

**Jinan Acetate Chemical Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2025 and 2024 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Jinan Acetate Chemical Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2025 and 2024, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2025 and 2024 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' report are Yao-Ling Huang and Shih-Chieh Chou.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 2025

Notice to Readers

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

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

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2025		December 31, 2024		March 31, 2024	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 13,106,049	62	\$ 13,258,890	63	\$ 8,449,898	60
Financial assets at amortized cost - current (Notes 8 and 26)	590,708	3	1,136,674	6	1,096,235	8
Notes and accounts receivable, net (Notes 9 and 19)	991,972	5	902,260	4	541,234	4
Accounts receivable from related parties (Notes 9, 19 and 25)	24,803	-	21,161	-	44,625	-
Other receivables (Note 25)	61,165	-	75,418	-	33,651	-
Inventories, net (Note 10)	1,051,015	5	769,431	4	627,164	5
Prepayments (Note 15)	631,289	3	572,843	3	410,665	3
Other current assets (Notes 15, 25 and 26)	40,698	-	67,100	-	232,800	2
Total current assets	16,497,699	78	16,803,777	80	11,436,272	82
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 7 and 12)	67,838	1	66,642	-	-	-
Investments accounted for using the equity method (Notes 7 and 12)	13,719	-	-	-	59,519	1
Property, plant and equipment (Notes 13 and 26)	3,586,861	17	3,132,915	15	1,691,240	12
Right-of-use assets (Notes 14 and 26)	670,745	3	659,706	3	330,816	2
Deferred tax assets (Note 4)	21,310	-	25,030	-	22,781	-
Other non-current assets (Note 15)	162,961	1	291,560	2	450,632	3
Total non-current assets	4,523,434	22	4,175,853	20	2,554,988	18
TOTAL	\$ 21,021,133	100	\$ 20,979,630	100	\$ 13,991,260	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Contract liabilities (Note 19)	\$ 781,525	4	\$ 815,800	4	\$ 433,241	3
Notes and accounts payable (Note 25)	170,940	1	268,878	1	152,141	1
Other payables (Note 16)	878,642	4	3,012,012	15	409,461	3
Current tax liabilities (Note 4)	311,312	2	421,864	2	293,688	2
Other current liabilities	75,811	-	62,383	-	71,951	1
Total current liabilities	2,218,230	11	4,580,937	22	1,360,482	10
Total liabilities	2,218,230	11	4,580,937	22	1,360,482	10
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 18)						
Share capital						
Ordinary shares	989,147	4	989,147	5	862,861	6
Capital surplus	3,988,643	19	3,988,643	19	3,896,248	28
Retained earnings						
Legal reserve	1,248,127	6	1,248,127	6	504,983	4
Special reserve	-	-	-	-	276,776	2
Unappropriated earnings	11,933,585	57	9,902,581	47	7,070,454	50
Total retained earnings	13,181,712	63	11,150,708	53	7,852,213	56
Other equity						
Exchange differences on translating the financial statements of foreign operations	455,415	2	93,107	-	(78,023)	(1)
Treasury shares	-	-	-	-	(38,081)	-
Total equity attributable to owners of the Company	18,614,917	88	16,221,605	77	12,495,218	89
NON-CONTROLLING INTERESTS	187,986	1	177,088	1	135,560	1
Total equity	18,802,903	89	16,398,693	78	12,630,778	90
TOTAL	\$ 21,021,133	100	\$ 20,979,630	100	\$ 13,991,260	100

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

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 19 and 25)	\$ 4,154,281	100	\$ 3,613,515	100
OPERATING COSTS (Notes 10, 20 and 25)	<u>(1,726,357)</u>	<u>(41)</u>	<u>(1,183,075)</u>	<u>(33)</u>
GROSS PROFIT	<u>2,427,924</u>	<u>59</u>	<u>2,430,440</u>	<u>67</u>
OPERATING EXPENSES (Notes 20 and 25)				
Selling and marketing expenses	(85,589)	(2)	(87,067)	(2)
General and administrative expenses	(66,399)	(2)	(55,506)	(1)
Research and development expenses	<u>(80,754)</u>	<u>(2)</u>	<u>(60,348)</u>	<u>(2)</u>
Total operating expenses	<u>(232,742)</u>	<u>(6)</u>	<u>(202,921)</u>	<u>(5)</u>
PROFIT FROM OPERATIONS	<u>2,195,182</u>	<u>53</u>	<u>2,227,519</u>	<u>62</u>
NON-OPERATING INCOME AND EXPENSES (Note 20)				
Other income	5,549	-	33,586	1
Share of profit or loss of associates	-	-	193	-
Interest income	131,891	3	100,389	3
Other gains and losses	(1,049)	-	(6,234)	-
Foreign exchange gains (Note 28)	<u>44,319</u>	<u>1</u>	<u>83,247</u>	<u>2</u>
Total non-operating income and expenses	<u>180,710</u>	<u>4</u>	<u>211,181</u>	<u>6</u>
PROFIT BEFORE INCOME TAX	2,375,892	57	2,438,700	68
INCOME TAX EXPENSE (Notes 4 and 21)	<u>(337,843)</u>	<u>(8)</u>	<u>(326,557)</u>	<u>(9)</u>
NET PROFIT FOR THE PERIOD	<u>2,038,049</u>	<u>49</u>	<u>2,112,143</u>	<u>59</u>
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of the financial statements of foreign operations	<u>366,161</u>	<u>9</u>	<u>195,818</u>	<u>5</u>
Total other comprehensive income	<u>366,161</u>	<u>9</u>	<u>195,818</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 2,404,210</u>	<u>58</u>	<u>\$ 2,307,961</u>	<u>64</u>

(Continued)

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	For the Three Months Ended March 31			
	2025		2024	
	Amount	%	Amount	%
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,031,004	49	\$ 2,102,873	59
Non-controlling interests	<u>7,045</u>	<u>-</u>	<u>9,270</u>	<u>-</u>
	<u>\$ 2,038,049</u>	<u>49</u>	<u>\$ 2,112,143</u>	<u>59</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,393,312	58	\$ 2,296,071	64
Non-controlling interests	<u>10,898</u>	<u>-</u>	<u>11,890</u>	<u>-</u>
	<u>\$ 2,404,210</u>	<u>58</u>	<u>\$ 2,307,961</u>	<u>64</u>
EARNINGS PER SHARE (NT\$, Note 22)				
Basic	<u>\$ 20.53</u>		<u>\$ 21.29</u>	
Diluted	<u>\$ 20.51</u>		<u>\$ 21.27</u>	

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

(Concluded)

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company							Other Equity				
	Share Capital			Retained Earnings				Exchange Differences on Translating the Financial Statements of Foreign Operations	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total					
BALANCE AT JANUARY 1, 2024	86,286	\$ 862,861	\$ 3,896,248	\$ 504,983	\$ 276,776	\$ 4,967,581	\$ 5,749,340	\$ (271,221)	\$ (38,081)	\$ 10,199,147	\$ 123,670	\$ 10,322,817
Net profit for the three months ended March 31, 2024	-	-	-	-	-	2,102,873	2,102,873	-	-	2,102,873	9,270	2,112,143
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	-	-	-	-	193,198	-	193,198	2,620	195,818
Total comprehensive income for the three months ended March 31, 2024	-	-	-	-	-	2,102,873	2,102,873	193,198	-	2,296,071	11,890	2,307,961
BALANCE AT MARCH 31, 2024	86,286	\$ 862,861	\$ 3,896,248	\$ 504,983	\$ 276,776	\$ 7,070,454	\$ 7,852,213	\$ (78,023)	\$ (38,081)	\$ 12,495,218	\$ 135,560	\$ 12,630,778
BALANCE AT JANUARY 1, 2025	98,915	\$ 989,147	\$ 3,988,643	\$ 1,248,127	\$ -	\$ 9,902,581	\$ 11,150,708	\$ 93,107	\$ -	\$ 16,221,605	\$ 177,088	\$ 16,398,693
Net profit for the three months ended March 31, 2025	-	-	-	-	-	2,031,004	2,031,004	-	-	2,031,004	7,045	2,038,049
Other comprehensive income for the three months ended March 31, 2025, net of income tax	-	-	-	-	-	-	-	362,308	-	362,308	3,853	366,161
Total comprehensive income for the three months ended March 31, 2025	-	-	-	-	-	2,031,004	2,031,004	362,308	-	2,393,312	10,898	2,404,210
BALANCE AT MARCH 31, 2025	98,915	\$ 989,147	\$ 3,988,643	\$ 1,248,127	\$ -	\$ 11,933,585	\$ 13,181,712	\$ 455,415	\$ -	\$ 18,614,917	\$ 187,986	\$ 18,802,903

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

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,375,892	\$ 2,438,700
Adjustments for:		
Depreciation expenses	74,358	126,653
Net loss on fair value changes of financial assets and liabilities at fair value through profit or loss	-	361
Interest income	(131,891)	(100,389)
Share of profit or loss of associates	-	(193)
Loss on disposal of property, plant and equipment	101	-
Write-down (reversal of write-down) of inventories	723	(2,902)
Changes in operating assets and liabilities		
Notes and accounts receivable	(89,712)	(298,626)
Accounts receivable from related parties	(3,642)	68,463
Other receivables	(9,439)	47,390
Inventories	(282,307)	(138,008)
Prepayments	(58,446)	(181,267)
Other current assets	26,402	(71,635)
Financial liability held for trading	-	(270)
Contract liabilities	(34,275)	(274,911)
Notes and accounts payable	(97,938)	(27,569)
Other payables	100,136	(10,183)
Other current liabilities	2	(1,792)
Cash generated from operations	1,869,964	1,573,822
Income tax paid	(444,675)	(348,879)
Net cash generated from operating activities	1,425,289	1,224,943
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(589,758)	(646,300)
Proceeds from sale of financial assets at amortized cost	1,135,724	-
Acquisition of investments accounted for using the equity method	(13,719)	-
Payments for property, plant and equipment	(299,367)	(49,993)
Increase in refundable deposits	(68,903)	(49)
Acquisition of right-of-use assets	-	(168,902)
Increase in other non-current assets	(356)	(33,239)
Increase in prepayments for equipment	(29,103)	(251,657)
Interest received	155,583	76,955
Net cash generated from (used in) investing activities	290,101	(1,073,185)

(Continued)

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from guarantee deposits received	\$ 13,426	\$ 23,131
Dividends paid to owners of the Company	<u>(2,233,506)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(2,220,080)</u>	<u>23,131</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>351,849</u>	<u>158,680</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(152,841)	333,569
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>13,258,890</u>	<u>8,116,329</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 13,106,049</u>	<u>\$ 8,449,898</u>

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

(Concluded)

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 9, 2025.

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

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

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note)

Note: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025.

As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the impacts of the above amended standards and interpretations on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity”	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

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

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the impacts of the above amended standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

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

c. Basis of consolidation

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

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

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

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

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Group directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition of financial assets at fair value through profit or loss or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

See Note 11, Tables 6 and 7 for the detailed information of subsidiaries (including percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2024.

Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the summary of material accounting judgements and key sources of estimation uncertainty, please refer to the consolidated financial statements for the year ended December 31, 2024.

6. CASH AND CASH EQUIVALENTS

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand	\$ 267	\$ 267	\$ 619
Demand deposits	4,792,341	4,781,817	3,761,671
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	<u>8,313,441</u>	<u>8,476,806</u>	<u>4,687,608</u>
	<u>\$ 13,106,049</u>	<u>\$ 13,258,890</u>	<u>\$ 8,449,898</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in Equity Instruments at FVTOCI

	March 31, 2025	December 31, 2024
<u>Non-current</u>		
Unlisted shares		
Ordinary shares - Eleung Limited ("ELEUNG")	\$ 57,577	\$ 56,381
Ordinary shares - Holyard International Co., Ltd ("HOLYARD")	<u>10,261</u>	<u>10,261</u>
	<u>\$ 67,838</u>	<u>\$ 66,642</u>

The Group originally accounted its investments in associated companies, HOLYARD and ELEUNG, under the equity method. In April 2024, the Group lost significant influence over HOLYARD due to the resignation of its board member. Similarly, in June 2024, the Group lost significant influence over ELEUNG following a board re-election in which it did not retain its directorship, and subsequently sold 15% of its equity in ELEUNG. As a result, the aforementioned investments were reclassified as financial assets at fair value through other comprehensive income. Please refer to Note 12 for more details on the resignation of the board member and the sale.

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

8. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Domestic investments			
Time deposits with original maturities of more than 3 months	\$ 590,708	\$ 1,136,674	\$ 1,096,235
a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.25%-4.50%, 1.25%-5.90% and 1.50%-6.05% per annum as of March 31, 2025, December 31, 2024 and March 31, 2024, respectively.			
b. Refer to Note 26 for information relating to investments in financial assets at amortized cost pledged as security.			

9. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Notes and accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 991,972	\$ 902,260	\$ 541,234
Less: Allowance for impairment loss	-	-	-
	\$ 991,972	\$ 902,260	\$ 541,234
<u>Accounts receivable from related parties</u>			
At amortized cost			
Gross carrying amount	\$ 24,803	\$ 21,161	\$ 44,625
Less: Allowance for impairment loss	-	-	-
	\$ 24,803	\$ 21,161	\$ 44,625

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

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

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

March 31, 2025

	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	181 to 360 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 404,918	\$ 299,344	\$ 198,548	\$ 113,965	\$ -	\$ -	\$ 1,016,775
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 404,918</u>	<u>\$ 299,344</u>	<u>\$ 198,548</u>	<u>\$ 113,965</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,016,775</u>

December 31, 2024

	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	181 to 360 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 325,218	\$ 309,377	\$ 202,944	\$ 75,745	\$ 10,137	\$ -	\$ 923,421
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 325,218</u>	<u>\$ 309,377</u>	<u>\$ 202,944</u>	<u>\$ 75,745</u>	<u>\$ 10,137</u>	<u>\$ -</u>	<u>\$ 923,421</u>

March 31, 2024

	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	181 to 360 Days	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 318,033	\$ 191,225	\$ 42,842	\$ 14,048	\$ 19,711	\$ -	\$ 585,859
Loss allowance (Lifetime ECLs)	-	-	-	-	-	-	-
Amortized cost	<u>\$ 318,033</u>	<u>\$ 191,225</u>	<u>\$ 42,842</u>	<u>\$ 14,048</u>	<u>\$ 19,711</u>	<u>\$ -</u>	<u>\$ 585,859</u>

Compared to January 1, 2025 and 2024, the group did not recognize allowance for impairment loss on receivables at March 31, 2025 and 2024, respectively; resulted from the increased in accounts receivables net of those collected of \$93,354 thousand and decreased of \$230,163 thousand, respectively.

10. INVENTORIES

	March 31, 2025	December 31, 2024	March 31, 2024
Finished goods	\$ 350,660	\$ 159,213	\$ 150,179
Work in progress	77,048	46,074	30,424
Raw materials	562,625	523,060	402,705
Supplies	<u>60,682</u>	<u>41,084</u>	<u>43,856</u>
	<u>\$ 1,051,015</u>	<u>\$ 769,431</u>	<u>\$ 627,164</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2025 and 2024 was \$1,726,357 thousand and \$1,183,075 thousand, respectively. Operating costs which included inventory write-downs of \$723 thousand and reversal of inventory write-downs of \$2,902 thousand, respectively.

The reversal of inventory write-downs was due to the increase in the purchase price of raw materials.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements:

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		
			March 31, 2025	December 31, 2024	March 31, 2024
The Company	My Parents Living Technology Limited (Hong Kong) ("My Parents")	Investments	100.00	100.00	100.00
My Parents	Jinan Acetate Chemical Co., Ltd. (China) ("Jinan Acetate Chemical")	Manufacturing and sales of cellulose acetate tow	100.00	100.00	100.00
Jinan Acetate Chemical	Acetek Material Co., Ltd. (China) ("Acetek Material")	Production and sales of cellulose acetate	50.34	50.34 (Note 2)	74.83 (Note 1)
My Parents	Acetek Chemicals Co., Ltd. (Hong Kong) ("Acetek Chemicals")	Investments	80.00	80.00	80.00
Jinan Acetate Chemical	Acetek Momentum Co., Ltd. (China) ("Acetek Momentum")	Manufacturing and sales of cellulose anhydride	100.00	100.00	100.00
My Parents	Acetate (Shandong) Environmental Fiber Co., Ltd. (China) ("Acetek Environmental")	Manufacturing and sales of cellulose acetate fiber	100.00	100.00	100.00
Jinan Acetate Chemical	Acetek Aspiration (Jinan) Trading Co., Ltd. (China) ("Acetek Aspiration Trading")	Sales of cellulose acetate	100.00	100.00	100.00
My Parents	Acetek Aspiration (Shandong) Co., Ltd. (China) ("Acetek Aspiration")	Manufacturing and sales of high-performance fibers	100.00	100.00	100.00
My Parents	Acetek Material Co., Ltd. (China) ("Acetek Material")	Production and sales of cellulose acetate	37.66	37.66 (Note 2)	13.17 (Note 1)
My Parents	Acetek Guardian (Shandong) Co., Ltd. (Acetek Guardian)	Production and sale of hydroxyethyl cellulose ether and specialty cotton cellulose	100.00	100.00 (Note 3)	-
The Company	Acetek Co. Pte. Ltd. (Acetek SG)	Investments	100.00	100.00 (Note 4)	-

Note 1: In March 2024, Acetek Chemical conducted a capital increase of RMB22,000 thousand, with My Parents subscribing to RMB19,360 thousand. After the capital increase, the Group's equity stake in Acetek Chemical remained at 88%.

Note 2: The Group transferred shares of Acetek Material 24.49% from Jinan Acetate Chemical to My Parents in April 2024. The Group's equity stake in Acetek Material remained at 88%.

Note 3: To meet the development needs of the industry, the board of directors of My Parents resolved on May 30, 2024 to invest in Acetek Guardian (Shandong) Co., Ltd. (Acetek Guardian).

Note 4: To meet the development needs of the industry, the board of directors of the Company resolved on May 10, 2024 to invest in Acetek Co. Pte. Ltd. (Acetek SG).

b. Subsidiaries excluded from the consolidated financial statements: None.

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
		March 31, 2025	December 31, 2024	March 31, 2024
Acetek Material	Mainland China	12.00%	12.00%	12.00%

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

	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 1,330,206	\$ 1,341,547	\$ 550,845
Non-current assets	587,866	605,611	690,573
Current liabilities	<u>(648,009)</u>	<u>(747,108)</u>	<u>(262,509)</u>
Equity	<u>\$ 1,270,063</u>	<u>\$ 1,200,050</u>	<u>\$ 978,909</u>
Equity attributable to:			
Owners of the Company	\$ 1,117,655	\$ 1,056,044	\$ 861,440
Non-controlling interests of Acetek Material	<u>152,408</u>	<u>144,006</u>	<u>117,469</u>
	<u>\$ 1,270,063</u>	<u>\$ 1,200,050</u>	<u>\$ 978,909</u>
	For the Three Months Ended March 31		
	2025	2024	
Revenue	<u>\$ 499,248</u>	<u>\$ 493,600</u>	
Profit for the period	\$ 43,960	\$ 62,021	
Other comprehensive loss for the period	<u>(26,053)</u>	<u>(17,434)</u>	
Total comprehensive income for the period	<u>\$ 17,907</u>	<u>\$ 44,587</u>	
Profit attributable to:			
Owners of the Company	\$ 21,513	\$ 54,578	
Non-controlling interests of Acetek Material	<u>22,447</u>	<u>7,443</u>	
	<u>\$ 43,960</u>	<u>\$ 62,021</u>	

(Continued)

	For the Three Months Ended March 31	
	2025	2024
Total comprehensive income attributable to:		
Owners of the Company	\$ 2,155	\$ 39,237
Non-controlling interests of Acetek Material	<u>15,752</u>	<u>5,350</u>
	<u>\$ 17,907</u>	<u>\$ 44,587</u>
Cash flow		
Operating activities	\$ (114,463)	\$ (55,572)
Investing activities	16,276	(157,177)
Financing activities	-	-
Effects of exchange rate changes	<u>12,786</u>	<u>5,116</u>
Net cash outflow	<u>\$ (85,401)</u>	<u>\$ (207,633)</u>
		(Concluded)

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in Associates and Joint Ventures

	March 31, 2025	December 31, 2024	March 31, 2024
Associates that are not individually material	\$ -	\$ -	\$ 59,519
Joint ventures that are not individually	<u>13,719</u>	<u>-</u>	<u>-</u>
	<u>\$ 13,719</u>	<u>\$ -</u>	<u>\$ 59,519</u>

Investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of the above investees which have not been reviewed.

The Group held a 25% interest in Eleung and accounted for the investment as an associate. In June 2024, the Group sold 15% of its interest in Eleung to a third party for proceeds of \$83,948 thousand and consequently ceased to have significant influence over Eleung. The Group retained the remaining 10% interest as financial assets at FVTOCI whose fair value at the date of disposal was \$55,966 thousand. This transaction resulted in the recognition of a gain in profit or loss, calculated as follows:

Proceeds from disposal	\$ 83,948
Plus: Fair value of retained investment (10%)	55,966
Less: Carrying amount of investment on the date of loss of significant influence	(52,368)
Plus: Share of other comprehensive income of the associate	<u>3,517</u>
Gain recognized	<u>\$ 91,063</u>

In March 2025, the Group made a cash investment of \$13,719 thousand to acquire a 40% equity interest in Acetek New Materials (Shandong) Co., Ltd., thereby obtaining significant influence over the company.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Equipment	Transportation Equipment	Other Equipment	Construction in Progress Equipment	Total
<u>Cost</u>						
Balance at January 1, 2025	\$ 669,734	\$ 2,878,244	\$ 21,860	\$ 11,653	\$ 1,076,415	\$ 4,657,906
Additions	19,580	45,504	1,066	269	232,948	299,367
Disposals	-	(2,011)	-	-	-	(2,011)
Reclassification	380,678	816,016	-	-	(1,048,794)	147,900
Effects of foreign currency exchange differences	<u>19,620</u>	<u>79,359</u>	<u>478</u>	<u>251</u>	<u>11,807</u>	<u>111,515</u>
Balance at March 31, 2025	<u>\$ 1,089,612</u>	<u>\$ 3,817,112</u>	<u>\$ 23,404</u>	<u>\$ 12,173</u>	<u>\$ 272,376</u>	<u>\$ 5,214,677</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2025	\$ 150,636	\$ 1,352,995	\$ 13,095	\$ 8,265	\$ -	\$ 1,524,991
Depreciation expenses	8,813	61,500	918	210	-	71,441
Disposals	-	(1,910)	-	-	-	(1,910)
Effects of foreign currency exchange differences	<u>3,315</u>	<u>29,510</u>	<u>290</u>	<u>179</u>	<u>-</u>	<u>33,294</u>
Balance at March 31, 2025	<u>\$ 162,764</u>	<u>\$ 1,442,095</u>	<u>\$ 14,303</u>	<u>\$ 8,654</u>	<u>\$ -</u>	<u>\$ 1,627,816</u>
Carrying amounts at March 31, 2025	<u>\$ 926,848</u>	<u>\$ 2,375,017</u>	<u>\$ 9,101</u>	<u>\$ 3,519</u>	<u>\$ 272,376</u>	<u>\$ 3,586,861</u>
Carrying amounts at December 31, 2024 and January 1, 2025	<u>\$ 519,098</u>	<u>\$ 1,525,249</u>	<u>\$ 8,765</u>	<u>\$ 3,388</u>	<u>\$ 1,076,415</u>	<u>\$ 3,132,915</u>
<u>Cost</u>						
Balance at January 1, 2024	\$ 459,643	\$ 2,284,470	\$ 18,283	\$ 8,988	\$ 93,763	\$ 2,865,147
Additions	-	-	-	-	49,993	49,993
Reclassification	-	-	209	-	28,315	28,524
Effects of foreign currency exchange differences	<u>8,605</u>	<u>42,765</u>	<u>343</u>	<u>169</u>	<u>2,510</u>	<u>54,392</u>
Balance at March 31, 2024	<u>\$ 468,248</u>	<u>\$ 2,327,235</u>	<u>\$ 18,835</u>	<u>\$ 9,157</u>	<u>\$ 174,581</u>	<u>\$ 2,998,056</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2024	\$ 116,893	\$ 1,022,953	\$ 11,692	\$ 7,514	\$ -	\$ 1,159,052
Depreciation expenses	6,704	117,474	602	83	-	124,863
Effects of foreign currency exchange differences	<u>2,252</u>	<u>20,281</u>	<u>226</u>	<u>142</u>	<u>-</u>	<u>22,901</u>
Balance at March 31, 2024	<u>\$ 125,849</u>	<u>\$ 1,160,078</u>	<u>\$ 12,520</u>	<u>\$ 7,739</u>	<u>\$ -</u>	<u>\$ 1,306,816</u>
Carrying amounts at March 31, 2024	<u>\$ 342,399</u>	<u>\$ 1,166,527</u>	<u>\$ 6,315</u>	<u>\$ 1,418</u>	<u>\$ 174,581</u>	<u>\$ 1,691,240</u>

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

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

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 26.

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Carrying amount</u>			
Land	<u>\$ 670,745</u>	<u>\$ 659,706</u>	<u>\$ 330,816</u>
		For the Three Months Ended March 31	
		2025	2024
Additions to right-of-use assets		<u>\$ -</u>	<u>\$ 168,902</u>
Depreciation charge for right-of-use assets			
Land		<u>\$ 2,917</u>	<u>\$ 1,790</u>

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the three months ended March 31, 2025 and 2024.

Right-of-use assets pledged as collateral for bank borrowings are set out in Note 26.

b. Material leasing activities and terms

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

c. Other lease information

	For the Three Months Ended March 31	
	2025	2024
Expenses relating to short-term leases	<u>\$ 385</u>	<u>\$ 158</u>
Expenses relating to low-value asset leases	<u>\$ 4</u>	<u>\$ 4</u>
Total cash outflow for leases	<u>\$ (389)</u>	<u>\$ (162)</u>

15. OTHER ASSETS

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Current</u>			
Prepayments			
Advanced payments	\$ 297,244	\$ 314,172	\$ 275,101
Prepayment	153,977	94,719	93,110
Tax overpaid retained for effecting	<u>180,068</u>	<u>163,952</u>	<u>42,454</u>
	<u>\$ 631,289</u>	<u>\$ 572,843</u>	<u>\$ 410,665</u>
Other current assets			
Pledge deposits (Note 26)	\$ 23,713	\$ 50,470	\$ 40,372
Refundable deposits	9,609	9,409	192,227
Others	<u>7,376</u>	<u>7,221</u>	<u>201</u>
	<u>\$ 40,698</u>	<u>\$ 67,100</u>	<u>\$ 232,800</u>
<u>Non-current</u>			
Other non-current assets			
Prepayments for equipment	\$ 71,449	\$ 269,307	\$ 400,828
Prepayments for land	17,149	16,793	49,465
Refundable deposits	<u>74,363</u>	<u>5,460</u>	<u>339</u>
	<u>\$ 162,961</u>	<u>\$ 291,560</u>	<u>\$ 450,632</u>

16. OTHER PAYABLES

	March 31, 2025	December 31, 2024	March 31, 2024
Payables for purchases of equipment	\$ 376,860	\$ 301,116	53,993
Payables for security production fee	205,304	180,438	\$ 130,133
Accrued remuneration to employees and directors	107,257	86,237	76,585
Payables for salaries	57,181	60,782	16,918
Payables for steam fee	30,527	30,021	69
Payables for commission	28,456	29,639	43,731
Payables for freight	24,096	34,131	27,311
Payables for dividends	-	2,233,506	-
Others	<u>48,961</u>	<u>56,142</u>	<u>60,721</u>
	<u>\$ 878,642</u>	<u>\$3,012,012</u>	<u>\$ 409,461</u>

17. RETIREMENT BENEFIT PLANS

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

18. EQUITY

a. Ordinary shares

	March 31, 2025	December 31, 2024	March 31, 2024
Number of shares authorized (in thousands)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Shares authorized	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>98,915</u>	<u>98,915</u>	<u>86,286</u>
Shares issued	<u>\$ 989,147</u>	<u>\$ 989,147</u>	<u>\$ 862,861</u>

On May 30, 2024, the shareholders' meeting resolved to distribute unappropriated earnings accumulated in 2023 as shareholders' dividends, and issue 12,886 thousand ordinary shares with a par value of \$10. The subscription base date was authorized to determine by the board of directors to be September 18, 2024.

The company resolved in the Board of Directors meeting on August 23, 2024, to cancel 257 thousand treasury shares, each with a par value of \$10, representing a capital reduction of 0.25%. After the capital reduction, the paid-in capital amounts to \$989,147 thousand. Furthermore, capital surplus of \$7,233 thousand and retained earnings of \$15,816 thousand have been written off. The effective date of the capital reduction is October 29, 2024, and the registration for the capital reduction was completed on November 11, 2024.

The company resolved in the Board of Directors meeting on March 5, 2025, to change the par value per share to NT\$1, subject to the approval of the shareholders' meeting to be held on May 22, 2025.

b. Capital surplus

	March 31, 2025	December 31, 2024	March 31, 2024
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital (1)</u>			
Issuance of ordinary shares	\$ 2,951,581	\$ 2,951,581	\$ 2,859,186
Conversion of bonds	1,011,544	1,011,544	1,011,544
<u>May be used to offset a deficit only</u>			
Changes in percentage of ownership interests in subsidiaries (2)	<u>25,518</u>	<u>25,518</u>	<u>25,518</u>
	<u>\$ 3,988,643</u>	<u>\$ 3,988,643</u>	<u>\$ 3,896,248</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual acquisition.

c. Retained earnings and dividends policy

According to the Articles of Incorporation, 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 of directors decides not to distribute interim dividends, the board of directors shall adopt a resolution to confirm such non-distribution after the relevant first half of the financial year.

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

During the period when the shares are listed or traded in Taipei Exchange or Taiwan Stock Exchange, the board of directors when making proposal for distribution of earnings shall first appropriate the earnings in each fiscal year as follows: (i) reserve for tax of the relevant fiscal year; (ii) amount to offset past losses; (iii) from the remaining amount, 10% for legal reserve; and (iv) special reserve required by the securities authorities of the Republic of China in accordance with the rules of a public company. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors after the amendment, refer to employees' compensation and remuneration of directors and supervisors in Note 20-c.

The Company may distribute interim dividend in accordance with a proposal for profits distribution approved by the board of directors, provided that if the interim dividend will be distributed by way of applying such sum in paying up in full unissued shares, in addition to the approval of the board of directors, such distribution shall also be sanctioned by the Members by a Supermajority Resolution in a general meeting.

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

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

The appropriations of earnings for 2024 that were proposed by the board of directions on March 26, 2025 and the appropriations of earnings for 2023 that had been resolved by the shareholders in their meetings on May 31, 2024, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2024	2023
Legal reserve	\$ 385,634	\$ 517,718
(Reversal of) special reserve	\$ (271,221)	\$ 140,979
Cash dividends	\$ 4,706,372	\$ 932,597
Share dividends	\$ -	\$ 128,856
Cash dividends per share (NT\$)	\$ 51	\$ 11.5
Share dividends per share (NT\$)	-	1.5

The appropriation of earnings for 2024 will be resolved by the shareholders in their meeting to be held on May 22, 2025.

The appropriations of the earnings for the six months ended June 30, 2024 and 2023 resolved by the Company's board of directors, were as follows:

Date of Board Resolution	For the Six Months Ended	
	June 30	
	August 23, 2024	August 24, 2023
Legal reserve	\$ 385,634	\$ 160,208
(Reversal of) special reserve	\$ (271,221)	\$ 146,534
Cash dividends	\$ 2,233,506	\$ 374,221
Cash dividends per share (NT\$)	\$ 26	\$ 5

The aforementioned cash dividend per share may be affected by the number of outstanding shares. For the actual amount distributed per share, please refer to the "Market Observation Post System" website of the Taiwan Stock Exchange.

d. Non-controlling interests

	For the Three Months Ended	
	March 31	
	2025	2024
Balance at January 1	\$ 177,088	\$ 123,670
Share in profit for the period	7,045	9,270
Other comprehensive income during the period		
Exchange differences on translating the financial statements of foreign entities	3,853	2,620
Balance at March 31	\$ 187,986	\$ 135,560

e. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2024 and March 31, 2024	<u>382</u>
On August 23, 2024, the board of directors resolved to transfer 125 thousand shares of treasury stock to employees at a transfer price of \$99.69. The base date for employee stock options was August 23, 2024, and recognized compensation cost of employee share options of \$99,628 thousand.	
On August 23, 2024, the board of directors resolved to cancel 257 thousand treasury shares, each with a par value of \$10, representing a capital reduction of 0.25%. After the capital reduction, the paid-in capital amounts to \$989,147 thousand. Furthermore, capital surplus of \$7,233 thousand and retained earnings of \$15,816 thousand have been written off. The effective date of the capital reduction is October 29, 2024, and the registration for the capital reduction was completed on November 11, 2024.	
Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.	

19. REVENUE

	For the Three Months Ended March 31	
	2025	2024
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 4,154,281</u>	<u>\$ 3,613,515</u>

a. Contract information

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

b. Contract balances

	March 31, 2025	December 31, 2024	March 31, 2024	January 1, 2024
Notes and accounts receivables (include related parties)				
(Note 9)	<u>\$ 1,016,775</u>	<u>\$ 923,421</u>	<u>\$ 585,859</u>	<u>\$ 355,696</u>
Contract liabilities - current	<u>\$ 781,525</u>	<u>\$ 815,800</u>	<u>\$ 433,241</u>	<u>\$ 708,152</u>

c. Disaggregation of revenue

Refer to Note 30 for information about disaggregation of revenue.

20. NET PROFIT

a. Depreciation expense

	For the Three Months Ended March 31	
	2025	2024
Property, plant and equipment	\$ 71,441	\$ 124,863
Right-of-use assets	<u>2,917</u>	<u>1,790</u>
	<u>\$ 74,358</u>	<u>\$ 126,653</u>
An analysis of depreciation by function		
Operating costs	\$ 70,120	\$ 120,329
Operating expenses	<u>4,238</u>	<u>6,324</u>
	<u>\$ 74,358</u>	<u>\$ 126,653</u>

b. Employee benefits expense

	For the Three Months Ended March 31	
	2025	2024
Short-term benefits	\$ 115,688	\$ 109,199
Post-employment benefits	7,012	4,828
Other employee benefits	<u>1,438</u>	<u>986</u>
Total employee benefits expense	<u>\$ 124,138</u>	<u>\$ 115,013</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 64,678	\$ 48,717
Operating expenses	<u>59,460</u>	<u>66,296</u>
	<u>\$ 124,138</u>	<u>\$ 115,013</u>

c. Employees' compensation and remuneration of directors and supervisors

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

The employees' compensation and the remuneration of directors for the three months ended March 31, 2025 and 2024, were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2025	2024
Compensation of employees	1.00%	1.00%
Remuneration of directors	0.02%	0.02%

Amount

	For the Three Months Ended March 31	
	2025	2024
Compensation of employees	\$ 20,520	\$ 21,246
Remuneration of directors	\$ 500	\$ 500

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

The employees' compensation and the remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 5, 2025 and March 12, 2024, respectively, were as follows:

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Employees' compensation	\$ 84,237	\$ 52,839
Remuneration of directors	2,000	2,000

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2024 and 2023.

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

d. Gains or losses on foreign currency exchange

	For the Three Months Ended March 31	
	2025	2024
Foreign exchange gains	\$ 151,312	\$ 84,345
Foreign exchange losses	<u>(106,993)</u>	<u>(1,098)</u>
Net profit and loss	<u>\$ 44,319</u>	<u>\$ 83,247</u>

21. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended March 31	
	2025	2024
<u>Current tax</u>		
In respect of the current period	\$ 323,815	\$ 318,979
Adjustments for prior year	9,835	-
<u>Deferred tax</u>		
In respect of the current period	<u>4,193</u>	<u>7,578</u>
Income tax expense recognized in profit or loss	<u>\$ 337,843</u>	<u>\$ 326,557</u>

b. Income tax assessments

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

22. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2025	2024
Basic earnings per share	<u>\$ 20.53</u>	<u>\$ 21.29</u>
Diluted earnings per share	<u>\$ 20.51</u>	<u>\$ 21.27</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the effect of stock dividend on September 18, 2024. The basic and diluted earnings per share adjusted retrospectively for the three months ended March 31, 2024 were as follows:

Unit: NT\$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 24.48</u>	<u>\$ 21.29</u>
Diluted earnings per share	<u>\$ 24.46</u>	<u>\$ 21.27</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Period

	For the Three Months Ended March 31	
	2025	2024
Profit for the period attributable to owners of the Company	<u>\$ 2,031,004</u>	<u>\$ 2,102,873</u>

Number of Shares

	Unit: Thousand Shares For the Three Months Ended March 31	
	2025	2024
Weighted average number of ordinary shares used in the computation of basic earnings per share	98,915	98,790
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>113</u>	<u>70</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>99,028</u>	<u>98,860</u>

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

23. CAPITAL MANAGEMENT

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

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

24. FINANCIAL INSTRUMENTS

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

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

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

- 1) Fair value hierarchy

March 31, 2025

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments	\$ -	\$ -	\$ 67,838	\$ 67,838

December 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments	\$ -	\$ -	\$ 66,642	\$ 66,642

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2024.

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

For the three months ended March 31, 2025

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1	\$ 66,642
Effect of exchange rate	<u>1,196</u>
Balance at March 31	<u>\$ 67,838</u>

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

The fair value of unlisted equity investments, both domestic and overseas, amounted to \$66,642 thousand in 2024. These investments were valued using the asset-based approach. In assessing the value, the Company considered the nature of the investees, referencing their financial condition, operating performance, and net asset value, while also applying liquidity and control premium or discount adjustments based on the level of control over the investees. According to management's assessment, there was no material change in fair value as of March 31, 2025, compared to December 31, 2024.

c. Categories of financial instruments

	March 31, 2025	December 31, 2024	March 31, 2024
<u>Financial assets</u>			
Financial assets at amortized cost (1)	\$ 14,882,382	\$ 15,459,742	\$ 10,398,581
Financial assets at FVTOCI			
Equity instruments	67,838	66,642	-
<u>Financial liabilities</u>			
Financial liabilities at amortized cost (2)	1,104,802	3,322,684	633,553

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and accounts receivable, accounts receivable from related parties, other receivables, other current assets (pledged deposits and refundable deposits) and other non-current assets (refundable deposits).
- 2) The balances include financial liabilities at amortized cost, which comprise notes and accounts payable, other payables and other current liabilities (guarantee deposit received).

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Notes 28.

Sensitivity analysis

The Group is mainly exposed to the USD.

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

	USD Impact	
	For the Three Months Ended	
	March 31	
	2025	2024
Profit or loss	\$ 28,874	\$ 12,111

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

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

b) Interest rate risk

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
Fair value interest rate risk			
Financial assets	\$ 8,927,862	\$ 9,663,949	\$ 5,803,461
Cash flow interest rate risk			
Financial assets	4,792,341	4,781,818	3,782,426

Sensitivity analysis

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

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2025 and 2024 would have increased/decreased by \$11,981 thousand and \$9,456 thousand, which was mainly attributable to the Group's exposure to interest rates of its variable-rate bank deposits.

2) Credit risk

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

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

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

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

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

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group had available unutilized short-term bank loan facilities as set out in (c) below.

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

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

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

March 31, 2025

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ <u>329,365</u>	\$ <u>58,941</u>	\$ <u>716,067</u>	\$ <u>21,020</u>

December 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ <u>2,590,369</u>	\$ <u>67,350</u>	\$ <u>664,965</u>	\$ <u>-</u>

March 31, 2024

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ <u>213,440</u>	\$ <u>111,000</u>	\$ <u>309,113</u>	\$ <u>-</u>

The amount included above for variable interest rate instruments for non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the period.

b) Financing facilities

	March 31, 2025	December 31, 2024	March 31, 2024
Unsecured bank loan facilities which may be extended by mutual agreements:			
Amount unused	<u>\$ 1,222,237</u>	<u>\$ 746,300</u>	<u>\$ 979,680</u>
Secured bank loan facilities which may be extended by mutual agreements:			
Amount unused	<u>\$ 2,807,684</u>	<u>\$ 1,071,657</u>	<u>\$ 1,195,745</u>

25. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

Related Party Name	Related Party Category
Global Filter S.A	Substantive related party
Tabacalera Hernandarias S.A.	Substantive related party
LA/ES LAMINATI ESTRUSI TERMOPLASTICI S.R.L. (LA/ES)	Substantive related party (Note 1)
Yan Kuangmeihua Supply And Marketing Limited Company (Yankuang Kuangmeihua)	Substantive related party (Note 2)
Yankuang Lunan Chemical Co., Ltd. (Yankuang Lunan Chemical)	Substantive related party (shareholder of a subsidiary) (Note 2)
Zhongshan Taly Plastic Extrusion Co., Ltd.	Substantive related party
Jinan Hezhen Industry And Trade CO., Ltd.	Substantive related party
Wang, Chung-Hsuan	Substantive related party
Wang, Ke-Chang	Key management

Note 1: Due to the Group's resignation from the board of ELEUNG and the sale of 15% of its shares to LA/ES and ELEUNG, it lost significant influence, LA/ES and ELEUNG have not been considered related parties since June 28, 2024.

Note 2: Jinan Acetate Chemical acquired 8% additional ownership interest in Acetek Material from Yankuang Lunan Chemical. Hence, transactions with Yankuang Kuangmeihua and Yankuang Lunan Chemical were not related party transactions since November 2023.

b. Operating revenue

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2025	2024
Sales	Substantive related party	<u>\$ 44,705</u>	<u>\$ 60,754</u>

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

c. Purchases of goods

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2025	2024
Purchases of goods	Substantive related party	\$ <u>-</u>	\$ <u>7,096</u>

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

d. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2025	December 31, 2024	March 31, 2024
Accounts receivable	Substantive related party	\$ <u>24,803</u>	\$ <u>21,161</u>	\$ <u>44,625</u>
Other receivables	Substantive related party	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,129</u>

The outstanding receivables from related parties were unsecured. For the three months ended March 31, 2025 and December 31, 2024, no impairment loss was recognized on accounts receivable from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2024
Accounts payable - related parties	Substantive related	\$ <u>7,165</u>

The outstanding payables to related parties were unsecured.

f. Refundable deposits (classified as other current assets)

Related Party Category/Name	March 31, 2024
Substantive related party	\$ <u>441</u>

g. Other transactions with related parties

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2025	2024
Operating expense - rental	Key management	\$ 90	\$ 90
	Substantive related party	<u>220</u>	<u>-</u>
		\$ <u>310</u>	\$ <u>90</u>

The key management and the substantive related party provides rental service to the Company, the rental is based on the rental level of similar assets, and it pays a fixed lease payment on a monthly basis according to the lease contract.

h. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2025	2024
Short-term employee benefits	\$ 5,133	\$ 5,135
Post-employment benefits	<u>73</u>	<u>71</u>
	<u>\$ 5,206</u>	<u>\$ 5,206</u>

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

26. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank loan facilities, letters of credit and bank's acceptance bills:

	March 31, 2025	December 31, 2024	March 31, 2024
Financial assets at amortized cost	\$ -	\$ 9,409	\$ 4,014
Pledge deposits (classified as other current assets)	23,713	50,470	40,372
Property, plant and equipment, net	42,719	42,252	41,178
Right-of-use assets	<u>97,190</u>	<u>98,728</u>	<u>97,096</u>
	<u>\$ 163,622</u>	<u>\$ 200,859</u>	<u>\$ 182,660</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

As of March 31, 2025, December 31, 2024 and March 31, 2024, unused letters of credit for purchases of raw materials and machinery and equipment amounted to approximately \$216,586 thousand, \$268,071 thousand and \$106,176 thousand, respectively.

Unrecognized commitments were as follows:

	March 31, 2025	December 31, 2024	March 31, 2024
Payments for property, plant and equipment	<u>\$ 65,589</u>	<u>\$ 67,215</u>	<u>\$ 352,707</u>

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2025

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 329,097	7.261 (USD:RMB)	\$ 10,802,898
USD	26,568	33.21 (USD:NTD)	882,193

Financial liabilities

Monetary items			
USD	4,132	7.261 (USD:RMB)	135,649

December 31, 2024

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 141,104	7.321 (USD:RMB)	\$ 4,551,735
USD	96,799	32.79 (USD:NTD)	3,173,563

Financial liabilities

Monetary items			
USD	7,110	7.321 (USD:RMB)	228,855

March 31, 2024

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 110,886	7.095 (USD:RMB)	\$ 3,467,948
USD	45,608	32.000 (USD:NTD)	1,459,467

Financial liabilities

Monetary items			
USD	2,657	7.095 (USD:RMB)	83,088

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

For the Three Months Ended March 31				
2025			2024	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	7.176 (USD:RMB)	\$ 96,346	7.103 (USD:RMB)	\$ 65,928
Other	-	<u>(52,027)</u>	-	<u>17,319</u>
		<u>\$ 44,319</u>		<u>\$ 83,247</u>

29. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (Table 2)
- 3) Significant marketable securities held (excluding investment in subsidiaries, associates and joint ventures). (Table 3)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (None)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital. (Table 4)
- 6) Intercompany relationships and significant intercompany transactions. (Table 5)

b. Information on investees. (Table 6)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None)
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

- c) The amount of property transactions and the amount of the resultant gains or losses.
- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.
- e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.
- f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

30. SEGMENT INFORMATION

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

a. Segment revenue

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

	For the Three Months Ended March 31	
	2025	2024
Cellulose acetate tow	\$ 3,738,611	\$ 3,271,068
Cellulose acetate	415,670	338,384
Cellulose anhydride	<u>-</u>	<u>4,063</u>
	<u>\$ 4,154,281</u>	<u>\$ 3,613,515</u>

b. Total segment assets and liabilities

The Group has no key operational personnel to monitor segment performance, and thus, the amounts of segment assets and liabilities are not disclosed.

TABLE 1

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 1)	Ending Balance (Note 1)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Jinan Acetate Chemical	Jinan Acetate Chemical Co., Ltd.	Other receivables	Yes	\$ 66,410 (US\$ 2,000 thousand)	\$ 66,410 (US\$ 2,000 thousand)	\$ - (US\$ - thousand)	1.5	Short-term financing	\$ -	Operation turnover	\$ -	-	-	\$ 3,575,824	\$ 4,767,765	Note 3

Note 1: The maximum balance for the period and ending balance represent the amounts approved by the board of directors.

Note 2: For foreign subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company, when the funds are used for financing, the total amount shall not exceed 100% of the net worth of the lender. The total amount for lending to a company for funding shall not exceed 30% of the net worth of the Company.

Note 3: For companies with short-term funding needs, the amount for lending to a company shall not exceed 30% of the net worth of the lender. The total amount for lending shall not exceed 40% of the net worth of the Company.

Note 4: The limit on the amount for lending is calculated according to the recent financial statements reviewed by the Company’s independent accountants.

Note 5: Spot buy/sell average exchange rates of Bank of Taiwan on March 31, 2025 are used to estimate the amount in New Taiwan dollar.

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee Receiver		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
0	Jinan Acetate Chemical Co., Ltd.	Jinan Acetate Chemical	b	\$ 46,537,293	\$ 1,279,270	\$ 1,279,270	\$ 160,802	\$ -	6.87	\$ 46,537,293	Y	N	Y	Notes 4, 5 and 6 Notes 4, 5 and 6 Note 4
		Acetek Material	b	5,584,475	523,710	523,710	1,910	-	2.81	18,614,917	Y	N	Y	
		Acetek Momentum	b	46,537,293	91,460	91,460	-	-	0.49	46,537,293	Y	N	Y	
1	Jinan Acetate Chemical	Jinan Acetate Chemical Co., Ltd.	c	2,383,882	166,025	166,025	-	-	1.39	5,959,706	N	Y	N	-
		Acetek Material	b	2,383,882	99,615	99,615	-	-	0.84	5,959,706	Y	N	Y	-

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

a. “0” for the Company.

b. Subsidiaries are numbered from “1”

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

a. The Company in relation to business.

b. The Company which holds, directly or indirectly, over 50% of the voting shares.

c. The Company which holds, directly or indirectly, over 50% of the shares.

d. The Company which holds, directly or indirectly, over 90% of the voting shares.

e. Based on contract projects among their peers in accordance with contract provisions which need mutual insurance company.

f. Owing to the joint venture funded by the shareholders on its endorsement of its holding company.

g. Compliance guarantees for the performance of the sales contracts of pre-sold homes within the same industry in accordance with the Consumer Protection Law.

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

a. The total amount of guarantee provided by the Company to any entity whose voting shares are 100% owned, directly and indirectly, shall not exceed two-hundred-and-fifty percent (250%) of the Company’s net worth.

b. The total amount of guarantee provided by the Company to any individual entity shall not exceed ten percent (30%) of the Company’s net worth. Except for the guarantee provided to any entity whose voting shares are 100% owned, the total balance of guarantee shall not exceed the Company’s total net worth.

c. The total amount of guarantee provided by Jinan Acetate Chemical shall not exceed fifty percent (50%) of its net worth. The total amount of guarantee provided to any individual entity shall not exceed twenty percent (20%) of its net worth.

Note 4: In the joint endorsement and guarantee case involving the company, the endorsed and guaranteed companies include Jinan Acetate Chemical with a balance of RMB30,000,000, Acetek Material with a balance of RMB30,000,000, and Acetek Momentum with a balance of RMB10,000,000, for a total of three companies. The total amount utilized by these three companies shall not exceed RMB30,000,000. Due to the renewal of the credit limit, the Board of Directors of the Company resolved on March 5, 2025, to provide joint endorsement guarantees, resulting in a duplication in the calculation of the remaining endorsement guarantee balance.

Note 5: On May 10, 2024, the Board of Directors resolved to provide endorsements and guarantees for its subsidiaries (Jinan Acetate Chemical and Acetek Material). Due to adjustments in the credit limit, the Board of Directors further resolved on August 23, 2024, to provide joint endorsements and guarantees for the subsidiaries.

Note 6: On August 23, 2024, the Board of Directors resolved to approve the joint endorsements and guarantees. The endorsed and guaranteed parties include Jinan Acetate Chemical with a balance of RMB35 million and Acetek Material with a balance of RMB35 million, with the total amount for both companies not exceeding RMB35 million.

Note 7: The limit on the amount for endorsement guarantee is calculated according to the recent financial statements reviewed by the Company’s independent accountants.

Note 8: Spot buy/sell average exchange rates of Bank of Taiwan on March 31, 2025 are used to estimate the amount in New Taiwan dollar.

TABLE 3

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

**SIGNIFICANT MARKETABLE SECURITIES HELD
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	March 31, 2025				Note (Note 4)
				Number of Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
Acetek Chemicals	<u>Common stocks</u> ELEUNG	-	Financial assets at fair value through other comprehensive income - non-current	133	\$ 57,577	11	\$ 57,577	-
Jinan Acetate Chemical Co., Ltd.	HOLYARD	-	Financial assets at fair value through other comprehensive income - non-current	3,135	10,261	19	10,261	-

- Note 1: The marketable securities in this table are related to shares, bonds, beneficiary certificates and short-term investments of IFRS 9 “Financial Instruments.”
- Note 2: If the issuer of marketable securities is not a related party, the column is not required to be filled in.
- Note 3: The carrying amount of the financial assets at fair value through profit or loss is shown as the carrying amount after adjustment for fair value. The carrying amount of the financial assets that is not measured at fair value is the carrying amount of the original acquisition cost or amortized cost, less accumulated impairment.
- Note 4: If the marketable securities listed are subject to restrictions due to the provision of guarantees, pledged borrowings or other contractual restrictions, the number of shares provided as guarantees or pledged borrowings, the amounts of guarantees or pledged borrowings and the restrictions on their use should be indicated in the note column.
- Note 5: The marketable securities listed accord with the materiality principle of the Company.
- Note 6: The information about subsidiaries, associates and joint ventures, please refer to Tables 6 and 7.

TABLE 4

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2025
(In Thousands of New Taiwan Dollars)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	Note
					Amount	Actions Taken			
My Parents	Jinan Acetate Chemical	Brother-sister corporation	Other receivables \$ 2,209,684	-	\$ -	-	\$ -	\$ -	Notes 1 and 2
Acetek Environmental	Jinan Acetate Chemical	Brother-sister corporation	Accounts receivable 335,703	1.19	-	-	-	-	Note 1
Acetek Momentum	Acetek Material	Brother-sister corporation	Accounts receivable 171,394	2.26	-	-	-	-	Note 1

Note 1: All transactions listed in the table have been eliminated in the preparation of the consolidated statements.

Note 2: The dividends receivable of \$2,209,684 thousand.

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
1	Jinan Acetate Chemical Co., Ltd.	Jinan Acetate Chemical Jinan Acetate Chemical	1 1	Other non-current liabilities	\$ 209,664	In accordance with mutual contracts	1
				Other receivables	2,209,684	In accordance with mutual contracts	11
2	Jinan Acetate Chemical	Acetek Environmental	3	Accounts payable	335,703	In accordance with mutual contracts	2
3	Acetek Material	Acetek Momentum	3	Accounts payable	171,394	In accordance with mutual contracts	1

Note 1: Companies are identified by number, as follows:

- a. “0” represents the parent company.
- b. “1” represents the subsidiary.

Note 2: The flow of transactions is as follows:

- a. 1 - from the parent company to the subsidiary.
- b. 2 - from the subsidiary to the parent company.
- c. 3 - between subsidiaries.

Note 3: Percentage of consolidated operating revenues or consolidated total assets: If the account is in the balance sheet, it was calculated by dividing the ending balance by the consolidated total assets; if the account is in the income statement, it was calculated by dividing the interim cumulative balance by the consolidated operating revenue.

Note 4: The significant transactions listed accord with the materiality principle of the Company.

Note 5: All transactions listed in the table have been eliminated in the preparation of the consolidated statements.

TABLE 6

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		As of March 31, 2025			Net Income (Loss) of the Investee	Share of Profit (Loss) (Note 1)	Note
				March 31, 2025	December 31, 2024	Shares	%	Carrying Amount			
Jinan Acetate Chemical Co., Ltd.	My Parents	Hong Kong	Investments	\$ 974,921	\$ 974,921	Note 3	100	\$ 17,256,409 (Note 2)	\$ 1,956,312	\$ 1,956,312 (Note 2)	-
	Acetek SG	Singapore	Investments	-	-	1	100	-	-	-	-
My Parents	Acetek Chemical	Hong Kong	Investments	39,196	39,196	Note 3	80	114,794 (Note 2)	(15)	(12) (Note 2)	-

Note 1: The share of profit or loss of other companies was calculated according to the investee company’s financial statement reviewed by accountants and the Company’s shareholding ratio.

Note 2: All eliminated at the time the consolidated financial statements are prepared.

Note 3: The investee company is limited and has no shares.

Note 4: Information on investments in mainland China, please refer to Table 7.

TABLE 7

JINAN ACETATE CHEMICAL CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2025	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2025	Net Income (Loss) of the Investee	Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2025	Accumulated Repatriation of Investment Income as of March 31, 2025	Note
					Outward	Inward							
Jinan Acetate Chemical	Manufacturing and sales of cellulose acetate tow	\$ 2,495,416 (RMB 564,705 thousand)	c	\$ -	\$ -	\$ -	\$ -	\$ 1,908,003	100	\$ 1,908,003 (Note 2 b (2) and Note 4)	\$ 11,782,222 (Note 4)	\$ -	-
Acetek Material	Manufacturing and sales of cellulose acetate	678,648 (RMB 147,000 thousand)	c	-	-	-	-	43,960	88	51,686 (Note 2 b (2) and Note 4)	1,168,106 (Note 4)	-	Note 3
Acetek Momentum	Manufacturing and sales of cellulose anhydride	394,799 (RMB 91,103 thousand)	c	-	-	-	-	19,565	100	19,565 (Note 2 b (2) and Note 4)	574,322 (Note 4)	-	-
Acetek Environmental	Manufacturing and sales of cellulose acetate fiber	1,104,579 (RMB 248,897 thousand)	c	-	-	-	-	37,669	100	37,669 (Note 2 b (2) and Note 4)	1,441,777 (Note 4)	-	-
Acetek Aspiration Trading	Sales of cellulose acetate	4 (RMB 1 thousand)	c	-	-	-	-	-	100	- (Note 2 b (2) and Note 4)	436 (Note 4)	-	-
Acetek Aspiration	Manufacturing and sales of high-performance fibers	1,657,870 (RMB 372,073 thousand)	c	-	-	-	-	(43,151)	100	(19,385) (Note 2 b (2) and Note 4)	1,384,277 (Note 4)	-	Note 3
Acetek Guardian	Manufacturing and sale of hydroxyethyl cellulose ether and specialty cotton cellulose	320,411 (RMB 71,333 thousand)	c	-	-	-	-	771	100	771 (Note 2 b (2) and Note 4)	328,537 (Note 4)	-	-
Acetek New Materials (Shandong) Co., Ltd.	Manufacturing and sales of cellulose acetate pellets	13,662 (RMB 3,000 thousand)	c	-	-	-	-	-	40	- (Note 2 a)	13,719	-	-

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2025	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
\$ -	\$ -	\$ -

Note 1: Investment is divided into the following three categories which can be marked:

- a. Direct investment in mainland China.
- b. Reinvestment in mainland China companies through the third region (please indicated the third area of investment company).
- c. Others.

(Continued)

Note 2: The investment income (loss) recognized in current period:

- a. No investment income (loss) has been recognized due to the investment is still in development stage.
- b. The investment income (loss) was determined on the following basis:
 - 1) The financial report was reviewed and certified by an international accounting firm in cooperation with accounting firm in the ROC.
 - 2) The financial statements were reviewed by the CPA of the parent company in Taiwan.
 - 3) Others.

Note 3: The realized and unrealized profits and losses among the companies were considered.

Note 4: All eliminated at the time the consolidated financial statements are prepared.

(Concluded)