

Stock Code: 4763



Jinan Acetate Chemical Co., LTD.

2023 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 2023 is hereby reported as follows:

I. Business Result of 2023

(i) Result of Implementation of Business Plan

In 2023, the consolidated revenue of the Company was NT\$11,025,642 thousand, which is 158.25% more than NT\$4,269,391 thousand of last year. The consolidated net profit after tax was NT\$1,274,388 thousand, which is 309.83% 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 238.01% compared with last year, revenue from flakes increased by 20.91% compared with last year and revenue from anhydride decreased by 61.39% 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 2022	Year 2023
Financial structure (%)	Debt Ratio	32.51	13.97
	Ratio of long-term capital to property, plant and equipment	245.83	605.06
Profitability	Return on asset (%)	28.81	60.17
	Return on equity (%)	48.18	74.74
	Pre-tax income to paid-in capital (%)	201.04	711.12
	Profit ratio (%)	29.85	47.37
	Earnings per share (NT\$)	17.63	62.52

The reason for that debt ratio in 2023 is lower than in 2022 is conducting a cash capital increase to repay short-term loans in the third quarter of 2023. With a favorable operational status, we achieved record-high revenue and profits, leading to ample operating funds.

The reason for that ratio of long-term capital to property, plant and equipment in 2023 is higher than in 2022 is primarily attributed to our company's strong operational performance in 2023, marked by record-high revenue and profits, a significant increase in retained earnings, and the issuance of new shares through a cash capital increase in the third quarter of 2023, resulting in a substantial increase in capital surplus. In summary, these factors contributed to a significant increase in long-term funds.

The profitability indicators for fiscal year 2023, including return on assets, return on equity, pre-tax profit to paid-up capital ratio, net profit margin, and earnings per share, all showed growth compared to 2022. This growth is primarily attributed to the sustained strong demand for silk threads and vinegar tablets in 2023, as well as the completion of new production capacity expansions for silk threads and vinegar tablets, and the continuous increase in selling prices. These factors contributed to the achievement of record-high revenue and profits.

(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 2024

(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.
6. To meet market demand, we continue to expand the production capacity of both upstream and downstream products, aiming to enhance our market share.

(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

The application of diacetate fiber products is becoming more and more extensive, in addition to the original spinning grade vinegar sheet tow is used for the production of smoke filters, in addition to the production of clothing fabrics, the production of acetate filament fabrics; Similarly, in addition to supplying and making glasses frames and hand tool handles, plastic-grade vinegar tablets will be supplied and produced in various fields such as mobile phone cases and environmentally friendly tableware in the future, so as to strengthen product competitiveness and increase market share °

And continue to increase investment in research and development of green materials, the current application for research and development of biodegradable textile fibers has preliminary results, is starting to promote and evaluate to expand production. Focus on the development of related products to replace traditional cigarettes, and continue to evaluate other upstream and downstream development opportunities.

(ii) Marketing Strategy

Benefiting from geopolitics, our competitors in Europe, the United States and Japan will cede part of the third world market, and we will strengthen our marketing in the third world. In order to explore new blue ocean markets, and continue to strengthen the maintenance of its own existing customers, and actively seek potential customers by participating in foreign exhibitions, develop potential emerging country markets, in order to expand new business, and select high-quality customers with good relationships as strategic partners to grow together.

(iii) Production Strategy

In response to the needs of new customers, the company will continue to expand the production capacity of tow and flakes, and will continue to invest in considerable research and development plans every year, in addition to developing new product specifications, it will also focus on the improvement of process technology, the improvement of efficiency and the increase of the proportion of automated production, and at the same time integrate the upstream to reduce the unit production cost. Therefore, in addition to actively expanding the factory, the improvement of the manufacturing process and the integration of the upstream, midstream and downstream production lines will effectively improve the company's production efficiency and reduce production costs.

IV. Influence of External Competitive Environment, Regulatory Environment

and Overall Business Environment

Diacetate fiber products are currently limited in external competitors, belonging to the oligopoly industry, in recent years by the geopolitical risk increases, the world's four major tobacco manufacturers to ensure that the supply of upstream raw materials has no worries so that the company has become one of the main raw material suppliers, and signed a long-term contract to ensure smooth supply in the future. This is beneficial to the overall operating environment of the Company.

In addition, the company in acetate tow, Cellulose acetate (flakes) and acetic anhydride have independent technical capabilities, can enter various countries and cooperate with local monopoly or oligopoly tobacco companies, and in recent years, actively expand export business, has successfully entered the niche market field.

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.) In October 2023, it bought back the shares of Lunan Chemical and currently obtained 88% of the operating rights of the joint venture ; 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 and April 2023 to expand acetate tow production capacity. °

The Company's main business is the research and development, production and sales of acetic anhydride, cellulose diacetate and diacetate fiber tow and filament fabrics and other related products , It is mainly used in smoke filters or products with filtration effect. The Group mainly produces in the PRC with low-cost labor, the Company actively develops and improves the product manufacturing process with customers, understands customer needs to improve production efficiency, wins the trust of customers, and further becomes a long-term partner of customers; on the other hand, it also provides customized services to develop different specifications of diacetate tows according to customer needs; in addition, it participates in world exhibitions from time to time to increase the exposure of the Company's products, and has gradually opened up many new markets and customers, and gradually grows steadily. In September 2023, the company added a new diacetate filament fabric product, which is used to make

clothing fabrics, and the product features are as soft as natural silk, which is favored by the high-end fabric market.

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.
2023	In March, Acetek Limited added 8,000 tons of theoretical production capacity to its tows production capacity.
	In April, Acetek Limited added 9,000 tons of theoretical production capacity to its tows production capacity . The total output of tows reached 37,000 tons.
	In August, the company issued 4,000,000 ordinary shares at a subscription price of NT\$531 per share, with a total paid-in proceed of NT\$2.124 billion.
	In September, the production capacity of long-yarn fabrics of Acetek Co., Ltd. reached 600 tons.
	In October 2023, it bought back 8% of the shares of Acetek Material Co., Ltd. of Lunan Chemical Co., Ltd., and currently obtains 88% of the equity of Acetek Material Co., Ltd.

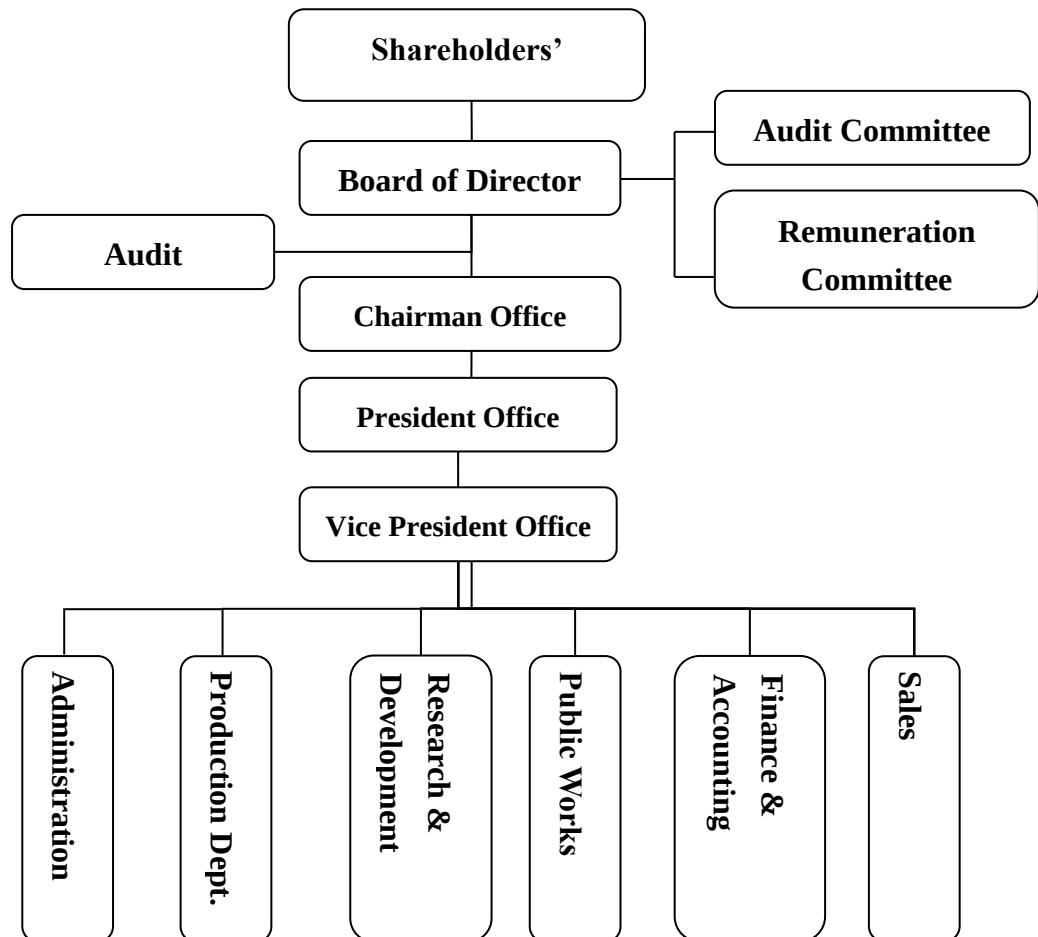
2.3 Group Structure : Please refer to VIII. Special Disclosure.

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 3, 2024

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			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Samoa	Bright Pearl Enterprises Ltd.	M 61-70	May. 30, 2023	3	Sep. 25, 2014	21,171,845	29.68	24,703,366	28.63	-	-	-	-	Jinan Julong Fiber Co., Ltd.- Assistant Vice Presiden Jinan Juda Fiber Ltd.- General Manager 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 Momentun Co., Ltd. -President Acetate (Shandong) Environmental Fiber Co., Ltd. -President				Note
	R.O.C.	Representative: Wang, Ko-Chang					100,000	0.14	154,629	0.18	-	-	-	-						
Director	Hong Kong	Amacron Trading Ltd.,	M 61-70	May. 30, 2023	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 Jinan Acetate Chemical Co., Ltd. -Director				
	R.O.C.	Representative: Hsu, Cheng-Tsai					3,843,515	5.39	2,613,293	3.03	-	-	-	-						
Director	Brazil	Macrifer Trading Sociedad	M 61-70	May. 30, 2023	3	Dec. 4, 2014	-	-	-	-	-	-	-	-	Brasfumo Ind. Brasileira de Fumos S.A.- Commercial Director Brasfumo Ind. Brasileira de Fumos S.A.- Sales Manager Dimond Italy S.R.L.-Factory Manager Mattes & Fensterseifer-General Manager	Casa 1 Assessoria Empresarial Ltda.- Managing Director Head of Leaf Tobacco and Commercial Departments of Brasfumo Ind. Brasileira de fumos S.A. Jinan Acetate Chemical Co., Ltd. -Director				
	Uruguay	Representative: Ericson Fensterseifer					10,359,449	14.52	11,895,465	13.79	-	-	-	-						
Director	R.O.C.	Meng, Ching-Li	M	May. 30,	3	Jun. 23,	-	-	-	-	-	-	-	-	Taiwan Depository & Clearing					

			61-70	2023		2020									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	May. 30, 2023	3	Dec. 4, 2014	-	-	-	-	-	-	-	-	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 Jinan Acetate Chemical Co., Ltd. -Independent Director				
Independent Director	R.O.C.	Lin, Wen-Cheng	M 51-60	May. 30, 2023	3	Dec. 4, 2014	-	-	-	-	-	-	-	-	Cayman Great Elite Inc.- Director Newegg Inc.-CFO of Greater China Newegg Tech. (China) Co., - Director Prescope Technologies Co., Ltd.- CFO Tsannkuen Co., Ltd.- Finance Manager Clevo Co., Buynow Division- CFO Celestial Entertainment Inc.- Financial Manager Polaris Securities Co., Ltd. Capital Market Dept.-Senior Officer KPMG CPA Firm-Senior	Seychelles Ocean Waves International Trading Ltd.- President Taikone Technology Limited -Supervisor Jinan Acetate Chemical Co., Ltd. -Independent Director				
Independent Director	R.O.C.	Yu, Ching-Hsien	M 61-70	May. 30, 2023	3	Jun. 28, 2019	-	-	-	-	-	-	-	-	Zhanhong International Enterprise Co., Ltd- CEO Yu Jingji Food Enterprise Co., Ltd- President	Yu Jingji International Trade Co., Ltd.- President				
Independent Director	R.O.C.	Lee, Kuang-Chi	M 71-80	May. 30, 2023	3	May. 30, 2023	-	-	-	-	-	-	-	-	Yulon Motor Co., Ltd.- Administrator Tungnan Institute of Technology-Teacher Chien Kuo High School-Teacher					

Note:

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..

Major shareholders of the institutional shareholders

April. 1, 2024

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. 1, 2024

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

Name	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	
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	-
Lee, Kuang-Chi	-	-	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 4 independent directors. Among the directors, 7 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.

Name	Core Items	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	71-80	0-3 years	4-6 years	10-12 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
Lee, Kuang-Chi		ROC	M				V	V			V		V	V				V

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

The company has a total of 8 directors, including 4 independent directors. The proportion of independent directors is 50%. 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. 1, 2024, 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	154,629	0.18	-	-	-	-	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 Momentum Co., Ltd. - President Acetate (Shandong) Environmental Fiber Co., Ltd. - President				Note
CFO	R.O.C.	Chen, Chieh-Jui	Aug.05, 2020	13,000	0.02			-	-	Department of Accounting, National Chengchi University Deloitte CPA Firm- Audit Department Manager	-				
Senior Manager	R.O.C.	Wu, Wen-Pin	March.1, 2023	17,115	0.02	17,000	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	-	-	-	-	-

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 & Huma Resource Supervisor	China	Liu, Zhen	Dec. 01, 2007	-	-	-	-	-	-	Chemical Engineering and Technology, Liaocheng University Jinan Juda Fiber Co., Ltd.- deputy Factory Manager	-				

Note : 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.

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

(1) 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 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	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	Stock															Cash	Stock					
Chairman	Wang, Ko-Chang	-	-	-	-	800	800	3	3	803&0.02	803&0.02	24,700	27,088	-	-	20,000	-	20,000	-	45,503&0.88	47,891&0.93	-
Director	Hsu, Cheng-Tsai	-	-	-	-	400	400	3	3	403&0.01	403&0.01	-	-	-	-	-	-	-	-	403&0.01	403&0.01	-
Director	Ericson Fensterseifer	-	-	-	-	400	400	3	3	403&0.01	403&0.01	-	-	-	-	-	-	-	-	403&0.01	403&0.01	-
Director	Meng, Ching-Li	-	-	-	-	400	400	33	33	433&0.01	433&0.01	-	-	-	-	-	-	-	-	433&0.01	433&0.01	-
Independent Director	Lin, Tzer-Jong	610	610	-	-	-	-	30	30	640&0.01	640&0.01	-	-	-	-	-	-	-	-	640&0.01	640&0.01	-
Independent Director	Lin, Wen-Cheng	610	610	-	-	-	-	33	33	643&0.01	643&0.01	-	-	-	-	-	-	-	-	643&0.01	643&0.01	-
Independent Director	Yu, Ching-Hsien	610	610	-	-	-	-	30	30	640&0.01	640&0.01	-	-	-	-	-	-	-	-	640&0.01	640&0.01	-
Independent Director	Lee, Kuang-Chi	360	360	-	-	-	-	21	21	381&0.01	381&0.01	-	-	-	-	-	-	-	-	381&0.01	381&0.01	-

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.

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

(3)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	2,040	3,549	-	-	22,660	23,539	20,000	-	20,000	-	44,700&0.86	47,088&0.91	-
President (Jinan Acetate Chemical Co., Ltd.)	Meng, Ching-Li	-	1,289	-	-	-	2,198	20,000	-	20,000	-	20,000&0.39	23,487&0.45	-
Vice President	Zhu, Chang-Chao	-	847	-	18	-	132	-	-	-	-	-	997&0.02	-
Vice President	Zhang, Ai-Feng	-	1,100	-	18	-	220	-	-	-	-	-	1,338&0.03	-
Vice President	Liang, Ji-Qiang	-	789	-	18	-	220	-	-	-	-	-	1,027&0.02	-
Vice President	Zhao, Jin-Po	-	569	-	18	-	66	-	-	-	-	-	653&0.01	-
CFO	Chen, Chieh-Jui	1,800	1,800	87	87	17,886	17,886	3,600	-	3,600	-	23,373&0.45	23,373&0.45	-

(4)The remuneration of the top five highest-paid executives in listed and over-the-counter (OTC) companies.

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	2,040	3,549	-	-	22,660	23,539	20,000	-	20,000	-	44,700&0.86	47,088&0.91	-
President (Jinan Acetate Chemical Co., Ltd.)	Meng, Ching-Li	-	1,289	-	-	-	2,198	20,000	-	20,000	-	20,000&0.39	23,487&0.45	-
CFO	Chen, Chieh-Jui	1,800	1,800	87	87	17,886	17,886	3,600	-	3,600	-	23,373&0.45	23,373&0.45	-
Senior Manager	Wu, Wen-Pin	700	700	44	44	4,138	4,138	2,000	-	2,000	-	6,882&0.13	6,882&0.13	-
Vice President	Zhang, Ai-Feng	-	1,100	-	18	-	220	-	-	-	-	-	1,338&0.03	-

(5)The names of the managers responsible for distributing employee remuneration and the distribution situation.

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	-	45,600	45,600	0.88
	President (Jinan Acetate Chemical Co., Ltd.)	Meng, Ching-Li				
	CFO	Chen, Chieh-Jui				
	Senior Manager	Wu, Wen-Pin				

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	2022		2023	
	This company	All subsidiaries in the financial report	This company	All subsidiaries in the financial report
Director	1.48%	2.25%	1.79%	1.98%
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 14(A) meetings of the board of directors were held in 2023 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	14	-	100	Re-elected on May 31, 2023.
Director	HSU, Cheng-Tsai	14	-	100	Re-elected on May 31, 2023.
Director	Meng, Ching Li	14	-	100	Re-elected on May 31, 2023.
Director	Ericson Fensterseifer	14	-	100	Re-elected on May 31, 2023.
Independent director	Lin, Tzer-Jong	14	-	100	Re-elected on May 31, 2023.
Independent director	Lin, Wen-Cheng	14	-	100	Re-elected on May 31, 2023.
Independent director	Yu, Ching-Hsien	14	-	100	Re-elected on May 31, 2023.
Independent director	Lee, Kuang-Chi	9	-	100	Appointed on May 31, 2023. (Expected to attend 9 meetings)

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
20230323	The 31st meeting of the 4th 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.
20230419	The 32nd meeting of the 4th term.	Proposal to Remove Restrictions on Newly Appointed Directors' Non-Compete Clause	This case was approved unanimously by all attending directors, with each recusing themselves in accordance with the law due to individual interests. When discussing the competitive situation of the Chairman of the Board, Director Lin, Tzer-Jong presided over the discussion on behalf of the board.
20230531	The 1st	Appointment of Members to the	Independent directors Lin, Tzer-Jong, Lin, Wen-Cheng, and

	meeting of the 5 th term.	Fourth Term Compensation Committee of Our Company	Yu, Ching-Hsien abstained from this case due to their conflict of interest and left the meeting without participating in the discussion or voting. After the chairman consulted the remaining attending directors and received no objections, the proposal was approved accordingly.
20230713	The 3 rd meeting of the 5 th term.	The Company's Cash Capital Increase for the Fiscal Year 2023 Management Subscription Case	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.
20231109	The 6 th meeting of the 5 th term.	Case Regarding the Company's Property Lease with Mr. Wang, Ko-Chang, a Related Party	Pursuant to avoid conflict of interest, Chairman Wang, Ko-Chang had abstained. After the opinion of other directors in attendance were inquired by chairman, the proposal was approved without objection.
		Director's Annual Compensation Proposal	This proposal was unanimously approved by all attending directors. During the discussion on director's compensation, each director abstained individually. When discussing the Chairman's compensation, Director Lin, Tzer-Jong presided over the discussion on behalf of the board.
		2022 Annual Managerial Staff Remuneration and Director's Compensation Allocation Proposal	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.
20231228	The 7 th meeting of the 5 th term.	Proposal to Approve the Compensation Committee's Review of the Year-End Bonus Distribution for Managers for the Fiscal Year 2023	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.
20240312	The 8 th meeting of the 5 th term.	2023 Annual Employee Compensation and Director Compensation Disbursement Amounts	Pursuant to avoid conflict of interest, General manager Wang, Ko-Chang, directors HSU, Cheng-Tsai, Ericson Fensterseifer and Meng, Ching Li had abstained. After the opinion of other directors in attendance were inquired by chairman, the proposal was approved without objection.

3. 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, 2023 to December 31, 2023.

(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".

4. 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 four 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 2023 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%	Re-elected on May 31, 2023.
Independent director	Lin, Wen- Cheng	11	-	100%	Re-elected on May 31, 2023.
Independent director	Yu, Ching- Hsien	11	-	100%	Re-elected on May 31, 2023.
Independent director	Lee, Kuang- Chi	7	-	100%	Appointed on May 31, 2023. (Expected to attend 7 meetings)

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
20230217	The 26 th meeting of the 3 rd term.	Due to a job reassignment, there has been a change in the company's audit supervisor and acting spokesperson.	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20230323	The 27 th meeting of the 3 rd term.	1. Proposal for the 2022 Annual Operating Report, 2022 Annual Consolidated Financial Report of the Company and Subsidiaries 2. Proposal for the Distribution of Profits for the Fiscal Year 2022 3. Proposal to Conduct an Increase in Capital through Profit Retention and Issuance of New Shares 4. Evaluation of the Effectiveness of Internal Control System and Submission of Internal Control System Statement for the Fiscal Year 2022 5. Proposal to Amend the Company's Articles of Association 6. Proposal to Amend the Company's Board Meeting Rules 7. Proposal to Provide Endorsement Guarantees for Subsidiaries and Affiliated Companies in China 8. Proposal to Provide Endorsement Guarantees for the Company's Investment Ventures 9. Proposal to Increase Investment in Astec (Shandong) Environmental Fiber Co., Ltd., Including Amount and Method 10. Proposal to Transfer Treasury Shares to Employees of the Company 11. Proposal to Cancel Treasury Shares 12. Proposal for the Company's Cash Capital Increase and Issuance of New Shares for the Year 2023 13. Arrangements for the Company's 2023 Annual General Meeting	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20230511	The 28 th meeting of the 3 rd term.	1. Consolidated Financial Report for the First Quarter of 2023 for the Company and Subsidiaries 2. Proposal to Provide Guarantees for Subsidiaries and Affiliated Companies in	The entire audit committee agreed to pass	Approved by the board of directors with no objection.

		China 3. Application for Credit Facility from Banks by the Company		
20230612	The 1 st meeting of the 4 th term.	Proposal to Increase Investment in Astec (Shandong) Environmental Fiber Co., Ltd., Including Amount and Method	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20230812	The 2 nd meeting of the 4 th term.	1. Proposal for the Consolidated Financial Report for the Second Quarter of 2023 for the Company and Subsidiaries 2. Proposal for the Company's Application for Credit Facility from Banks 3. Proposal to Provide Guarantees for Subsidiary Acetek Material Co., Ltd. (China) 4. Proposal Regarding Investment and Establishment of a Mainland China Company	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20230824	The 3 rd meeting of the 4 th term.	Proposal for the Distribution of Profits for the First Half of 2023	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20231109	The 4 th meeting of the 4 th term.	1. Proposal for the Consolidated Financial Report for the Third Quarter of 2023 for the Company and Subsidiaries 2. Case concerning the Company's Property Lease with Related Party Wang, Ko-Chang 3. Proposal for the Company's Application for Credit Facility from Banks	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20231228	The 5 th meeting of the 4 th term.	1. Proposal for the 2024 Operational Plan and Budget 2. Proposal for the 2024 Audit Plan 3. Proposal to Coordinate with Changes in the Internal Structure of the Accounting Firm and Replace Auditors 4. Evaluation of the Suitability and Independence of the Auditor and Appointment Proposal 5. Proposal for the Company's Application for Credit Facility from Banks 6. Proposal to Provide Guarantees for Subsidiary Jinan Acetate Chemical Co., Ltd. (China)	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20240312	The 6 th meeting of the 4 th term.	1. Proposal for the 2023 Annual Operating Report, 2023 Annual Consolidated Financial Report of the Company and Subsidiaries 2. Company's "Internal Control System Statement" 3. Proposal to Approve the Evaluation of the Auditor and Appointment Compensation	The entire audit committee agreed to pass	Approved by the board of directors with no objection.
20240403	The 7 th meeting of the 4 th term.	1. Proposal for the Distribution of Profits for the Fiscal Year 2023 2. Proposal for Capital Increase through Profit Retention and Issuance of New Shares 3. Amendment to the "Articles of Association" Proposal	The entire audit committee agreed to pass	Approved by the board of directors with no objection.

		4. Proposal to Provide Endorsement Guarantees for Subsidiaries and Affiliated Companies in China 5. Arrangements for the Company's 2024 Annual General Meeting		
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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
20230323	1. The accountant will explain the results of the audit of the financial and profit and loss situation in 2022. 2. Accountants discuss and communicate with the questions raised by the participants	No objective opinion
20230713	1. Communication of key audit items for the Second Quarter of 2023 Financial Report. 2. Accountants discuss and communicate with the questions raised by the participants.	No objective opinion
20230824	1. The accountant will explain the results of the audit of the financial and profit and loss situation in 2023Q2 2. Accountants discuss and communicate with the questions raised by the participants	No objective opinion
20240111	1. Communication of key audit items in the 2023 annual report. 2. Accountants discuss and communicate with the questions raised by the participants.	No objective opinion

20240312	1. The accountant will explain the results of the audit of the financial and profit and loss situation in 2023. 2. Accountants discuss and communicate with the questions raised by the participants	No objective opinion	
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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 2023 financial report on March 21, 2024, 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
2.1	Has the company established corporate governance guidelines and had them approved by the board of directors?	Improved.
2.2	Has the company established a policy on board diversity and disclosed the specific management goals and implementation status of the diversity policy on the company's website and in the annual report?	Our company prioritizes improvement and has enhanced board diversity by appointing an independent director with extensive experience in the industry and education sectors during the comprehensive election of directors at the shareholder's meeting on May 31, 2023.
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?	Our company has prioritized strengthening improvements, and as of the comprehensive election of directors at the shareholder's meeting on May 31, 2023, one independent director has been added, bringing the total number of independent directors to four.
2.6	Is there at least one female director on the board of directors of the company? 【If the number of directors of each gender exceeds one-third of the board seats, one additional point is added to the total score.】	Our company prioritizes improvement, which will be implemented upon the completion of the fifth term of the board of directors during the comprehensive director election.
2.10	Does the company disclose the professional qualifications and experience of audit committee members,	Improved.

Evaluation Item		Implementation Status ¹			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
		Yes	No	Abstract Illustration	
		as well as the annual focus and operational status?			
2.11		Has the interim financial report of the company been approved by the audit committee and discussed and resolved by the board of directors?			Improved.
2.21		Does the company have a corporate governance officer responsible for governance-related matters, and is the scope of responsibilities and training status explained on the company's website and in the annual report?			Our company has established a corporate governance officer and prioritizes improvement by explaining their scope of responsibilities and training status on the company's website and in the annual report.

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	V	

Item	Evaluation Content	Yes	No
	statement of independence		

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

Title	Name	Date	Organizations	Courses	Training hours
Chairman	Wang, Ko-Chang	2023.05.31	Securities & Futures Institute	How to Leverage the Functional Committees of the Board of Directors to Maximize Their Effectiveness	3
				Legal Responsibilities and Risk Management for Misleading Financial Reports by the Board of Directors and Supervisors - An Exploration Through Practical Case Studies	3
Director	Hsu, Cheng-Tsai	2023.11.15		The Green Industrial Revolution of 2030/2050	1
		2023.12.12		Concepts, Practices, and Tools of Group Tax Governance.	6
Director	Ericson Fensterseifer	2023.05.31		How to Leverage the Functional Committees of the Board of Directors to Maximize Their Effectiveness	3
Director	Meng, Ching-Li				
Independent Director	Lin, Tzer-Jong				
Independent Director	Lin, Wen-Cheng			Legal Responsibilities and Risk Management for Misleading Financial Reports by the Board of Directors and Supervisors - An Exploration Through Practical Case Studies	3
Independent Director	Yu, Ching-Hsien				
Independent Director	Lee, Kuang-Chi				

3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

2024.04.03

Title \ Criteria Name	Professional Qualification	Work Experience	Independence Criteria (Note 1)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director (Convenor)	Lin, Tzer-Jong	Work experience required in business, legal, financial, accounting, or corporate affairs. Taiwan Chemical Plant Manager Taiwan Chemical Business Unit Research and Development Director President of Chorine Fiber (Stock) Company Director of Tuoxin Investment (Stock) Company Director of Lixiang Investment (Stock) Company Director of Jueneng Investment (Stock) Company Director of Juma Bio-Tech (Stock) Company	1.2.3.4.5.6.7.8.9.10.11.12	0
Independent Director	Lin, Wen-Cheng	Experience in business, legal, financial, accounting, or corporate affairs; Certified Public Accountant (CPA) license. Master of Business Administration from St. Norbert University, USA Director at Great Elite Inc LTD. (Cayman Islands) Chief Financial Officer for Greater China Region at Newegg Group (USA) Director at Newegg Electronics Information (China) Limited Chief Financial Officer at Pug Tech (Stock) Company Finance Manager at Tsann Kuen Enterprise (Stock) Company Chief Financial Officer of the Baoneng Hui Business Group at Blue Sky Computer (Stock) Company Finance Manager at Happy Revelation (Stock) Company Associate at the Capital Markets Division of Bao Lai Securities Audit Team Leader at Anhou Accounting Firm	1.2.3.4.5.6.7.8.9.10.11.12	0

Independent Director	Yu, Ching-Hsien	Experience in business, legal, finance, accounting, or corporate affairs is required.	New Taipei Industrial Vocational High School, Department of Textiles CEO of Zhan Hong International Enterprise Limited Head of Yu Jing Ji Food Enterprise Limited	1.2.3.4.5.6.7.8.9.10.11.12	0
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Note 1: 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) Non-employees of the company or its affiliated enterprises.
- (2) Directors or supervisors of non-affiliated companies or their affiliated enterprises (excluding cases where independent directors are mutually appointed between the company and its parent company, subsidiary, or a subsidiary of the same parent company according to this law or local laws).
- (3) Natural person shareholders who do not hold shares exceeding 1% of the total issued shares of the company or are not among the top ten shareholders, including their spouses, minor children, or natural person shareholders who hold shares on behalf of others.
- (4) Spouses or relatives within the second degree of kinship of the individuals listed in (1) or (2), or their spouses or relatives within the third degree of kinship.
- (5) Directors, supervisors, or employees of legal person shareholders who directly hold more than 5% of the total issued shares of the company, are among the top five shareholders, or are appointed as directors or supervisors by the company's representatives according to Article 27, Paragraph 1 or 2 of the Company Act (excluding cases where independent directors are mutually appointed between the company and its parent company, subsidiary, or a subsidiary of the same parent company according to this law or local laws).
- (6) Directors, supervisors, or employees of other companies or institutions where the majority of director seats or voting rights are controlled by the same person, excluding cases where independent directors are mutually appointed between the company and its parent company, subsidiary, or a subsidiary of the same parent company according to this law or local laws.
- (7) Directors, supervisors, or employees of other companies or institutions where the chairman of the board of directors, general manager, or equivalent positions are the same person or their spouse, excluding cases where independent directors are mutually appointed between the company and its parent company, subsidiary, or a subsidiary of the same parent company according to this law or local laws.
- (8) Directors, supervisors, managers, or shareholders holding more than 5% of shares of specific companies or institutions with financial or business transactions with the company (except for cases where the specific company or institution holds more than 20% but less than 50% of the total issued shares and is a subsidiary of the company, its parent company, subsidiary, or a subsidiary of the same parent company according to this law or local laws).
- (9) Professionals, sole proprietors, partners, business owners, directors, supervisors, managers, or their spouses providing business, legal, financial, or accounting-related services to the company or affiliated enterprises, with a cumulative remuneration not exceeding NT\$500,000 in the past two years (excluding members of the remuneration committee, public tender offer review committee, or merger special committee fulfilling duties according to securities trading laws or merger and acquisition laws).
- (10) No spouse or relative within the second degree of kinship with other directors.
- (11) Does not fall under any of the circumstances specified in Article 30 of the Company Act.
- (12) Not elected by government, legal persons, or their representatives as stipulated in Article 27 of the Company Act.

B. Attendance of Members at Remuneration Committee Meetings

1. There are 3 members in the Remuneration Committee.
2. The term of Committee members: May 31, 2023 to May 30, 2026, A total of 5
(A) Remuneration Committee meetings were held in 2023 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%	Re-elected on May 31, 2023.
Committee Member	Lin, Wen-Cheng	5	-	100%	Re-elected on May 31, 2023.
Committee Member	Yu, Ching-Hsien	5	-	100%	Re-elected on May 31, 2023.

Other mentionable items:

1. 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.
2. 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
20230323	The 11th meeting of the 3 rd term.	1. Distribution of employees' bonuses and compensation of the Company's directors for FY2022. 2. Intending to transfer treasury stocks to employees of the company.	The entire committee agreed to pass	Approved by the board of directors with no objection.
20230713	The 1st meeting of the 4 th term.	1. Policy for Employee Subscription to Cash Capital Increase for the Year 2023. 2. Cash Capital Increase Manager Subscription Plan for the Year 2023.	The entire committee agreed to pass	Approved by the board of directors with no objection.
20231109	The 2nd meeting of the 4 th term.	1. Directors' travel and entertainment expenses reimbursement case. 2. Annual director remuneration case. 3. 2022 annual manager and director remuneration allocation case.	The entire committee agreed to pass	Approved by the board of directors with no objection.
20231228	The 3rd meeting of the 4 th term.	Review of the year-end bonus distribution for managers in 2023.	The entire committee agreed to pass	Approved by the board of directors with no objection.
20240312	The 4th meeting of the 4 th term.	Allocation of employee remuneration and director	The entire committee	Approved by the board of

		remuneration for the year 2023.	agreed to pass	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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Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																
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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	
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		The company has established internal control and internal audit systems and has implemented a Corporate Social Responsibility (CSR) Code to integrate risk management related to environmental, social, and governance aspects into sustainable operations. Given the increasing significance of issues such as extreme weather events due to global warming and energy and climate change, the company recognizes its responsibility for sustainable development within the industry. In accordance with the framework of the Task Force on Climate-related Financial	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	
			Disclosures (TCFD), which includes governance, strategy, risk management, indicators, and goals, the company's Sustainability Implementation Committee and its subcommittees identify climate-related risks and opportunities. They then formulate subsequent response strategies and provide regular reports to the board of directors, who monitor the effectiveness of execution. By establishing a risk framework based on the core disclosures of "governance," "strategy," "risk management," and "indicators and goals," the company aims to understand the impacts of climate change risks and propose corresponding measures. For further details, please refer to the company's 2022 Sustainability Report (http://www.acetek.com.cn), specifically section 2.7 on Climate Change Risk Management and Response.	
(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.
4. Social issues (1) Does the Company formulate	V		The Company complies with relevant regulations and follows international human	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	
appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?			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.	
(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 522 employees, including 205 female employees, accounting for approximately 39.27%: There were 15 employees in the management team, including 2 female supervisors, accounting for approximately 13.33%. The company's business performance is reflected in its employee compensation policies and implementation, as explained below: (1) Employee remuneration	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	
			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. Regular safety meetings are held weekly to discuss safety issues reported by various departments, identify improvement performance, and propose solutions. The Engineering Department and the Safety and Environmental Protection Department ensure the implementation of improvements to ensure safety production. The meeting covers all safety-related issues, such as mechanical failures, electrical hazards, process safety, safety training, and fire drills. In terms of occupational health and safety training, newly hired employees undergo	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	
			level-three safety training within the factory, with effectiveness confirmed through quizzes. Current employees participate in fire safety training and drills, with on-site guidance from local fire department personnel. Continuous investment is made to improve the working environment, guided by the company's annual work plan and safety objectives. Training needs analysis and predictions for employees in various positions are conducted by the Safety and Environmental Protection Department to formulate training plans. Employees are trained and assessed to ensure compliance with safety regulations during operations. Regarding occupational accident statistics for the year 2023, they have not been verified by a third party. For detailed information on occupational health and safety for the year 2022, please refer to the company's 2022 Sustainability Report (http://www.acetek.com.cn), specifically section 3.3 on Occupational Health and Safety. The company has also developed special plans including the "Safety Emergency Response Plan" and the "Emergency Response Plan for Sudden Environmental Incidents." Additionally, Zhongfeng Chemical Company has established the "Comprehensive Emergency Plan," the "Fire and Leakage Special Emergency Plan," and the "On-site Disposal Plan." In the event of a fire or leakage within the factory, emergency teams are immediately activated according to the emergency plan, with each team member assuming their designated responsibilities based on routine emergency drills. Under the group's sound management system, no significant incidents occurred in the year 2023.	
(4) Does the Company provide employees with opportunities for	V		The Company provides employees with opportunities to participate in various training programs to enhance their skills and improve work efficiency. Additionally,	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	
career development and training?			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.	
(5)Does the Company follow regulations and international 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?	V		The Company's marketing and labeling on products and services follow relevant codes/regulations and international standards.	No obvious discrepancy.
(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	V		Tur Company’s 2023Y 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	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	
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?			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.	
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.				
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	Taipei Medical University	The students of Taipei Medical University	The Taipei Medical University Educational Foundation	Continuously innovating in education, research and development, and medical services, Taipei Medical University nurtures a greater number of outstanding biomedical talents for the nation's society. It also ensures that underprivileged students can pursue their studies with peace of mind.
2	Juheng.com	Underprivileged groups in remote areas	Warmth and Love Charity Event 2023	After over three years of a global pandemic, the world is finally seeing the light at the end of the tunnel with the official easing of restrictions. Taiwan's spirit of mutual assistance and solidarity during the pandemic has garnered praise internationally. However, in remote areas of Taiwan, there are still many elderly individuals living alone, people with disabilities, and underprivileged children silently calling out for help in corners unseen by most.

Evaluation Item			Implementation Status ¹		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
			Yes	No	
3	Taipei Municipal Wanfang Hospital	Wanfang Hospital Organ Transplant Center			In 2023, Juheng invites you to lend a helping hand. As we move forward from the pandemic, let us extend our support and accompany the underprivileged groups in remote areas to welcome the dawn of happiness. Let's continue spreading warmth and love to these communities! Wanfang Hospital Organ Transplant Center Medical Project Fund (Equipment Acquisition Project) The Organ Transplant Center's plan requires a long-term layout. The purchase of ultrasonic surgical lithotripters and other necessary ultrasonic equipment is just the first step. Through the establishment of both software and hardware, and the improvement of capacity, it is expected to achieve the normalization of transplantation capacity to one liver and two kidneys per month within two years. Over the course of five years, through equipment and personnel expansion, continuous enhancement of transplantation capacity will be pursued, aiming to double the monthly transplantation capacity. Therefore, at this stage, the first step of all plans is to replace the essential equipment and consumables for surgery. This step accounts for 20% of the entire Organ Transplant Center project. Subsequently, there will be further aspects such as advanced equipment, hardware, and manpower, requiring continuous support and investment from the public. With gradual preparation, the realization of the ultimate vision is believed to be just around the corner.

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.
				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.	
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 12, 2024

We hereby declare the results of the self-assessment of our internal control system in 2023 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, 2023 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 12, 2024. Among the eight 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 31, 2023 and its implementation

Resolutions	Implementation
2022 Annual Operating Report and 2022 Annual Consolidated Financial Report of the Company and Its Subsidiaries.	The resolution has been approved.
Approval of the 2022 earnings distribution	Ex-Dividend Date : October 9, 2023 ; Distributed on October 27, 2023
Amendment to the "Articles of Association" of the company	The resolution has been approved.
Proposal for capitalization of retained earnings through issuance of new shares.	October 9, 2023, has been set as the ex-dividend date, and October 27, 2023, as the issuance date for new shares.
Revocation of the restriction on competition for directors (including independent directors) case.	The resolution has been approved.

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

Date	Date	Major resolutions
20230217	The 29th meeting of the 4th term.	Due to a job reassignment, the company has changed its Audit Director and Acting Spokesperson.
20230310	The 30th meeting of the 4th term.	1. Comprehensive election of the Board of Directors of the Company. 2. Convening of the 2023 Annual General Meeting of Shareholders of the Company.
20230323	The 31st meeting of the 4th term.	1. Proposal for the 2022 Annual Operating Report, and the 2022 Consolidated Financial Report of the Company and its Subsidiaries. 2. Proposal for the Distribution of Profits for the year 2022. 3. Proposal for the Issuance of New Shares through Capitalization of Earnings. 4. Amounts for Employee Remuneration and Director's Remuneration for the year 2022. 5. Evaluation of the Effectiveness of the Internal Control System and the Submission of the Internal Control System Statement

		for the year 2022. 6. Proposal to Amend the Company's Articles of Incorporation. 7. Proposal to Amend the Company's Board Meeting Rules. 8. Proposal to Provide Endorsement Guarantees for Subsidiaries and Affiliated Companies in China. 9. Proposal to Provide Endorsement Guarantees for Investments of the Company. 10. Proposal to Adjust the Investment Amount and Method for Acetate (Shandong) Environmental Fiber Co., Ltd. 11. Proposal to Transfer Treasury Shares to Company Employees. 12. Proposal for the Cancellation of Treasury Shares. 13. Proposal for Cash Increase in Capital and Issuance of New Shares for the year 2023. 14. Matters regarding the Holding of the Company's Annual General Meeting in 2023.
20230419	The 32nd meeting of the 4th term.	1. Nomination and Review of Director (including Independent Director) Candidates List. 2. Proposal to Lift Non-competition Restrictions for Newly Appointed Directors. 3. Application to Banks for Credit Line Authorization Case for the Company.
20230511	The 33rd meeting of the 4th term.	1. Appointment of Corporate Governance Supervisor for the Company. 2. Amendment of "Corporate Governance Best Practices Guidelines." 3. Proposal to Provide Guarantees for Subsidiaries and Affiliated Companies in China. 4. Application to Banks for Credit Line Authorization Case for the Company. 5. Approval of the Consolidated Financial Statements for the First Quarter of 2023.
20230531	The 1st meeting of the 5th term.	1. Election of the Chairman of the Fifth Board of Directors for the Company. 2. Appointment of Members to the Fourth Remuneration Committee of the Company.
20230612	The 2nd meeting of the 5th term.	1. Proxy Spokesperson Replacement Proposal for the Company. 2. Proposal to Increase Investment in Acetate (Shandong) Environmental Fiber Co., Ltd., Including the Amount and Method.
20230713	The 3rd meeting of the 5th term.	1. Establishment of "2023 Cash Capital Increase Employee Subscription Method" for the Company. 2. Proposal for Management Subscription to the Company's 2023 Cash Capital Increase.
20230811	The 4th meeting of the 5th term.	1. Discussion on the 2023 Second Quarter Consolidated Financial Report of the Company and its Subsidiaries. 2. Proposal for the Company to Apply for a Credit Line from a Bank. 3. Proposal to Provide Guarantee for Subsidiary Acetek Material Co., Ltd. (China). 4. Discussion on Investment and Establishment of a Mainland China Company. 5. Discussion on the Matters Related to the Company's 2022 Earnings Conversion to Capital Increase and Issuance of New Shares.
20230824	The 5th meeting of the 5th term.	Interim Business Report for the First Half of 2023 and Dividend Distribution Proposal

20231109	The 6th meeting of the 5th term.	1. Consolidated Financial Report for the Third Quarter of 2023 for the Company and Its Subsidiaries 2. Lease Agreement with Mr. Wang Ko-Chang, a Related Party of the Company 3. Application for Credit Facility from Bank 4. Proposed Amendments to "Organization Rules of the Compensation Committee" and "Management Procedures for the Operation of the Compensation Committee" 5. Proposal for Director's Travel and Subsistence Allowance 6. Proposal for Director's Annual Compensation 7. Allocation of Employee Remuneration and Director's Compensation for the Year 2022
20231228	The 7st meeting of the 5th term.	1. Operational Plan and Budget for the Year 2024 2. Audit Plan for the Year 2024 3. Proposal to Approve the Disbursement of Year-End Bonuses for Management for the Year 2023, Subject to Review by the Compensation Committee 4. Compliance with Internal Adjustments of Signing Auditor Firm and Appointment of New Auditor 5. Evaluation of Suitability and Independence of the Signing Auditor Firm and Appointment 6. Application for Credit Facility from Bank by the Company 7. Proposal to Provide Guarantee for Subsidiary Jinan Acetate Chemical Co., Ltd. (China) 8. Filing of Economic Substance Declaration and Annual Return for the British Virgin Islands by the Company
20240312	The 8st meeting of the 5th term.	1. Proposal for the 2023 Annual Operating Report, 2023 Consolidated Financial Report of the Company and its Subsidiaries 2. Company's 2023 Annual Internal Control System Declaration 3. Allocation of Employee Compensation and Director Remuneration for the Year 2023 4. Determination of Arrangements for the 2024 Annual Shareholders' Meeting of the Company 5. Proposal for Evaluation of Signing Auditor and Appointment Remuneration
20240403	The 9st meeting of the 5th term.	1. Proposal for Dividend Distribution for the Fiscal Year 2023 2. Proposal for Capitalization of Earnings and Issuance of New Shares 3. Amendment to the Company's Articles of Association 4. Proposal to Provide Endorsement Guarantees for Subsidiaries and Affiliated Companies in China 5. Agenda for the 2024 Annual General Meeting of Shareholders with Amendments

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 3, 2024

Title	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Dismissal
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Audit Supervisor	Cheng, Che-Yue	April 23,2021	Feb. 17,2023	Job adjustment
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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	2023.01~2023.09	4,836	629	5,465	Note
	Lee, Suei-Chin					
	Huang, Yao-Ling	2023.10~2023.12				
	Chou, Shih-Chieh					

Note: The non-audit fees include business registration fee of NT\$228,000, agreed-upon procedures fee of NT\$50,000, and reimbursement expenses of NT\$351,000.

- (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: In October 2023, Deloitte & Touche due to internal adjustments, the original certification accountants were replaced by accountants Huang, Yao-Ling and Lee, Suei-Chin to accountants Huang, Yao-Ling and Chou, Shih-Chieh.

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	2023Y		As of April 1, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman (Major Shareholders)	Bright Pearl Enterprises Ltd.	3,531,521	-	-	-
	Representative: Wang, Ko-Chang	104,629	-	-	-
Director (Major Shareholders)	MACRIFER TRADING SOCIEDAD ANONIMA	1,995,016	-	(459,000)	-
	Representative: Ericson Fensterseifer	-	-	-	-
Director	Amacron Trading Ltd.,	(1,507,222)	-	(131,000)	-
	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	-	-	-	-
Vice President	Liu, Chen	-	-	-	-
CFO	Chen, Chieh-Jui	44,000	-	(41,000)	-
Senior Manager(Note 3)	Wu, Wen-Pin	17,115	-	-	-
Sale Director	Sun, Ching	-	-	-	-

Note 1: Shareholders holding more than ten percent of the company's shares should be identified as major shareholders and listed separately.

Note 2: For related parties involved in share transfers or share pledges, the following table should be completed.

Note 3: Manager Wu, Wen-Pin assumed office on March 1, 2023.

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 1, 2024

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.	24,703,366	28.63	-	-	-	-	-	-	-
Representative: Wang, Ko-Chang	154,629	0.18	-	-	-	-	Wang, Song-Lan	siblings	-
Macrifer Trading Sociedad Anonima	11,895,465	13.79	-	-	-	-	-	-	-
Representative: Ericson Fensterseifer	-	-	-	-	-	-	-	-	-
Amacron Trading Ltd.	2,613,293	3.03	-	-	-	-	-	-	-
Representative: Hsu, Cheng-Tsai	-	-	-	-	-	-	-	-	-
Hu, Man-Ling	1,025,346	1.19							
Chang, Jun-An	1,006,000	1.17							
Xue, Shu-Han	1,005,200	1.16							
Lucky Family Ltd.	947,056	1.10	-	-	-	-	-	-	-
Representative: Wang, Song-Lan	-	-	-	-	-	-	Wang, Ko-Chang	siblings	-
Li, Zong-Ming	560,000	0.65	-	-	-	-	-	-	-
HSBC (Taiwan) Commercial Bank Co., Ltd. entrusted custody investment account	405,000	0.45	-	-	-	-	-	-	-
Harxin Investment Corporation Limited	404,000	0.45	-	-	-	-	-	-	-

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 December 31, 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	88	-	-	Note	88
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
Acetek Aspiration (Jinan) Trading Co., Ltd.	Note	100	-	-	Note	100
Acetek Aspiration (Shandong) Co., Ltd.	Note	100	-	-	Note	100
Holyard International Co., Ltd.	2,631,579	17	-	-	2,631,579	17
ELEUNG LIMITED	Note	25	-	-	Note	25

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	無	
11/2014	10	100,000	1,000,000	40,000	400,000	Organizational restructuring (Capital increased out of surplus)	無	Note 1
02/2015	10	100,000	1,000,000	41,000	410,000	Capital increased by cash	無	Note 2
11/2015	10	100,000	1,000,000	46,480	464,800	Capital increased by cash	無	Note 3
10/2019	10	100,000	1,000,000	51,076	510,760	Capital increased out of surplus	無	Note 4
05/2021	10	100,000	1,000,000	58,756	587,560	Stock dividends of Common Stock	無	Note 5
01/2022	10	100,000	1,000,000	58,062	580,620	Decrease in treasury stock	無	Note 6
07/2022	10	100,000	1,000,000	58,605	586,050	Convertible bonds converted to ordinary shares	無	Note 7
09/2022	10	100,000	1,000,000	61,605	616,050	Capital increased by cash	無	Note 8
04/2023	10	100,000	1,000,000	71,333	713,330	Convertible bonds converted to ordinary shares	無	Note 9
04/2023	10	100,000	1,000,000	71,113	711,130	Decrease in treasury stock	無	Note 10
05/2023	10	100,000	1,000,000	71,134	711,340	Convertible bonds converted to ordinary shares	無	Note 11
06/2023	10	100,000	1,000,000	71,206	712,060	Convertible bonds converted to ordinary shares	無	Note12
07/2023	10	100,000	1,000,000	71,207	712,070	Convertible bonds converted to ordinary shares	無	Note 13
08/2023	10	100,000	1,000,000	75,207	752,070	Capital increased by cash	無	Note 14
08/2023	10	100,000	1,000,000	75,263	752,630	Convertible bonds converted to ordinary shares	無	Note 15
09/2023	10	100,000	1,000,000	75,322	753,220	Convertible bonds converted to ordinary shares	無	Note 16
10/2023	10	100,000	1,000,000	85,890	858,900	Stock dividends of Common Stock	無	Note 17
10/2023	10	100,000	1,000,000	86,286	862,860	Convertible bonds converted to ordinary shares	無	Note 18

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: 513,000 shares

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

Note10: First Repurchase Decrease in treasury stock: 220,000 shares

Note11: Convertible bonds converted to ordinary shares: 21,540 shares

Note12: Convertible bonds converted to ordinary shares: 71,708 shares
 Note13: Convertible bonds converted to ordinary shares: 1,042 shares
 Note14: The company raised capital in cash and issued 4,000,000 new shares.
 Note15: Convertible bonds converted to ordinary shares: 56,280 shares
 Note16: Convertible bonds converted to ordinary shares: 59,296 shares
 Note17: For 2022 Stock dividend from profit, each share was distributed NT\$1.5 of stock.
 Note18: Convertible bonds converted to ordinary shares: 394,705 shares

B. Type of Stock

As of April 1, 2024/ Unit: shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Stock	86,286,058 (Including 382,000 treasury shares)	13,713,942	100,000,000	-

4.2 Status of Shareholders

As of April 1, 2024/ Unit: shares

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Treasury Stock	Total
Number of Shareholders	-	9	132	157	23,428	1	23,727
Shareholding (shares)	-	470,548	2,919,339	44,480,295	38,033,876	382,000	86,286,058
Percentage	-	0.55	3.38	51.55	44.08	0.44	100.00

Note : Foreign institutions or individuals without mainland Chinese investors

4.3 Shareholding Distribution Status

A. Common Shares

As of April 1, 2024; Unit: share/NT\$10 par value

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 ~ 999	14,464	1,718,721	1.99%
1,000 ~ 5,000	8,074	14,259,351	16.53%
5,001 ~ 10,000	637	4,668,729	5.41%
10,001 ~ 15,000	201	2,505,730	2.90%
15,001 ~ 20,000	100	1,804,814	2.09%
20,001 ~ 30,000	72	1,803,398	2.09%
30,001 ~ 40,000	47	1,678,262	1.94%
40,001 ~ 50,000	24	1,075,121	1.25%
50,001 ~ 100,000	56	3,940,692	4.57%
100,001 ~ 200,000	28	4,042,708	4.69%
200,001 ~ 400,000	14	4,223,806	4.90%
400,001 ~ 600,000	3	1,369,000	1.59%
600,001 ~ 800,000	0	0	0.00%
800,001 ~ 1,000,000	1	947,056	1.10%
1,000,001 or over	6	42,248,670	48.96%
Total	23,727	86,286,058	100.00%

4.4 List of Major Shareholders

As of April 1, 2024/ Unit: shares

Shareholder's Name	Nationality/ Country of Origin	Shareholding	
		Shares	Percentage
Bright Pearl Enterprises Ltd.	Samoa	24,703,366	28.63%
Macrifer Trading Sociedad Anonima	Uruguay	11,895,465	13.79%
Amacron Trading Ltd.	Hong Kong	2,613,293	3.03%
Hu, Man-Ling	R.O.C.	1,025,346	1.19%
Chang, Jun-An	R.O.C.	1,006,000	1.17%
Xue, Shu-Han	R.O.C.	1,005,200	1.16%
Lucky Family Ltd.	Samoa	947,056	1.10%
Li, Zong-Ming	R.O.C.	560,000	0.65%
HSBC (Taiwan) Commercial Bank Co., Ltd. entrusted custody investment account	Cayman	405,000	0.47%
Harxin Investment Corporation Limited	R.O.C.	404,000	0.47%

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

Unit: NT\$

Items	2022	2023	2024-03/31/2021 (Note 7)
Market Price per Share			
Highest Market Price	195	1,265	1,110
Lowest Market Price	88	179	761
Average Market Price	119.12	679.80	881.88
Net Worth per Share			
Before Distribution	50.45	118.73	-
After Distribution	43.07	109.31	-
Earnings per Share(Note 1)			
Weighted Average Shares (thousand shares)	60,323	82,782	-
Diluted Earnings Per Share	20.72	62.52	-
Adjusted Diluted Earnings Per Share	17.63(Note 8)	62.13(Note 2)	-
Dividends per Share			
Cash Dividends	9.7	11.49999999 (Note 6)	-
Stock Dividends			
• Dividends from Retained Earnings	1.5	0.50000001 (註 6)	-
• Dividends from Capital Surplus	-	-	-
Accumulated Undistributed Dividends	-	-	-
Return on Investment			
Price / Earnings Ratio (Note2)	5.75	10.87	-
Price / Dividend Ratio (Note 3)	12.28	59.11	-
Cash Dividend Yield Rate (Note 4)	8.14	1.69	-

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: The dividend for the second half of 2023 was approved by the board on March 12, 2024, and is pending discussion at the shareholders' meeting on May 30, 2024.

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.

Note 8: Earnings per share are adjusted retrospectively due to the issuance of new shares without charge.

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 2023 earnings distribution on March 12, 2024. It is proposed to distribute for the second half of 2023 a stock dividend of NT\$42,952,030, and an allotment of NT\$0.50000001 per share, that is, a stock dividend of 50.0000001 shares per 1,000 shares
2. Shareholder's cash dividend: The Company's Board of Directors has agreed the 2023 earnings distribution on March 12, 2024. It is proposed to distribute for the second half of 2023 a cash dividend of NT\$558,376,376, that is, a new allotment per share. NT\$6.49999999. 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\$ 52,839,000.

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\$42,952,030 by capitalization of earnings, resulting in a distribution of 50.0000001 shares per one thousand shares. The capital after the earnings capitalization is NT\$905,812,610.

The dilution effect of this free distribution on the company's earnings per share is approximately 4.98%. As the Company is currently in a positive growth phase, it is expected that profits will continue to grow sustainably in 2024. 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 2023 are based on the Company's 2023 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 2023 Approved in Board of Directors Meeting

(1) The company's board of directors passed the 2023 earnings distribution proposal on March 12, 2024, proposing to distribute a cash reward of NT\$52,839,000 to employees and NT\$2,000,000 to directors.

(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 1, 2024

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 Bond: None.

4.10.2 Convertible Bonds: None.

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	2022		2023	
	Sales Amount	Business Proportion	Sales Amount	Business Proportion
Acetate flake	2,768,261	64.84%	9,357,125	84.87%
Acetate tow	1,323,206	30.99%	1,599,827	14.51%
Acetic anhydride	177,924	4.17%	68,690	0.62%

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 overseas 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 Acetec 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

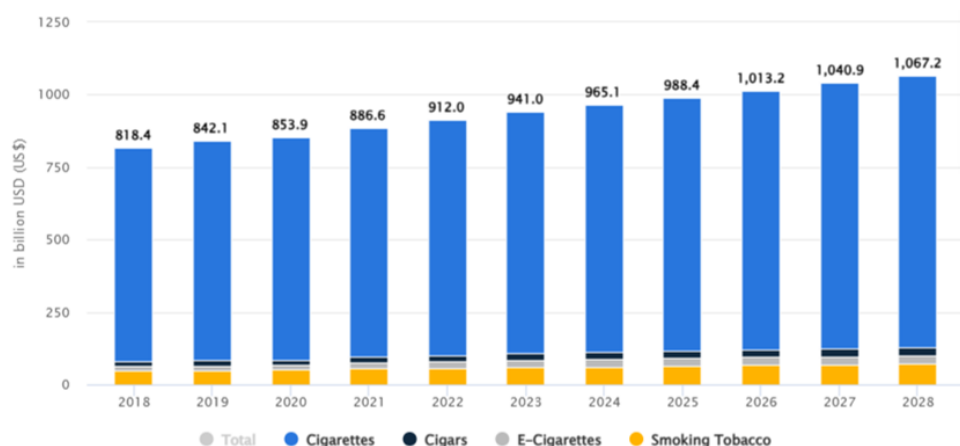
cigarette markets, six of them are the emerging market economies. The Indonesian cigarette market is a special one, mainly based on clove-flavored diced cigarettes; in the Russian cigarette market, cigarette sales decreased by 31.7% within 2013 to 2018, yet, cigarette sales increased by 2%; the tobacco 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.

B.Heating does not burn smoke (HNB)

Heated tobacco products electronic cigarette (full name "heated non-burning tobacco products") is a tobacco product that heats tobacco to a high temperature of about 300-350 °C in a non-combustible manner. Because tobacco is not burned, heated tobacco can release nicotine and other chemicals, but the use of heated tobacco produces 90-95% less harmful substances than the smoke produced by burning traditional cigarettes (but some of them are still more concentrated), while producing no smoke or soot. In 2022, the global high-temperature non-burn (HNB) tobacco market reached \$16.7 billion. Looking forward, IMARC Group expects the market to reach USD 76.9 billion by 2028, exhibiting a growth rate (CAGR) of 28.0% during 2023-2028. The cost-effectiveness of the product, its wide availability through offline and online distribution channels, and the growing prevalence of diseases due to chewing tobacco and cigarettes represent some of the key factors driving the market. Japan is the largest consumer market in the world, followed by South Korea, Eastern Europe and Western Europe, the European market is growing significantly, and emerging markets such as Southeast Asia and the Middle East are also gradually expanding.

Statista Market Insights estimates that the global tobacco products market revenue is expected to reach \$941 billion in 2023, with a compound annual growth rate (CAGR) of 2.6% from 2023 to 2028, while the CAGR of demand is -0.4%. This is mainly due to stricter laws and growing consumer health concerns, with global smoking rates continuing to decline. But despite this, cigarette prices have risen and sales have decreased, but tobacco companies are still making significant profits.

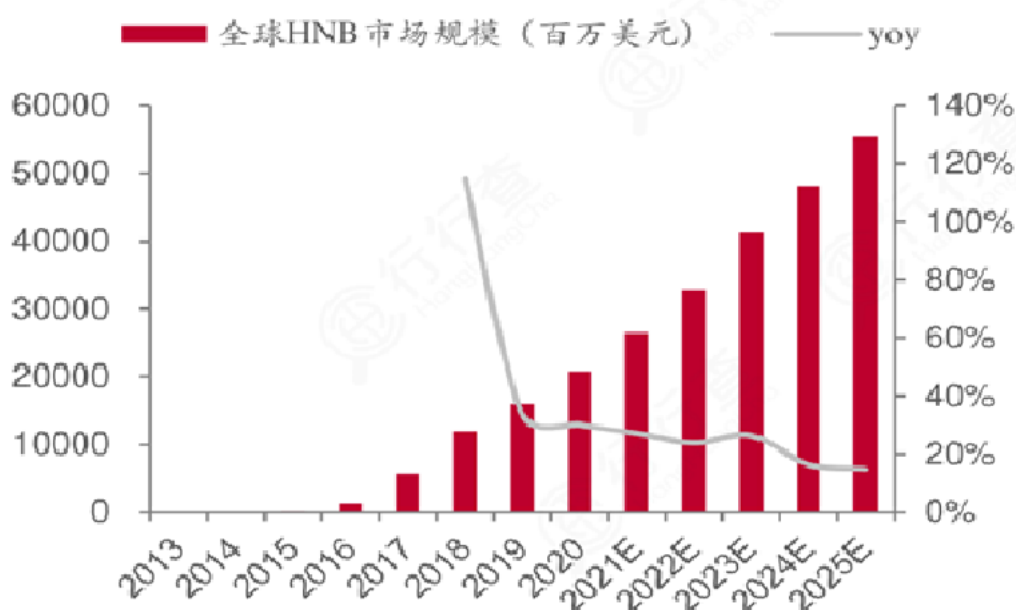
However, in response to these changes, Philip Morris (PMI), the world's largest tobacco company by market capitalization, is also promoting healthier alternatives and finding new revenues to replace traditional cigarettes, such as Heat Not Burn (HNB), a type of e-cigarette that can reduce the intake of carcinogen tar. Traditional cigarettes can reach a temperature of 800 degrees when burned, which is easy to release harmful substances. In contrast, HNB is only heated to 280 degrees Celsius, which reduces harmful substances by 90%. The US FDA has also confirmed that the flavor of HNB is comparable to that of conventional cigarettes, which further stimulates its sales. PMI data shows that in 2022, the shipment of heated cigarettes will increase by 15% year-on-year, accounting for 15% of its total shipments, and PMI expects the compound annual growth rate of heated cigarettes to reach 16-20% in the next 10-15 years, indicating its rapid growth. In addition, PMI also plans that 50% of its revenue in 2025 will come from smoke-free products, and more than two-thirds of its net revenue in 2030 will come from smoke-free products, and heat-not-burn smoke (HNB) is an important product.



Notes: Data shown is using current exchange rates and reflects market impacts of the Russia-Ukraine war.

Most recent update: Sep 2023

HNB tobacco started late, but it grew faster. The global HNB tobacco market size is expected to exceed \$55 billion in 2025 and reach \$76.9 billion by 2028, exhibiting a growth rate (CAGR) of 28.0% during 2023-2028.



来源：欧睿国际、中泰证券研究所

However, not all cigarettes have filters, especially unfiltered cigarettes are mostly found in emerging economies, and now due to the increase in income and health awareness in emerging economies, in addition to the government's cooperation with the World Health Organization (WHO) to strengthen tobacco control measures, consumers and manufacturers have many opinions on the use of filters and the way that extended cigarette filters can reduce the smoking of harmful substances. The demand for diacetate tow in emerging markets such as the Middle East and Latin America should continue to rise, coupled with the rapid increase in the global HNB market size, the world's four major tobacco manufacturers are all seizing market share, driving the demand for tow filters. At present, the world's four major tobacco merchants have become customers of the Company,

and the Company has completed the expansion of 17,000 tons of tow production capacity in April 2023 to meet the strong market demand, and the total tow production capacity of the Company has reached 37,000 tons in 2023.

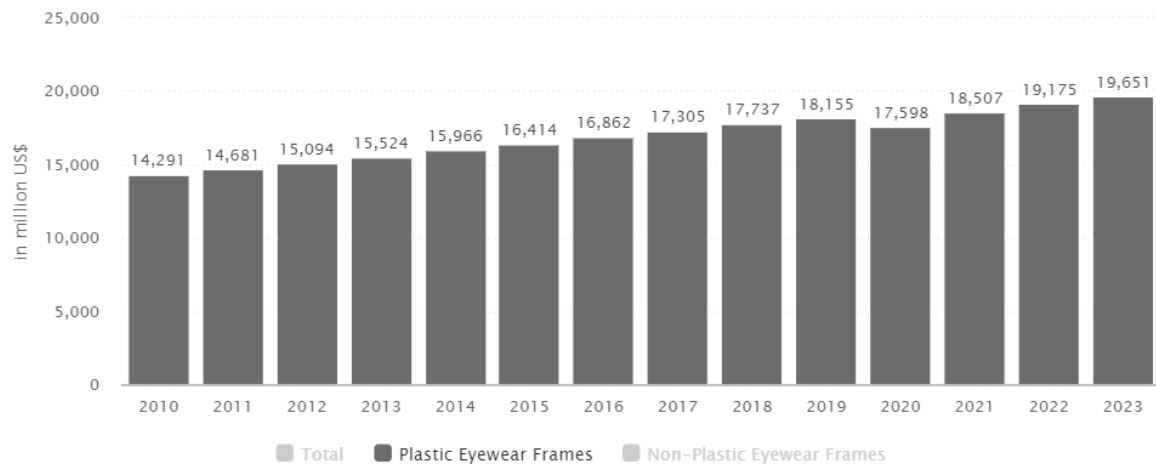
C. Cellulose acetate fiber grade (non-woven facial mask, dry diaper and high-grade clothing, etc.)

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.

D. 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】

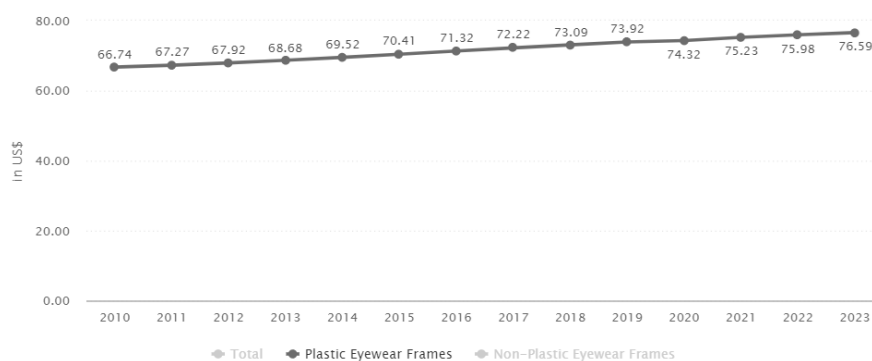


SOURCE:statista,2020

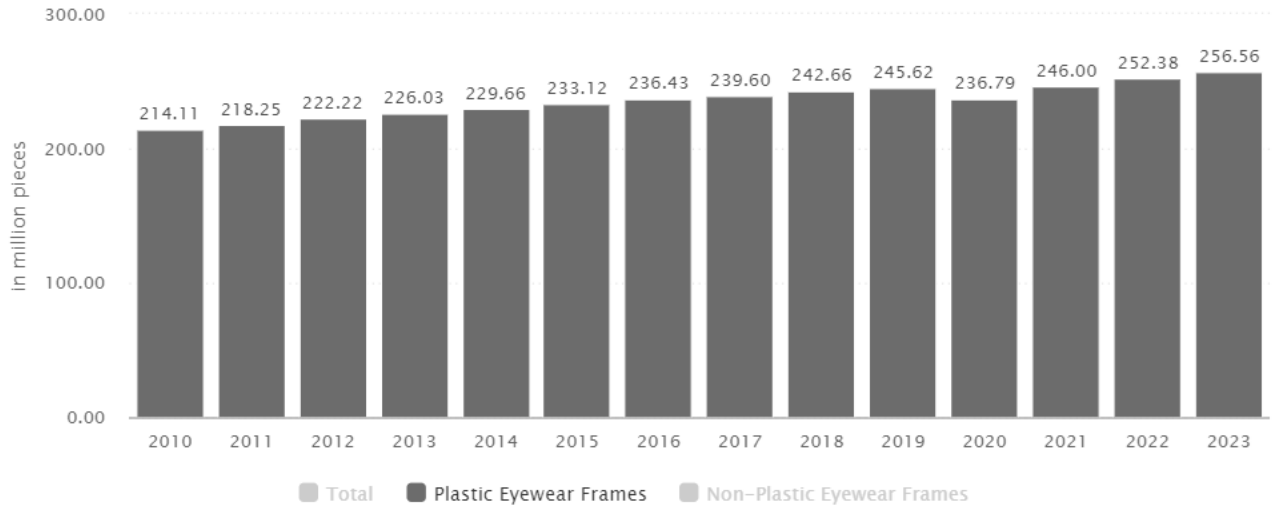
According to Statista data, the main source of market revenue growth comes from the global population growth and the increase in the price of mirror frames. In recent years, the use of community opinion leaders (KOL) as the main axis of marketing has increased in the market, and the recognition of products 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..

E filament fabric

The appearance of acetate fiber is similar to that of mulberry silk, and the feel is soft and smooth and similar to that of mulberry silk, and its specific gravity is the same as that of mulberry silk, so the drape is no different from that of mulberry silk. The fabric woven from acetate silk is easy to wash and dry, and the acetate fabric is not moldy or moth, and its elasticity is better than that of viscose fiber. Acetate cellulose fiber is in line with the development trend of many high-end clothing fabrics, which is green and environmentally friendly, high-end and comfortable, and has a unique style. With the continuous progress of acetate cellulose fiber processing technology and the continuous improvement of the market, the product highlights of acetate cellulose fiber will be further explored, the application field will be further expanded, and the future prospects will be broader.

According to market analysis, acetate is definitely an ideal irreplaceable fashion and eco-friendly material due to its inherent excellence and sustainability. For this reason, the demand for acetate fabrics at home and abroad has increased year by year, and acetate fibers have gradually replaced the use of other cellulose fibers. According to statistics, China imports about 13,000 tons of acetic acid filament from Eastman and Lithuania every year. But it is far from being able to meet domestic demand. After the epidemic, the demand for acetate filament has been increasing. The number of acetate fabrics that have been put on the market has increased to more than 500 varieties. The use of acetate has been greatly expanded. Now acetic filament has been in short supply. According to industry insiders, the domestic demand for acetic acid filament will reach 25,000 tons / year within 3-5 years. The market prospect is very broad.

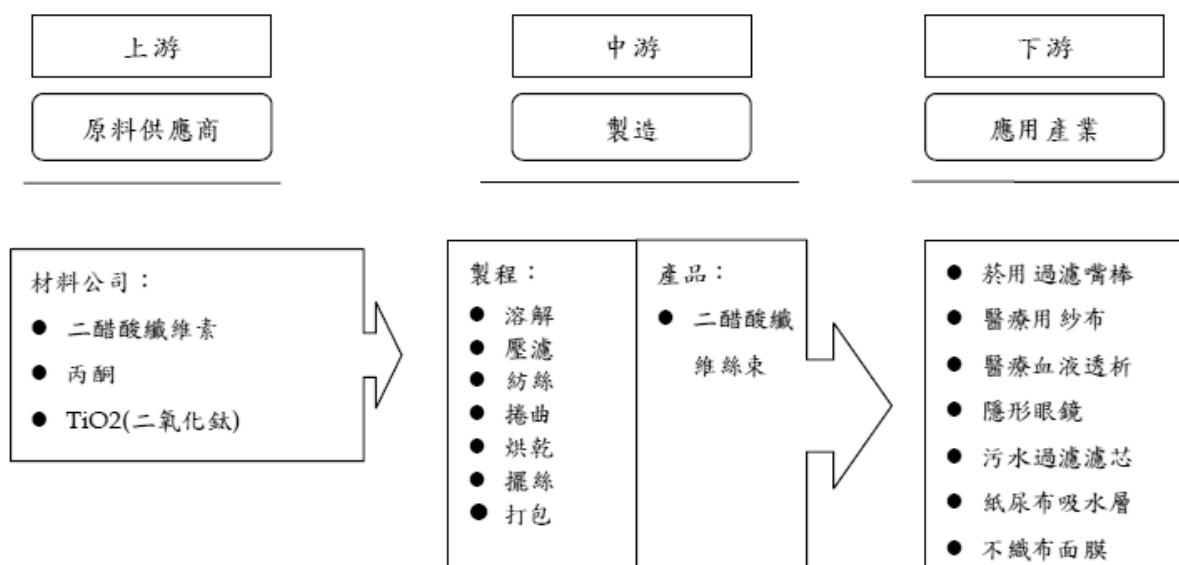
As the only company in Asia that has the ability to produce acetate filaments, Astek occupies the advantages of time, place, and people. The company decided to take advantage of the trend and make every effort to expand the production capacity of acetic acid filament: on the basis of the existing 344 spin positions, it is planned to add 243 spin positions to be put into production in June 2024; By the end of 2024, the production capacity of 8 more lines (736 spinning positions)

will be added. By then, ASTEC's total production capacity will reach 4,000 tons/year. It will occupy an important position in the entire acetate filament market.

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.

資料來源：本公司提供。



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

Unit ; NT\$ thousands;%

Item	2020	2021	2022	2023
Expense of R&D	97,428	190,486	171,295	187,499
Net Sales	2,353,380	2,714,866	4,269,391	11,025,642
Proportion of revenue	4.14	7.02	4.01	1.70

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	2021		2022		2023	
	Amount	%	Amount	%	Amount	%
Asia	1,933,246	71.21	2,173,156	50.90	3,707,759	33.63
Europe	263,419	9.70	1,446,055	33.87	5,825,098	52.83
America	435,481	16.04	562,156	13.17	1,226,019	11.12
Africa	82,720	3.05	88,024	2.06	266,766	2.42
Total	2,714,866	100.00	4,269,391	100.00	11,025,642	100.00

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

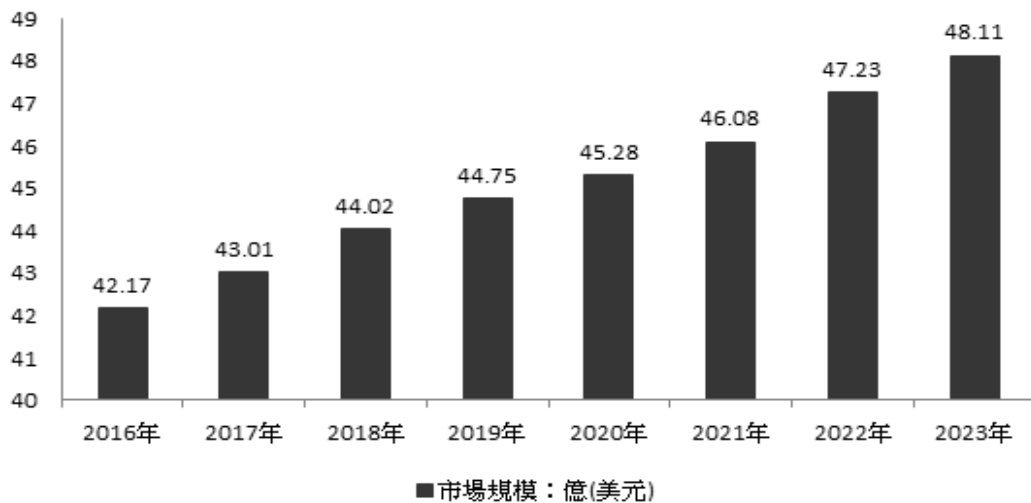
The Group mainly engages in the manufacturing and sales of cellulose acetate tows. As there is no company with the same business content in Taiwan, the Group's market share is estimated by the global production of cellulose acetate tows. The Group's annual sales volume in 2023 is approximately 37,000 tons; the estimated global market share is about 4.93%.

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

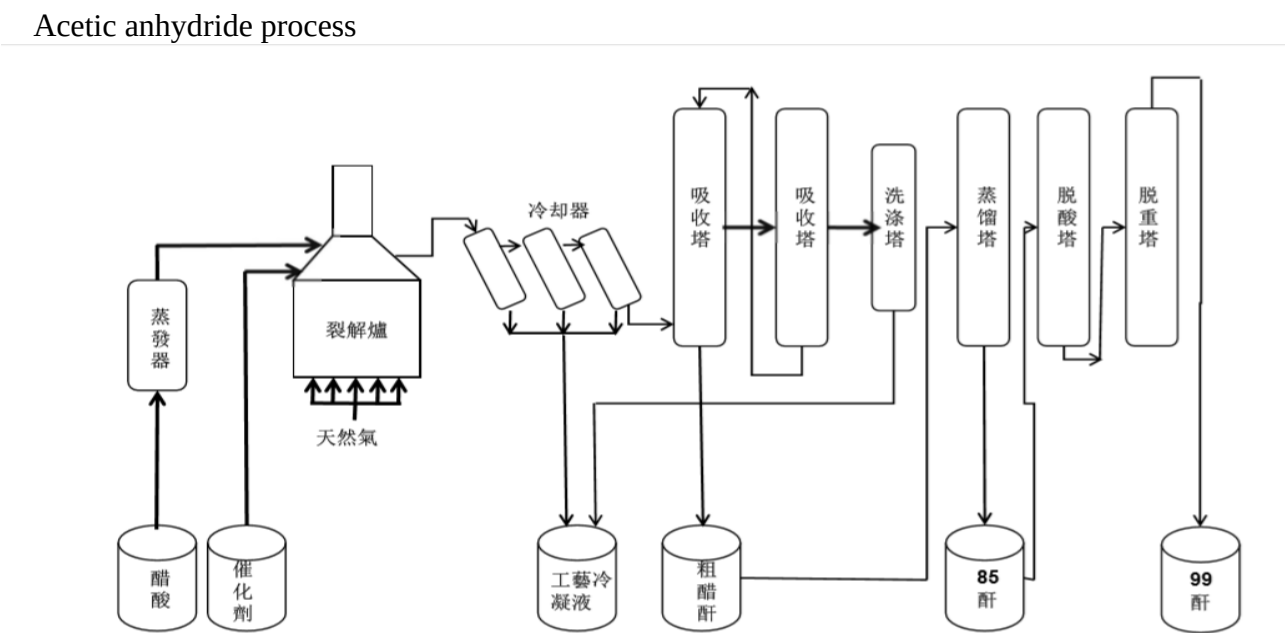
In facing the trend of rising wages in China, the Group will continue to improve production line planning, process management and import of high-performance equipment to further reduce manpower, increase output efficiency and yield and reduce production cost to reduce the production cost in response; 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

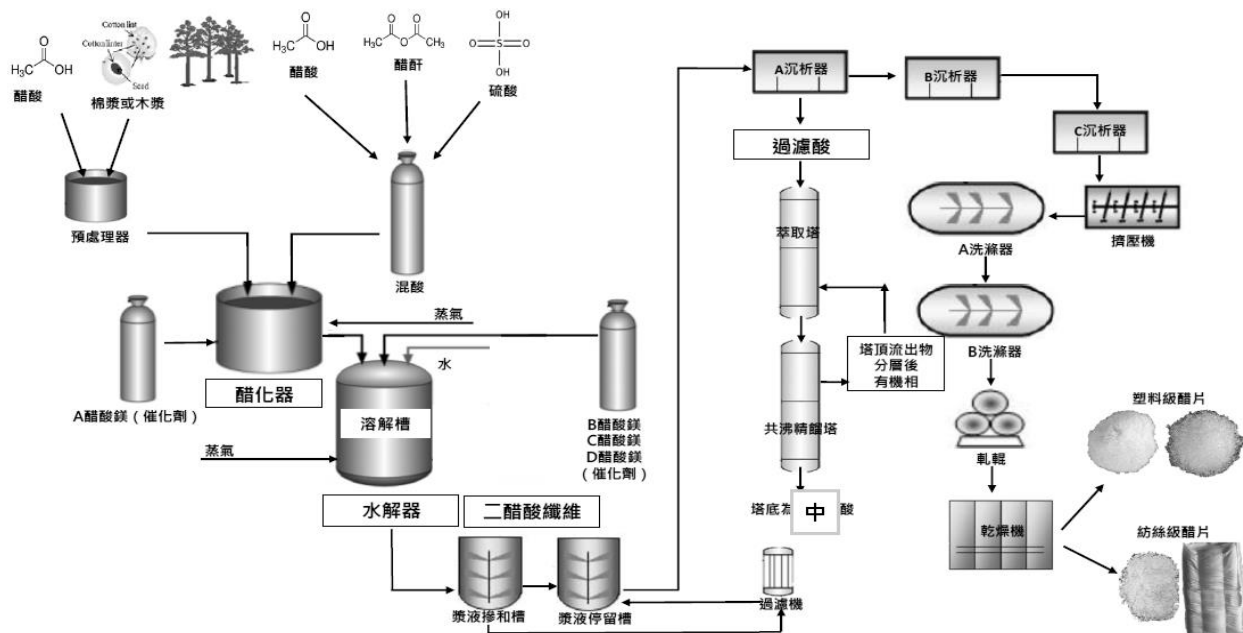
A. Major Products and Their Main Uses

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

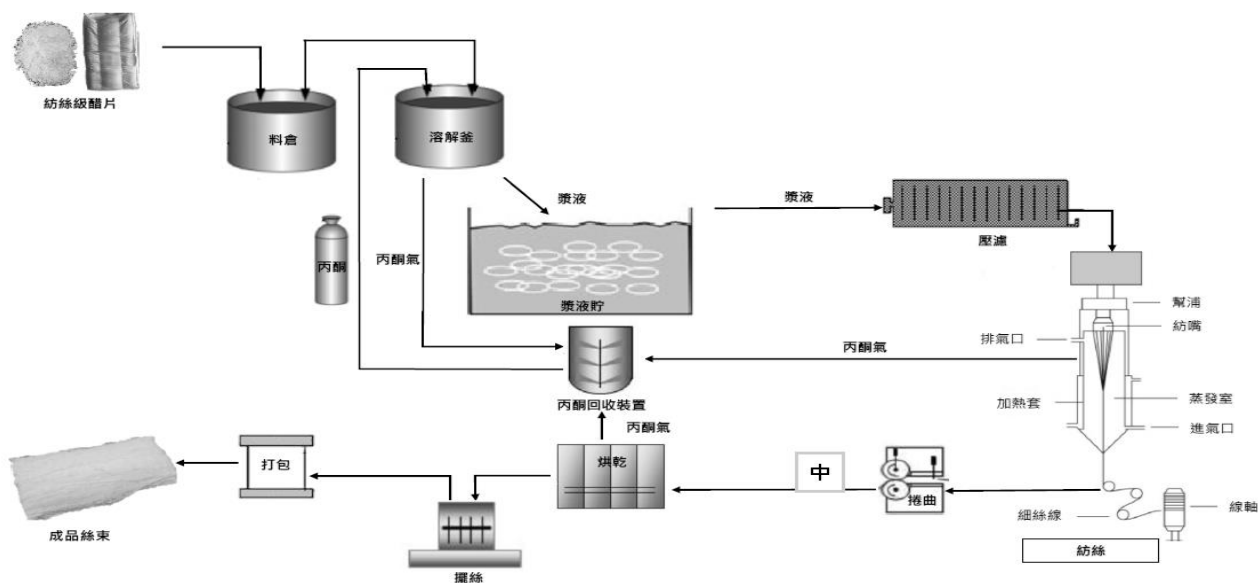
B. Major Products and Their Production Processes



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	2022				2023			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	Bracell	535,095	38.08	-	Credia	1,030,509	38.63	-
2	Lunan Chemical	208,145	14.81	Note 1	Bracell	691,810	25.93	-
3	Rayonier	171,802	12.23	-	Yankuang Coal Chemicals	305,432	11.45	註 1
4	Yankuang Coal Chemicals	157,106	11.18	Note 1	-	-	-	-
	Others	333,133	23.70	-	Others	639,922	23.99	-
	Net Total Supplies	1,405,281	100.00	-	Net Total Supplies	2,667,673	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	2022				2023			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	MUVLINK LLC	504,755	11.82	-	PHILIP MORRIS	1,155,677	10.48	-
	Others	3,764,636	88.18	-	Others	9,869,965	89.52	-
	Net Sales	4,269,391	100.00	-	Net Sales	11,025,642	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:

Benefiting from the global trade chain restructuring due to the COVID-19 pandemic and the US-China trade war, the Group acquired new Eastern European customer MUVLINK LCC in 2022. Additionally, the demand for silk products exceeded supply, leading to a further increase in silk product prices and boosting the sales revenue for the year 2022. The supply chain restructuring resulting from the Russia-Ukraine war in early 2022 led to the acquisition of orders from the world's four largest tobacco companies in the second half of 2022, with shipments continuing into 2023, thus propelling PHILIP MORRIS to become the largest customer.

5.2.5 Production in the Last Two Years

Unit: NT\$ thousands;Mt

Output Year Major Products (or by department)	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Acetate tow	20,000	18,454	1,569,658	37,000	33,634	3,208,652
Acetate flake	30,000	29,132	2,024,613	35,000	34,966	2,026,441
Acetic anhydride	60,000	58,217	377,228	60,000	59,922	327,482

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)	2022				2023			
	Local		Export (Note)		Local		Export (Note)	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Acetate tow	130	17,992	18,412	2,750,269	192	46,176	33,051	9,310,949
Acetate flake	9,702	1,112,969	1,445	210,237	4,341	615,304	5,958	984,523
Acetic anhydride	6,479	177,924	-	-	3,478	68,690	-	-

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 2023 was mainly contributed by the Group's stable production, responding to customer demands and price adjustment. In 2023, a large portion of the acetic anhydride production was primarily used within the Group, resulting in a decrease in external sales volume.

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		2022	2023	2024/ 3/31
Number of Employees	Manager	14	15	15
	General employee	165	183	185
	Manufacturing staff	266	324	376
	Total	445	522	576
Average Age		36.39	37.04	37.86
Average Years of Service		2.27	3.66	3.39
Education	Ph.D.	-	-	-
	Masters	0.22	-	-
	Bachelor's Degree	54.83	52.49	49.13
	Senior High School	15.73	16.48	18.40
	Below Senior High School	29.21	31.23	32.47

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

1.4.2 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	PHILIP MORRIS IZHORA	2023/01 ~2023/10	The party purchased Acetate tow from Jinan Acetate Chemical Co., Ltd.	None
3	Sale Contract	MuvLINK LLC	2022/09 ~2024/12	The party purchased Acetate tow from Jinan Acetate Chemical Co., Ltd.	None
4	Sale Contract	LLC Petro	2022/09 ~2027/12	The party purchased Acetate tow from Jinan Acetate Chemical Co., Ltd.	
5	Sale Contract	British American Tobacco-SPB	2022/10 ~2023/05	The party purchased Acetate tow from Jinan Acetate Chemical Co., Ltd.	
6	Sale Contract	OOO SERTOW	2022/05 ~2023/04	The party purchased Acetate flake from Acetek Material Co., Ltd.	None
7	Purchase Contract	BRACELL international trading PTE.LTD	2022/01 ~2022/12	Jinan Acetate Chemical Co., Ltd. purchased dissolving pulp from the party.	None
8	Purchase Contract	河北恆盛泵業股份有限公司	2022/07 ~2023/06	Jinan Acetate Chemical Co., Ltd. Purchased dissolution pumps, feeding pump rods, first and second stage pumps, and booster pumps from the party.	None
9	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
10	Purchase Contract	江蘇賦予設備製造有限公司	2023/11 ~2024/06	Jinan Acetate Chemical Co., Ltd. Purchased equipment such as adsorption gas, distillation towers, coolers, coilers, control systems, and oil season systems from the party.	
11	Engineering Contract	德州天元集團有限責任公司	2023/12 ~2024/05	Jinan Acetate Chemical Co., Ltd. expanding its factory facilities.	
12	Engineering Contract	蘇州蘇淨安發環境科技有限公司	2023/05 ~2023/06	Acetate is setting up the installation of workshop air conditioning units, ducting systems, and control systems.	

13	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
14	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
15	Construction Contract	Fubon Bank (China)	2022/04 ~2025/04	The party give Acetek Material Co., Ltd. the credit line. The amount is about RMB 15 million.	None
16	Construction Contract	Shanghai commercial Bank	2022/12 ~2024/01	The party give Cayman the credit line. The amount is about USD 1.5 million.	None

VI. Financial Information

6.1 Five-Year Financial Summary

A. Consolidated Condensed Balance Sheet – Based on IFRS

Unit: NT\$ thousands

Year Item		Financial Summary for The Last Five Years				
		2019	2020	2021	2022	2023
Current assets		1,529,769	1,913,152	2,146,225	3,405,512	9,856,491
Property, Plant and Equipment		826,705	898,321	1,265,424	1,508,133	1,706,095
Intangible assets		-	-	-	-	-
Other assets		229,800	297,594	223,541	498,372	436,790
Total assets		2,586,274	3,109,067	3,635,190	5,412,017	11,999,376
Current liabilities	Before distribution	1,204,170	916,293	1,372,358	1,704,621	1,676,545
	After distribution	1,441,819	1,191,253	1,686,461	2,327,872	2,234,921 (note1)
Non-current liabilities		9,420	584,363	625,306	54,870	14
Total liabilities	Before distribution	1,213,590	1,500,656	1,997,664	1,759,491	1,676,559
	After distribution	1,451,239	1,775,616	2,311,767	2,382,742	2,234,935 (note1)
Equity attributable to shareholders of the parent		1,259,304	1,489,283	1,516,911	3,505,075	10,199,147
Capital stock		510,767	510,767	585,756	703,263	862,861
Capital surplus		433,575	433,575	433,575	1,608,577	3,896,248
Retained earnings	Before distribution	454,805	721,714	729,265	1,404,347	5,749,340
	After distribution	217,156	446,754	415,162	675,410	5,148,012 (note1)
Other equity interest		(76,257)	(60,868)	(77,699)	(130,242)	(271,221)
Treasury stock		(63,586)	(115,905)	(153,986)	(80,870)	(38,081)
Non-controlling interest		113,380	119,128	120,615	147,451	123,670
Total equity	Before distribution	1,372,684	1,608,411	1,637,526	3,652,526	10,322,817
	After distribution	1,135,035	1,333,451	1,323,423	3,029,275	9,764,441 (note1)

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

Note1: It is the amount determined by the board of directors on April 3, 2024.

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

Unit: NT\$ thousands

Year Item	Financial Summary for The Last Five Years				
	2019	2020	2021	2022	2023
Operating revenue	2,174,990	2,353,380	2,714,866	4,269,391	11,025,642
Gross profit	673,229	788,527	815,085	1,683,570	6,888,692
Income from operations	391,144	499,215	352,253	1,076,813	6,048,563
Non-operating revenue and expenses	(12,783)	53,635	13,191	337,048	87,451
Income before tax	378,361	552,850	365,444	1,413,861	6,136,014
Net profit of continuing department	331,257	509,581	360,199	1,274,388	5,222,835
Loss of discontinued department	-	-	-	-	-
Net profit (loss)	331,257	509,581	360,199	1,274,388	5,222,835
Other comprehensive income (income after tax)	(64,472)	16,114	18,043	14,867	(137,103)
Total comprehensive income	266,785	525,695	342,156	1,289,255	5,085,732
Net income attributable to shareholders of the parent	329,677	504,558	357,500	1,249,816	5,175,744
Net income attributable to non-controlling interest	1,580	5,023	2,699	24,572	47,091
Comprehensive income attributable to Shareholders of the parent	272,482	519,947	340,669	1,269,419	5,036,208
Comprehensive income attributable to non-controlling interest	(5,697)	5,748	1,487	26,836	49,524
Earnings per share	4.80	7.40	5.26	17.63	62.52

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

Note2: Free distribution of new surplus shares, free adjustment due to fate.

6.1.2 Auditors' Opinions from 2019 to 2023

Year	Accounting Firm	CPA	Audit Opinion
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, Suei-Chin	unqualified opinions
2022	Deloitte Touche Tohmatsu Limited	Huang, Yao-Ling Lee, Suei-Chin	unqualified opinions
2023	Deloitte Touche Tohmatsu Limited	Huang, Yao-Ling Chou, Shih-Chieh	unqualified opinions

6.2 Five-Year Financial Analysis

A. Consolidated Financial Analysis – Based on IFRS

Year Item		Financial Analysis for the Last Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	46.92	48.27	54.95	32.51	13.97
	Ratio of long-term capital to property, plant and equipment	167.18	244.10	178.82	245.83	605.06
Solvency (%)	Current ratio	127.04	208.79	156.39	199.78	587.90
	Quick ratio	102.35	177.80	112.26	160.85	545.22
	Interest earned ratio (times)	1,720.60	2,237.86	1,141.95	4,233.25	33,816.22
Operating performance	Accounts receivable turnover (times)	5.80	4.28	4.91	12.85	38.28
	Average collection period	63	85	74	28	9
	Inventory turnover (times)	5.31	6.76	6.30	6.82	9.60
	Accounts payable turnover (times)	6.42	8.24	12.77	12.05	17.65
	Average days in sales	69	54	58	54	38
	Property, plant and equipment turnover (times)	2.57	2.73	2.51	3.08	6.86
	Total assets turnover (times)	0.89	0.83	0.81	0.94	1.27
Profitability	Return on total assets (%)	14.32	18.67	11.57	28.81	60.17
	Return on stockholders' equity (%)	24.87	34.19	22.19	48.18	74.74
	Pre-tax income to paid-in capital (%)	74.08	108.24	62.39	201.04	711.12
	Profit ratio (%)	15.23	7.40	5.26	17.63	47.37
	Earnings per share (NT\$)	4.80	8.75	6.23	20.72	62.52
Cash flow	Cash flow ratio (%)	40.56	32.16	33.17	94.39	372.78
	Cash flow adequacy ratio (%)	70.81	53.39	61.37	110.53	222.63
	Cash reinvestment ratio (%)	17.18	2.12	6.31	29.00	46.51
Leverage	Operating leverage	1.25	1.21	1.38	1.17	1.05
	Financial leverage	1.06	1.05	1.11	1.03	1.00

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

1. Decrease of Ratio: Mainly due to the company's cash capital increase in the third quarter of 2023 to repay short-term borrowings, and operating conditions are good, revenue and profits continue to hit new highs, and working capital is sufficient.
2. Increase of long-term capital to property, plant and equipment: Mainly due to the fact that the company's operating conditions are good in 2023, revenue and profits continue to hit new highs, retained earnings have increased significantly, and the cash capital increase and new share issuance will be carried out in the third quarter of 2023, resulting in a significant increase in capital reserves. To sum up, this resulted in a substantial increase in long-term funds.
3. Increase of Current ratio and Quick ratio: Mainly due to the increase in net cash inflow from the Group's continued profits this year.

4. Increase of Interest earned ratio: Mainly due to the increase in operating gross profit this year, which resulted in a significant increase in pre-tax net profit.
5. Increase of Accounts receivable turnover and Decrease of Average collection period: Mainly due to the increase in the number of major sales customers receiving payment in advance this year.
6. Increase of Inventory turnover and Increase of Accounts payable turnover and Decrease of Average days in sales: Mainly due to the fact that the supply of tow products in the market exceeds the demand, and the cost of goods sold has increased significantly due to the increase in total annual sales volume due to the completion of the construction and production of Acetate (Shandong) Environmental Fiber Co., Ltd.
7. Increase of Property, plant and equipment turnover and Increase of Total assets turnover: Mainly due to factors such as the trade war and geopolitical impact on supply chain reorganization, the demand for tows and vinegar flakes continues to be strong, and the expansion of new production capacity for tows and vinegar flakes, as well as the continued increase in selling prices and other factors, the revenue And profits continue to hit new highs.
8. Increase of Profitability: Mainly due to the continued strong demand for tows and vinegar flakes this year, the completion of the expansion of new production capacity for tows and vinegar flakes, and the continued increase in selling prices and other factors, which increased operating gross profit and significantly increased pre-tax net profit.
9. Increase of Cash flow: Mainly due to the fact that the group continued to make profits this year, resulting in a significant increase in net cash inflow from operating activities.

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

Note2: EPS are adjusted retrospectively due to the free allotment of new shares.

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

5. Cash flow

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

6. Leverage:

- (1) Operating leverage = $(\text{Net operating revenue} - \text{changed operating costs and expenses}) / \text{operating income}$
- (2) Financial leverage = $\text{Operating income} / (\text{operating income} - \text{interest expenses})$

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 2023. The consolidated financial statements have already been audited and certified by Huang, Yao-Ling and Chou, Shih-Chieh, 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 2024.

Jinan Acetate Chemical Co., LTD.

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

On the Date of April 3, 2024

6.4 Consolidated Financial Statements in the Most Recent Year:

Please refer to page 154 to page 219

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

Item \ Year	2022	2023	Difference		Remark
			Amount	%	
Current Assets	3,405,512	9,856,491	6,450,979	189.43	1
Property, plant and equipment	1,508,133	1,706,095	197,962	13.13	-
Intangible assets	-	-	-	-	-
Other assets	498,372	436,790	(61,582)	-12.36	-
Total Assets	5,412,017	11,999,376	6,587,359	121.72	1
Current Liabilities	1,704,621	1,676,545	(28,076)	-1.65	-
Non-current liabilities	54,870	14	(54,856)	-99.97	2
Total Liabilities	1,759,491	1,676,559	(82,932)	-4.71	-
Capital stock	703,263	862,861	159,598	22.69	3
Capital surplus	1,608,577	3,896,248	2,287,671	142.22	6
Retained Earnings	1,404,347	5,749,340	4,344,993	309.40	4
Other equity	(130,242)	(271,221)	140,979	108.24	5
Non-controlling interest	147,451	123,670	(23,781)	-16.13	-
Total Stockholders' Equity	3,652,526	10,322,817	6,670,291	182.62	7

Analysis of changes in financial ratios:

1. Increase in current assets and other assets: Mainly due to the increase in net cash inflow from the Group's continued profits this year.
2. Decrease in non-current liabilities: Mainly due to the conversion by bondholders of convertible corporate bonds in accordance with the conversion method.
3. Increase in capital stock: Mainly due to the cash capital increase this year, the issuance of new shares and the conversion of convertible corporate bonds into equity by bondholders in accordance with the conversion method.
4. Increase in retained earnings: Mainly due to the net profit from the company's operations in 2023.
5. Increase in other equity borrowings: Mainly due to the depreciation of the exchange rate of RMB against the New Taiwan Dollar, which has resulted in an increase in negative exchange differences in the translation of financial statements of foreign operating institutions.
6. Increase in capital surplus: Mainly due to the increase in capital reserves this year due to the issuance of new shares at a premium for cash capital increase and the conversion of convertible corporate bonds by bondholders in accordance with the conversion method.
7. Increase in total stockholders' equity: Mainly due to factors such as the trade war and geopolitical impact on supply chain reorganization, the demand for tows and vinegar flakes continues to be strong, and the expansion of new production capacity for tows and vinegar flakes, as well as the continued increase in selling prices and other factors, the revenue and profits continued to hit new highs, resulting in an increase in retained earnings.

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

(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	2022	2023	Difference		
			Amount	%	Remark
Net Sales	4,269,391	11,025,642	6,756,251	158.25	1
Cost of Sales	(2,585,821)	(4,136,950)	1,551,129	59.99	2
Gross Profit	1,683,570	6,888,692	5,205,122	309.17	3
Operating Expenses	(606,757)	(840,129)	233,372	38.46	4
Operating Income	1,076,813	6,048,563	4,971,750	461.71	1
Non-operating Income and Expenses	337,048	87,451	(249,597)	-74.05	5
Income Before Tax	1,413,861	6,136,014	4,722,153	333.99	7
Tax Benefit (Expense)	(139,473)	(913,179)	773,706	554.74	6
Net profit	1,274,388	5,222,835	3,948,447	309.83	7
Analysis of changes in financial ratios:					
1. Increase in net sales and operating income: Mainly due to factors such as the trade war and geopolitical impact on supply chain reorganization, the demand for tows and vinegar flakes continues to be strong, and the expansion of new production capacity for tows and vinegar flakes, as well as the continued increase in selling prices and other factors, the revenue And profits continue to hit new highs.					
2. Increase in cost of sales: Mainly due to the increase in revenue growth cost.					
3. Increase in gross profit: Mainly due to factors such as the trade war and geopolitical impact on supply chain reorganization, the demand for tow and vinegar flakes continues to be strong, and the expansion of new production capacity for tow and vinegar flakes has been completed, as well as the continued increase in selling prices, and due to the raw material acetic acid. Price weakness continues to fall.					
4. Increase in operating expenses: mainly due to the transfer of repurchased treasury shares to employees this year, the processing of employee subscriptions for cash capital increases, the recognition of employee stock option remuneration costs, and the appropriation of employee remuneration from profits, resulting in an increase in management and general affairs expenses, and an increase in sales due to revenue growth. Costs will increase as a result.					
5. Decrease in non-operating income and expenses: Mainly due to the recognition of disposal interests of non-current assets to be sold in the previous period, but this situation did not occur in the current period.					
6. Increase in tax expenses: Mainly due to the increase in pre-tax net profit of Jinan Acetate Chemical Co., Ltd.					
7. Increase in Income before tax and net profit: Mainly due to the increase in operating gross profit and net operating profit this year.					
There is no major abnormality in the overall performance of the Company, and thus there is no need to develop a response plan.					

Note: The financial statements have been audited by independent auditors

(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	2022	2023	Increase (decrease) amount	Increase (decrease) ratio (%)
Operating activities	1,608,992	6,249,797	4,640,805	288.43
Investing activities	(240,336)	(684,813)	444,477	184.94
Financial activities	(46,925)	733,264	780,189	-1,662.63
Analysis of financial ratio change:				
1. Increase of cash inflow from operating activities: Mainly due to the increase in operating gross profit this year, the substantial increase in pre-tax net profit and the increase in the number of major sales customers receiving payment in advance this year. 2. Increase of cash outflow from Investing activities: Mainly due to the increase in financial assets measured at amortized cost. 3. Cash flow from financing activities changes from outflow to inflow: Mainly due to the cash capital increase this year.				

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 2021~2023 was NT\$424,779,000 NT\$ 332,665,000 and NT\$ 349,458,000 respectively. The reason is to expanding plants of Jinan Acetate Chemical Co., Ltd., Acetate Material Co., Ltd., 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	2021	2022	2023
Property, plant and equipment turnover (times)	2.51	3.08	6.86
Total assets turnover (times)	0.81	0.94	1.27

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	2023 Recognized investment Gain/(Loss)	Main causes for profit or loss and Improving Plan
My Parents Living Technology Limited	100%	5,360,643	The investing holding company. To recognize the investment profit or loss from the subsidiary
Jinan Acetate Chemical Co., LTD.(China)	100%	5,247,836	The company is good operating performance and stable profitability.
Acetate Material Co., Ltd. (China)	88%	208,503	The company is good operating performance and stable profitability.
Acetate Chemical Co., LTD.	80%	345	The investing holding company. To recognize the investment profit or loss from the subsidiary.
Acetek Momentum Co., LTD.	100%	67,371	The company is good operating performance and stable profitability.
Acetate (Shandong) Environmental Fiber Co., Ltd.	100%	93,917	The company is revenue growth, production reaching an economic scale, and profits having been achieved.
Acetek Aspiration (Jinan) Trading Co., Ltd.	100%	474	Investment in the early stages of development.
Acetek Aspiration (Shandong) Co., Ltd.	100%	3	Investment in the early stages of development.
Holyard International Co., Ltd.	17%	(1,377)	Production is not on an economic scale.
ELEUNG LIMITED	25%	445	Production is not on an economic scale.

(3) Investment plan in the coming year:

Benefiting from factors such as the trade war and geopolitical reorganization of the supply chain, which have driven demand for tow and vinegar flakes, the Group is expected to complete the expansion of acetate fiber tow production capacity in July 2024 and January 2025 in response to market supply and demand. 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 2022 and 2023 were NT\$ 7,563,000 and NT\$ 152,327,000 respectively, which account for 0.18% and 1.38% of the combined net operating income for the respective year; the bank interest expenses were NT\$ 10,931,000 and NT\$ 16,826,000 respectively, which account for 0.26% and 0.15% 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 2022 and 2023 were 98,167,000 and (61,789,000), the net exchange gains (losses) in 2022 and 2023 account for 2.30% and (0.56%) of the net operating income and 6.94% and (1.01%) for the pre-tax net profit ratio respectively. Due to the increase in the balance of the Group's net foreign currency assets in U.S. dollars, the depreciation of the U.S. dollar in the fourth quarter of 2023 resulted in exchange losses. It is assessed that the impact of exchange rate changes on the Group's operating conditions is still 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 2022 and 2023 accounted for 4.01% and 1.70% 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 2024 will be NT\$266,304,000.

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 (including information security risks) and the Industry Relating to Corporate Finance and Sales

In recent years, with the rapid development of science and technology and the increasing importance of information security, computerized operations have become popular all over the world. The Group has implemented corresponding countermeasures for information security risk assessment. Please refer to page 90 for details.

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 2024 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 Europe, North Africa, Latin America and Asia. The net operating income of the top two customers in 2022 and 2023 accounted for 17.10% and 19.44% 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.

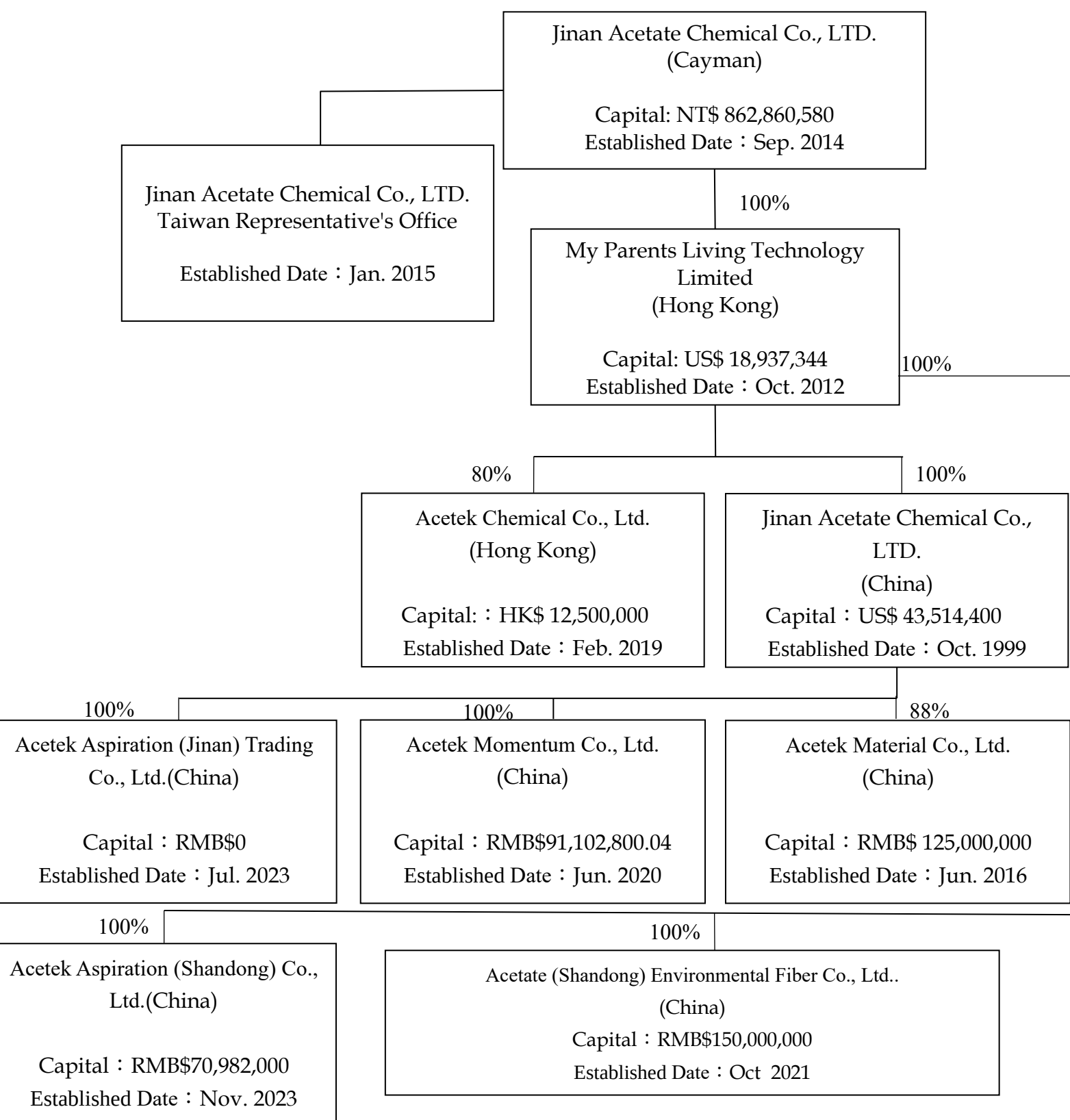
VIII. Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated operating report of affiliates

(1) Investment Structure

As of Dec. 31, 2023



(2) Basic information on affiliated enterprises:

As of Dec. 31, 2023; 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	43,514	Manufacturing and sale of acetate tow
Acetek Material Co., Ltd.	Jun. 2016	China	RMB	125,000	Manufacturing and sale of acetate lake
Acetek Chemical 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	150,000	Manufacturing of Pulp
Acetek Aspiration (Jinan) Trading Co., Ltd.	Jul. 2023	China	RMB	-	Sale of product
Acetek Aspiration (Shandong) Co., Ltd.	Nov. 2023	China	RMB	70,982	Manufacturing and sale of high-performance fibers.

(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	Shareholding	
			Amount of Investment	Proportion of Investment
My Parents Living Technology Limited	Director	Wang, Song-Lan	-	-
Jinan Acetate Chemical Co., LTD.	Director	Wang, Ko-Chang	USD 43,514,000	100%
	Director	Wang, Song-Lan		
	Director	Zhu, Zhang-Chao		
	Supervisor	Hsu, Cheng-Tsai	-	-

	President	Meng, Ching-Li	-	-
Acetek Material Co., Ltd.	Director	Wang, Ko-Chang	RMB 66,000,000	88%
	Director	Wang Chong-Ru		
	Director	Hsu, Ming-Hsun		
	Supervisor	Hsu, Cheng-Tsai	-	-
	President	Wang, Jian-Li	-	-
Acetek Momentum Co., Ltd.	Director	Wang, Ko-Chang	RMB 91,103,000	100%
	Director	Chen, Yan-Xia	-	-
	Director	Sun, Jing	-	-
	Director	Zhang, Ai-Feng	-	-
	Supervisor	Liang, Ji-Qiang	-	-
Acetate (Shandong) Environment al Fiber Co., Ltd.	Director	Wang, Ko-Chang	-	-
	Director	Wang, Chong-An	-	-
	Director	Wang, Chong-Xuan	-	-
Acetek Aspiration (Jinan) Trading Co., Ltd.	Director	Wang, Chong-An	-	-
Acetek Aspiration (Shandong) Co., Ltd.	Director	Wang, Chong-An	-	-

8.1.2 Operation Status of affiliate companies

As of Dec. 31, 2023; 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	9,500,558	259,595	9,240,963	-	5,362,336	5,360,643	(Note)
Jinan Acetate Chemical Co., LTD.	1,351,204	9,700,317	2,309,239	7,391,078	9,513,313	6,072,262	5,247,836	(Note)
Acetek Material Co., Ltd.	581,452	1,272,810	373,355	899,455	2,099,282	271,998	238,935	(Note)
Acetek Chemical Co., Ltd.	48,977	50,129	-	50,129	-	431	22,312	(Note)
Acetek Momentum Co., Ltd.	394,799	519,085	29,744	489,341	442,841	89,914	67,371	(Note)
Acetate (Shandong) Environmental Fiber Co., Ltd.	383,487	896,545	154,692	741,853	927,736	125,344	93,917	(Note)
Acetek Aspiration (Jinan) Trading Co., Ltd.	-	582	115	467	14,686	500	474	(Note)
Acetek Aspiration (Shandong) Co., Ltd.	311,114	307,142	-	307,142	-	3	3	(Note)

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,	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

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
		except as otherwise specified by the Cayman Company Act, the shareholder convention shall be held within ROC territory. If the board of 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.	issuing company's Articles of Association only stipulates that TWSE shall be notified in advance, instead of the "obtain 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 convene 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.

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
			Shareholders who wish to convene temporary shareholders convention outside the Republic of China shall, according to the 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

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
			abandoned their voting rights of amendments to the provisional motion and/or the original motion proposed in the 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	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.

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
		shareholders. The issue of new shares or cash by statutory surplus reserve is limited to the portion of the reserve exceeding 25% of the 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	2. In accordance with the provisions of the Cayman Company Act, the following matters shall be governed by 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

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
		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 resolution and shall be convened by the shareholders under the damage with the special resolution.	resolution of the shareholders convention (i.e., Article 12.4(a) of the issuing company's Articles 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

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
			under ROC law. (3) Merger Since the Cayman Company Act is mandatory 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	Article 63 of the issuing company's	There is no "supervisor" idea

NO	Important Matters Related to Protection of Shareholders' Equity	The Provisions Contained in the Articles of Incorporation	The Reasons for Differences
	from shareholders convention. At least one supervisor shall have domestic residence. 2. The supervisors shall not serve for 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.	Articles of Association has specified the duties of Audit Committee, which is equivalent to supervisors in Taiwan.	defined in Camay Company Act, the issuing company only builds the Audit Committee, not supervisors, therefore, no 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	According to Article 48.3 of the Articles of Association of the issuing company, within the scope permitted	The issuing company has an Audit Committee, so there are no related regulations for the

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	supervisor to make a lawsuit against the directors for the company; and set Taipei District Court as the court of first instance. 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;	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; 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.	supervisors in the Articles of Association. However, with reference to Article 214 of ROC Company Act on the request of 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

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			instance. Cayman's lawyers remind the following provisions in accordance with the Cayman 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

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			Cayman Grand Court, when considering whether to approve the continuation of derivative proceedings or not, the 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

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			shareholders to launch lawsuit against directors, the Articles of Association of the company may require the shareholders to 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.	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

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		Managers shall be subject to the same liability for damages as company directors when performing company duties.	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." 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

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			still subject to various statutory, common law and fiduciary duties under Cayman law.