Companies Act does not prohibit companies from establishing provisions relating to the Board of Directors proceedings at the Articles of Association (including the requirements for Board of Directors meetings). Therefore, with reference to Article 214 of ROC Company Act regarding the request of minority shareholders to launch lawsuit against directors, the Articles of Association of the company may require the shareholders to

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
			request the convening of Board of Directors to resolve specific matters (i.e., launch the lawsuit against the directors) in accordance with Article 48.3.
7	1. The company directors shall faithfully perform the business and perform the duty that the managers shall take care. If there is any violation on company, the damage liability shall be taken thereof. If the act is committed by the directors or by others, the shareholder will be able to resolve the act as the company's income in the proceeds. 2. While performing the company's business, if the action of company directors is against the law that causes damage to others, the company managers, supervisors shall be liable to the damage identical to the company directors within their duty scopes. 3. The company managers and supervisors shall bear the same liability for damage as the company directors do within the scope of their duties.	According to Article 48.4 of the Articles of Association of issuing company, under the circumstance of not violating the general directors' responsibilities per Cayman common law principles and laws that the company directors are engaged in, company directors shall honestly perform business and do their responsibility a good management shall do. If there is any violation that incurs the company's damage, company directors shall be liable for damages to the maximum extent permitted by law. In the event that a director obtains any benefit for himself or another person in violation of the aforesaid provisions, the company shall take all appropriate actions and steps to the maximum extent permitted by law, as decided by the ordinary resolution of the shareholders convention. The company interests are owned by the company. When a company director conducts business operation, if there is any breach of law or order that causes the company to be liable for any compensation or damage to any person, the director shall be liable with the company for compensation or damage for any reason, if the director is not to be liable along with the company for compensation, the director shall compensate the company for any losses by the company suffers from the violation of the director's own obligations. Managers shall be subject to the same liability for damages as company directors when performing company duties.	Article 48.4 of the Articles of Association of the issuing company has provided that "under the circumstance of not violating the general directors' responsibilities per Cayman common law principles and laws that the company directors are engaged in, company directors shall honestly perform business and do their responsibility a good management shall do. If there is any violation that incurs the company's damage, company directors shall be liable for damages to the maximum extent permitted by law. In the event that a director obtains any benefit for himself or another person in violation of the aforesaid provisions, the company shall take all appropriate actions and steps to the maximum extent permitted by law, as decided by the ordinary resolution of the shareholders convention. The company interests are owned by the company. When a company director conducts business operation, if there is any breach of law or order that causes the company to be liable for any compensation or damage to any person, the director shall be liable with the company for compensation or damage for any reason, if the director is not to be liable along with the company for compensation, the director shall compensate the company for any losses by the company

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
			suffers from the violation of the director's own obligations. Managers shall be subject to the same liability for damages as company directors when performing company duties." Cayman's lawyers are remind the following provisions in accordance with the Cayman enactments: Under Cayman law, the director's company liability can be broadly divided into common law responsibilities (i.e. professional competence, attention and diligence) and loyalty obligations. However, the directors are legally obligated under the provisions of various laws and, in certain circumstances, also have obligations to third parties (such as creditors). If the company is or may be unable to pay off, the directors shall consider the interests of the creditors when performing their duties. In addition, regarding the provisions of the directors' interests as the company's income, Cayman's lawyers believe that such regulations are uncertain and too general, so they have doubts about their enforceability. For example, whether or not a director's breach of obligation is left to the court to finalize and how to define the benefit (and the period in which it benefits)? Cayman's lawyers also believe that this Article does not limit the director's responsibilities. Directors are still subject to various statutory, common law and fiduciary duties under Cayman law.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Jinan Acetate Chemical Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Jinan Acetate Chemical Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. 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 the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 for the year ended December 31, 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 of the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Occurrence of Operating Revenue Recognize in Substantial Growth of Customers Sales

At the year ended December 31, 2022, the Group's revenue increased compare to the year ended December 31, 2021. In 2022, among part of the Group's customers have substantial growth in operating revenue than previous year. We, therefore, consider the recognition of operating revenue growth with customers sales, which have substantial growth in operating revenue than previous year as a key audit matter. Please refer to Notes 4 and 22 to the consolidated financial statements for the relevant accounting policy.

The key audit procedures performed in respect of the above area included the following:

1. We obtained on understanding of the Group's policies procedures and internal controls for revenue recognition and tested the effectiveness and efficiency of operations of the key controls over the occurrence of revenue recognize.
2. We analyzed the sales customers, which mentioned above, with the reason for the change in operating revenue.
3. We selected the sample transactions of the sales customers, which mentioned above, in the sales records for substantive tests and confirmed them with the supporting shipping documents, and verified the collection after the reporting period.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including members of the audit committee are responsible for overseeing the Group's financial reporting process.

Auditors' 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 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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. 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 Standards on Auditing of the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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 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 Jinan Acetate Chemical Co., Ltd.'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 a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. 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 auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are Yao-Ling Huang and Suei-Chin Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 29, 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.

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,941,021	36	\$ 646,169	18
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 18)	381	-	697	-
Financial assets at amortized cost - current (Notes 4, 9 and 29)	66,263	1	169,309	5
Notes and accounts receivable, net (Notes 4, 10 and 22)	185,627	4	425,429	12
Accounts receivable from related parties (Notes 4, 10, 22 and 28)	34,771	1	18,589	-
Other receivables (Note 4)	59,273	1	29,782	1
Current tax assets (Notes 4 and 24)	-	-	6,141	-
Inventories, net (Notes 4 and 11)	375,439	7	382,732	10
Prepayments (Notes 16 and 28)	288,107	5	222,937	6
Non-current assets held for sale (Notes 4 and 12)	-	-	101,128	3
Other current assets (Notes 4, 16, 28 and 29)	<u>454,630</u>	<u>8</u>	<u>143,312</u>	<u>4</u>
Total current assets	<u>3,405,512</u>	<u>63</u>	<u>2,146,225</u>	<u>59</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 18)	236	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	37,234	1	24,055	1
Property, plant and equipment (Notes 4, 14 and 29)	1,508,133	28	1,265,424	35
Right-of-use assets (Notes 4, 15 and 29)	75,396	1	77,960	2
Deferred tax assets (Notes 4 and 24)	53,674	1	44,056	1
Other non-current assets (Notes 4 and 16)	<u>331,832</u>	<u>6</u>	<u>77,470</u>	<u>2</u>
Total non-current assets	<u>2,006,505</u>	<u>37</u>	<u>1,488,965</u>	<u>41</u>
TOTAL	<u>\$ 5,412,017</u>	<u>100</u>	<u>\$ 3,635,190</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17 and 29)	\$ 365,449	7	\$ 489,416	13
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 18)	5,270	-	2,591	-
Contract liabilities - current (Note 22)	344,427	6	126,900	4
Notes and accounts payable, net	288,993	5	140,061	4
Other payables (Notes 19 and 28)	543,696	10	216,472	6
Current tax liabilities (Notes 4 and 24)	42,443	1	-	-
Current portion of bonds payable (Notes 4 and 18)	87,029	2	349,167	10
Current portion of long-term borrowings (Note 17)	-	-	41,520	1
Other current liabilities	<u>27,314</u>	<u>1</u>	<u>6,231</u>	<u>-</u>
Total current liabilities	<u>1,704,621</u>	<u>32</u>	<u>1,372,358</u>	<u>38</u>
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 18)	-	-	43,380	1
Bonds payable (Notes 4 and 18)	54,870	1	530,796	15
Long-term borrowings (Note 17)	-	-	41,520	1
Deferred tax liabilities (Notes 4 and 24)	<u>-</u>	<u>-</u>	<u>9,610</u>	<u>-</u>
Total non-current liabilities	<u>54,870</u>	<u>1</u>	<u>625,306</u>	<u>17</u>
Total liabilities	<u>1,759,491</u>	<u>33</u>	<u>1,997,664</u>	<u>55</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital				
Ordinary shares	<u>703,263</u>	<u>13</u>	<u>585,756</u>	<u>16</u>
Capital surplus	<u>1,608,577</u>	<u>30</u>	<u>433,575</u>	<u>12</u>
Retained earnings				
Legal reserve	278,957	5	184,044	5
Special reserve	105,120	2	63,211	2
Unappropriated earnings	<u>1,020,270</u>	<u>19</u>	<u>482,010</u>	<u>13</u>
Total retained earnings	<u>1,404,347</u>	<u>26</u>	<u>729,265</u>	<u>20</u>
Other equity				
Exchange differences on translating the financial statements of foreign operations	(115,627)	(2)	(125,963)	(4)
Unrealized valuation loss on financial assets at fair value through other comprehensive income	(14,615)	-	(16,882)	-
Revaluation surplus (Note 12)	<u>-</u>	<u>-</u>	<u>65,146</u>	<u>2</u>
Total other equity	<u>(130,242)</u>	<u>(2)</u>	<u>(77,699)</u>	<u>(2)</u>
Treasury shares	<u>(80,870)</u>	<u>(2)</u>	<u>(153,986)</u>	<u>(4)</u>
Total equity attributable to owners of the Company	3,505,075	65	1,516,911	42
NON-CONTROLLING INTERESTS	<u>147,451</u>	<u>2</u>	<u>120,615</u>	<u>3</u>
Total equity	<u>3,652,526</u>	<u>67</u>	<u>1,637,526</u>	<u>45</u>
TOTAL	<u>\$ 5,412,017</u>	<u>100</u>	<u>\$ 3,635,190</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 22 and 28)	\$ 4,269,391	100	\$ 2,714,866	100
OPERATING COSTS (Notes 4, 11, 23 and 28)	<u>(2,585,821)</u>	<u>(61)</u>	<u>(1,899,781)</u>	<u>(70)</u>
GROSS PROFIT	<u>1,683,570</u>	<u>39</u>	<u>815,085</u>	<u>30</u>
OPERATING EXPENSES (Notes 4, 23 and 28)				
Selling and marketing expenses	(324,932)	(8)	(192,040)	(7)
General and administrative expenses	(110,530)	(2)	(80,306)	(3)
Research and development expenses	<u>(171,295)</u>	<u>(4)</u>	<u>(190,486)</u>	<u>(7)</u>
Total operating expenses	<u>(606,757)</u>	<u>(14)</u>	<u>(462,832)</u>	<u>(17)</u>
PROFIT FROM OPERATIONS	<u>1,076,813</u>	<u>25</u>	<u>352,253</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)				
Other income	17,104	1	30,989	1
Finance costs	(34,207)	(1)	(35,073)	(2)
Interest income	7,563	-	2,247	-
Other gains and losses	(3,455)	-	(3,168)	-
Foreign exchange gains (loss)	98,167	2	(28,559)	(1)
Gains on disposal of non-current assets held for sale (Note 12)	284,519	7	-	-
Net gain (loss) on fair value changes of financial liabilities at fair value through profit or loss (Note 18)	<u>(32,643)</u>	<u>(1)</u>	<u>46,755</u>	<u>2</u>
Total non-operating income and expenses	<u>337,048</u>	<u>8</u>	<u>13,191</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	1,413,861	33	365,444	13
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(139,473)</u>	<u>(3)</u>	<u>(5,245)</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>1,274,388</u>	<u>30</u>	<u>360,199</u>	<u>13</u>

(Continued)

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (Note 4)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ 2,834	-	\$ (1,578)	-
Exchange differences arising on translation to the presentation currency	<u>39,316</u>	<u>1</u>	<u>(16,465)</u>	<u>-</u>
	<u>42,150</u>	<u>1</u>	<u>(18,043)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	<u>(27,283)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total other comprehensive income	<u>14,867</u>	<u>-</u>	<u>(18,043)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,289,255</u>	<u>30</u>	<u>\$ 342,156</u>	<u>13</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,249,816	29	\$ 357,500	13
Non-controlling interests	<u>24,572</u>	<u>1</u>	<u>2,699</u>	<u>-</u>
	<u>\$ 1,274,388</u>	<u>30</u>	<u>\$ 360,199</u>	<u>13</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,262,419	29	\$ 340,669	13
Non-controlling interests	<u>26,836</u>	<u>1</u>	<u>1,487</u>	<u>-</u>
	<u>\$ 1,289,255</u>	<u>30</u>	<u>\$ 342,156</u>	<u>13</u>
EARNINGS PER SHARE (NT\$, Note 25)				
Basic	<u>\$ 20.72</u>		<u>\$ 6.23</u>	
Diluted	<u>\$ 17.93</u>		<u>\$ 5.32</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company														
								Other Equity							
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gains on Property Revaluation	Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount		Legal Reserve	Special Reserve	Unappropriated Earnings	Total								
BALANCE AT JANUARY 1, 2021	51,077	\$ 510,767	\$ 433,575	\$ 133,588	\$ 78,601	\$ 509,525	\$ 721,714	\$ (110,395)	\$ (15,619)	\$ 65,146	\$ (60,868)	\$ (115,905)	\$ 1,489,283	\$ 119,128	\$ 1,608,411
Appropriation of 2020 earnings															
Legal reserve	-	-	-	50,456	-	(50,456)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(15,390)	15,390	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(274,960)	(274,960)	-	-	-	-	-	(274,960)	-	(274,960)
Share dividends distributed by the Company	7,499	74,989	-	-	-	(74,989)	(74,989)	-	-	-	-	-	-	-	-
	7,499	74,989	-	50,456	(15,390)	(385,015)	(349,949)	-	-	-	-	-	(274,960)	-	(274,960)
Net profit for the year ended December 31, 2021	-	-	-	-	-	357,500	357,500	-	-	-	-	-	357,500	2,699	360,199
Other comprehensive income for the year ended December 31, 2021, net of income tax	-	-	-	-	-	-	-	(15,568)	(1,263)	-	(16,831)	-	(16,831)	(1,212)	(18,043)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	357,500	357,500	(15,568)	(1,263)	-	(16,831)	-	340,669	1,487	342,156
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	(38,081)	(38,081)	-	(38,081)
BALANCE AT DECEMBER 31, 2021	58,576	585,756	433,575	184,044	63,211	482,010	729,265	(125,963)	(16,882)	65,146	(77,699)	(153,986)	1,516,911	120,615	1,637,526
Appropriation of 2021 earnings															
Legal reserve	-	-	-	94,913	-	(94,913)	-	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	41,909	(41,909)	-	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(585,067)	(585,067)	-	-	-	-	-	(585,067)	-	(585,067)
	-	-	-	94,913	41,909	(721,889)	(585,067)	-	-	-	-	-	(585,067)	-	(585,067)
Net profit for the year ended December 31, 2022	-	-	-	-	-	1,249,816	1,249,816	-	-	-	-	-	1,249,816	24,572	1,274,388
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	-	10,336	2,267	-	12,603	-	12,603	2,264	14,867
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	1,249,816	1,249,816	10,336	2,267	-	12,603	-	1,262,419	26,836	1,289,255
Issuance of ordinary shares for cash	3,000	30,000	270,096	-	-	-	-	-	-	-	-	-	300,096	-	300,096
Components of convertible bonds recognized as equity	-	-	16,146	-	-	-	-	-	-	-	-	-	16,146	-	16,146
Convertible bonds converted to ordinary shares	9,263	92,637	884,384	-	-	-	-	-	-	-	-	-	977,021	-	977,021
Cancellation of treasury shares	(513)	(5,130)	(3,643)	-	-	(54,813)	(54,813)	-	-	-	-	63,586	-	-	-
Treasury shares transferred to employees	-	-	8,019	-	-	-	-	-	-	-	-	9,530	17,549	-	17,549
Proceeds from disposal of non-current assets held for sale	-	-	-	-	-	65,146	65,146	-	-	(65,146)	(65,146)	-	-	-	-
BALANCE AT DECEMBER 31, 2022	70,326	\$ 703,263	\$ 1,608,577	\$ 278,957	\$ 105,120	\$ 1,020,270	\$ 1,404,347	\$ (115,627)	\$ (14,615)	\$ -	\$ (130,242)	\$ (80,870)	\$ 3,505,075	\$ 147,451	\$ 3,652,526

The accompanying notes are an integral part of the consolidated financial statements.

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,413,861	\$ 365,444
Adjustments for:		
Depreciation expenses	179,882	134,565
Net gain (loss) on fair value changes of financial liabilities at fair value through profit or loss	32,643	(46,755)
Finance costs	34,207	35,073
Interest income	(7,563)	(2,247)
Compensation cost of employee share options	10,040	-
Loss on disposal of property, plant and equipment	338	223
Gain on disposal of non-current assets held for sale	(284,519)	-
Write-down (reversal of write-down) of inventories	(829)	559
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	10,920
Notes receivable and Accounts receivable	239,802	160,649
Accounts receivable from related parties	(16,182)	56,798
Other receivables	14,673	4,941
Inventories	8,122	(163,312)
Prepayments	(65,170)	(158,955)
Other current assets	(267,540)	(50,994)
Financial liability held for trading	(697)	3,557
Contract liabilities	217,527	79,327
Notes and accounts payable	148,932	(17,427)
Other payables	56,374	59,576
Other current liabilities	14,859	3,916
Cash generated from operations	1,728,760	475,858
Interest paid	(11,045)	(2,892)
Income tax paid	(108,723)	(17,819)
Net cash generated from operating activities	<u>1,608,992</u>	<u>455,147</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(10,000)	-
Purchase of financial assets at amortized cost	(1,810)	(164,444)
Proceeds from sale of financial assets at amortized cost	118,248	-
Proceeds from disposal of non-current assets held for sale	342,875	-
Payments for property, plant and equipment	(332,665)	(424,779)
Proceeds from disposal of property, plant and equipment	3,198	39
Increase in refundable deposits	(51,281)	-
Decrease in refundable deposits	-	(26,662)
Decrease in other non-current assets	-	10
Increase in prepayments for equipment	(317,519)	(77,443)
Interest received	8,618	3,109
Net cash used in investing activities	<u>(240,336)</u>	<u>(690,170)</u>

(Continued)

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (repayments of) short-term borrowings	\$ (123,967)	\$ 438,969
Proceeds from issuance of convertible bonds	506,456	-
Repayments of convertible bonds	(346,100)	(148,727)
Proceeds from long-term borrowings	-	83,040
Repayments of long-term borrowings	(83,040)	-
Proceeds from guarantee deposits received	6,224	658
Dividends paid to owners of the Company	(314,103)	(274,960)
Proceeds from issuance of ordinary shares	298,075	-
Payments for buy-back of ordinary shares	-	(38,081)
Treasury shares transferred to employees	<u>9,530</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(46,925)</u>	<u>60,899</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(26,879)</u>	<u>(11,037)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,294,852	(185,161)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>646,169</u>	<u>831,330</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,941,021</u>	<u>\$ 646,169</u>

The accompanying notes are an integral part of the consolidated financial statements.

(Concluded)

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Jinan Acetate Chemical Co., Ltd. (the “Company”) was incorporated in Cayman Islands on September 25, 2014. The Company was established mainly for organizational restructuring. In accordance with the equity exchange agreement, the Company has become the holding company of the consolidated entities after the organizational restructuring have been completed on September 25, 2014.

The Company’s shares have been listed on the Taiwan Stock Exchange (TSE) since November 9, 2015.

The Group’s financing activities and investing activities in Taiwan are mainly in New Taiwan dollars. In order to consider the efficiency of the Group's fund raising management, the Company’s board of directors resolved to change functional currency from Renminbi to New Taiwan dollars on July 15, 2022. In accordance with the International Accounting Standards (IAS) 21 - The Effects of Changes in Foreign Exchange Rates, the change applied prospectively from July 1, 2022.

The consolidated financial statements are presented the Company’s functional currency in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 23, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRS Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group assessed the impact that the application of above standards and interpretations would not have any material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

See Note 13, Tables 8 and 9 for the detailed information of subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries and branches in other countries that use currency which are different from the currency of the Company) is translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

Due to the continuous increase in the part of financing activities and investment activities based on New Taiwan dollars, the Company changed the functional currency from Renminbi to New Taiwan dollars and applied the conversion procedure prospectively from July 1, 2022.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of property, plant and equipment and right-of-use asset

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use asset, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, Financial assets at amortized cost and financial assets at FVTOCI.

i. Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current financial assets and refundable deposits, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that internal or external information show that the debtor is unlikely to pay its creditors indicate that a financial asset is in default.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL. Fair value is determined in the manner described in Note 27.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

4) Convertible bonds

The conversion option component of the convertible bonds issued by the Group, which will be settled other than by the exchange of a fixed amount of cash or other financial assets for a fixed number of the Company's own equity instruments, is classified as a derivative financial liability.

On initial recognition, the derivative financial liability component of the convertible bonds is recognized at fair value, and the initial carrying amount of the non-derivative financial liability component is determined by deducting the amount of the derivative financial liability component from the fair value of the hybrid instrument as a whole. In subsequent periods, the non-derivative financial liability component of the convertible bonds is measured at amortized cost using the effective interest method. The derivative financial liability component is measured at fair value, and the changes in fair value are recognized in profit or loss. Transaction costs that relate to the issuance of the convertible notes are allocated to the derivative financial liability component and the non-derivative financial liability component in proportion to their relative fair values.

As mentioned in Note 1 of the financial statements, the Company changed functional currency from Renminbi to New Taiwan dollars on July 1, 2022. The Company elected to reconsider the classification of conversion option of convertible bonds upon the change of functional currency in accordance with IAS 8. If the convertible bond conversion rights previously classified as financial liabilities are reassessed to meet the equity classification, they are reclassified to equity at their fair value on the date functional currency changed. The reclassification does not have any impact on profit or loss.

k. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of cellulose acetate tow and cellulose acetate. Sales of cellulose acetate tow and cellulose acetate are recognized as revenue when the goods are shipped because it is the time when the customer has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

l. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

The Group participates in the local government pension plans in accordance with local regulations, contributing pension regularly to the government according to a certain percentage of the employee's salary. Payments to defined contribution retirement benefit plans are recognized as expenses for the current period when employees have rendered services entitling them to the contributions.

p. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees and treasury shares transferred to employees is the date on which the number of shares that the employees purchase is confirmed and the board of directors approves the transaction.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the People's Republic of China (PRC) Enterprise Income Tax Law, the tax rate is 25%. Jinan Acetate Chemical Co., Ltd (China) of the Group and Acetek Material Co., Ltd (China) of the Group have acquired the High-tech Enterprise Certificate in 2021 and 2019. The applicable tax rate for both companies is 15%. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. If investment properties measured using the fair value model are non-depreciable assets, the carrying amounts of such assets are presumed to be recovered entirely through sale.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 pandemic, the military conflict between Russia and Ukraine and related international sanctions and their economic environment implications when making its critical accounting estimates on cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 734	\$ 226
Demand deposits	1,838,962	512,754
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	<u>101,325</u>	<u>133,189</u>
	<u>\$ 1,941,021</u>	<u>\$ 646,169</u>

The market rate intervals of cash in the bank at the end of the year were as follows:

	December 31	
	2022	2021
Demand deposits	0.001%-1.5%	0.001%-0.6%
Time deposits	2.5%-3.5%	0.5%-1.4%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	2021
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	\$ -	\$ 697
Convertible options (Note 18)	<u>381</u>	<u>-</u>
	<u>\$ 381</u>	<u>\$ 697</u>
<u>Financial assets at FVTPL - non-current</u>		
Derivative financial assets (not under hedge accounting)		
Convertible options (Note 18)	<u>\$ 236</u>	<u>\$ -</u>
<u>Financial liabilities at FVTPL - current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Convertible options (Note 18)	\$ -	\$ 2,591
Foreign exchange forward contracts	<u>5,270</u>	<u>-</u>
	<u>\$ 5,270</u>	<u>\$ 2,591</u>
<u>Financial liabilities at FVTPL - non-current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Convertible options (Note 18)	<u>\$ -</u>	<u>\$ 43,380</u>

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
<u>December 31, 2022</u>			
Sell	EUR/RMB	2023.1	USD500/RMB3,462
Sell	EUR/RMB	2023.2	USD1,500/RMB10,414
Sell	EUR/RMB	2023.4	USD500/RMB3,473
<u>December 31, 2021</u>			
Sell	USD/RMB	2022.1	USD500/RMB3,345
Sell	USD/RMB	2022.3	USD250/RMB1,610

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Non-current</u>		
Foreign investments		
Unlisted shares		
Ordinary shares - ELEUNG LIMITED	\$ 27,234	\$ 24,055
Ordinary shares - HOLYARD INTERNATIONAL CO., LTD	<u>10,000</u>	<u>-</u>
	<u>\$ 37,234</u>	<u>\$ 24,055</u>

The Group holds 25% of the ordinary shares of ELEUNG LIMITED for the years ended December 31, 2022 and 2021. However, according to the shareholders' agreement, the owner shareholders shall have the control in the composition of company's board of directors, moreover, the Group has no authority to participate in the investee's financial and operating policy decisions; therefore, the investment is not accounted for as an associated company.

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities of more than 3 months	<u>\$ 66,263</u>	<u>\$ 169,309</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.00%-3.50% and 0.22%-0.25% per annum as of December 31, 2022 and 2021, respectively.
- b. Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	December 31	
	2022	2021
<u>Notes and accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 185,627	\$ 425,429
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 185,627</u>	<u>\$ 425,429</u>
<u>Accounts receivable from related parties</u>		
At amortized cost		
Gross carrying amount	\$ 34,771	\$ 18,589
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 34,771</u>	<u>\$ 18,589</u>

The Group takes advance payments for the sales of goods through letters of credit. The credit period of sales of goods was between 30 and 180 days. No interest was charged on trade and notes receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The following table details the loss allowance of notes receivable and accounts receivable based on the Group's provision matrix.

December 31, 2022

	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	181 to 360 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 126,956	\$ 41,173	\$ 19,961	\$ 12,239	\$ 20,069	\$ -	\$ 220,398
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 126,956</u>	<u>\$ 41,173</u>	<u>\$ 19,961</u>	<u>\$ 12,239</u>	<u>\$ 20,069</u>	<u>\$ -</u>	<u>\$ 220,398</u>

December 31, 2021

	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	181 to 360 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 268,848	\$ 42,822	\$ 31,044	\$ 40,318	\$ 60,986	\$ -	\$ 444,018
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 268,848</u>	<u>\$ 42,822</u>	<u>\$ 31,044</u>	<u>\$ 40,318</u>	<u>\$ 60,986</u>	<u>\$ -</u>	<u>\$ 444,018</u>

Compare to January 1, 2022 and 2021, the group did not recognize allowance for impairment loss on receivables at December 31, 2022 and 2021, respectively; resulted from the decreased in accounts receivables net of those collected of \$223,620 thousand and \$217,447 thousand, respectively.

11. INVENTORIES

	<u>December 31</u>	
	2022	2021
Finished goods	\$ 76,187	\$ 129,219
Work in progress	22,405	35,943
Raw materials	224,411	193,919
Supplies	<u>52,436</u>	<u>23,651</u>
	<u>\$ 375,439</u>	<u>\$ 382,732</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$2,585,821 thousand and \$1,899,781 thousand, respectively. The inventory write-downs was \$829 thousand and reversal of write-down \$559 thousand, respectively.

Inventory write-downs were reversed as a result of increased selling prices.

12. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Group's subsidiary, Jinan Acetate Chemical, signed the expropriation contract with Jinan Prior Zone For Replacing Old Growth with New Zones Management Committee Construction Management Department on August 17, 2021. The investment properties with the right of use assets and buildings, which located in Qingning area, was reclassified as non-current assets held for sale. The disposal was completed in January 2022. Disposal gain \$284,519 thousand was recognized, and the related other equity - revaluation increment of \$65,146 thousand was transferred to retained earnings.

Non-current assets held for sale

	<u>December 31</u>	
	2022	2021
Freehold land held for sale	<u>\$ -</u>	<u>\$ 101,128</u>
Equity directly associated with non-current assets classified as held for sale	<u>\$ -</u>	<u>\$ 65,146</u>

The fair values of investment properties were measured on a recurring basis as follows:

	December 31	
	2022	2021
Independent valuation	\$ <u> -</u>	\$ <u>101,128</u>

13. SUBSIDIARIES

a. Entities included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership	
			December 31	
			2022	2021
The Company	My Parents Living Technology Limited (Hong Kong) (“My Parents”)	Investments	100.00	100.00
My Parents	Jinan Acetate Chemical Co., Ltd. (China) (“Jinan Acetate Chemical”)	Production and sales of cellulose acetate tow	100.00	100.00
Jinan Acetate Chemical	Acetek Material Co., Ltd. (China) (“Acetek Material”)	Production and sales of cellulose acetate	80.00	80.00 (Note 1)
My Parents	Acetek Material Co., Ltd. (China) (“Acetek Material”)	Production and sales of cellulose acetate	-	- (Note 1)
My Parents	Acetek Chemical Co., Ltd. (China) (“Acetek Chemical”)	Investments	80.00	80.00
Jinan Acetate Chemical	Acetek Momentun Co., Ltd. (China) (“Acetek Momentun”)	Manufacturing and sales of cellulose anhydride	71.35	71.35 (Note 2)
My Parents	Acetek Momentun Co., Ltd. (China) (“Acetek Momentun”)	Manufacturing and sales of cellulose anhydride	28.65	28.65 (Note 2)
My Parents	Acetate (Shandong) Environmental Fiber Co., Ltd. (China) (“Acetek Environmental”)	Manufacturing and sales of cellulose acetate fiber	100.00 (Note 3)	100.00 (Note 3)

Note 1: My Parents transferred shares of Acetek Material 27.2% to Jinan Acetate Chemical in November 2021. The Group did not change its shareholding in Acetek Material.

Note 2: In 2021, My Parents and Jinan Acetate Chemical invested in Acetek Momentun.

Note 3: In October 2021, My Parents invested in Acetate (Shandong) Environmental Fiber Co., Ltd. and continue invested in 2022.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
		2022	2021
Acetek Material	Mainland China	20.00%	20.00%

Summarized financial information in respect of Acetek Material that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	December 31	
	2022	2021
Current assets	\$ 516,924	\$ 387,249
Non-current assets	823,663	834,030
Current liabilities	<u>(663,882)</u>	<u>(660,045)</u>
Equity	<u>\$ 676,705</u>	<u>\$ 561,234</u>
Equity attributable to:		
Owners of the Company	\$ 541,364	\$ 448,987
Non-controlling interests of Acetek Material	<u>135,341</u>	<u>112,247</u>
	<u>\$ 676,705</u>	<u>\$ 561,234</u>
	For the Year Ended December 31	
	2022	2021
Revenue	<u>\$ 1,658,003</u>	<u>\$ 1,299,586</u>
Profit for the year	\$ 107,543	\$ 10,112
Other comprehensive income for the year	<u>15,256</u>	<u>(7,878)</u>
Total comprehensive income for the year	<u>\$ 122,799</u>	<u>\$ 2,234</u>
Profit attributable to:		
Owners of the Company	\$ 86,034	\$ 8,090
Non-controlling interests of Acetek Material	<u>21,509</u>	<u>2,022</u>
	<u>\$ 107,543</u>	<u>\$ 10,112</u>
Total comprehensive income attributable to:		
Owners of the Company	\$ 98,239	\$ 1,787
Non-controlling interests of Acetek Material	<u>24,560</u>	<u>447</u>
	<u>\$ 122,799</u>	<u>\$ 2,234</u>
Net cash inflow from:		
Operating activities	\$ 263,827	\$ 127,125
Investing activities	(67,975)	(128,979)
Financing activities	(2,172)	2,172
Effects of exchange rate changes	<u>(2,958)</u>	<u>1,395</u>
Net cash inflow	<u>\$ 190,722</u>	<u>\$ 1,713</u>

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Equipment	Transportation Equipment	Other Equipment	Construction in Progress Equipment	Total
<u>Cost</u>						
Balance at January 1, 2021	\$ 235,963	\$ 1,171,533	\$ 11,115	\$ 7,369	\$ 85,386	\$ 1,511,366
Additions	39,856	383,533	1,390	-	-	424,779
Disposals	-	(2,753)	-	-	-	(2,753)
Reclassification	2,056	81,772	476	43	(3,138)	81,209
Effect of foreign currency exchange differences	(1,750)	(8,513)	(83)	(56)	(702)	(11,104)
Balance at December 31, 2021	<u>\$ 276,125</u>	<u>\$ 1,625,572</u>	<u>\$ 12,898</u>	<u>\$ 7,356</u>	<u>\$ 81,546</u>	<u>\$ 2,003,497</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2021	\$ 69,183	\$ 530,815	\$ 8,168	\$ 4,879	\$ -	\$ 613,045
Depreciation expenses	13,646	115,552	1,420	1,434	-	132,052
Disposals	-	(2,491)	-	-	-	(2,491)
Effect of foreign currency exchange differences	(512)	(3,924)	(61)	(36)	-	(4,533)
Balance at December 31, 2021	<u>\$ 82,317</u>	<u>\$ 639,952</u>	<u>\$ 9,527</u>	<u>\$ 6,277</u>	<u>\$ -</u>	<u>\$ 738,073</u>
Carrying amounts at December 31, 2021	<u>\$ 193,808</u>	<u>\$ 985,620</u>	<u>\$ 3,371</u>	<u>\$ 1,079</u>	<u>\$ 81,546</u>	<u>\$ 1,265,424</u>
<u>Cost</u>						
Balance at January 1, 2022	\$ 276,125	\$ 1,625,572	\$ 12,898	\$ 7,356	\$ 81,546	\$ 2,003,497
Additions	18,083	113,568	1,345	-	199,669	332,665
Disposals	-	(4,707)	(585)	-	-	(5,292)
Reclassification	794	14,317	1,581	-	55,109	71,801
Effect of foreign currency exchange differences	4,006	23,556	182	110	1,258	29,112
Balance at December 31, 2022	<u>\$ 299,008</u>	<u>\$ 1,772,306</u>	<u>\$ 15,421</u>	<u>\$ 7,466</u>	<u>\$ 337,582</u>	<u>\$ 2,431,783</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ 82,317	\$ 639,952	\$ 9,527	\$ 6,227	\$ -	\$ 738,073
Depreciation expenses	20,141	154,094	1,776	1,003	-	177,014
Disposals	-	(1,200)	(556)	-	-	(1,756)
Effect of foreign currency exchange differences	1,149	8,944	137	89	-	10,319
Balance at December 31, 2022	<u>\$ 103,607</u>	<u>\$ 801,790</u>	<u>\$ 10,884</u>	<u>\$ 7,369</u>	<u>\$ -</u>	<u>\$ 923,650</u>
Carrying amounts at December 31, 2022	<u>\$ 195,401</u>	<u>\$ 970,516</u>	<u>\$ 4,537</u>	<u>\$ 97</u>	<u>\$ 337,582</u>	<u>\$ 1,508,133</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	20 years
Equipment	3-10 years
Transportation equipment	4-5 years
Other equipment	5 years

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 29.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amount</u>		
Land	\$ 75,396	\$ 77,960
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	\$ -	\$ 26,662
Depreciation charge for right-of-use assets		
Land	\$ 2,868	\$ 2,513

Right-of-use assets pledged as collateral for bank borrowings are set out in Note 29.

b. Material leasing activities and terms

As lessees, Jinan Acetek Chemical Co., Ltd. and Acetek Material Co., Ltd. and Acetate (Shandong) Environmental Fiber Co., Ltd. are leasing certain lands for the use of factory with lease terms of 20 to 50 years. These arrangements do not contain purchase options at the end of the lease terms.

c. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	\$ 681	\$ 707
Expenses relating to low-value asset leases	\$ 14	\$ 13
Total cash outflow for leases	\$ (695)	\$ (720)

The Group leases of certain office equipment qualify as short-term leases and leases of certain computer equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. OTHER ASSETS

	December 31	
	2022	2021
<u>Current</u>		
Prepayments		
Advanced payments	\$ 171,200	\$ 72,645
Prepayment	76,690	78,289
Tax overpaid retained for offsetting	<u>40,217</u>	<u>72,003</u>
	<u>\$ 288,107</u>	<u>\$ 222,937</u>

(Continued)

	December 31	
	2022	2021
Other current assets		
Pledge deposits	\$ 410,105	\$ 142,878
Refundable deposits	44,521	434
Others	<u>4</u>	<u>-</u>
	<u>\$ 454,630</u>	<u>\$ 143,312</u>
<u>Non-current</u>		
Other non-current assets		
Prepayments for equipment	\$ 324,302	\$ 77,443
Refundable deposits	<u>7,530</u>	<u>27</u>
	<u>\$ 331,832</u>	<u>\$ 77,470</u>
		(Concluded)

17. BORROWINGS

Short-term Borrowings

	December 31	
	2022	2021
<u>Secured borrowings</u>		
Bank loans	\$ 276,390	\$ 2,172
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>89,059</u>	<u>487,244</u>
	<u>\$ 365,449</u>	<u>\$ 489,416</u>

The range of interest rates on bank loans was 4.44%-5.75% and 0.95%-4.35% per annum at December 31, 2022 and 2021, respectively.

Long-term Borrowings

	December 31	
	2022	2021
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ -	\$ 83,040
Less: Current portion	<u>-</u>	<u>(41,520)</u>
Long-term borrowings	<u>\$ -</u>	<u>\$ 41,520</u>

In 2021, the Group obtained a new bank loan of US\$3,000 thousands with interest rates 1.56%. The interest was paid monthly and the loan was amortized quarterly.

18. BONDS PAYABLE

	December 31	
	2022	2021
First-time unsecured domestic convertible bonds (ROC)	\$ -	\$ 349,167
Second-time unsecured domestic convertible bonds (ROC)	87,029	530,796
Third-time unsecured domestic convertible bonds (ROC)	<u>54,870</u>	<u>-</u>
	141,899	879,963
Less: Current portion	<u>(87,029)</u>	<u>(349,167)</u>
	<u>\$ 54,870</u>	<u>\$ 530,796</u>

As of June 9, 2017, the Company issued \$500,000 thousand, 0% NTD-denominated unsecured convertible bonds in Taiwan, with a total issue amount of \$500,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$173. In case of ex-right or ex-dividend, the price should be adjusted according to the conversion price adjustment formula. The conversion price as of June 9, 2022 was \$113.6. Conversion may occur at any time between September 10, 2017 and June 9, 2022. The bonds have not been converted was redeemed at par value. As of December 31, 2022, the holders of the Company's unsecured convertible bonds had requested to convert 77 thousand shares of ordinary shares.

The convertible bonds shall be resold in advance by bondholders on the date of the issuance of 3 years (June 9, 2020) and the date of the issuance of 4 years (June 9, 2021). The Company should send a copy of "Notice of Put Provision" to the bondholders by registered mail in 40 days before the base date of resale. The bondholders may require the Company to add interest compensation to the par value of the bonds (101.5075% for 3 years and 102.0151% for 4 years) and to redeem the bonds in cash. Upon receiving the request for resale, the Company shall redeem the bonds in cash within 5 business days after the resale date.

Proceeds from issuance (less transaction costs of \$4,499 thousand)	<u>\$ 500,501</u>
Liability component at the date of issue	<u>\$ 500,501</u>
Liability component at January 1, 2021 (bonds payable of \$473,921 thousand and financial liabilities at fair value through profit or loss - non-current of \$21,450 thousand)	\$ 495,371
Interest charged at an effective interest rate of 3.7371%	15,031
Valuation profit on financial investments	(13,490)
Redeemed convertible bonds	<u>(145,154)</u>
Liability component at December 31, 2021 (bonds payable of \$349,167 thousand and financial liabilities at fair value through profit or loss - current of \$2,591 thousand)	<u>\$ 351,758</u>
Liability component at January 1, 2022 (bonds payable of \$349,167 thousand and financial liabilities at fair value through profit or loss - current of 2,591 thousand)	\$ 351,758
Interest charged at an effective interest rate of 3.7371%	5,733
Valuation profit on financial investments	(2,591)
Convertible bonds converted into ordinary shares	(8,800)
Redemption of convertible bonds at maturity	<u>(346,100)</u>
Liability component, net at December 31, 2022	<u>\$ -</u>

As of September 25, 2020, the Company issued \$600,000 thousand, 0% NTD-denominated unsecured convertible bonds in Taiwan, with a total issue amount of \$600,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$130.7. In case of ex-right or ex-dividend, the price should be adjusted according to the conversion price adjustment formula. The conversion price as of December 31, 2022 was \$101.7. Conversion may occur at any time between December 26, 2020 and September 25, 2025. If the bonds have not been converted and the closing price of ordinary shares has exceeded 30% of the current conversion price for 30 consecutive business days, the Company may send a copy of “Debt Rebate Notice” with expiration of one month by registered mail within the next 30 business days. The aforementioned period is calculated from the delivery of mail, and the expiration date of the period is determined as the base date for recovery of bonds. The Company redeems the bonds at their par value within 5 business days following the base date. As of December 31, 2022, the holders of the Company's unsecured convertible bonds had requested to convert 4,792 thousand shares of ordinary shares.

The convertible bonds shall be resold in advance by bondholders on the date of the issuance of 3 years (September 25, 2023) and the date of the issuance of 4 years (September 25, 2024). The Company should send a copy of “Notice of Put Provision” to the bondholders by registered mail in 40 days before the base date of resale. The bondholders may require the Company to add interest compensation to the par value of the bonds (100.75% for 3 years and 101.00% for 4 years) and to redeem the bonds in cash. Upon receiving the request for resale, the Company shall redeem the bonds in cash within 5 business days after the resale date.

Proceeds from issuance (less transaction costs of \$4,584 thousand)	<u>\$ 601,416</u>
Liability component at the date of issue	<u>\$ 601,416</u>

Liability component at January 1, 2021 (bonds payable of \$513,646 thousand and financial liabilities at fair value through profit or loss - non-current of \$61,140 thousand)	\$ 574,786
Interest charged at an effective interest rate of 3.2888%	17,150
Valuation profit on financial investments	<u>(17,760)</u>

Liability component at December 31, 2021 (bonds payable of \$530,796 thousand and financial liabilities at fair value through profit or loss - non-current of \$43,380 thousand)	<u>\$ 574,176</u>
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Liability component at January 1, 2022 (bonds payable of \$530,796 thousand and financial liabilities at fair value through profit or loss - non-current of \$43,380 thousand)	\$ 574,176
Interest charged at an effective interest rate of 3.2888%	14,405
Valuation loss of financial investments	11,259
Functional currency translation reclassification of equity - share options	(8,730)
Functional currency translation reclassification of equity – share premium arising from bond conversion	(46,290)
Convertible bonds converted into ordinary shares	<u>(458,172)</u>

Liability component, net at December 31, 2022 (bonds payable of \$87,029 thousand and financial assets at fair value through profit or loss - non-current of \$381 thousand)	<u>\$ 86,648</u>
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As of May 11, 2022, the Company issued \$500,000 thousand, 0% NTD-denominated unsecured convertible bonds in Taiwan, with a total issue amount of \$500,000 thousand.

Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of \$102.1. In case of ex-right or ex-dividend, the price should be adjusted according to the conversion price adjustment formula. The conversion price as of December 31, 2022 was \$95.9. Conversion may occur at any time between August 12, 2022 and May 11, 2027. If the bonds have not been converted and the closing price of ordinary shares has exceeded 30% of the current conversion price for 30 consecutive business days, the Company may send a copy of “Debt Rebate Notice” with expiration of one month by registered mail within the next 30 business days. The aforementioned period is calculated from the delivery of mail, and the expiration date of the period is determined as the base date for recovery of bonds. The Company redeems the bonds at their par value within 5 business days following the base date. As of December 31, 2022, the holders of the Company's unsecured convertible bonds had requested to convert 4,394 thousand shares of ordinary shares.

The convertible bonds shall be resold in advance by bondholders on the date of the issuance of 3 years (May 11, 2025) and the date of the issuance of 4 years (May 11, 2026). The Company should send a copy of “Notice of Put Provision” to the bondholders by registered mail in 40 days before the base date of resale. The bondholders may require the Company to add interest compensation to the par value of the bonds (100.75% for 3 years and 101.00% for 4 years) and to redeem the bonds in cash. Upon receiving the request for resale, the Company shall redeem the bonds in cash within 5 business days after the resale date.

Proceeds from issuance (less transaction costs of \$3,243 thousand)	<u>\$ 506,456</u>
Liability component at the date of issue	<u>\$ 506,456</u>
Liability component at May 11, 2022 (bonds payable of \$460,056 thousand and financial liabilities at fair value through profit or loss - non-current of \$46,400 thousand)	\$ 506,456
Interest charged at an effective interest rate of 1.6663%	3,138
Valuation loss of financial investments	16,214
Functional currency translation reclassification of equity - share options	(7,416)
Functional currency translation reclassification of equity – share premium arising from bond conversion	(55,434)
Convertible bonds converted into ordinary shares	<u>(408,324)</u>
Liability component, net at December 31, 2022 (bonds payable of \$54,870 thousand and financial assets at fair value through profit or loss - non-current of \$236 thousand)	<u>\$ 54,634</u>

19. OTHER PAYABLES

	December 31	
	2022	2021
Payables for dividends	\$ 270,964	\$ -
Payables for purchases of equipment	68,950	89,689
Payables for security production fee	59,300	35,034
Payables for freight	30,231	5,879
Payables for steam fee	28,794	24,828
Payables for commission	21,888	14,719
Payables for salaries	20,536	18,378
Accrued remuneration to employees and directors	14,644	5,631
Others	<u>28,389</u>	<u>22,314</u>
	<u>\$ 543,696</u>	<u>\$ 216,472</u>

20. RETIREMENT BENEFIT PLANS

Jinan Acetate Chemical and Acetek Material and Acetek Momentun and Acetek Environmental of the Group adopted a defined contribution plan. Under the plan, an entity makes contributions to employees' pension account at percentages of the salary of employees. The pension account is managed by the authorized insurance institution located in China. The employees can withdraw the pension contributed by the Company and by themselves as well as the interest upon retirement.

21. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>70,326</u>	<u>58,576</u>
Shares issued	<u>\$ 703,263</u>	<u>\$ 585,756</u>

On April 15, 2021, the Company's board of directors resolved to issue 7,499 thousand ordinary shares and 74,989 thousand from retained earnings with a par value of \$10, of which increased the share capital issued. On April 23, 2021, the Company's board of director resolved May 29, 2021 as share capital increase base date and fully paid to \$585,756 thousand.

On November 11, 2021, the Company's board of directors resolved to cancel 513 thousand treasury shares with a par value of \$10, and the capital reduction ratio was 0.88%. After the capital reduction, the share capital was \$580,626 thousand, and the base date of capital reduction was January 8, 2022. The change was registered and completed on January 13, 2022.

On March 9, 2022, the Company's board of directors resolved to issue 3,000 thousand ordinary shares with a par value of \$10, for a consideration of \$100 per share and the subscription base date was authorized to determine by the board of directors to be September 8, 2022.

On 2022, the holders of unsecured convertible bonds requested to convert 9,263 thousand shares of ordinary shares with a par value of \$10. Share capital increased to \$703,263 thousand after conversion.

b. Capital surplus

	December 31	
	2022	2021
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 690,506	\$ 416,034
Conversion of bonds	884,384	-
<u>May be used to offset a deficit only</u>		
Changes in percentage of ownership interest in subsidiary (2)	17,541	17,541
<u>May not be used for any purpose</u>		
Share options	<u>16,146</u>	<u>-</u>
	<u>\$ 1,608,577</u>	<u>\$ 433,575</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual acquisition.

c. Retained earnings and dividend policy

According to the Articles of Incorporation, when distributing interim dividends, the Company shall (i) estimate and retain taxable contributions, (ii) make up for losses, and (iii) set aside legal reserve (unless the legal reserve has reached the Company's paid-in capital), and distribute interim dividends in accordance with the resolution of the board of directors to distribute earnings.

The Company is in the growing stage. According to the Articles of Incorporation, the board of directors should propose the distribution of shareholders' dividends and submit it to the shareholders' meeting for appropriations of earnings, only after taking into consideration the Company's earnings, overall development, financial planning, capital requirements, industry outlook and future prospects of the Company for each of the fiscal year.

During the period when the shares are listed or traded in Taipei Exchange or Taiwan Stock Exchange, the board of directors when making proposal for distribution of earnings shall first appropriate the earnings in each fiscal year as follows: (i) reserve for tax of the relevant fiscal year; (ii) amount to offset past losses; (iii) from the remaining amount, 10% for legal reserve; and (iv) special reserve required by the securities authorities of the Republic of China in accordance with the rules of a public company. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 23-h.

After considering the financial, business and operational factors, according to the Cayman Company Law and the Public Company Rules, all or parts of the unappropriated earnings accumulated in previous years, plus no less than 10% of the after-tax earnings in the current year, can be distributed as shareholders' dividends according to the shareholding ratio. Shareholders' dividends are distributed as stock dividends, cash dividends, or both; cash dividends must not be less than 10% of total dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriation of the first half year earnings in 2022, which were resolved by the Company's board of directors on August 19, 2022, were as follows:

	For the Six Months Ended June 30, 2022
Legal reserve	<u>\$ 59,164</u>
Special reserve	<u>\$ 25,078</u>
Cash dividends	<u>\$ 270,964</u>
Cash dividends per share (NT\$)	<u>\$ 4.7</u>

On November 30, 2022, the Board of Directors resolved to authorize the Chairman to adjust the dividend distribution rate for the cash dividends for the six months ended June 30, 2022 due to the issuance of new shares and conversion of corporate bonds for the year ended December 31, 2022. Therefore, the cash dividends distribution rate adjusted from 4.7 per share to 3.96 per share.

The appropriation of the annual earnings in 2022, which were resolved by the Company's board of directors on March 23, 2023, were as follows:

	For the Six Months Ended June 30, 2022	For the Six Months Ended December 31, 2022	For the Year Ended December 31, 2022
Legal reserve	<u>\$ 59,164</u>	<u>\$ 65,818</u>	<u>\$ 124,982</u>
Special reserve	<u>\$ 25,078</u>	<u>\$ 25,122</u>	<u>\$ 50,200</u>
Cash dividends	<u>\$ 270,964</u>	<u>\$ 352,287</u>	<u>\$ 623,251</u>
Share dividends	<u>\$ -</u>	<u>\$ 105,686</u>	<u>\$ 105,686</u>
Cash dividends per share (NT\$)	<u>\$ 3.96</u>	<u>\$ 5.0</u>	<u>\$ 8.96</u>
Share dividends per share (NT\$)	<u>-</u>	<u>1.5</u>	<u>1.5</u>

The appropriation of earnings for 2022 is pending resolution at the shareholders' meeting scheduled to be held on May 31, 2023. The above cash dividends have been resolved by the Board of Directors and the remaining dividends are subject to the resolution of the shareholders' meeting scheduled for May 31, 2023.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings on May 27, 2022 and April 15, 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	2020
Legal reserve	<u>\$ 35,749</u>	<u>\$ 50,456</u>
Special reserve (reversed)	<u>\$ 16,831</u>	<u>\$ (15,390)</u>
Cash dividends	<u>\$ 314,103</u>	<u>\$ 274,960</u>
Share dividends	<u>\$ -</u>	<u>\$ 74,989</u>
Cash dividends per share (NT\$)	<u>\$ 5.5</u>	<u>\$ 5.5</u>
Share dividends per share (NT\$)	<u>\$ -</u>	<u>\$ 1.5</u>

On May 27, 2022, the shareholders' meeting resolved to authorize the chairman to adjust the dividend distribution rate for the 2021 cash dividends from 5.5 per share to 4.87 per share due to the issuance of new shares and conversion of convertible bonds, which affected the number of outstanding shares.

On April 15, 2021, the shareholders' meeting resolved to authorize the Chairman to adjust the dividend distribution rate of the 2020 cash dividend from 5.50 per share to 4.78 per share due to the issuance of new shares, which affected the number of outstanding shares.

d. Special reserves

	For the Year Ended December 31	
	2022	2021
Beginning at January 1	\$ 63,211	\$ 78,601
Appropriations in respect of		
Debits to other equity items	41,909	-
Reversal of		
Reversal of the debits to other equity items	<u>-</u>	<u>(15,390)</u>
Balance at December 31	<u>\$ 105,120</u>	<u>\$ 63,211</u>

On the initial application of the fair value model to investment properties, the Company appropriated to retained earnings a special reserve in the amount of \$2,344 thousand that was the same as the net increase in the fair value. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

e. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 120,615	\$ 119,128
Share in profit for the year	24,572	2,699
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign entities	1,697	(897)
Unrealized valuation gain (loss) on financial assets at FVTOCI	<u>567</u>	<u>(315)</u>
Balance at December 31	<u>\$ 147,451</u>	<u>\$ 120,615</u>

f. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2022	1,466
Retirement of treasury share	(513)
Transfer of treasury shares to employees	<u>(104)</u>
Number of shares at December 31, 2022	<u>849</u>

(Continued)

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2021	1,084
Increase during the year	<u>382</u>
Number of shares at December 31, 2021	<u>1,466</u> (Concluded)

On December 26, 2022, the Board of Directors resolved to transfer 104 thousand shares of treasury stock to employees at a transfer price of \$91.63. The base date for employee stock options was December 26, 2022.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

22. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 4,269,391</u>	<u>\$ 2,714,866</u>

a. Contract information

The goods are sold at the fair value of the consideration received or receivable. The Company eliminates the estimated customer returns, discounts and other similar discounts from the amount of goods sold to determine the revenue from sale of goods.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes and accounts receivables (Note 10)	<u>\$ 220,398</u>	<u>\$ 444,018</u>	<u>\$ 661,465</u>
Contract liabilities - current	<u>\$ 344,427</u>	<u>\$ 126,900</u>	<u>\$ 47,573</u>

c. Disaggregation of revenue

Refer to Note 33 for information about disaggregation of revenue.

23. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2022	2021
Government subsidy income	\$ 6,876	\$ 25,453
Rental income	-	4,480
Miscellaneous income	<u>10,228</u>	<u>1,056</u>
	<u>\$ 17,104</u>	<u>\$ 30,989</u>

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Loss on disposal of property, plant and equipment	\$ (338)	\$ (223)
Others	<u>(3,117)</u>	<u>(2,945)</u>
	<u>\$ (3,455)</u>	<u>\$ (3,168)</u>

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bonds	\$ 23,276	\$ 32,181
Interest on bank loans	<u>10,931</u>	<u>2,892</u>
	<u>\$ 34,207</u>	<u>\$ 35,073</u>

d. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	<u>\$ 7,563</u>	<u>\$ 2,247</u>

e. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
An analysis of depreciation by function		
Operating costs	\$ 177,014	\$ 132,052
Operating expenses	<u>2,868</u>	<u>2,513</u>
	<u>\$ 179,882</u>	<u>\$ 134,565</u>
An analysis of amortization by function		
Operating costs	\$ 164,581	\$ 128,311
Operating expenses	<u>15,301</u>	<u>6,254</u>
	<u>\$ 179,882</u>	<u>\$ 134,565</u>

f. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2022	2021
Direct operating expenses of investment properties generating Rental income	\$ <u>-</u>	\$ <u>413</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits	\$ 153,111	\$ 109,385
Post-employment benefits	13,512	8,733
Other employee benefits	<u>5,994</u>	<u>4,206</u>
Total employee benefits expense	<u>\$ 172,617</u>	<u>\$ 122,324</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 105,114	\$ 73,666
Operating expenses	<u>67,503</u>	<u>48,658</u>
	<u>\$ 172,617</u>	<u>\$ 122,324</u>

h. Employees' compensation and remuneration of directors and supervisors

According to the Articles of Incorporation of the Company, the Company accrues employees' compensation at a rate of no less than 1% when the Company earned profits in the year. Employees' compensation is paid to employees of subordinate companies that meet certain conditions. When the Company is able to increase the amount of profit, it accrues directors' remuneration at a rate of no more than 3% of the profit of the year. However, if the Company has accumulated losses, it should first retain the amount to offset the losses before accruing employees' and directors' remuneration in accordance with the above-mentioned proportion. The aforementioned profit refers to the Company's pre-tax net profit. To avoid confusion, the pre-tax net profit refers to the amount before the accrual for employees and directors' remuneration.

The employees' compensation and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 23, 2023 and March 9, 2022, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.16%	0.55%

Amount

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Employees' compensation	\$ 12,644	\$ 3,631
Remuneration of directors	2,000	2,000

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate in the subsequent period.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Further information on the employees' compensation and remuneration of directors approved in the meetings of the board of directors is available at the "Market Observation Post System" website of the TSE.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	\$ 98,964	\$ 4,357
Foreign exchange losses	<u>(797)</u>	<u>(32,916)</u>
Net profit and loss	<u>\$ 98,167</u>	<u>\$ (28,559)</u>

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major component of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
<u>Current tax</u>		
In respect of the current year	\$ (180,007)	\$ (24,675)
Adjustments for prior year	21,755	9,309
<u>Deferred tax</u>		
In respect of the current year	15,592	12,130
Adjustments for prior year	<u>3,187</u>	<u>(2,009)</u>
Income tax expense recognized in profit or loss	<u>\$ (139,473)</u>	<u>\$ (5,245)</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	2021
Profit before income tax	<u>\$ 1,413,861</u>	<u>\$ 365,444</u>
Income tax expense calculated at the statutory rate	\$ (238,923)	\$ (55,456)
Research and development credits	68,745	42,315
Nondeductible expenses in determining taxable income	(871)	(240)
Tax-exempt income	19,608	638
Adjustments for prior years' tax	24,942	7,300
Others	<u>(12,974)</u>	<u>198</u>
Income tax expense recognized in profit or loss	<u>\$ (139,473)</u>	<u>\$ (5,245)</u>

b. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets		
Tax refund receivable	<u>\$ -</u>	<u>\$ 6,141</u>
Current tax liabilities		
Income tax payable	<u>\$ 42,443</u>	<u>\$ -</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory valuation and obsolescence loss	\$ 162	\$ (48)	\$ 3	\$ 117
Unrealized compensation	248	458	1	707
FVTPL financial assets	-	793	(2)	791
Tax losses	40,672	7,794	575	49,041
Payables for security production fee	<u>2,974</u>	<u>-</u>	<u>44</u>	<u>3,018</u>
	<u>\$ 44,056</u>	<u>\$ 8,997</u>	<u>\$ 621</u>	<u>\$ 53,674</u>
				(Continued)

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized revaluation increments	\$ 9,505	\$ (9,676)	\$ 171	\$ -
FVTPL financial assets	<u>105</u>	<u>(106)</u>	<u>1</u>	<u>-</u>
	<u>\$ 9,610</u>	<u>\$ (9,782)</u>	<u>\$ 172</u>	<u>\$ -</u> (Concluded)

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Allowance for inventory valuation and obsolescence loss	\$ 72	\$ 90	\$ -	\$ 162
Unrealized compensation	230	20	(2)	248
FVTPL financial liabilities	53	(52)	(1)	-
Tax losses	29,450	11,436	(214)	40,672
Payables for security production fee	<u>4,275</u>	<u>(1,267)</u>	<u>(34)</u>	<u>2,974</u>
	<u>\$ 34,080</u>	<u>\$ 10,227</u>	<u>\$ (251)</u>	<u>\$ 44,056</u>

Deferred tax liabilities

Temporary differences				
Unrealized revaluation increments	\$ 9,577	\$ -	\$ (72)	\$ 9,505
FVTPL financial assets	<u>-</u>	<u>106</u>	<u>(1)</u>	<u>105</u>
	<u>\$ 9,577</u>	<u>\$ 106</u>	<u>\$ (73)</u>	<u>\$ 9,610</u>

d. Income tax declarations

The income tax declarations of Jinan Acetate Chemical and Acetek Material and Acetek Momentun and Acetek Environmental of the Group have been completed within the deadlines set by the local tax collection office.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2022	2021
Basic earnings per share	<u>\$ 20.72</u>	<u>\$ 6.23</u>
Diluted earnings per share	<u>\$ 17.93</u>	<u>\$ 5.32</u>

Net Profit for the Year

	For the Year Ended December 31	
	2022	2021
Profit for the year attributable to owners of the Company	\$ 1,249,816	\$ 357,500
Effect of potentially dilutive ordinary shares		
Interest and evaluation of convertible bonds	<u>48,159</u>	<u>930</u>
Earning used in the computation of diluted earnings per share	<u>\$ 1,297,975</u>	<u>\$ 358,430</u>

Number of Shares

Unit: Thousand Shares

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	60,323	57,407
Effect of potentially dilutive ordinary shares		
Convertible bonds	11,972	9,936
Employees' compensation or bonuses issued to employees	<u>78</u>	<u>42</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>72,373</u>	<u>67,385</u>

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, then the Group should assume that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it has the necessary financial resources and operating plans to meet the working capital, capital expenditure and debt repayment requirements for the next 12 months, and that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

Key management personnel of the Group review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

In the management's opinion, the carrying value of financial instruments that are not measured at fair value approximates the fair value of the financial instruments.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Held for trading	\$ <u>-</u>	\$ <u>617</u>	\$ <u>-</u>	\$ <u>617</u>
Financial assets at FVTOCI				
Investments in equity instruments	\$ <u>-</u>	\$ <u>-</u>	\$ <u>37,234</u>	\$ <u>37,234</u>
Financial liabilities at FVTPL				
Held for trading	\$ <u>-</u>	\$ <u>5,270</u>	\$ <u>-</u>	\$ <u>5,270</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Held for trading	\$ <u>-</u>	\$ <u>697</u>	\$ <u>-</u>	\$ <u>697</u>
Financial assets at FVTOCI				
Investments in equity instruments	\$ <u>-</u>	\$ <u>-</u>	\$ <u>24,055</u>	\$ <u>24,055</u>
Financial liabilities at FVTPL				
Held for trading	\$ <u>-</u>	\$ <u>45,971</u>	\$ <u>-</u>	\$ <u>45,971</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2022	\$ 24,055
Recognized in other comprehensive income (included in unrealized loss on investments in equity instruments at FVTOCI)	2,834
Purchases	10,000
Effect of exchange rate	<u>345</u>
Balance at December 31, 2022	<u>\$ 37,234</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2021	\$ 25,829
Recognized in other comprehensive income (included in unrealized loss on investments in equity instruments at FVTOCI)	(1,578)
Effect of exchange rate	<u>(196)</u>
Balance at December 31, 2021	<u>\$ 24,055</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Convertible bonds	The convertible bonds are assumed to be redeemed on June 9, 2022 and September 25, 2025 and May 11, 2027, and the discount rate is calculated by the 5-year public bond yield by the differential method.
Derivatives - foreign exchange forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of unlisted equity securities were determined using the income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.

c. Categories of financial instruments

	December 31	
	2022	2021
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 2,749,111	\$ 1,432,617
Financial assets at FVTOCI		
Equity instruments	37,234	24,055
Financial assets at FVTPL	617	697
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (Note 2)	1,347,786	1,768,956
Financial liabilities at FVTPL	5,270	45,971

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and accounts receivable, accounts receivable for related parties, other receivables, other current assets (pledged deposits and refundable deposits) and other non-current assets (refundable deposits).
- 2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts and other payables, bonds issued (including the portion due within one year), guarantee deposit received, current portion of long-term borrowings and long-term borrowings.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, debt investments, accounts receivable, borrowings, accounts payable and bonds payable. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries have foreign currency sales and purchases, which exposes the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Notes 7 and 31.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the RMB against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit and other equity associated with the RMB strengthening 1% against the relevant currency. For a 1% weakening of the RMB against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2022	2021
Profit or loss	\$ 13,186	\$ 2,549

The above impact was mainly attributable to the exposure on outstanding receivables and payables in USD which were not hedged at the end of the reporting period.

In the management's opinion, the sensitivity analysis is not representative of the inherent foreign currency risk because the exposure at the end of the reporting period does not reflect the exposure during the period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 103,117	\$ 302,496
Financial liabilities	141,899	1,134,099
Cash flow interest rate risk		
Financial assets	2,315,539	655,632
Financial liabilities	365,449	318,320

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$19,500 thousand and \$3,373 thousand, which was mainly attributable to the Group's exposure to interest rates of its variable-rate bank deposits and borrowings.

c) Price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than for trading purposes, the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year. If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the year ended December 31, 2022 and for the year ended December 31, 2021 would have increased/decreased by \$372 thousand and \$241 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to mitigate credit risk, the management of the Group assigns a team responsible for credit facilities, credit approvals and other monitoring procedures to ensure that appropriate actions are taken for the recovery of overdue receivables. In addition, the Group reviews the recoverable amount of the receivables on the date of the financial statements to ensure that receivables that cannot be recovered have been provided with allowance for impairment loss. Accordingly, the management reckons that the credit risk of the Group has been significantly reduced.

Accounts receivable cover a wide range of customers and are spread across different industries and geographic regions. The Company continuously evaluates the financial position of customers.

In addition, since the counterparty of current funds are financial institutions and companies with good credit ratings, the credit risk is limited.

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Group had available unutilized short-term bank loan facilities as set out in (c) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 412,489	\$ 133,398	\$ 313,735	\$ -
Variable interest rate				
liabilities	89,089	153,668	123,072	-
Fixed interest rate				
liabilities	<u>-</u>	<u>-</u>	<u>95,200</u>	<u>59,000</u>
	<u>\$ 501,578</u>	<u>\$ 287,066</u>	<u>\$ 532,007</u>	<u>\$ 59,000</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 151,552	\$ 44,473	\$ 107,863	\$ 58,557
Variable interest rate liabilities	55,360	55,360	124,560	83,040
Fixed interest rate liabilities	<u>506,746</u>	<u>83,065</u>	<u>19,548</u>	<u>516,960</u>
	<u>\$ 713,658</u>	<u>\$ 182,898</u>	<u>\$ 251,971</u>	<u>\$ 658,557</u>

The amount of the variable interest rate liabilities will vary depending on the floating interest rate and the interest rate estimated on the reporting date.

b) Liquidity risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed is determined by reference to the projected interest rates as illustrated by the yield curves at the end of the year.

December 31, 2022

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Gross settled</u>				
Foreign exchange forward contracts Outflow	<u>\$ 14,163</u>	<u>\$ 42,754</u>	<u>\$ 14,287</u>	<u>\$ -</u>

December 31, 2021

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Gross settled</u>				
Foreign exchange forward contracts Inflow	<u>\$ 7,033</u>	<u>\$ 15,184</u>	<u>\$ -</u>	<u>\$ -</u>

c) Financing facilities

	December 31	
	2022	2021
Unsecured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 89,059	\$ 514,924
Amount unused	<u>613,350</u>	<u>712,561</u>
	<u>\$ 702,409</u>	<u>\$ 1,227,485</u>
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	\$ 276,390	\$ 57,532
Amount unused	<u>336,632</u>	<u>832,875</u>
	<u>\$ 643,022</u>	<u>\$ 890,407</u>

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. In addition to those disclosed in other notes, transactions between the Group and its related parties are disclosed below:

a. Related party and relationship with the Group

Related Party Name	Relationship with the Group and Other Related Parties
Global Filter S.A (GF)	Substantive related party
Tabacalera Hernandarias S.A. (TH)	Substantive related party
Yan Kuangmeihua Supply And Marketing Limited Company (Yankuang Kuangmeihua)	Substantive related party
Yankuang Lunan Chemical Co., Ltd. (Yankuang Lunan Chemical)	Substantive related party (shareholder of a subsidiary)
Wang, Ke-Chang	Key management

b. Operating revenue

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Sales	Substantive related party		
	GF	\$ 167,276	\$ 164,763
	Others	<u>50,357</u>	<u>51,507</u>
		<u>\$ 217,633</u>	<u>\$ 216,270</u>

The selling prices and payment period in related-party transactions were not significantly different from those for transactions with third parties.

c. Purchases of goods

Related Party Category	For the Year Ended December 31	
	2022	2021
Substantive related party/Yankuang Lunan Chemical	\$ 208,145	\$ 664,746
Substantive related party/Yankuang Kuangmeihua	<u>157,106</u>	<u>-</u>
	<u>\$ 365,251</u>	<u>\$ 664,746</u>

The purchase prices in related-party transactions were not significantly different from those for transactions with third parties.

d. Receivables from related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Accounts receivable	Substantive related party		
	GF	\$ 22,208	\$ 9,463
	TH	<u>12,563</u>	<u>9,126</u>
		<u>\$ 34,771</u>	<u>\$ 18,589</u>

The outstanding receivables from related parties were unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized on accounts receivable from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Other payables	Substantive related party/ Yankuang Lunan Chemical	<u>\$ 28,794</u>	<u>\$ 24,828</u>

The outstanding payables to related parties were unsecured.

f. Prepayments

Related Party Category/Name	December 31	
	2022	2021
Substantive related party/Yankuang Kuangmeihua	\$ 6,492	\$ 6,358
Substantive related party/Yankuang Lunan Chemical	<u>-</u>	<u>30,234</u>
	<u>\$ 6,492</u>	<u>\$ 36,619</u>

g. Refundable deposits (classified as other current assets)

Related Party Category	December 31	
	2022	2021
Substantive related party/Yankuang Lunan Chemical	<u>\$ 441</u>	<u>\$ 434</u>

h. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2022	2021
Manufacturing expense - steam fee	Substantive related party/ Yankuang Lunan Chemical	\$ 289,363	\$ 198,555
Research and development expense - steam fee	Substantive related party/ Yankuang Lunan Chemical	12,434	6,362
Operating expense - rental	Key management	360	360
Operating expense - rental	Substantive related party/ Yankuang Lunan Chemical	<u>321</u>	<u>347</u>
		<u>\$ 302,478</u>	<u>\$ 205,624</u>

The substantive related party provides steam to the Company for use in production and provides rental service.

The key management provides rental service to the Company.

i. Compensation of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 20,700	\$ 14,063
Post-employment benefits	<u>143</u>	<u>118</u>
	<u>\$ 20,843</u>	<u>\$ 14,181</u>

The remunerations of directors and key executives were determined by the remuneration committee on the basis of individual performance and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, letters of credit, foreign exchange forward contracts and bank's acceptance bills:

	December 31	
	2022	2021
Financial assets at amortized cost	\$ 1,793	\$ 5,154
Pledge deposits (classified as other current assets)	410,105	142,878
Property, plant and equipment, net	42,566	47,418
Right-of-use assets	<u>75,396</u>	<u>77,960</u>
	<u>\$ 529,860</u>	<u>\$ 273,410</u>

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$291,649 thousand and \$207,989 thousand, respectively.

Unrecognized commitments were as follows:

	December 31	
	2022	2021
Payments for property, plant and equipment	<u>\$ 142,236</u>	<u>\$ 80,642</u>

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>December 31, 2022</u>			
<u>Financial assets</u>			
Monetary items USD	\$ 60,307	6.965 (USD:RMB)	\$ 1,851,466
<u>Financial liabilities</u>			
Monetary items USD	19,532	6.965 (USD:RMB)	599,750
<u>December 31, 2021</u>			
<u>Financial assets</u>			
Monetary items USD	21,390	6.380 (USD:RMB)	609,632
<u>Financial liabilities</u>			
Monetary items USD	12,752	6.380 (USD:RMB)	354,726

The significant (realized and unrealized) foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Functional Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	6.7208 (USD:RMB)	\$ 99,381	6.4512 (USD:RMB)	\$ (26,700)
Other	-	<u>(1,214)</u>	-	<u>(1,859)</u>
		<u>\$ 98,167</u>		<u>\$ (28,559)</u>

32. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital. (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital. (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital. (Table 4)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 6)
- 9) Trading in derivative instruments. (Note 7)
- 10) Intercompany relationships and significant intercompany transactions. (Table 7)

b. Information on investees. (Table 8)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 9)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.
 - c) The amount of property transactions and the amount of the resultant gains or losses.
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

33. SEGMENT INFORMATION

- a. Financial information of the operating segment

Information reported to the chief operating decision maker for resource allocation and assessment of segment performance focuses on the types of goods and services to be delivered. The Group focuses its business mainly on the manufacturing and sales of cellulose acetate products. According to IFRS 8, the Group has organized management and resource allocation in a single department. The operating activities are related to R&D and manufacturing of acetate products, and the operating income of the operating activities accounts for more than 90% of the total revenue.

- b. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2022	2021
Cellulose acetate tow	\$ 2,768,261	\$ 1,772,342
Cellulose acetate	1,323,206	904,111
Cellulose anhydride	<u>177,924</u>	<u>38,413</u>
	<u>\$ 4,269,391</u>	<u>\$ 2,714,866</u>

- c. Geographical information

The Group operates in four principal geographical areas - Asia, Africa, America and Europe.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers	
	For the Year Ended December 31	
	2022	2021
Asia	\$ 2,173,156	\$ 1,933,246
Europe	1,466,055	263,419
America	562,156	435,481
Africa	<u>88,024</u>	<u>82,720</u>
	<u>\$ 4,269,391</u>	<u>\$ 2,714,866</u>

d. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Customer A	<u>\$ 504,755</u>	<u>\$ 164,763</u>

TABLE 1

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 1)	Ending Balance (Note 1)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	My Parents	Acetek Momentum	-	Y	\$ 30,710 (US\$ 1,000 thousand)	-	-	-	Short-term financing	\$ -	Operation turnover	\$ -	-	\$ -	\$ 1,258,460	\$ 1,677,947	Note 3
2	Jinan Acetate Chemical	Acetek Material	-	Y	352,640 (RMB 80,000 thousand)	176,320 (RMB 40,000 thousand)	176,320 (RMB 40,000 thousand)	5.0	Short-term financing	-	Operation turnover	-	-	-	882,321	1,176,428	Notes 3 and 6
3	Jinan Acetate Chemical	Jinan Acetate Chemical Co., Ltd.	-	Y	61,420 (US\$ 2,000 thousand)	61,420 (US\$ 2,000 thousand)	3,030 (US\$ 99 thousand)	1.5	Short-term financing	-	Operation turnover	-	-	-	882,321	1,176,428	Note 3

- Note 1: The maximum balance for the period and ending balance represent the amounts approved by the board of directors.
- Note 2: For foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, when the funds are used for financing, the total amount shall not exceed 100% of the net worth of the lender. The total amount for lending to a company for funding shall not exceed 30% of the net worth of the Company.
- Note 3: For companies with short-term funding needs, the amount for lending to a company shall not exceed 30% of the net worth of the lender. The total amount for lending shall not exceed 40% of the net worth of the Company.
- Note 4: The limit on the amount for lending is calculated according to the recent financial statements audited by the Company’s independent accountants.
- Note 5: Spot buy/sell average exchange rates of Bank of Taiwan on December 31, 2022 are used to estimate the amount in New Taiwan dollar.
- Note 6: Jinan Acetate Chemical financing provided to Acetek Material, the actual period of the original loan was from December 3, 2021 to November 22, 2022, the original loan had no active balance. Because the board of directors was held earlier on November 8, 2022, which resulted in the double counting of the fund credit and the maximum balance, but the actual limit was not exceeded.
- Note 7: All transactions listed in the table have been eliminated in the preparation of the consolidated statements.

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee Receiver		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Jinan Acetate Chemical Co., Ltd.	Acetek Momentum	b	\$ 8,762,688	\$ 44,080	\$ 44,080	\$ -	\$ -	1.26	\$ 8,762,688	Y	N	Y	-
		Jinan Acetate Chemical	b	8,762,688	582,235	560,195	80,085	-	16.61	8,762,688	Y	N	Y	-
		Acetek Material	b	1,051,523	132,240	88,160	-	-	3.77	3,505,075	Y	N	Y	Note 4
1	Jinan Acetate Chemical	Jinan Acetate Chemical Co., Ltd.	c	588,214	399,230	399,230	276,390	284,068	13.57	1,470,535	N	Y	N	-
		Acetek Momentum	b	588,214	88,160	-	-	-	3.00	1,470,535	Y	N	Y	-
		Acetek Material	b	588,214	44,080	-	-	-	1.50	1,470,535	Y	N	Y	Note 4

Note 1: Significant transactions between the Company and its subsidiaries or among subsidiaries are numbered as follows:

- a. “0” for the Company.
- b. Subsidiaries are numbered from “1”

Note 2: Relationships between the endorser/guarantor and the endorsee/guarantee receiver:

- a. The Company in relation to business.
- b. The Company which holds, directly or indirectly, over 50% of the voting shares.
- c. The Company which holds, directly or indirectly, over 50% of the shares.
- d. The Company which holds, directly or indirectly, over 90% of the voting shares.
- e. Based on contract projects among their peers in accordance with contract provisions which need mutual insurance company.
- f. Owing to the joint venture funded by the shareholders on its endorsement of its holding company.
- g. Compliance guarantees for the performance of the sales contracts of pre-sold homes within the same industry in accordance with the Consumer Protection Law.

Note 3: The calculation for the amount of endorsement is as follows:

- a. The total amount of guarantee provided by the Company to any entity whose voting shares are 100% owned, directly and indirectly, shall not exceed two-hundred-and-fifty percent (250%) of the Company’s net worth.
- b. The total amount of guarantee provided by the Company to any individual entity shall not exceed ten percent (30%) of the Company’s net worth. Except for the guarantee provided to any entity whose voting shares are 100% owned, the total balance of guarantee shall not exceed the Company’s total net worth.
- c. The total amount of guarantee provided by Jinan Acetate Chemical shall not exceed fifty percent (50%) of its net worth. The total amount of guarantee provided to any individual entity shall not exceed twenty percent (20%) of its net worth.

Note 4: The Company and Jinan Acetate Chemical provide guarantees for Acetek Material. The balance is RMB10,000,000.

Note 5: The Company provided an endorsement guarantee to Jinan Acetate Chemical with a balance of RMB15,000,000, Acetek Material with a balance of RMB15,000,000 and Acetek Momentum with a balance of RMB10,000,000, and the total amount used by the three companies will not exceed RMB15,000,000.

Note 6: The limit on the amount for lending is calculated according to the recent financial statements audited by the Company’s independent accountants.

Note 7: Spot buy/sell average exchange rates of Bank of Taiwan on December 31, 2022 are used to estimate the amount in New Taiwan dollar.

TABLE 3**JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES****MARKETABLE SECURITIES HELD****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Thousands of shares)**

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2022				Note (Note 4)
				Number of Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
Acetek Chemical	<u>Stock</u> ELEUNG LIMITED	-	Financial assets at fair value through other comprehensive income - non-current	333	\$ 27,234	25	\$ 27,234	-
Jinan Acetate Chemical Co., Ltd.	<u>Stock</u> HOLYARD INTERNATIONAL CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	2,632	10,000	17	10,000	-

Note 1: The marketable securities in this table are stocks, bonds and short-term investments accounted for under of “IFRS 9 Financial Instruments”.

Note 2: The parties in the transactions are not significant related parties so the space is empty.

Note 3: Carrying amounts is fair value adjusted for deduction of accumulated impairment loss; otherwise, original carrying amounts at amortized cost after deduction of accumulated impairment loss.

Note 4: Amounts pledged should be noted on the table.

Note 5: The information about subsidiaries, associates and joint ventures is provided in Tables 8 and 9.

TABLE 4

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
Jinan Acetate Chemical	Investment property, land right-of-use assets: Nanguo Village, Cui Zhai Town, Jiyang County (Qingning Industrial Park)	2022/1/15	1999/12/27	\$ 101,128	\$ 388,094	The amount of \$342,875 thousand was collected and the final payment of \$45,219 thousand was recorded as other receivables.	\$ 284,519 (Note 4)	Management Committee of Jinan Start up Area Construction Management Department	-	Mandatory levy by the local government	According to the Law of the People’s Republic of China on Land Administration, Urban Real Estate Management Law of the People’s Republic of China, Jinan City State-owned Land Reserve Regulations, Provisional Measures for the Management of Compensation for the Assessment and Recovery of State-owned Construction Land Use Rights in Jinan City and Calculated by the Local Government	-

- Note 1: If the assets to be disposed of are subject to appraisal, the appraisal result should be stated in the column of “Reference basis for price determination”.
- Note 2: Paid-in capital refers to the paid-in capital of the parent company. If the issuer's stock has no par value or the par value per share is not NT\$10, the transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to the owners of the parent company in the balance sheet.
- Note 3: The date of occurrence of the event shall mean the date of agreement, date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of a resolution of the board of directors or a committee established by it, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.
- Note 4: The gain or loss on disposal was calculated by deducting the exchange loss of \$2,447 thousand.

TABLE 5**JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction (Note 1)		Notes/Accounts Receivable (Payable)		Notes
			Purchase/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Jinan Acetate Chemical	Acetek Material	Subsidiary	Purchase	\$ 1,321,998	40	Same as those for unrelated parties	No significant difference	No significant difference	\$ -	-	Note 2
Acetek Material	Jinan Acetate Chemical	Parent company	Sales	(1,321,998)	(22)	Same as those for unrelated parties	No significant difference	No significant difference	-	-	Note 3
Jinan Acetate Chemical	Global Filters S.A.	Substantive related party	Sales	(162,276)	(3)	Same as those for unrelated parties	No significant difference	No significant difference	22,208	5.37	-
Acetek Material	Yankuang Lunan Chemical Company	Substantive related party	Purchase	208,145	6	Same as those for unrelated parties	No significant difference	No significant difference	(28,794)	(20.56)	-
Acetek Material	Yankuang Meihua Supply And Marketing Limited Company	Substantive related party	Purchase	157,106	5	Same as those for unrelated parties	No significant difference	No significant difference	-	-	Note 4
Acetek Momentum	Acetek Material	Brother-sister corporation	Sales	(313,557)	(5)	Same as those for unrelated parties	No significant difference	No significant difference	81,190	19.63	-
Acetek Material	Acetek Momentum	Brother-sister corporation	Purchase	313,557	10	Same as those for unrelated parties	No significant difference	No significant difference	(81,190)	(12.70)	-
Acetek Material	Acetek Momentum	Brother-sister corporation	Sales	(105,512)	(3)	Same as those for unrelated parties	No significant difference	No significant difference	112,033	27.09	-
Acetek Momentum	Acetek Material	Brother-sister corporation	Purchase	105,512	6	Same as those for unrelated parties	No significant difference	No significant difference	(112,033)	(17.53)	-

Note 1: Differences in the condition of transactions between related parties and general customers should be noted on the table.

Note 2: The prepayment of \$143,118 thousand; purchase prices have no significant difference from general customers.

Note 3: The advance receipt of \$143,118 thousand; sales prices have no significant difference from general customers.

Note 4: The prepayment of \$10,708 thousand; purchase prices have no significant difference from general customers.

Note 5: Actual capital amount is the actual amount from the parent company, issuer of no par stock or par value stock less than \$10 New Taiwan dollar shall follow the actual capital amount as 20% of transaction amount rule; equity is calculated at 10% of the equity in the parent company's balance sheet.

Note 6: The transactions between the Company and investee companies, except Global Filters S.A., Yankuang Lunan Chemical Company and Yankuang Meihua Supply have been already been eliminated in the preparation of the consolidated financial statements.

TABLE 6

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
My Parents	Jinan Acetate Chemical	Subsidiary	Other receivables \$ 723,542	-	\$ -		\$ -	\$ -	Notes 1 and 2
Jinan Acetate Chemical	Acetek Material	Subsidiary	Other receivables 177,262	-	-		-	-	Notes 1 and 3
Acetek Material	Acetek Momentum	Brother-sister corporation	Account receivables 112,033	1.88	-		11,641	-	Note 1

Note 1: All transactions listed in the table have been eliminated in the preparation of the consolidated statements.

Note 2: The Dividend receivable of \$723,542 thousand.

Note 3: The Account Financing of \$176,320 thousand and the Interest receivable of \$942 thousand.

TABLE 7**JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES****INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	Jinan Acetate Chemical Co., Ltd.	Jinan Acetate Chemical	1	Other non-current liabilities	\$ 52,003	In accordance with mutual contracts	1
1	My Parents	Jinan Acetate Chemical	3	Other non-current liabilities	132,016	In accordance with mutual contracts	2
2	Jinan Acetate Chemical	My Parents	2	Other payables	723,542	In accordance with mutual contracts	13
		Acetek Material	3	Other receivables	177,262	In accordance with mutual contracts	3
		Acetek Material	3	Prepayments	143,118	In accordance with mutual contracts	3
		Acetek Material	3	Sales	70,509	In accordance with mutual contracts	2
		Acetek Material	3	Purchases	1,321,988	In accordance with mutual contracts	31
		Acetek Environmental	3	Prepayments	37,060	In accordance with mutual contracts	1
3	Acetek Material	Acetek Momentum	3	Sales	105,512	In accordance with mutual contracts	1
		Acetek Momentum	3	Accounts receivables	112,033	In accordance with mutual contracts	1
		Acetek Momentum	3	Purchases	313,557	In accordance with mutual contracts	6
		Acetek Momentum	3	Accounts payables	81,190	In accordance with mutual contracts	2

Note 1: Companies are identified by number, as follows:

- a. “0” represents the parent company.
- b. “1” represents the subsidiary.

Note 2: The flow of transactions is as follows:

- a. 1 - from the parent company to the subsidiary.
- b. 2 - from the subsidiary to the parent company.
- c. 3 - between subsidiaries.

Note 3: Percentage of consolidated operating revenues or consolidated total assets: If the account is in the balance sheet, it was calculated by dividing the ending balance by the consolidated total assets; if the account is in the income statement, it was calculated by dividing the interim cumulative balance by the consolidated operating revenue.

Note 4: The important transactions listed accord with the materiality principle of the Company.

Note 5: All transactions listed in the table have been eliminated in the preparation of the consolidated statements.

TABLE 8

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				December 31, 2022	December 31, 2021	Shares	%	Carrying Amount			
Jinan Acetate Chemical Co., Ltd.	My Parents Living	Hong Kong	Investments	\$ 974,921	\$ 947,921	Note 3	100	\$ 4,194,866	\$ 1,203,867	\$ 1,203,867	-
My Parents	Acetek Chemical	Hong Kong	Investments	39,196	39,196	Note 3	80	22,955	2,633	2,106	-

Note 1: The amount was calculated according to the investee company’s financial statement reviewed by accountants and the Company’s shareholding ratio.

Note 2: The share of profit or loss among investee companies and the net worth between investor and investee companies under the equity method are all eliminated at the time the consolidated financial statements are prepared.

Note 3: The investee company is limited and has no shares.

Note 4: Information on investments in mainland China, please refer to Table 9.

TABLE 9**JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES**

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Jinan Acetate Chemical	Manufacturing and sales of cellulose acetate tow	\$ 403,146 (RMB 94,490 thousand)	c	\$ -	\$ -	\$ -	\$ -	\$ 1,299,416	100	\$ 1,299,416 (Note 2 b (2))	\$ 2,808,831	\$ -	-
Acetek Material	Manufacturing and sales of cellulose acetate	581,452 (RMB 125,000 thousand)	c	-	-	-	-	107,543	80	98,213 (Note 2 b (2))	566,847	-	Note 3
Acetek Momentun	Manufacturing and sales of cellulose anhydride	394,799 (RMB 91,103 thousand)	c	-	-	-	-	35,948	100	35,948 (Note 2 b (2))	430,946	-	-
Acetek Environmental	Manufacturing and sales of cellulose acetate fiber	256,594 (RMB 58,370 thousand)	c	-	-	-	-	70	100	70 (Note 2 b (2))	384,612	-	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ -	\$ -	\$ -

Note 1: Investment is divided into the following three categories which can be marked:

- Direct investment in mainland China.
- Reinvestment in mainland China companies through the third region (please indicated the third area of investment company).
- Others.

Note 2: The investment income (loss) recognized in current period:

- No investment income (loss) has been recognized due to the investment is still in development stage.
- The investment income (loss) was determined on the following basis:
 - The financial report was audited and certified by an international accounting firm in cooperation with accounting firm in the ROC.
 - The financial statements were audited by the CPA of the parent company in Taiwan.
 - Others.

Note 3: The realized and unrealized profits and losses among the companies were considered.

TABLE 10**JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
BRIGHT PEARL ENTERPRISES LTD.	20,711,845	30.14
MACRIFER TRADING SOCIEDAD ANONIMA	10,359,449	14.74
AMACRON TRADING LIMITED	4,254,515	6.05

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.